Project Agreement

(Additional Financing for Bihar Rural Livelihoods Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF BIHAR

Dated July 9, 2012
PROJECT AGREEMENT

AGREEMENT dated July 9, 2012, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and STATE OF BIHAR ("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 State of Bihar 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 declares its commitment to the objectives of the Project. To this end, Bihar shall cause the BRLPS to 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 Bihar shall otherwise agree, Bihar shall, and shall cause the BRLPS to, carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

3.01. The State of Bihar’s Representative is Chief Secretary, Government of Bihar.

3.02. 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
3.03. The State of Bihar's Address is:

Chief Secretary
Government of Bihar
Secretariat
Patna, India

Facsimile:
91-612-2504960

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

STATE OF BIHAR

By

Authorized Representative
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Bihar shall be responsible for the management and coordination of the implementation of the Project and shall, for these purposes, maintain:

   (a) the BRLPS, with broad representation from all key stakeholders, as defined in the Memorandum and Articles of Association of the BRLPS; and

   (b) staff within BRLPS with adequate skills, qualifications and experience and in sufficient number, all as set forth in the PIP, including, inter-alia:
       (i) a chief finance officer during Project implementation; (ii) a qualified procurement consultant, supported by qualified procurement assistants; and (iii) a CEO from the civil service.

2. Bihar shall:

   (a) implement the Project in accordance with the PIP and the procedures, principles and practices set forth in the COM;

   (b) not amend or waive any provision of the PIP and/or COM, except with the Association’s prior written consent;

   (c) prepare and furnish to the Association, not later than January 31 of each year, commencing in July 1, 2012, an annual work plan, budget and procurement plans for implementation of the Project in such form and detail as the Association shall reasonably request, and shall finalize, not later than March 31 of each such year, such plans taking into account the Association’s comments thereon;

   (d) maintain, throughout the life of the Project, a grievance redressal cell within the BRLPS, in accordance with the principles and guidelines outlined in the PIP;

   (e) maintain, throughout the life of the Project, the SPMU, DPCUs and BPIUs with staffing and responsibilities as defined in the PIP; and
(f) maintain, throughout the life of the Project, the IAF to supply support services for CBOs and Federations in the areas of institution building, and financial and livelihood support services.

B. Anti-Corruption

Bihar shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and the GAAP.

C. Beneficiary Agreements

1. Bihar shall take all measures to maintain the CIF as an instrument to provide Grants to Beneficiaries, which Grants may be used by Beneficiaries as revolving funds.

2. Bihar shall, for the purposes of each Grant, enter into a Beneficiary Agreement with a CBO, consistent with the terms set forth in the COM and PIP.

3. Bihar shall:

   (a) ensure that all Beneficiaries are selected in accordance with the criteria set forth in the COM and PIP;

   (b) cause each BPIU, prior to releasing Grant proceeds, to ensure that the CBO has achieved the targets, and/or is in compliance with indicators, specified in the COM and PIP; and

   (c) release Grant funds in a timely manner to the CBO, all in accordance with the rules, procedures and guidelines set forth in the COM and PIP.

4. Bihar shall adequately protect its interests, and those of the Recipient and the Association, including the right to:

   (a) require that MCPs, which are financed by a Grant, be carried out in accordance with the COM and PIP, as the case may be, with due diligence and efficiency and in accordance with sound technical, financial, environmental and managerial standards, and that adequate records to reflect the financing of operations, and resources and utilization, of the MCPs be maintained;

   (b) require that the goods, works and services to be financed from the proceeds of the Credit be procured in accordance with the procedures set forth in Section III of Schedule 2 to the Financing Agreement;
(c) obtain all such information as Bihar or the Association shall reasonably request, regarding the administration, operation and financial condition of the CBO to which the Grant is made; and

(d) suspend or terminate the right of the Beneficiary to use the proceeds of the Grant upon failure by the Beneficiary to perform any of its obligations under the Beneficiary Agreement.

D. Safeguards.

Bihar shall:

1. carry out the Project in accordance with the EMF, including any plan developed thereunder, and in a manner satisfactory to the Association;

2. ensure that the environmental and social screening criteria are updated regularly, and are at all times consistently and satisfactorily applied;

3. without prejudice to the generality of paragraph D.1 above, implement, in a manner satisfactory to the Association, the TDP to ensure that the tribal population in the project area in Bihar shall benefit fully from the activities financed under the Project;

4. ensure that the Project shall be implemented, as far as reasonably practicable, on publicly-owned land, using land free from squatters, encroachments or other encumbrances;

5. ensure that the Project shall not involve any compulsory acquisition of land, forcible eviction or involuntary resettlement of local population; and

6. ensure that, where unavoidable, land acquisition shall be kept to the strict minimum, and shall be undertaken exclusively on the basis of mutually-agreed sales transactions or voluntary land donations, and in accordance with guidelines and procedures set forth in the PIP, including establishment of appropriate grievance redressal mechanisms to address potential disputes arising out of such sales or donations.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. Bihar 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 the Key Performance Indicators. Each such Project Report shall cover the period of six (6) months, and shall be furnished to
the Recipient and the Association not later forty-five (45) days after the end of the period covered by such report.

2. Bihar shall provide to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request for incorporation in the report referred to in Section 4.08(c) of the General Conditions.

B. Financial Management, Financial Reports and Audits

1. Bihar shall cause BRLPS 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, resources and expenditures related to the Project.

2. Without limitation on the provisions of Part A of this Section, Bihar shall cause BRLPS to prepare and furnish to the Association not later than forty-five (45) days after the end of each quarter Interim Unaudited Financial Reports (IUFR) for the Project covering said period, in form and substance satisfactory to the Association.

3. Bihar shall cause BRLPS to 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. Bihar shall ensure that the audited financial statements for each period shall be: (a) furnished to 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.