Project Agreement

(Rural Water Supply and Sanitation Project for Low Income States)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF JHARKHAND

Dated 7th February, 2014
PROJECT AGREEMENT

Agreement dated 25th May 2014, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and the STATE OF JHARKHAND ("Jharkhand") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between India ("Recipient") and the Association. The Association and Jharkhand 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. Jharkhand declares its commitment to the objectives of the Project. To this end, Jharkhand 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 Jharkhand shall otherwise agree, Jharkhand shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. Jharkhand’s Representative is its Chief Secretary, or such other person or persons as he or she shall designate in writing.

3.02. 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
3.03. Jharkhand's Address is:

Mr. Ram Sewak Sharma
Chief Secretary
Government of Jharkhand
1st Floor, Project Bhawan
Dhurwa, Ranchi- 834004

Facsimile:

0651-2400255

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: ______________________
Title: ______________________

STATE OF JHARKHAND

By

Authorized Representative

Name: Jakhr Singh
Title: Secy. Secretory, DWSD
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Jharkhand shall make available additional funds from Jharkhand’s own resources sufficient for it to carry out the Project.

2. Jharkhand shall:

(a) maintain State Project Management Units within its relevant State Project Implementing Agencies with qualified sector, financial management, procurement, environment, social, technical, institutional development and monitoring and evaluation staff to carry out its activities under the Project;

(b) constitute by no later than March 31, 2014 and thereafter maintain District Project Management Units in each of their respective Project Districts with qualified sector, financial management, procurement, environment, social, technical, and monitoring and evaluation staff to carry out the Project District’s activities under the Project;

(c) (i) cause its relevant State Project Management Units, State Project Implementing Agencies, and District Project Management Units to implement or carry out the Project in accordance with this Agreement, the Financing Agreement, the Project Implementation Plan, the Procurement Plan, the Environment Management Framework, the Social Management Framework, including, where applicable, Environmental Management Plan(s) and Resettlement Action Plan(s), and the Tribal Development Plan; and

(ii) whenever an Environmental Management Plan and/or Resettlement Action Plan is required for any Project activity in accordance with the provisions of the Environmental Management Framework and/or Social Management Framework: (A) proceed to have such plan: (1) prepared in accordance with the provisions of the Environmental Management Framework or Social Management Framework, as applicable; (2) furnished to the Association for review and approval; and (3) thereafter adopted and disclosed, in a manner acceptable to the Association; and (B) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such plan; and

(d) constitute under the appropriate scheme cycle for each batch, and thereafter maintain, water and sanitation committees in Gram Panchayats for the design, construction, operation and maintenance of schemes financed by the Project.
B. Project Implementation

1. Jharkhand shall ensure its activities under the Project are carried out in accordance with the provisions of this Agreement, the Financing Agreement, the Project Implementation Plan, the Procurement Guidelines, the Procurement Plan, the Anti-Corruption Guidelines, the Governance and Accountability Action Plan, the Environment Management Framework, the Social Management Framework, including, where applicable, Environmental Management Plan(s), Resettlement Action Plan(s), and the Tribal Development Plan.

2. Except as the Association shall otherwise agree, Jharkhand shall not amend, vary or waive any provision of the Project Implementation Plan relating to applicable environmental and social standards, if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.

3. Jharkhand shall ensure that its relevant State Project Implementing Agencies, which are responsible for overseeing Project activities, have an adequate organizational structure with functions, powers, qualified professional staff, including a project director, and resources necessary and appropriate to carry out their respective responsibilities under the Project.

4. Jharkhand shall ensure that its relevant District Project Management Units have an adequate organizational structure with functions, powers, qualified professional staff, including a project manager, and resources necessary and appropriate to carry out their respective responsibilities under the Project.

5. Jharkhand shall take necessary measures to ensure that the Project policy framework is implemented in its Project Districts.

6. Jharkhand shall, or shall cause its relevant State Project Implementing Agencies and District Project Management Units to, assist Gram Panchayats with adequate financial, technical, and engineering support to carry out schemes under the Gram Panchayats' jurisdiction. Jharkhand shall ensure that the water and sanitation committees in Gram Panchayats have an adequate organizational structure with functions, powers, qualified professional support and resources necessary and appropriate to carry out their respective responsibilities under the Project.

C. Contingent Emergency Response Mechanism

1. In order to ensure proper implementation of Part D of the Project (if applicable to Jharkhand), Jharkhand shall:

   (a) prepare and furnish to the Association for its review and approval, an operations manual (the "Part D Operations Manual") which shall set forth detailed implementation arrangements for Part D in Jharkhand, including: (i) specific activities which may be included under Part D, Eligible Expenditures required therefor, and any procedures for such inclusion; (ii) financial management
arrangements for Part D; (iii) procurement methods and procedures for goods, works, non-consulting services, consultants services, and Operating Costs to be financed under Part D; (iv) documentation required for withdrawals of Eligible Expenditures; (v) environmental and social safeguard management frameworks for Part D consistent with the Association's policies on the matter; and (vi) any other arrangements necessary to ensure proper coordination and implementation of Part D;

(b) afford the Association a reasonable opportunity to review the proposed Part D Operations Manual;

(c) promptly adopt the Part D Operations Manual for Part D activities in Jharkhand as shall have been approved by the Association;

(d) ensure that Part D is carried out in accordance with the Part D Operations Manual, provided, however, that in the event of any inconsistency between any of the provisions of the Part D 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 Part D Operations Manual without the prior approval by the Association.

2. Jharkhand shall, throughout the period of implementation of Part D, maintain its Coordinating Authority with adequate staff and resources satisfactory to the Association to carry out activities under Part D.

3. Jharkhand shall undertake no activities under the Part D unless and until the following conditions have been met in respect of said activities:

(a) (i) the Recipient and Jharkhand have determined that an Eligible Crisis or Emergency has occurred in Jharkhand;

(ii) Jharkhand has furnished to the Association a request to include said activities under Part D 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 Jharkhand; and

(b) Jharkhand has prepared and disclosed all safeguards instruments required for said activities, in accordance with the Part D Operations Manual, the Association has approved all such instruments, and Jharkhand 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. Jharkhand 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 indicators acceptable to the Association. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later than two (2) weeks after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.

2. Jharkhand shall provide the Recipient not later than February 1, 2020, for incorporation in the report referred to in Section 4.08 (c) of the General Conditions, with all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

3. Jharkhand shall carry out:

   (a) a comprehensive mid-term Project review under terms of reference satisfactory to the Association;

   (b) an independent assessment of the Project's decentralized institutional arrangements, under terms of reference satisfactory to the Association; and

   (c) a beneficiary assessment of rural water supply and sanitation delivery improvements for schemes completed under the Project, under terms of reference satisfactory to the Association,

   and, thereafter, prepare and furnish to the Association, through the Recipient, a mid-term Project progress report, satisfactory to the Association, by no later than March 31, 2017.

4. By no later than December 31, 2019, Jharkhand shall carry out:

   (a) an independent assessment of the achievements of the Project, under terms of reference satisfactory to the Association; and

   (b) a beneficiary assessment of rural water supply and sanitation delivery improvements for schemes completed under the Project, under terms of reference satisfactory to the Association,

   and, thereafter, within 90 days after the Closing Date, prepare and furnish to the Association, through the Recipient, a Project completion report, satisfactory to the Association.
B. Financial Management, Financial Reports, and Audits

1. Jharkhand shall cause its State Project Implementing Agencies 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 overall financial condition of the operations, resources and expenditures related to the Project.

2. Jharkhand shall cause its State Project Implementing Agencies to prepare and furnish to MoDWS, not later than 30 days after the end of each calendar quarter, interim unaudited financial reports for the Project covering each calendar quarter, in form and substance satisfactory to the Association to enable MoDWS to incorporate and forward to the Association, the consolidated interim unaudited financial reports.

3. Jharkhand shall cause its State Project Implementing Agencies to have their Financial Statements referred to in clause (1), 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 Jharkhand. Jharkhand 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

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.