AMENDED AND RESTATED

Project Agreement

(Sustainable Urban Transport Project)

among

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
(acting as an Implementing Agency of the Global Environment Facility)

and

STATE OF KARNATAKA

Dated 27th January, 2013
AMENDED AND RESTATED PROJECT AGREEMENT

AGREEMENT dated 27.2.2013, amending and restating the agreement dated February 5, 2010, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") in its own capacity and acting as an implementing agency of the Global Environment Facility and STATE OF KARNATAKA ("Project Agreement").

Whereas, by a loan agreement dated February 5, 2010 between India ("Borrower") and the Bank ("Loan Agreement"), the Bank has agreed to make available to the Borrower an aggregate principal amount of one hundred and five million, two hundred and thirty thousand United States Dollars ($105,230,000) ("Loan") on the terms and conditions set forth in the Loan Agreement, but only on condition that Karnataka agrees to undertake such obligations toward the Bank as are set forth in the Loan Agreement and in this Agreement relating to activities to be carried out in Karnataka with respect to its Respective Part under Part 2 of the Project.

Whereas, by a GEF grant agreement dated February 5, 2010 between the Borrower (in its capacity as the Recipient) and the Bank (the "GEF Grant Agreement"), the Bank has agreed to extend to the Recipient, a grant in an amount equal to twenty million and three hundred and thirty thousand United States Dollars ($20,330,000) ("Grant") on the terms and conditions set forth in the GEF Grant Agreement, but only on condition that Karnataka agrees to undertake such obligations toward the Bank as are set forth in the GEF Grant Agreement and in this Agreement relating to activities to be carried out in Karnataka with respect to its Respective Part under Part 2 of the Project.

Now, therefore, the parties hereby agree as follows:

ARTICLE I - GENERAL CONDITIONS; DEFINITIONS


.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Loan Agreement, the Grant Agreement, the General Conditions, or the Standard Conditions.

ARTICLE II - PROJECT
2.01. Karnataka declares its commitment to the objectives of the Project. To this end, Karnataka shall carry out its Respective Part under Part 2 of the Project in accordance with the provisions of Article V of the General Conditions and Article II of the Special Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and Karnataka shall otherwise agree, Karnataka shall carry out its Respective Part of the Project through the Project Implementing Agency for Hubli-Dharwad and the Project Implementing Agency for Mysore, respectively, in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III – REPRESENTATIVE; ADDRESSES

3.01. Karnataka’s Representative is its Chief Secretary.

3.02. The Bank’s Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INTBAFRAD
Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391

3.03. Karnataka’s Address is:

Vidhan Soudha
Government of Karnataka
Bangalore, Karnataka
India

Facsimile:
91-80-222-58-913
AGREED at New Delhi, India, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
as an Implementing Agency of the Global Environment Facility

Authorized Representative

STATE OF KARNATAKA

Authorized Representative

( V. Mansula)
SCHEDULE

Execution of Karnataka’s Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

Karnataka shall:

(a) ensure that a Project Implementing Agency for Hubli-Dharwad and a Project Implementing Agency for Mysore shall implement the city demonstration projects under Part 2 of the Project in Hubli-Dharwad and Mysore, respectively, and described in Section I.D of this Schedule and be responsible for monitoring and evaluation of the city demonstration projects;

(b) cause the Project Implementing Agency for Hubli-Dharwad to implement the city demonstration projects in accordance with the Loan Agreement, the GEF Grant Agreement, this Agreement, the Financial Management Manual, the Operations Manual, and Participation Agreement;

(c) cause the Project Implementing Agency for Mysore to implement the city demonstration projects in accordance with the GEF Grant Agreement, this Agreement, the Financial Management Manual, the Operations Manual, and Participation Agreement; and

(d) cause the Project Implementing Agency for Hubli-Dharwad and the Project Implementing Agency for Mysore, respectively, to establish and maintain throughout the period of Project implementation, a Project Implementation Unit, with a multi-disciplinary team of suitably qualified personnel, and with resources sufficient to carry out the technical, financial management, procurement management, social, environmental, monitoring and evaluation, and public communication activities required to implement its Respective Part of the Project in a timely and effective manner.

B. Anti-Corruption

Karnataka shall cause the Project Implementing Agency for Hubli-Dharwad and the Project Implementing Agency for Mysore to ensure that its Respective Part of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and the Governance and Accountability Action Plan.
C. Safeguards

1. Karnataka shall cause the Project Implementing Agency for Hubli-Dharwad and the Project Implementing Agency for Mysore each to ensure that its Respective Part of the Project is carried out in accordance with the Environmental and Social Management Framework, including the Environmental Management Plan dated January 5, 2013, and Resettlement Action Plan dated December 26, 2012, prepared under the Environmental and Social Management Framework and in form and substance satisfactory to the World Bank.

2. For purposes of paragraph 1 above, Karnataka shall cause the Project Implementing Agency for Hubli-Dharwad, to enter into a Memorandum of Understanding with KRDC and the DULT in form and substance satisfactory to the Bank, whereby Karnataka shall cause KRDC and DULT to implement the Environmental Management Plan and the Resettlement Action Plan, in accordance with the principles, guidance and provisions of the Environmental and Social Management Framework, all in a manner satisfactory to the Bank.

D. City Demonstration Projects

1. Karnataka shall cause the Project Implementing Agency responsible for Hubli-Dharwad to implement its city demonstration project consisting of the following activities:

   (i) constructing a bus rapid transit system in Hubli-Dharwad, including relevant road infrastructure and structures, including, among others, bus stations, interchanges, terminals, depots, pedestrian and cycling improvements, intelligent transport system applications and articulated buses; and

   (ii) technical assistance for promoting sustainable urban transport in the city.

2. Karnataka shall cause the Project Implementing Agency responsible for Mysore to implement its city demonstration project consisting of:

   (i) intelligent transport systems for improving public transport in the city of Mysore including centralized traffic control, GPS services for the bus fleet, passenger information systems, etc; and

   (ii) technical assistance for promoting sustainable urban transport in the city.

3. Karnataka shall ensure that the Project Implementing Agency for Hubli-Dharwad and the Project Implementing Agency for Mysore refrain from carrying out any activities described above and avoid submitting withdrawal requests for
payments in connection with such activities before such activities are adequately appraised and found to be satisfactory by the Bank.

Section II.  **Project Monitoring, Reporting and Evaluation**

A.  **Project Reports**

1. Karnataka shall cause the Project Implementing Agency for Hubli-Dharwad and the Project Implementing Agency for Mysore to monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 5.08(b) of the General Conditions and Section 2.06(b) of the Standard Conditions and on the basis of the indicators agreed with the Bank. Each such Project Report shall cover the period of one (1) quarter of each Financial Year, and shall be furnished to the Borrower (or Recipient or both as the case may be) not later than three (3) weeks after the end of the period covered by such report for incorporation and forwarding by the Borrower (or Recipient or both as the case may be) to the Bank of the overall Project Report.

2. Karnataka shall ensure that the Project Implementing Agency for Hubli-Dharwad and the Project Implementing Agency for Mysore shall provide to the Borrower (or Recipient or both as the case may be) not later than January 31, 2016, for incorporation in the report referred to in Section 5.08(c) of the General Conditions and Section 2.06(b)(ii) of the Standard Conditions all such information as the Borrower (or Recipient or both as the case may be) or the Bank shall reasonably request for the purposes of such Sections.

B.  **Financial Management, Financial Reports and Audits**

1. Karnataka shall cause the Project Implementing Agency for Hubli-Dharwad and the Project Implementing Agency for Mysore to maintain a financial management system, including records and accounts, and prepare quarterly interim unaudited financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to its Respective Part of the Project.

2. Karnataka shall ensure that the Project Implementing Agency for Hubli-Dharwad and the Project Implementing Agency for Mysore shall furnish to the Borrower (or Recipient or both as the case may be) no later than thirty (30) days after the end of each quarter the financial statements referred to above.

3. Karnataka shall ensure that the Project Implementing Agency for Hubli-Dharwad and the Project Implementing Agency for Mysore shall furnish to the Borrower (or Recipient or both as the case may be) such other information concerning such
financial statements as the Borrower (or Recipient or both as the case may be) or the Bank shall reasonably request from time to time.

4. Karnataka shall cause the Project Implementing Agency for Hubli-Dharwad and the Project Implementing Agency for Mysore to appoint or designate no less than ninety (90) days after the Effective Date and maintain throughout the period of Project implementation, a finance professional with qualifications acceptable to the Bank.

5. Karnataka shall make adequate budgetary provisions for the city demonstration project in its annual state budget in accordance with estimates furnished by the Project Implementing Agency for Hubli-Dharwad and the Project Implementing Agency for Mysore, respectively.

6. Karnataka shall ensure that Project funds are transferred to the Project Implementing Agency for Hubli-Dharwad and the Project Implementing Agency for Mysore, respectively, in a timely manner.

7. Karnataka shall cause the Project Implementing Agency for Hubli-Dharwad and the Project Implementing Agency for Mysore to have their Financial Statements for the Project audited in accordance with the provisions of Section 5.09(b) of the General Conditions and Section 2.07(b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one (1) Financial Year of the Borrower commencing with the Financial Year in which the first withdrawal under the Project was made. The audited Financial Statements of each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

Section III. **Procurement**

All goods, works, non consulting services and consultants’ services required for Karnataka’s Respective Part of the Project and to be financed out of the proceeds of the Loan and the Grant shall be procured in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement and Section III of Schedule 2 to the GEF Grant Agreement.

Section IV. **Concurrent Obligations and Actions Relating to the Borrower and the Bank and Recipient and the World Bank**

Unless the context otherwise requires, as long as the Bank has not given notice to the contrary to Karnataka, and so long as the GEF Grant Agreement shall not have terminated prior to the termination of the Loan Agreement:

(a) the obligation of Karnataka to consult with, and furnish Project Reports information, documents, plans, reports, records and statements to the
Bank in its own capacity, the Borrower, or both with respect to the Loan shall be satisfied to the extent performance in respect of such obligations is rendered to the Bank (in its capacity as an implementing agency of the Global Environment Facility), the Recipient or both, as the case may be, with respect to the GEF Grant; and

(b) all actions taken (including giving of approvals or granting of waivers) by the Bank pursuant to the Loan Agreement shall be deemed to be taken pursuant to both the Loan Agreement and the GEF Grant Agreement, and in the name and on behalf of the Bank in its own capacity and in its capacity as an implementing agency of the Global Environment Facility.