Project Agreement

(Odisha Disaster Recovery Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF ODISHA

Dated July 11, 2014
PROJECT AGREEMENT

Agreement dated __1__1, 2014, entered into between the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and the STATE OF ODISHA ("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: (i) Components 1 and 3, and sub-Component 4.1 of the Project, through OSDMA; (ii) Component 2 and sub-Component 4.2 of the Project, through BeMC; and (iii) Component 5 of the Project through the Coordinating Authority; all 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 of the Government of Odisha.

4.02. The Association's Address is:

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

Facsimile:

1-202-477-6391

4.03. The Project Implementing Entity’s Address is:

Chief Secretary  
Government of Odisha  
Bhubaneswar, Odisha  
India

Facsimile:

+91-674-2536660
AGREED at New Delhi, India, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Michael Haney
Title: Operations Advisor

STATE OF ODISHA

By

Authorized Representative

Name: Utpendra Nath Behura
Title: Addl. Chief Secretary, Finance Dept.
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall vest in its:

   (a) R&DM Department, acting through OSDMA, the overall coordination of activities under Components 1, 3 and sub-Component 4.1 of the Project; and

   (b) H&UD Department, acting through its controlled BeMC, the overall coordination of activities under Component 2 and sub-Component 4.2 of the Project.

2. Notwithstanding paragraph 1 above, the Project Implementing Entity shall:

   (a) maintain throughout the period of implementation of the Project the state level Project steering committee, with membership, powers, functions, competencies, staff and resources acceptable to the Association, as shall be required to provide policy guidance for, and exercise general oversight of, the day-to-day implementation of Project activities by OSDMA, the H&UD Department, and BeMC;

   (b) establish within OSDMA, by no later than March 31, 2014, and thereinafter throughout the period of implementation of the Project, a Project management unit, a Project implementation unit, and district-level implementation units, each such unit to be: (i) comprised of competent staff with experience and qualifications, in numbers and under terms of reference, acceptable to the Association; and (ii) provided with such powers, financial resources, functions and competencies, acceptable to the Association, as shall be required for the carrying out of day-to-day activities under Components 1 and 3, and sub-Component 4.1 of the Project, pursuant to the allocation of responsibilities set forth in the Project Operations Manual;

   (c) establish within the H&UD Department, by no later than March 31, 2014, and thereafter maintain throughout the period of implementation of the Project, a Project management unit: (i) comprised of competent staff with experience and qualifications, in numbers and under terms of reference, acceptable to the Association; and (ii) provided with such
powers, financial resources, functions and competencies, acceptable to
the Association, as shall be required for the carrying out of day-to-day
activities under Components 2 and sub-Component 4.2 of the Project,
including the coordination of activities with BeMC, pursuant to the
allocation of responsibilities set forth in the Project Operations Manual;
and

(d) establish within BeMC, by no later than March 31, 2014, and thereafter
maintain throughout the period of Project implementation, a Project
implementation unit: (i) comprised of competent staff with experience
and qualifications, in numbers and under terms of reference, acceptable
to the Association; and (ii) provided with such powers, financial
resources, functions and competencies, acceptable to the Association, as
shall be required for the carrying out of day-to-day activities under
Components 2 and sub-Component 4.2 of the Project, including the
coordination of activities with the H&UD Department, pursuant to the

3. In order to facilitate the detailed design, planning and implementation of
activities under Component 1 of the Project, the Project Implementing Entity,
acting through OSDMA, shall select and hire:

(a) by no later than three (3) months after the Effective Date, and thereafter
maintain throughout the period of implementation of the Project, the
services of a social and technical support agency(s), with qualifications
and experience and under terms of reference acceptable to the
Association, in order to assist OSDMA with, inter alia: (i) the survey of
Selected Beneficiaries to determine their preferred housing
reconstruction option (whether owner-driven or constructor-built); (ii)
the mobilization and training of Selected Beneficiaries for the pooling of
funds for an efficient procurement of construction materials (economies
of scales); (iii) the provision of technical advice to Selected Beneficiaries
to ensure their compliance with quality standards and requirements in the
construction of their houses; and (iv) the mobilization of the Targeted
Communities for the preparation of village development plans for the
enhancement/improvement of their public service infrastructure; and

(b) by no later than three (3) months after the Effective Date, and thereafter
maintain throughout the period of implementation of the Project, the
services of a quality audit consulting firm with qualification and
experience and under terms of reference acceptable to the Association, in
order to assist OSDMA with, inter alia: (i) certifying the achievement of
construction milestones by Selected Beneficiaries receiving Housing
Sub-grants; (ii) certifying the quality of construction, compliance with
technical specifications and design requirements; and (iii) compliance
with statutory/regulatory requirements, governmental permits, and the actions (mitigation measures, compensations and standards) set forth in the applicable Safeguard Documents and/or the Project Operations Manual.

4. In order to facilitate the implementation of activities under Component 2 of the Project, the Project Implementing Entity, acting through BeMC, shall select and hire:

(a) by no later than three (3) months after the Effective Date, and thereafter maintain throughout the period of implementation of the Project, a project implementation consulting firm, with qualifications and experience satisfactory to the Association; which firm shall assist BeMC's PIU, with: (i) the preparation of bidding documents and subsequent changes/variations thereof; (ii) the preparation of terms of references and requests for proposal, as well the evaluation of technical and financial proposals; (iii) the handling of contractual matters and procurement disputes; (iv) the carrying out of monitoring and supervision activities; and (v) the preparation of Project Reports and the interim financial reports set forth in Sections II.A, and II.B.2 of this Schedule; and

(b) by no later than six (6) months after the Effective Date, and thereafter maintain throughout the period of implementation of the Project, the services of a quality audit consulting firm with qualification and experience and under terms of reference acceptable to the Association, in order to assist BeMC with, inter alia: (i) the certification of the timing, quality and standards of infrastructure improvement works, as well as the contractors' performance and compliance with statutory/regulatory requirements, governmental permits, and the actions (mitigation measures, compensations and standards) set forth in the applicable Safeguard Documents and/or the Project Operations Manual.

5. For purposes of Section II.B.1 of this Schedule, the Project Implementing Entity, acting through OSDMA, shall select and hire, by no later than six (6) months after the Effective Date, and thereafter maintain throughout the period of implementation of the Project, the services of firm(s) of chartered accountants, with qualifications and experience and under terms of reference acceptable to the Association, in order to: (i) carry out internal audits of the operations of OSDMA's PMU, PIU and DIUs, the H&UD Department's PMU, and the BeMC's PIU pursuant to the protocols, standards and requirement set forth in the Project Operations Manual; (ii) provide feedback to OSDMA, the H&UD Department, BeMC, the Recipient and the Association on any control weaknesses and issues observed that might require management attention; and
(iii) assist OSDMA, the H&UD Department and BeMC to strengthen their internal control systems and address any concerns raised.

B. Project Documents

The Project Implementing Entity shall:

(a) implement the Project in accordance with the Project Operations Manual, the Housing Reconstruction Guidelines, and the Safeguards Documents; 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

(b) refrain from amending, suspending, waiving, and/or voiding any provision of the Project Operations Manual, the Housing Reconstruction Guidelines and/or the ESMF, 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, acting though OSDMA, shall determine the Selected Beneficiaries whose houses will be constructed/reconstructed, in accordance with the guidelines and selection criteria set forth in the Project Operations Manual. Without limitation on the foregoing, the Project Implementing Entity shall ensure that no activities under Component 1 of the Project shall require involuntary land acquisition or resettlement resulting in Displaced Persons.

2. Upon the determination by OSDMA of the Selected Beneficiaries in accordance with paragraph 1 of this Section I.D, the Project Implementing Entity, acting through OSDMA's DIUs, shall enter into an agreement with each Selected Beneficiary who opts to receive a Housing Sub-grant for the owner-driven reconstruction of his/her house, under terms and conditions set forth in the Project Operations Manual, which agreement shall provide:

(a) the Selected Beneficiary's voluntary participation in the program and commitment to: (i) use the resources of the Housing Sub-grant for the reconstruction of his/her home, following the architectural standards and
technical specifications set forth in the Project 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, Rental Assistance and
Construction Incentive, including the number and amounts of each
individual tranches thereof;

(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 Project
Operations Manual;

(d) the obligation and agreement of the Selected Beneficiary to accept
random and/or unannounced physical inspection by the OSDMA and/or
the Association, in relation to the construction work; and

(e) 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 served by the Association to the Project
Implementing Entity or the Recipient 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 ensure that OSDMA only utilize the funds
of this Financing to pay for Housing Sub-grants and Construction Incentives to
Selected Beneficiaries that have substantially completed reconstruction of their
housing unit, in accordance with the quality standards set forth in the Project
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 or Construction Incentives shall be promptly reimbursed to the
Association upon the Association’s request.

E. Safeguards

1. The Project Implementing Entity shall ensure that OSDMA and BeMC:

(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. Without limitation of the provision of paragraph 1 above, the Project Implementing Entity shall ensure that OSDMA and BeMC 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) OSDMA or BeMC, as the case may be, has: (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 requires, the necessary environmental and social assessments and management plans and/or resettlement action plans for Displaced Persons ("Safeguards Documents"), as the case may be, has/have been prepared pursuant to the ESMF, in a manner and substance satisfactory to the Association; and

(c) the foregoing Safeguard Documents have been publicly disclosed by the OSDMA or BeMC, as the case may be, in local language(s) at the Project relevant sites, at least fifteen (15) days prior to the respective bidding invitations, the granting of the respective House Sub-grants, 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 OSDMA and/or BeMC pursuant to paragraph 2.(a) above 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;
5. The Project Implementing Entity shall ensure that each contract procured 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. Throughout the period of Project implementation, the Project Implementing Entity shall ensure that OSDMA and BeMC: (a) maintain monitoring and evaluation protocols and record keeping procedures acceptable to the Association and adequate to enable OSDMA and/or BeMC, as the case may be, as well as 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 purchase/acquisition required for the purpose of the Project; and

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

F. Suggestion & Complaint Mechanism

The Project Implementing Entity shall establish by no later than March 31, 2014, and thereafter maintain and operate throughout the period of implementation of Project activities, a grievance redress mechanism for the handling of any
complaints regarding resettlement and rehabilitation grievances, environmental impacts, arbitrary inclusion/exclusion of households from the Selected Beneficiaries lists; as well as any complaints (other than procurement) arising out of the implementation of the Project; which systems shall be subject to guidelines and procedures, acceptable to the Association.

G. Contingent Emergency Response Mechanism

1. In order to ensure proper implementation of the Component 5 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 forty five (45) days after the end of the period covered by such Project 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 ensure that OSDMA and BeMC 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 forty five (45) 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 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 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

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) months 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 complaint redress mechanism under the Procurement Guidelines shall apply.