Project Agreement

(Madhya Pradesh Rural Connectivity Project)

among

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

STATE OF MADHYA PRADESH

and

MADHYA PRADESH RURAL ROAD DEVELOPMENT AUTHORITY
PROJECT AGREEMENT

AGREEMENT between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and MADHYA PRADESH and MADHYA PRADESH RURAL ROAD DEVELOPMENT AUTHORITY (each a "Project Implementing Entity" and collectively the "Project Implementing Entities") ("Project Agreement") in connection with the Loan Agreement ("Loan Agreement") of the Signature Date, between INDIA ("Borrower") and the Bank. The Bank and the Project Implementing Entities hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) apply to and form 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 Loan Agreement or the General Conditions.

ARTICLE II — PROJECT

2.01. Each of the Project Implementing Entities declares its commitment to the objectives of the Project. To this end, Madhya Pradesh shall ensure that the Project is carried out, and MPRRDA shall carry out the Project, in each case in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and each Project Implementing Entity shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

ARTICLE III — TERMINATION

3.01. For purposes of Section 9.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the Signature Date.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entities' Representatives are, respectively:

(a) For Madhya Pradesh:

Secretary, Department of Panchayat and Rural Development
Government of Madhya Pradesh
(b) For MPRRDA:
Chief Executive Officer

4.02. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

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

4.03. For purposes of Section 10.01 of the General Conditions:

(a) Madhya Pradesh's address is:

Secretary, Panchayat and Rural Development
Government of Madhya Pradesh
Development Commissioner Office
2nd Floor, Vindhyachal Bhawan
Bhopal- 462011
Madhya Pradesh, India

Facsimile:
+91-755-2441367; and

(b) MPRRDA's address is:

MP Rural Road Development Authority
Block - 2, 5th Floor, Arera Hills
Paryavas Bhawan, Jail Road
BHOPAL,
Madhya Pradesh - 462 011, India.

Facsimile:
+91-755-2573396
AGREED, as of the latest of the two dates written below.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Isha Pande
Title: Acting Country Director, India
Date: April 24, 2018

STATE OF MADHYA PRADESH

By

Authorized Representative

Name: Pankaj Jhawar
Title: Chief General Manager
Date: April 24, 2018

MADHYA PRADESH RURAL ROAD DEVELOPMENT AUTHORITY

By

Authorized Representative

Name: Pankaj Jhawar
Title: Chief General Manager
Date: April 24, 2018
SCHEDULE
Execution of the Project

Section I. Implementation Arrangements

A. Availability of Financing Proceeds

Madhya Pradesh shall make available to MPRRDA as a grant and in a timely manner, the proceeds of the Loan made available to Madhya Pradesh by the Borrower, as well as such additional assistance as may be required by MPRRDA for carrying out the Project.

B. Institutional Arrangements

Throughout Project implementation:

1. Under the overall guidance of the Panchayat and Rural Development Department of the Government of Madhya Pradesh, MPRRDA shall:

   (a) serve as the apex body responsible for the overall coordination and oversight of Project activities, as well as for all procurement, financial management and environmental and social safeguard activities related thereto;

   (b) maintain a team of staff and consultants in numbers and with terms of reference, qualifications and experience adequate to provide high quality technical, social and environmental advice and implementation arrangement support to MPRRDA and the Project Implementation Units; and

   (c) without limitation to the provisions of Section I.B.1(b) of this Schedule, establish, no later than three (3) months after the Effective Date, a dedicated financial management unit under its General Manager (Finance).

2. At the District level, MPRRDA shall ensure that in each of the Districts where the Project will be implemented:

   (a) a District Level Coordinating Committee comprising the Department heads of all stakeholders under the chairmanship of the District Collector: (i) is maintained to coordinate with individual departments and monitor the overall implementation arrangements of the Project; and (ii) has the
staff and resources required to efficiently provide Project implementation oversight in each of the relevant Project Districts; and

(b) (i) a Project Implementation Unit headed by a General Manager is established prior to starting Project activities in such District, and thereafter maintained in each Project District, with the officials, staff, and resources required for the efficient day-to-day implementation of the Project activities at the District level, including: the preparation of the annual work plans and budgets, procurement plans and reports; the disbursement of funds and review of fund execution and accountability; and the supervision of Project staff and quality control.

(ii) Without limitation to the generality of the provisions of Section I.B.2(b)(i) of this Schedule, the vacancies of the financial management staff in the Project Implementation Units shall be filled with staff having terms of reference, qualifications and experience satisfactory to the Bank no later than three (3) months after the Effective Date.

C. Safeguards

1. Each of the Project Implementing Entities shall ensure that all terms of reference for any technical assistance or studies carried out under the Project are consistent with, and pay due attention to, the Bank Policies, as well as the Borrower and Madhya Pradesh's own laws relating to the environment and social aspects relevant to the Project.

2. (a) Each of the Project Implementing Entities shall ensure that the Project shall be implemented in accordance with the guidelines, procedures, timetables and other specifications set forth in the Safeguard Documents.

(b) Without limitation to the generality of sub-paragraph (a) immediately above, each of the Project implementing Entities shall ensure that for each activity under the Project of a type for which the Environmental Management Framework and/or the Social Management Framework, as the case may be, provide that a Detailed Project Report is required to incorporate and reflect specific measures for the avoidance or mitigation of risks and their monitoring, such Detailed Project Report effectively does so in form and substance satisfactory to the Bank and in accordance with the provisions of the Environmental Management Framework and/or the Social Management Framework, as the case may be, before the implementation of such activity, and the relevant activity is implemented in accordance with its Detailed Project Report and contract conditions.
c) Without limitation to the generality of sub-paragraph (a) immediately above, each of the Project Implementing Entities shall ensure that no activity which would have triggered Bank Policy OP/BP 4.12 (Involuntary Resettlement) will be carried out under the Project.

3. Except as the Bank shall otherwise agree in writing and subject to compliance with applicable consultation and public disclosure requirements of the Bank, none of the Project Implementing Entities shall abrogate, amend, repeal, suspend or waive any provisions of any of the Safeguard Documents, nor shall it permit any entity participating in the implementation of the Project to do so.

4. Without limitation upon its other reporting obligations under this Agreement, MPRRDA shall regularly collect, compile and submit to the Bank, on a semi-annual basis and promptly in a separate report whenever the circumstances warrant, reports on the status of compliance with the Safeguard Documents, giving details of: (a) measures taken in furtherance of the Safeguard Documents; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguard Documents; and (c) remedial measures taken or required to be taken to address such conditions.

5. MPRRDA shall maintain and operate throughout the period of Project implementation, a grievance redress mechanism for the handling of any stakeholder complaints arising out of the implementation of the Project activities. The operation and procedures of such grievance redress mechanism shall be subject to guidelines agreed between the Project Implementing Entities and the Bank.

6. If any provision of the Safeguard Documents shall conflict with any provision under this Agreement, the terms of this Agreement shall prevail.

D. Project Operations Manual

1. MPRRDA shall, no later than three (3) months after the Effective Date, adopt the Project Operations Manual and ensure that it shall be at all time during Project implementation in form and substance acceptable to the Bank. The Project Operations Manual shall set forth:

   (a) (i) the detailed description of Project implementation activities, their sequencing and the prospective timetable and benchmarks in relation thereto; and (ii) the detailed institutional arrangements in respect thereto, including allocation of responsibilities, required staff and minimum qualifications thereof;

   (b) the administrative, accounting, auditing, internal control, asset management, reporting, financial, procurement and disbursement (flow of
funds) procedures for the Project; which procedures shall be consistent with those included or referred to in this Agreement;

(c) (i) the procedural steps for the updating of the Procurement Plan; and
(ii) an outline of the mechanism for the settlement of procurement complaints and the disclosure of critical procurement information (website maintenance);

(d) the guidelines for training and capacity building activities under the Project; and

(e) the plan for monitoring and supervision of Project activities, including all technical, environmental and social aspects in relation thereto.

2. (a) MPRRDA shall ensure that the Project is carried out in accordance with the Project Operations Manual.

(b) MPRRDA shall not assign, amend, abrogate, or waive the Project Operations Manual, or any provision thereof in a manner which, in the view of the Bank, may adversely impact the implementation of the Project or the achievement of its objectives.

3. In the event of any conflict between the provisions of the Project Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

E. Annual Work Plans and Budgets

1. Each year, MPRRDA shall prepare, or cause to be prepared, a draft annual work plan (listing eligible activities to be implemented during the relevant year, including Training and Incremental Operating Costs) and budget (with a financial plan specifying all sources of financing including the Loan, the Co-financing and any other resources provided by the Borrower or the Project Implementing Entities, if any, and cash flow and disbursement projections) for the Project (an "Annual Work Plan and Budget") for each year of Project implementation, of such scope and detail as the Bank shall have reasonably requested.

2. MPRRDA shall furnish to the Bank, as soon as available, but in any case not later than February 15 of each year, a draft of the Annual Work Plan and Budget prepared with Madhya Pradesh for the subsequent year for the Bank's agreement, prior to its finalization by the Project Implementing Entities; except for the Annual Work Plan and Budget for the Project for the first year of Project implementation which shall be furnished to the Bank no later than one (1) month after the Effective Date.
3. Training shall be carried out based on Annual Work Plans and Budgets, which shall, inter alia, identify: (a) particulars of the training envisaged; (b) the personnel to be trained; (c) the selection method of the institution or individuals conducting such training; (d) the institution conducting such training if identified; (e) the purpose and justification for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such training.

4. MPRRDA shall ensure that the Project is carried out in accordance with the Annual Work Plans and Budgets approved by the Bank.

5. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Bank’s prior approval.

Section II. Project Monitoring, Reporting and Evaluation

1. MPRRDA shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of indicators acceptable to the Bank. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Borrower and the Bank not later than one month after the end of the period covered by such report.

2. The Project Implementing Entities shall carry out jointly with the Bank and the Borrower, not later than twenty-four (24) months after the Effective Date, or such other period as may be agreed with the Bank, a mid-term review of the Project to assess the status of Project implementation, and compliance with the legal covenants included or referred to in this Agreement. To this end MPRRDA shall:

   (a) prepare and furnish to the Bank, at least one (1) month before such review, a report, in scope and detail satisfactory to the Bank and integrating the results of the monitoring and evaluation activities, on the progress achieved in the carrying out of the Project during the period preceding the date of such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the period following such date; and

   (b) review jointly with the Bank the report referred to in the preceding paragraph 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 such report and the Bank's views on the matter.

3. The Project Implementing Entities shall provide to the Borrower not later than five (5) months after the Closing Date, for incorporation in the report referred to in
Section 5.08 (c) of the General Conditions all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.

Section III. **Procurement**

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