Project Agreement

(Additional Financing for Uttarakhand Rural Water Supply and Sanitation Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF UTTARAKHAND

Dated May 30, 2014
CREDIT NUMBER 5372-IN

PROJECT AGREEMENT

Agreement dated May 30, 2014, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and the STATE OF UTTARAKHAND ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between INDIA ("Recipient") and the Association. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Financing Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project, in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity and its state government agencies and departments shall carry out Part D of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

3.01. For purposes of Section 8.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity's Representative is the Chief Secretary of the Government of Uttarakhand.

4.02. The Association's Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America
Cable: INDEVAS
Telex: 248423(MCI)
Facsimile: 1-202-477-6391
Washington, D.C.

4.03. The Project Implementing Entity’s Address is:

Chief Secretary
Government of Uttarakhand
Dehradun
Uttarakhand, India
Facsimile: 91-135-2712500

AGREED at New Delhi, India, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Michael Haney
Title: Operations Adviser

STATE OF UTTARAKHAND

By

Authorized Representative

Name: Sowjanya
Title: Addl. Secretary,
Dept. of Drinking Water & Sanitation
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

1. The Project Implementing Entity shall carry out Part D of the Project in accordance with the provisions of the Operations Manual, the EMF, the Procurement Manual, the Procurement Plan, Financial Management Manual, and the provisions of the Financing Agreement.

2. In carrying out Part D.2 of the Project, the Project Implementing Entity shall:
   (a) cause its relevant state government departments and agencies to finalize the list of the damaged schemes in various districts after prior consultation with Gram Panchayats or User Water and Sanitation Committees in the affected areas;
   (b) ensure that any physical restoration or reconstruction activities under Part D.2 of the Project are monitored by independent technical agencies whose terms of reference are satisfactory to the Association;
   (c) ensure that activities under Part D.2 of the Project are monitored through social audits under terms of reference satisfactory to the Association; and
   (d) ensure that local Gram Panchayats or User Water and Sanitation Committees are involved in certifying that schemes within respective jurisdiction are completed.

3. The Project Implementing Entity shall ensure that Part D of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

4. The Project Implementing Entity shall ensure that:
   (a) any activities to be carried out under Part D.2 of the Project are undertaken in accordance with the EMF (as updated for Part D of the Project); and
   (b) whenever an environmental management plan(s) is required for any activity under Part D of the Project in accordance with the provisions of the EMF:
      (i) proceed to have such plan(s): (1) prepared in accordance with the provisions of the EMF, as applicable; (2) furnished to the Association for review and approval; and (3) thereafter adopted and disclosed, in a manner acceptable to the Association; and
      (ii) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such plan(s).

5. The Project Implementing Entity shall ensure that Part D of the Project shall be implemented using exclusively land free from squatters, encroachments or other
encumbrances, and without recourse to compulsory acquisition of land, forcible eviction or involuntary resettlement of persons.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Recipient not later three (3) months after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.

2. The Project Implementing Entity shall provide to the Recipient not later than three (3) months after the Closing Date, for incorporation in the report referred to in Section 4.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

3. By no later than September 15, 2015, the Project Implementing Entity shall carry out:

   (a) an independent assessment of the achievements of Part D of the Project, under terms of reference satisfactory to the Association; and

   (b) a beneficiary assessment of rural water supply and sanitation delivery improvements for schemes completed under Part D of the Project, under terms of reference satisfactory to the Association, and, thereafter, prepare and furnish to the Association a report satisfactory to the Association.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.

2. The Project Implementing Entity shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one (1) fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be:

   (a) furnished to the Recipient and the
Association not later than six (6) months after the end of the period; and (b) made publically available in a timely fashion and in a manner acceptable to the Association.

Section III. Procurement

All goods, works and services required for Part D of the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.