Project Agreement

(Bihar Panchayat Strengthening Project)

among

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF BIHAR

and

BIHAR GRAM SWARAJ YOJANA SOCIETY

Dated June 27, 2013.
PROJECT AGREEMENT

Agreement dated June 27, 2012 entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"), the STATE OF BIHAR, acting by its Governor ("Bihar") and BIHAR GRAM SWARAJ YOJANA SOCIETY ("the Society") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between India ("Recipient") and the Association. The Association, Bihar and the Society 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. Bihar and the Society declare their commitment to the objectives of the Project. To this end, Bihar and the Society 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, Bihar and the Society shall otherwise agree, Bihar and the Society shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

2.03. For purposes of Section 8.05 (c) of the General Conditions, the date on which the obligations of the parties under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. (a) Bihar's Representative is its Chief Secretary, or such other person or persons as he or she shall designate in writing.

(b) The Society's Representative is its Chief Executive Officer, or such other person or persons as he or she shall designate in writing.
3.02. 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

3.03. Bihar’s Address is:

Chief Secretary
Government of Bihar
Old Secretariat,
Patna, Bihar, India

Facsimile:
91-612-250

3.04. The Society’s Address is

Bihar Gram Swaraj Yojana Society
Irrigation Barrack No. 1
Near Haj Bhawan
Patna, Bihar, India

Facsimile:
91-612-2200991
AGREED at New Delhi, India, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Michael Henney
Title: Operations Adviser, India

STATE OF BIHAR

By

Authorized Representative

Name: Amriksh Neema
Title: Principal Secretary, Dept. of Panchayati Raj

BIHAR GRAM SWARAJ YOJANA SOCIETY

By

Authorized Representative

Name: K.B.N. Singh
Title: Director, Dept. of Panchayat Raj & Project Director - CEO, BGSYS
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Bihar shall make available to the Society, in a timely manner, the proceeds of the Credit made available to Bihar by the Recipient, and funds from Bihar's own resources, reflecting its share of the Project's eligible expenditures for the Society to carry out its respective activities under the Project.

2. In accordance with the Society's by-laws, Bihar and the Society shall convene district-level coordination committees in the Project districts to coordinate, monitor and supervise the implementation of Project activities in each district.

3. Bihar shall ensure that its relevant line departments authorize their respective field staff to participate in Gram Panchayat standing committee meetings, and provide relevant information and technical support for Gram Panchayats to carry out their statutory functions.

4. Bihar shall take all necessary administrative and governmental measures required on its part to ensure that the Society and Bihar's Building Construction Department, respectively, are staffed with adequate and essential personnel to ensure effective and timely implementation of the Project.

5. Without prejudice to the generality of the foregoing, Bihar shall:

   (a) ensure that the Society is staffed with a Project Director with appropriate qualifications and experience;

   (b) employ, or cause the Society to employ, by no later than three (3) months from the Effectiveness Date, and thereafter maintain district Project managers to supervise Project implementation at the district level;

   (c) designate and maintain a senior official in its Building Construction Department for supervising the carrying out of Part A of the Project for ensuring coordination between the Society and the Building Construction Department;

   (d) appoint, or cause the Society to appoint, by no later than fifteen (15) days from the Effectiveness Date a full-time procurement officer for the Project; and
(e) employ, or cause the Society to employ, and thereafter maintain such other staff with suitable technical skills in public finance reform, financial management, water and sanitation, social development, natural resource management and nutrition, as shall be necessary to carry out the Project.

B. Project Implementation.

1. Bihar and the Society shall ensure that their respective activities under the Project are carried out in accordance with the provisions of the Operational Manual, the Procurement Plan, the Anti-Corruption Guidelines and the Governance and Anti-Corruption Action Plan.

C. Safeguards.

1. Bihar and the Society shall ensure that their respective activities under the Project are carried out in accordance with the environmental, resettlement, and social standards set forth in the Environmental Management Framework and the Resettlement Framework, and any plans developed thereunder. Except as the Association shall otherwise agree, neither Bihar nor the Society shall amend, vary or waive any provision of either framework, and any plans developed thereunder, if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.

2. Bihar and the Society shall: (i) ensure that Project sites shall be selected according to Bihar’s criteria acceptable to the Association; (ii) ensure that sites selected pursuant to sub-paragraph (i) above only include land free of claims, disputes, and significant encumbrances; (iii) ensure that no civil work contracts are awarded or construction activities in a Gram Panchayat under Part A of the Project commence until an encumbrance-free site within the Gram Panchayat’s jurisdiction has been made available for this purpose; (iv) until the completion of the Project, monitor discovery of all cases of involuntary resettlement, land acquisition and adverse impact on income of individuals, including titleholders and non-titleholders, at the Project sites and provide compensation or assistance in accordance with the provisions of the Resettlement Framework; (v) operate and maintain the grievance redress system provided for under the Resettlement Framework in accordance with the provisions of the Resettlement Framework; and (vi) ensure that adequate staff are available at the state and district level to ensure compliance with the provisions of this Agreement until completion of the Project.

D. Sub-Projects under Part D of the Project

1. In order to carry out Sub-Projects under Part D of the Project, the Society shall make Performance Grants to Beneficiaries selected by the Society pursuant to eligibility criteria and procedures acceptable to the Association and set forth in the Operational Manual.
2. The Society shall make each Performance Grant under a Sub-Financing Agreement with the respective Beneficiary on terms and conditions approved by the Association, and shall obtain rights adequate to protect its interests and those of Bihar, the Recipient and the Association, including the right to:

(i) suspend or terminate the right of the Beneficiary to use the proceeds of the Performance Grant, or declare to be immediately due and payable all or any part of the amount of the Performance Grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Sub-Financing Agreement; and

(ii) require each Beneficiary to:

(A) carry out its Sub-project with due diligence and efficiency and in accordance with appropriate technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the applicable provisions of the Procurement Guidelines, the Consultant Guidelines, the Environmental Management Framework, the Resettlement Framework, the Anti-Corruption Guidelines and the Governance and Anti-Corruption Action Plan;

(B) provide, promptly as needed, the resources required for the above-stated purpose;

(C) procure the goods, works and services to be financed out of the Performance Grant in accordance with the provisions of this Agreement;

(D) maintain procedures adequate to enable it to monitor and evaluate, in accordance with indicators acceptable to the Association, the progress of the Sub-project and the achievement of its objectives;

(E) (i) maintain a financial management system and prepare financial statements, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and

(ii) at the Association's or the Society's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the
Association, and promptly furnish the statements as so audited to the Society and the Association;

(F) enable the Society and the Association to inspect the Sub-project, its operation and any relevant records and documents; and

(G) prepare and furnish to the Society and the Association all such information as the Society or the Association shall reasonably request relating to the foregoing.

3. The Society shall exercise its rights under each Sub-Financing Agreement in such manner as to protect the interests of the Society and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Society shall not assign, amend, abrogate or waive any Sub-Financing Agreement or any of its provisions.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. Bihar and the Society shall each 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 quarter (three (3) months), and shall be furnished to the Recipient not later than forty-five (45) days 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. Bihar and the Society shall each provide the Recipient not later than December 31, 2017, for incorporation in the report referred to in Section 4.08 (c) of the General Conditions, with all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

B. Financial Management, Financial Reports and Audits

1. Bihar and the Society shall each 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 Society.

2. Bihar and the Society shall each prepare and furnish to the Association, not later than 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. Bihar and the Society each 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) financial year of Bihar and the Society, respectively. Bihar and the Society shall each 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 publicly available in a timely fashion and in a manner acceptable to the Association.

Section III. Procurement

All goods, works and services required for 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.