Project Agreement

(Uttarakhand Disaster Recovery Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF UTTARAKHAND

Dated January 9, 2014
PROJECT AGREEMENT

Agreement dated January 9, 2014, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and the STATE OF UTTARAKHAND ("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 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 Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out 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/Additional Chief Secretary of Uttarakhand.
4.02. The Association’s Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Cable: INDEVAS
Telex: 248423(MCI)
Facsimile: 1-202-477-6391

4.03. The Project Implementing Entity’s Address is:

Secretariat
Subhash Road
Dehradun
Uttarakhand
PIN 248 001

Facsimile:
+91 (135) 271-2098
AGREED at New Delhi, India, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Omer Ruhli
Title: Country Director, India

STATE OF UTTARAKHAND

By

Authorized Representative

Name: Rakesh Sharma
Title: Addl. Chief Secretary
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall vest the responsibility for the overall coordination of Project activities in USDMA.

2. Notwithstanding paragraph 1 above, the Project Implementing Entity shall:
   
   (a) maintain throughout the period of implementation of the Project, a Core Committee, headed by the Chief Secretary, with membership, powers, functions and competencies acceptable to the Association, as shall be required to provide policy guidance for, and exercise general oversight of, the implementation of Project activities by USDMA and the Line Departments and Agencies, including monitoring and evaluation of the Project;

   (b) maintain throughout the period of implementation of the Project, a High Powered Committee for Sanctioning of Post Disaster Reconstruction Works, headed by the Additional Chief Secretary, with membership, powers, functions, competencies, staff and resources acceptable to the Association, as shall be required for, inter alia: (i) according all financial and administrative approvals and sanctions for the carrying out of post disaster recovery, reconstruction and risk mitigation activities; (ii) guaranteeing inter-departmental coordination; and (iii) facilitate any external clearances required for Project activities;

   (c) maintain throughout the period of implementation of the Project, a Project Management Unit ("PMU") within USDMA: (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) provided 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 Sub-component 1.1 (for Housing Sub-grants) and Components 3, 4 and 5 of the Project, as well as the overall financial management of the Project; (B) coordinating, monitoring and evaluating the Line Departments and Agencies’ day-to-day implementation of Components 1.1 (other than Housing Sub-grants), 1.2. and 2 of the Project, and related procurement activities, including providing procurement assistance thereto; (C) acting as secretariat to the High
Powered Committee for Sanctions and Post Disaster Steering Committee; (D) maintaining the Project’s management information systems and producing quarterly reports; and (E) carrying out regular quality control and supervision of the Project’s performance and deliverables as pursuant to the Operations Manual;

(d) maintain throughout the period of implementation of the Project, Project Implementation Units (“PIUs”) within: (i) USIDC for purposes of Component 1.1 (other than Housing Sub-grants) of the Project; (ii) the PWD for Component 2 of the Project; and (iii) USDMA, and technical support agencies for Component 3; 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; (C) carry out regular quality control and supervision of contractors’ performance and their deliverables pursuant to the Operations Manual; and (D) ensure implementation of/compliance with the Safeguard Documents and the Project’s reporting requirements.; and

(e) for each district, establish prior to the commencement of Project activities in such district, and thereafter maintain throughout the period of implementation of the Project, District Level Coordination Unit, headed by the District Magistrate, with membership, powers, functions and competencies acceptable to the Association, as shall be required to, inter alia: (i) coordinate and monitor the performance of reconstruction and disaster response activities among the various district/block level executing agencies; (ii) identify Selected Beneficiaries and disclose the lists thereof; (iii) identify small works at district level (primarily for Sub-component 2.3 of the Project); (iv) ensure the proper operation of grievance redress mechanisms; and (v) resolve any issues arising from the identification of suitable land for the housing reconstruction efforts.

B. Project Documents

The Project Implementing Entity shall:

(a) implement the Project in accordance with the Operations Manual, the Safeguards Documents and the GAAP; provided however, that in the event of conflict between the provisions of said manual, plan or documents, on the one hand, and those of this Agreement and/or the Financing Agreement, on the other hand, the provisions of this Agreement and/or the Financing Agreement shall prevail; and
refrain from amending, suspending, waiving, and/or voiding any provision of the Operations Manual and/or the GAAP, whether in whole or in part, without the prior written concurrence of the Association.

C. Anti-Corruption

The Project Implementing Entity shall ensure that 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 the Project, the Project Implementing Entity shall determine the Selected Beneficiaries whose houses will be constructed/reconstructed, in accordance with the guidelines and selection criteria set forth in the Operations Manual.

2. Upon the determination of the Selected Beneficiaries, the Project Implementing Entity, through the USDMA, shall enter into an agreement with each Selected Beneficiary who opts to receive a Housing Sub-grant for the owner-driven construction/reconstruction of his/her houses using traditional materials, under terms and conditions set forth in the Operations Manual, which agreement shall provide:

(a) the Selected Beneficiary's commitment to: (i) use the resources of the Housing Sub-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 Housing Sub-grant;

(c) the conditions for release of the Housing Sub-grant to such Selected Beneficiary in several tranches upon the Selected Beneficiary's achieving pre-agreed milestones in the construction work of his/her house, subject to the verification mechanisms provided for in the Operations Manual;

(d) the obligation and agreement of the Selected Beneficiary to abide by, and comply with, the Safeguards Documents;

(e) the obligation and agreement of the Selected Beneficiary to accept random and/or unannounced physical or documentary inspection by the
USDMA and/or the Association, in relation to the construction work, and the use of the proceeds of the Housing Sub-Grant; and

(f) the Project Implementing Entity's right to suspend or terminate the right of the Beneficiary to use the proceeds of the Housing Sub-Grant, upon any failure of the Selected 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.

3. The Project Implementing Entity shall only utilize the funds of this Financing to pay for Housing Sub-grants to Selected Beneficiaries that have substantially completed reconstruction of their housing unit, in accordance with the quality standards set forth in the Operations Manual. Housing Sub-grants paid to Selected Beneficiaries whose housing units are deemed incomplete and/or of substandard quality, shall be deemed ineligible for financing under the Project, except in the event of force majeure. Any amounts advanced for the financing for such ineligible Housing Sub-grants shall be promptly reimbursed to the Association upon the Association’s request.

E. Safeguards

1. The Project Implementing Entity shall:

(a) carry out the Project in accordance/compliance with the 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 (the “Safeguard Documents”); and

(b) refrain from taking any action, or consenting to an 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. The Project Implementing Entity shall refrain from inviting bids, selecting any contractors or undertaking any other preparatory works, or issuing any Housing Sub-grant for the implementation of Project activities, until and unless:

(a) the respective Line Departments and Agencies implementing such works or activities have: (i) carried out a social and environmental screening thereof, in accordance with the guidelines, standards and procedures set forth in the ESMF; and (ii) produced the respective screening report;
(b) if the screening reports so require, the necessary environmental assessments, environmental management plans, social assessments, social management plans and resettlement action plans for Displaced Persons ("Safeguards Documents"), as the case may be, has/have been prepared in a manner and substance satisfactory to the Association, pursuant to the ESMF; and

(c) the foregoing Safeguard Documents have been publicly disclosed by the Project Implementing Entity, in local language(s) at the Project sites, at least fifteen (15) days prior to the respective bidding invitations or the initiation of any contractor selection process for the related works.

3. The Project Implementing Entity shall, by no later than forty-five (45) days after the end of each calendar semester, furnish to the Association, for its records and public disclosure, a compilation of all the social and environmental screening reports prepared by the Line Departments and Agencies pursuant to paragraph 2.(a) of this Sub-Section I.E during such calendar semester.

4. The Project Implementing Entity shall ensure that, prior to commencing any civil works under the Project:

(a) all necessary governmental permits and clearances for such civil works shall have been obtained from the competent governmental authority/ies;

(b) all pre-construction conditions imposed by the governmental authority/ies under such permit(s) or clearance(s) shall have been complied with/fulfilled; and

(c) all resettlement measures set forth in the applicable resettlement action plans prepared pursuant to paragraph 2(b) of this Section I.E, shall have been fully executed, including the full payment of compensation prior to displacement and/or the provision of relocation assistance to all Displaced Persons, as per the entitlements provided in the ESMF and/or the resettlement action plans.

5. The Project Implementing Entity shall ensure that each contract under the Project includes the obligation of the relevant contractor to comply with the relevant Safeguard Documents applicable to the respective activities commissioned/awarded pursuant to said contract.

6. The Project Implementing Entity shall, throughout the period of implementation of the Project: (a) maintain monitoring and evaluation protocols and record keeping procedures acceptable to the Association and adequate to enable 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.

7. The Project Implementing Entity shall ensure that the following Project expenditures are financed exclusively out of the Project Implementing Entity's own resources, and, to this end, shall provide, as promptly as needed, the resources required therefor, namely:

(a) all land acquisition required for the purpose of the Project;

(b) any compensation, resettlement and rehabilitation assistance or payments to Displaced Persons in accordance with the provision of the applicable resettlement action plans; and

(c) any tree cutting, forest land diversion costs, and/or other expenditures associated with the obtaining of any regulatory clearances and/or utilities relocation.

8. In the event of any conflict between the provisions of any of the Safeguard Documents, on the one hand, and the provisions of this Agreement and/or the Financing Agreement, on the other hand, the provisions of this Agreement and/or the Financing Agreement shall prevail.

F. Contingent Emergency Response Mechanism

1. In order to ensure proper implementation of the Component 6 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 safeguards instruments,
including management frameworks, assessments and/or plans 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 all 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 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 one (1) calendar quarter, and shall be furnished to the Recipient and the Association not later than sixty (60) days after the end of the period covered by such report.

2. The Project Implementing Entity shall: (a) prepare the Project execution/completion report referred to in Section 4.08 (c) of the General Conditions; and (b) furnish it to the Recipient and the Association not later than six (6) months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall 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 the Project.

2. Without limitation on the provision of Part A of this Section, the Project Implementing Entity shall prepare and furnish to the Recipient and the Association, not later than sixty (60) days after the end of each calendar quarter, an interim financial report for the Project covering the quarter in form and substance satisfactory to the Association.

3. The Project Implementing Entity shall have the Project 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) 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 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 by no later than six (6) months after the issuance of the first specific procurement notice for the Project, and thereafter maintain throughout the period of implementation 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, 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 short lists of consultants, contract awards and the complaints received and the actions taken in respect thereof. The Project implementing entity shall update such details on a monthly basis throughout the period of implementation of the Project; and

(b) establish by no later than three (3) month after the Effective Date, and thereafter maintain throughout the period of implementation 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, 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.