Project Agreement

(Tamil Nadu and Puducherry Coastal Disaster Risk Reduction Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

UNION TERRITORY OF PUDUCHERRY

Dated November 11, 2013
CREDIT NUMBER 5279-IN

PROJECT AGREEMENT

Agreement dated November 11, 2013, entered into between the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and the UNION TERRITORY OF PUDUCHERRY ("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 Part B of 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 its Respective Part of 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 shall carry out its Respective Part 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 Puducherry.

4.02. The Association’s Address is:

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

4.03. The Project Implementing Entity's Address is:

Chief Secretary
Government of Puducherry
Secretariat
Puducherry 605 001, India

Facsimile:
91-413-2337575

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By
Authorized Representative

Name: Onno Ruhl
Title: Country Director, India

UNION TERRITORY OF PUDUCHERRY

By
Authorized Representative

Name: S. B. Deepak Kumar
Title: Project Director
SCHEDULE

Execution of the Project Implementing Entity’s Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Project Implementing Entity shall maintain throughout the period of implementation of its Respective Part of the Project:

   (a) the Governing Body of PIA, with membership, powers, functions, competencies, staff and resources acceptable to the Association, as shall be required for, *inter alia*: (i) according all approvals and sanctions for the carrying out of activities under its Respective Part of the Project; and (ii) providing policy guidance for, and exercise general monitoring of, PIA’s implementation of Project activities; and

   (b) the Project Implementation Agency: (i) headed by a project director assisted by competent staff, all with experience and qualification, in numbers and under terms of reference acceptable to the Association; and (ii) vested with such powers, financial resources, functions and competences, acceptable to the Association, as shall be required for, *inter alia*: (A) carrying out of day-to-day implementation of activities under Components 1.1., 1.3., 2, 3 and 4 of Part B of the Project, as well as the overall financial management of Puducherry’s Respective Part of the Project; (B) monitoring and coordinating with the Line Departments and Agencies their day-to-day implementation of Components 1.2. of Part B of the Project, and related procurement activities; (C) carrying out regular quality control and supervision of contractors’ performance and their deliverables pursuant to the Operations Manual; and (D) ensuring implementation of/compliance with the Safeguard Documents and the Project’s reporting requirements.

2. The Project Implementing Entity shall maintain throughout the period of implementation of its Respective Part of the Project, a project implementation unit within the PY-PWD for purposes of Components 1.2. of Part B of the Project, which units shall: (A) have personnel with experience and qualification, in numbers and under terms of reference acceptable to the Association; (B) be provided with such powers, financial resources, functions and competences, acceptable to the Association, as shall be required for the carrying out of the day-to-day implementation of the Project activities under their purview (except for financial management responsibilities which shall remain with the PIA); (C) carry out regular quality control and supervision of contractors’ performance and their deliverables pursuant to the Operations Manual; and (D) ensure implementation of, and compliance with, the Safeguard Documents and the Project’s reporting requirements.

3. The Project Implementing Entity shall cause the PIA to:
(a) select, by no later than four (4) months after the Effective Date, and thereafter maintain throughout the period of implementation of its Respective Part of the Project, the services of a project management consultant, with qualification and under terms of reference acceptable to the Association, in order to assist the PIA with the implementation of activities under Component 1.1. of Part B of the Project, including: (i) the finalization of selection of Beneficiaries and the environmental and social screening in accordance with the PY-ESMF of housing reconstruction activities to be carried out under their Matching Grants; (ii) the carrying out of monitoring and supervision activities on the performance of Project's contractors and their timely and proper compliance with their expected deliverables; (iii) the certification of quality of constructed/rehabilitated housing procured under the Project by the PIA, in accordance with the Operations Manual; and (iv) enforcement and/or compliance with the Safeguard Documents and the proper handling of environmental and social risks in accordance therewith; and

(b) maintain throughout the period of implementation of its Respective Part of the Project, the services of a firm of chartered accountants with qualification and experience, and under terms of reference acceptable to the Association, in order to carry out the annual financial audits required pursuant to Section II.B.3 of this Schedule.

4. In order for the PIA to discharge the responsibilities referred to in paragraph 1(b) above, the Project Implementing Entity shall enter into a memorandum of understanding with PIA, under terms and conditions acceptable to the Association, whereby the PIA undertakes to: (i) comply with all the fiduciary and safeguard standards, procedures and requirements set forth in this Agreement, the Financing Agreement, the Anticorruption Guidelines, the Procurement Guidelines, the Consultants Guidelines and the General Conditions; and (ii) discharge its Project responsibilities in accordance/compliance with the Operations Manual and the Safeguard Documents. Notwithstanding the foregoing, in the event of a conflict between the provision of the memorandum of understanding, on the one side, and those of this Agreement or the Financing Agreement, on the other, the provisions of the latter shall prevail.

B. Project Documents

The Project Implementing Entity shall:

(a) implement its Respective Part of the Project, and/or cause it to be implemented, in accordance with the Operations Manual, the Guidelines for Selection of Beneficiaries, and the Safeguard Documents; provided however that in the event of conflict between any of the provisions of said manual, guidelines and/or documents, on the one hand, and those of this Agreement or the Financing Agreement, on the other hand, the provisions of the latter shall govern; and

(b) refrain from amending, suspending, waiving, and/or voiding any provision of the Operations Manual, Guidelines for Selection of Beneficiaries or the Safeguard
Documents, or consenting to such amendment, suspension, waiver and/or voidance, whether in whole or in part, without the prior written concurrence of the Association.

C. Anti-Corruption

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

D. Resilient Housing

1. For purposes of carrying out Component 1.1 of Part B of the Project, the Project Implementing Entity shall cause the PIA to finalize the selection of Beneficiaries whose houses will be rebuilt/rehabilitated, in accordance with the guidelines and selection criteria set forth in the Operations Manual and the Guidelines for Selection of Beneficiaries, which shall include, inter alia:

(a) the requirement that the selected Beneficiaries: (i) be residents of Puducherry; (ii) be deemed living in risk-prone houses, as evidenced by the presence of thatched/temporary roofs, mud walls, and/or mortar; and (iii) have not received prior governmental financial support for the construction of their houses;

(b) the acceptable architectural designs, minimum construction standards and technical specifications for the edification of the new multi-hazard resistant units;

(c) compliance with all governmental permits required for the proposed constructions/rehabilitation; and

(d) minimum social and/or environmental risk, and compliance with the PY-ESMF and/or mitigation measures required thereunder.

2. Upon the selection of each Beneficiary pursuant to the criteria set forth in paragraph 1 above, and in carrying out the Matching Grant scheme, the Project Implementing Entity shall cause the PIA to enter into a written agreement with such Beneficiary, under terms and conditions set forth in the Operations Manual, which agreement shall provide:

(a) the Beneficiary's commitment to the objective of the Project and, his/her undertaking to: (i) use the resources of the Matching Grant for the reconstruction and/or rehabilitation of his/her home, following the architectural standards and technical specifications set forth in the Operations Manual; and (ii) promptly contribute out of his/her own resources all necessary funds to complete said construction and/or rehabilitation works;

(b) the amount of the Matching Grant to be made available by the PIA, on behalf of the Project Implementing Entity, to such Beneficiary, which amount shall not exceed the maximum amount of INR350,000 per house/household or any other amount agreed from time to time between the Project Implementing Entity and the Association;
the release of the Matching Grant to such Beneficiary in several tranches upon the Beneficiary's achieving pre-agreed milestones in the construction/rehabilitation work of his/her house, subject their validation/confirmation by the PIA;

(d) the obligation and agreement of the Beneficiary to abide by, and comply with, the PY-ESMF, the Anti-Corruption Guidelines, the Consultants Guidelines and the Procurement Guidelines;

(e) the obligation and agreement of the Beneficiary to accept random and/or unannounced physical or documentary inspection by the PIA, the Project Implementing Entity and/or the Association, in relation to the construction/rehabilitation work, and the use of the proceeds of the Matching Grant;

(f) the obligation of the Beneficiary to maintain the bills of all the purchases of construction materials or the hiring of services for the construction/rehabilitation works, for up to a year later after completion of said construction/rehabilitation activities; and

(g) PIA's right to suspend or terminate the right of the Beneficiary to use the proceeds of the Matching Grant, upon any failure of the Beneficiary to perform its obligations under the agreement, or upon notice by the Association that it intends to exercise any of its remedies under Section 6.02, 6.03 and 6.06 of the General Conditions.

E. Safeguards.

1. The Project Implementing Entity shall:

   (a) carry out its Respective Part of the Project, and/or cause the activities thereunder it to be carried out, in accordance/compliance with the PY-EMPs, the PY-ESMF and the instruments (to be) prepared pursuant to paragraph 2 of this Sub-Section, and pursuant to the objectives, policies, procedures, compensation arrangements and other provisions set forth therein, in a manner and substance satisfactory to the Association; and

   (b) refrain from taking any action, or consenting to any action to be taken, which would prevent or interfere with the implementation of the Safeguard Documents, including any amendment, suspension, waiver, and/or voidance of any provision thereof, whether in whole or in part, without the prior written concurrence of the Association.

2. Without limitation of the provision of paragraph 1 above, the Project Implementing Entity shall refrain, and/or shall cause the PIA to refrain from inviting bids and/or selecting any contractors for the carrying out of any civil works not covered by the PY-EMPs, until and unless the Project Implementing Entity and/or the PIA, as the case may
be, has: (a) carried out an environmental and social assessment of said civil works in accordance with the PY-ESMF; and (b) when applicable pursuant to the PY-ESMF, prepared the respective environmental management plan or resettlement action plan in a manner and substance acceptable to the Association.

3. The Project Implementing Entity shall ensure, and/or cause the PIA to ensure, that:

(a) prior to commencing any civil works under its Respective Part of the Project: (i) all necessary government permits and clearances for such civil works/reconstruction activities, shall have been obtained from the competent governmental authority/ies and submitted to the Association; and (ii) all conditions imposed by the governmental authority/ies under such permit(s) or clearance(s) shall have been complied with/fulfilled; and

(b) each contract for civil works under its Respective Part of the Project includes the obligation of the contractor to comply with the Safeguard Documents applicable to the civil works commissioned/awarded pursuant to said contract.

4. The Project Implementing Entity shall, throughout the period of implementation of its Respective Part of the Project: (a) maintain, or cause the PIA to maintain, monitoring and evaluation protocols and record keeping procedures acceptable to the Association and adequate to enable the PIA, the Project Implementing Entity and the Association to supervise and assess, on an on-going basis, the implementation of/compliance with the Safeguards Documents, as well as the achievement of the objectives thereof; and (b) furnish to the Association quarterly reports on the general compliance with the Safeguard Documents, the social and environmental impact of Project activities, and the results of the mitigation or benefit-enhancing measures applied thereto, during the period preceding the date of each such report.

5. The Project Implementing Entity shall ensure, and cause the PIA to ensure, that any compensation for resettlement and/or rehabilitation to be paid to Displaced Persons shall be financed exclusively out of the Project Implementing Entity’s own resources, and, to this end, shall provide, promptly as needed, the resources required therefor in accordance with the PY-EMPs, the PY-ESMF and/or the respective resettlement action plan prepared pursuant to paragraph 2 above.

F. Contingent Emergency Response Mechanism

1. In order to ensure proper implementation of the Component 5 of Part B of the Project ("CER Component"), the Project Implementing Entity shall:

(a) prepare and furnish to the Association for its review and approval, an operations manual (the "CER Operations Manual") which shall set forth detailed implementation arrangements for the CER Component, including: (i) designation of terms of reference for, and resource to be allocated to, the entity to be responsible for the coordination and implementation of the CER Component (the "Coordinating Authority"); (ii) specific activities which may be included in the CER Component, Eligible Expenditures required therefor ("Emergency
Expenditures"). and any procedures for such inclusion; (iii) financial management arrangements for the CER Component; (iv) procurement methods and procedures for Emergency Expenditures to be financed under the CER Component; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social safeguard management frameworks for the CER Component consistent with the Association’s policies on the matter; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the CER Component.

(b) afford the Association a reasonable opportunity to review said proposed CER Operations Manual;

(c) promptly adopt the CER Operations Manual for the CER Component as shall have been approved by the Association;

(d) ensure that the CER Component is carried out in accordance with the CER Operations Manual; provided, however, that in the event of any inconsistency between any of the provisions of the CER Operations Manual and those of this Agreement and/or the Financing Agreement, the provisions of this Agreement and/or the Financing Agreement shall prevail; and

(e) not amend, suspend, abrogate, repeal or waive, whether in whole or in part, any provision of the CER Operations Manual without the prior approval by the Association.

2. The Project Implementing Entity shall, throughout the period of implementation of the CER Component, maintain the Coordinating Authority, with adequate staff and resources satisfactory to the Association.

3. The Project Implementing Entity shall undertake no activities under the CER Component (and no activities shall be included in the CER Component) unless and until the following conditions have been met in respect of said activities:

(a) (i) the Recipient and the Project Implementing Entity have determined that an Eligible Crisis or Emergency has occurred; (ii) the Project Implementing Entity has furnished to the Association a request to include said activities in the CER Component in order to respond to said Eligible Crisis or Emergency, and (iii) the Association has agreed with such determination, accepted said request and notified the Recipient and the Project Implementing Entity thereof; and

(b) the Project Implementing Entity has prepared and disclosed all safeguards instruments required for said activities, in accordance with the CER Operations Manual, the Association has approved all such instruments, and the Project Implementing Entity has implemented any actions which are required to be taken under said instruments prior to the commencement of such activities.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall, and/or shall cause the PIA 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 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 one calendar quarter, and shall be furnished to the Recipient and the Association not later than forty-five (45) days after the end of the period covered by such report.

2. The Project Implementing Entity shall cause the PIA to: (a) prepare the Project execution/completion report referred to in Section 5.08 (c) of the General conditions in respect to its Respective Part of the Project; and (b) furnish it to the Recipient and the Association not later than six (6) months after the Closing Date.

3. For purposes of this Section II.A, the Project Implementing Entity shall cause the PIA to establish by no later than March 31, 2014, and thereafter maintain throughout the period of implementation of its Respective Part of the Project, a management information system, in form and substance satisfactory to the Association, which system shall contain: (a) a module measuring the physical and financial evolution of Project implementation; (b) a module for the reception, processing and tracking of Project-related grievance complaints filed by stakeholders, as well as the monitoring of the PIA’s handling thereof; and (c) the procurement modules set forth in Section III.2 herein below.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain, and/or cause the PIA to 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 its Respective Part of the Project.

2. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity shall prepare, and/or cause the PIA to prepare, and furnish to the Recipient and the Association not later than forty five (45) days after the end of each calendar quarter, interim financial report for the Respective Part of 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 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 nine (9) 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

1. All goods, works and services required for the Project Implementing Entity’s Respective Part 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.

2. The Project Implementing Entity shall:

   (a) establish, and/or cause the PIA to establish, and thereafter maintain throughout the period of implementation of its Respective Part of the Project, a fully operational procurement documentation and record keeping system, in a manner and substance acceptable to the Association, including a freely and publicly accessible database with an interface (link) with the PIA’s and the Line Departments and Agencies’ websites, showing the procurement plans and procurement notices, invitations to bid, bidding documents and requests for proposals, as well as the procurement status of various contracts, including status of evaluations, short lists of consultants, contract awards and contracts’ performance, list of contracts/purchase orders placed following shopping procedures (to be updated on a quarterly basis), and the complaints received and the actions taken in respect thereof. The Project implementing entity shall maintain, and/or cause the PIA to maintain, such system and website updated on a monthly basis throughout the period of implementation of its Respective Part of the Project; and

   (b) establish, and or cause the PIA to establish, and thereafter maintain throughout the period of implementation of its Respective Part of the Project, a system for the handling of procurement complaints, in a manner and substance acceptable to the association, which system shall include, *inter alia*: (i) a second tier appeal system; and (ii) a complaint database with an interface (link) to the management information systems referred to in Section II.A.3 of this Schedule, providing free and public access for the submission of electronic claims. Notwithstanding the foregoing, for any procurement done through International competitive Bidding, the Association’s prescript complaint redress mechanism shall apply.