Project Agreement

(Andhra Pradesh and Telangana Rural Water Supply and Sanitation Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

TELANGANA STATE

Dated 12, 2015
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 State declares its commitment to the objectives of the Project. To this end, the State (through RWSSD) 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 State shall otherwise agree, the State shall carry out the Project through RWSSD in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — EFFECTIVENESS

3.01. This Project Agreement shall enter into effect upon the Association’s receipt of evidence, satisfactory to the Bank that the following conditions have been satisfied, namely:

(a) the execution and delivery of: (i) the amendment letter to the Financing Agreement restructuring the Project to incorporate Telangana, as a new Project Implementing Entity (for purposes of the General Conditions), as a result of the bifurcation of the State of Andhra Pradesh; (ii) the respective amendment letter to the Project Agreement with Andhra Pradesh of even date; and (iii) this Agreement; and

(b) an opinion or opinions satisfactory to the Association of counsel acceptable to the Association or, if the Association so request, a certificate satisfactory to the Association of a competent official of Telangana, on behalf of Telangana, showing/attesting that this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, Telangana, and is legally binding upon Telangana in accordance with its terms.
3.02 Except as the Association shall otherwise agree, this Project Agreement shall enter into effect on the date upon which the Association dispatches to Telangana a notice of its acceptance of the evidence required pursuant to Section 3.01 above.

ARTICLE IV – REPRESENTATIVE; ADDRESSES

4.01 The State’s Representative is any of the following, namely, the Chief Secretary or the Principal Secretary, RWSSD of Telangana.

4.02 The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Facsimile:
1-202-477-6391

4.03 The State’s Address is:

Rural Water Supply and Sanitation Department
Room#313-A, D Block, 2nd Floor
Telangana Secretariat
Hyderabad
Telangana

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By
Authorized Representative

TELANGANA STATE

By
Authorized Representative

Panchayat Raj & Rural Development Department
Telangana Secretariat, Hyderabad 500 022.
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements and Project Undertakings

1. The State shall, satisfactory to the Association:

(a) **at the state level:**

(i) maintain the RWSSD and ensure that:

a. it is responsible for overseeing the progress of the RWSS sector activities and programs, including the design, implementation, and maintenance of MVS and SVS under the Project; and

b. it has an adequate organizational structure with functions, powers, staff and resources necessary and appropriate to carry out its responsibilities under the Project;

(ii) maintain the SWSM and ensure that:

a. it is responsible for overseeing the progress of Project implementation;

b. it is supported by: the PSU (which shall function as the SWSM executive wing);

c. it has an adequate organizational structure with functions, powers, staff and resources necessary and appropriate to carry out its responsibilities under the Project; and

d. it maintains, at all times during Project Implementation, the PSU, headed by a Project Director and with adequate professional and administrative staff in numbers and with experience and qualifications acceptable to the Association; and

(iii) maintain the Procurement Cell and ensure that it has an adequate organizational structure with functions, powers, staff and resources necessary and appropriate to carry out its responsibilities under the Project.

(b) **at the district level,** maintain the DWSM in each of the Project Districts and ensure that such DWSM:


(i) is responsible for Project implementation activities in the relevant Project District, related to district-level RWSS planning and capacity building, annual program budgets, MVS and SVS approvals, and Project implementation progress;

(ii) is supported by the relevant DWSC (which shall function as the Executive Committee of DWSM) which is responsible for the design and implementation of MVS and SVS;

(iii) is supported by the relevant MVS-WSC which is responsible for participating with RWSSD in the design, implementation and operations and maintenance of MVS and is comprised of, amongst others, representative of participating Gram Panchayat;

(iv) has an adequate organizational structure with functions, powers, staff and resources necessary and appropriate to carry out its responsibilities under the Project; and

(v) maintains, at all times during Project Implementation, the D-PSU, headed by a Project Manager and with adequate professional and administrative staff in numbers and with experience and qualifications acceptable to the Association;

(c) at the village level, maintain the GP-WSC in each Gram Panchayat of the relevant Project District, and ensure that said GP-WSC:

(i) is responsible for participating with the respective DWSC on the design and construction of the relevant SVS and intra-village MVS;

(ii) is responsible for the operation and maintenance of relevant SVS and intra-village MVS;

(iii) carries out the RWSS activities with sufficient technical and engineering support, social organizations, and non-governmental organizations; and

(iv) has an adequate organizational structure with functions, powers, staff and resources necessary and appropriate to carry out its responsibilities under the Project.

2. The State (through RWSSD) shall take all necessary steps to:

(a) ensure that all Project entities carry out their respective Project implementation responsibilities in accordance with the Governance and Accountability Action Plan, the Project Implementation Plan, the Procurement Manual, the Procurement Plan, and the Procurement Risk Mitigation Plan; and

(b) ensure that: (i) the provisions of the Manuals and Plans referred to subparagraph 2(a) above are not revised, amended, or abrogated without the
prior approval of the Association; and (ii) no action is taken which shall prevent or interfere with the implementation of said Manuals or Plans.

3. The State (through RWSSD) shall take all necessary steps to ensure that each Project District implements its RWSS policy framework consistent with the objectives of the Project and carries out its Project responsibilities in accordance with the Project District MOU, in a manner, form and substance satisfactory to the Association.

4. The State (through RWSSD) shall maintain a Project monitoring and evaluation system satisfactory to the Association.

5. The State (through RWSSD) shall, by May 31, 2016, take all necessary steps to ensure that, satisfactory to the Association:

(a) an independent assessment is: (i) carried out on the progress of the RWSS decentralized institutional arrangements implemented under the Project, setting forth appropriate recommendations in respect of said arrangements for SVS and MVS investments; and (ii) provided to the Association for its review and comments, and thereafter take all necessary steps to carry out the recommendations of said assessment, taking into consideration the comments of the Association; and

(b) a Project’s beneficiary assessment is: (i) carried out in respect of completed RWSS service delivery improvements executed under the Project; and (ii) reviewed with the Association and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said assessment and the Association’s views on the matter.

B. Anti-Corruption

The State (through RWSSD) shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Environmental and Social Safeguards Management

1. The State (through RWSSD) shall, in the carrying out of the Project, apply and implement, or cause to be applied and implemented:

(a) the Resettlement Policy Framework and the resettlement action plans prepared and approved by the Association pursuant to the provisions of said Framework;

(b) the Environmental Management Framework and the environmental management plans prepared pursuant to the provisions of said Framework; and

(c) the Tribal Development Plan;
all in a manner and substance satisfactory to the Association.

2. Without limitation on any of the provisions set forth in paragraph C.1 of this Section, the State (through RWSSD) shall:

   (a) take and cause to be taken all necessary actions to minimize to the extent possible the acquisition of land or assets of people, any involuntary loss by persons of shelter, productive assets or access to productive assets or income or means of livelihood, temporarily or permanently, and the displacement of said people in the carrying out the Project or any part thereof; and

   (b) where the acquisition of land or assets or the displacement of people is unavoidable, make available or cause to be made available to such people compensation in accordance with the Resettlement Policy Framework and relevant resettlement action plan, and before the carrying out of the works which would result in such acquisition or displacement, all in a manner satisfactory to the Association.

3. The State (through RWSSD) shall not amend, suspend, or waive the Resettlement Policy Framework, the resettlement action plans, the Environmental Management Framework, or the Tribal Development Plan, or any provision thereof, without the prior concurrence of the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The State (through RWSSD) 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 indicators agreed with the Association. Each such Project Report shall cover the period of six (6) months of the Recipient’s financial year, and shall be furnished to the Association not later than one month after the end of said period.

B. Financial Management, Financial Reports and Audits

1. The State (through RWSSD) shall maintain a financial management system and prepare Project’s Financial Statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources, expenditures and financial condition of the Project.

2. Without limitation on the provisions of Part A of this Section, the State (through RWSSD) shall prepare and furnish to the Recipient and 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 State (through RWSSD) shall have the Project’s 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 the Recipient. The audited financial statements for each period shall be furnished to the Association not later than six (6) months after the end of the period.

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 Schedule 2 to the Financing Agreement.