

Public Disclosure Authorized

OFFICIAL DOCUMENTS

LOAN NUMBER 8746-IN

Project Agreement

(Madhya Pradesh Urban Development Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

STATE OF MADHYA PRADESH

and

MADHYA PRADESH URBAN DEVELOPMENT CO LIMITED

Dated *JUNE 12*, 2017

PROJECT AGREEMENT

Agreement dated JUNE 12, 2017, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and the STATE OF MADHYA PRADESH ("Madhya Pradesh") and the MADHYA PRADESH URBAN DEVELOPMENT CO LIMITED ("MPUDC") (Madhya Pradesh or MPUDC or both the "Project Implementing Entity") ("Project Agreement") in connection with the Loan Agreement ("Loan Agreement") of same date between India ("Borrower") and the Bank. The Bank 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 Loan 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 Loan Agreement or the General Conditions.

ARTICLE II — PROJECT

- 2.01. Madhya Pradesh and MPUDC declare their commitment to the objectives of the Project. To this end, Madhya Pradesh and MPUDC shall carry out the Project in accordance with the provisions of Article V 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 Bank and the Project Implementing Entity shall otherwise agree, Madhya Pradesh and MPUDC shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

- 3.01. Madhya Pradesh's Representative is its Secretary, Urban Development and Housing Department or such other person or persons as he or she shall designate in writing.
- 3.02. MPUDC's Representative is its Managing Director or such other person or persons as he or she shall designate in writing.
- 3.03. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

Cable:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391


3.04. The Project Implementing Entities' Addresses are:

State of Madhya Pradesh:
Secretary, Urban Development and Housing Department
Government of Madhya Pradesh
Bhopal

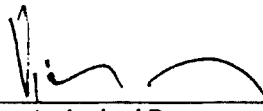
Madhya Pradesh Urban Development Co Limited:
Managing Director
Madhya Pradesh Urban Development Co. Limited
Bhopal

AGREED at NEW DELHI, India, as of the day and year first above written.

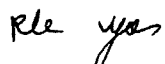
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By 
Authorized Representative
Name: JUNAID KAMAL AHMAD
Title: COUNTRY DIRECTOR, INDIA

STATE OF MADHYA PRADESH

By 
Authorized Representative
Name: VIVEK AGGARWAL
Title: SECRETARY

MADHYA PRADESH URBAN
DEVELOPMENT CO LIMITED

By 
Authorized Representative
Name: R. K. VYAS
Title: ENGINEER - IN - CHIEF

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Madhya Pradesh shall ensure that its departments and agencies, including MPUDC, its ULBs, SPVs, and the Project Operators carry out the Project in accordance with the Operations Manual, the applicable TPIAs, and the Safeguards Documents. Madhya Pradesh shall refrain from taking any action which would prevent or interfere with its, MPUDC's, any ULB's, any SPV's or any Project Operator's implementation of the foregoing documents, including any amendment, suspension, waiver, annulment and/or voidance of any provision of such documents, whether in whole or in part, without the prior written concurrence of the Bank.
2. Madhya Pradesh shall cause MPUDC to enter into a TPIA with each Participating ULB before MPUDC awards any contracts for any Sub Projects relating to that ULB. Madhya Pradesh shall ensure that each TPIA shall set out the roles and responsibilities of each government agency concerning Project implementation and authorize Madhya Pradesh to reimburse MPUDC from the Participating ULB's allocated resources if the ULB defaults in paying its agreed capital, operational, or maintenance contributions for the Sub Project. Madhya Pradesh shall ensure that neither MPUDC nor any Participating ULB shall amend, obviate or waive a TPIA, in whole or in part, without the prior written agreement of the Bank.
3. Madhya Pradesh shall make available the Loan proceeds and adequate resources from its own funds to MPUDC in accordance with the Operations Manual and the TPIAs.
4. Madhya Pradesh shall ensure that MPUDC is adequately capitalized and operates with such resources, powers, functions, staffing, and expertise acceptable to the Bank, as required to carry out the Project and shall cause Madhya Pradesh to exercise the general oversight of the implementation of Project activities.
5. Madhya Pradesh shall ensure that MPUDC maintains throughout implementation of the Project, a project management unit to carry out the Project with resources, powers, functions, staffing, and expertise acceptable to the Bank.
6. Madhya Pradesh or MPUDC, as the case may be, shall constitute and maintain through Project implementation, appropriate project implementation units meeting the requirements of the Operations Manual with qualified sector, financial management, procurement, environment, social, technical, and monitoring and evaluation professionals in order to carry out their activities under the Project.
7. Madhya Pradesh shall maintain the Empowered and Executive Committee and the Technical Clearance and Tender Committee constituted for the Project under terms of reference acceptable to the Bank and outlined in the Operations Manual.

8. Madhya Pradesh shall cause MPUDC and each Participating ULB not to amend, obviate or waive any Operator Contract, without the prior written agreement of the Bank.
9. Madhya Pradesh will issue and maintain a satisfactory and acceptable government order on water and sanitation connection policy and fees throughout Project implementation.

B. Sub Projects

1. Madhya Pradesh, or MPUDC as the case may be, shall ensure that Loan proceeds are utilized exclusively for Sub Projects which are selected in accordance with eligibility criteria and procedures acceptable to the Bank and set out in the Operations Manual and TPIA.
2. Madhya Pradesh, or MPUDC as the case may be, shall:
 - (a) carry out Sub Projects with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the Safeguards Documents and the provisions of the Anti-Corruption Guidelines applicable to Borrowers of loan proceeds other than the Borrower;
 - (b) provide, promptly as needed, the resources required for the purpose;
 - (c) procure the goods, works and services to be financed out of the Loan proceeds for Sub Projects in accordance with the provisions of this Agreement;
 - (d) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Sub Project and the achievement of its objectives;
 - (e) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub Project; and (2) have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Bank;
 - (f) enable the Borrower and the Bank to inspect the Sub Project, its operation and any relevant records and documents; and
 - (g) prepare and furnish to the Bank all such information as the Borrower or the Bank shall reasonably request relating to the foregoing.

C. Anti-Corruption

Madhya Pradesh and MPUDC shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Safeguards

1. Madhya Pradesh shall ensure that its government departments and agencies, including MPUDC, the ULB, and the relevant Project Operator or agency:
 - (a) carry out the Project in accordance with the Operations Manual, the Environmental and Social Management Framework, the Environmental Management Plans, the Resettlement Policy Framework, the Resettlement Action Plans, the Indigenous Peoples Management Framework, and each additional Safeguards Assessment or Plan, collectively referred to as the Safeguards Documents, in each case in a manner and in substance satisfactory to the Bank; and
 - (b) refrain from taking any action which would prevent or interfere with the implementation of the Safeguard Documents, including any amendment, suspension, waiver, and/or voidance of any provision of the Safeguard Documents, whether in whole or in part, without the prior written concurrence of the Bank.
2. Madhya Pradesh or MPUDC, as the case may be, shall ensure that, prior to tendering any bids for civil works under the Project, the ULB, or the Project Operator, as the case may be, shall have:
 - (a) carried out a screening of works in accordance with the principles, standards and procedures set forth in the Environmental and Social Management Framework;
 - (b) taken all necessary actions to: (i) avoid giving rise to, or minimize the number of, Displaced Persons; and (ii) limit and/or mitigate, to the extent possible, any negative environmental impacts of Project activities;
 - (c) whenever required under the Resettlement Policy Framework pursuant to screening process set forth in sub-paragraph 2.(a) above: (i) prepared and adopted a resettlement action plan and environmental management plan, in a manner and substance satisfactory to the Bank; and (ii) submitted such plan to the Bank for review, and the Bank shall have notified Madhya Pradesh or MPUDC, as the case may be, in writing of its no-objection thereto; and
 - (d) publicly disclosed the foregoing Safeguard Documents, in local language(s) at the relevant Project's sites.
3. Madhya Pradesh or MPUDC, as the case may be, shall ensure and shall cause the ULB and the Project Operator to ensure that each contract for civil works under the Project includes the obligation of the relevant contractor to comply with the relevant Safeguard Documents applicable to such civil works commissioned/awarded pursuant to the contract.

4. Madhya Pradesh or MPUDC, as the case may be, shall establish and/or strengthen, and thereafter maintain and operate throughout the period of Project implementation, a grievance redress mechanism (the "GRM") at all levels of Project implementation for the handling of any stakeholder complaints arising out of the implementation of Project activities. The operation and procedures of the GRM shall be subject to guidelines agreed between the Bank and Madhya Pradesh, or MPUDC, as the case may be, as set forth in the Operations Manual.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. Madhya Pradesh or MPUDC, as the case may be, shall monitor and evaluate, in a manner acceptable to the Bank, the progress of the Project and prepare Project Reports for the Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of the indicators agreed with the Bank. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Borrower and the Bank not later than thirty (30) days after the end of the period covered by such report.
3. Madhya Pradesh or MPUDC, as the case may be, shall: (a) prepare the Project execution/completion report referred to in Section 5.08 (c) of the General Conditions; and (b) furnish it to the Borrower and the Bank not later than six (6) months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. MPUDC shall maintain a financial management system and prepare Project financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations and financial condition of the Project, including the operations, resources and expenditures related to the Project.
2. MPUDC shall prepare and furnish to the Bank not later than 45 days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.
3. MPUDC shall have its financial statements for the Project referred to above audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one fiscal year of Madhya Pradesh. MPUDC shall ensure that the audited financial statements for each period shall be: (a) furnished to the Borrower and the Bank not later than nine months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

Section III. Procurement

All goods, works, and services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement.