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Project Agreement

(Bihar Transformative Development Project "JEEViKA II")

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF BIHAR

Dated *July 8* **, 2016**

PROJECT AGREEMENT

Agreement dated July 8, 2016, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and the 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 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 through BRLPS 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 its Chief Secretary, Government of Bihar, or such other person or persons as he or she shall designate in writing.
- 4.02. The Association's Address is:

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

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

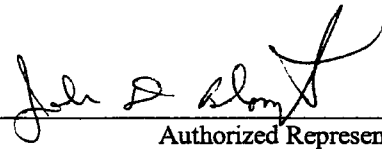
4.03. The Project Implementing Entity's Address is:

Chief Secretary
Government of Bihar
Old Secretariat,
Patna, Bihar, India

Facsimile:
91-612-2217085

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

INTERNATIONAL DEVELOPMENT
ASSOCIATION

By 
Authorized Representative

Name: John Blomquist

Title: Acting Country Director, India

STATE OF BIHAR

By 
Authorized Representative

Name: Arvind Kumar Chaudhary

Title: Secretary, Rural Development

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

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

- (a) BRLPS, with broad representation from all key stakeholders as defined in the BRLPS' Legislation; 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 qualified finance professional as chief finance officer during project implementation; (ii) a qualified procurement professional; (iii) a chief executive officer from the civil service; and (iv) dedicated, qualified staff for social safeguards and environment safeguards.

2. The Project Implementing Entity shall:

- (a) prepare and furnish to the Association, not later than March 31 of each year, commencing on March 31, 2017, an annual work plan, budget and procurement plan for the implementation of the Project in such form and detail as the Association shall request, and finalize, not later than April 30 of each year, such plans taking into account the Association's comments thereon; and
- (b) establish not later than three calendar months after the Effective Date, BPIUs, as outlined in the PIP and maintain throughout the life of the Project as outlined in the PIP, a SPMU, DPCUs and BPIUs with staffing and responsibilities as defined in the PIP.

B. Project Documents

1. The Project Implementing Entity shall:

- (a) acting through BRLPS, implement the Project in accordance with the PIP, the Financial Management Manual, the Procurement Management Manual, the HR Manual, and the procedures, principles and practices set forth in the COM ("collectively, the 'Project Documents'"); and
- (b) refrain from amending, suspending, waiving, abrogating and/or voiding any provision of the Project Documents, in whole or in part, without the prior written mutual consent of the Project Implementing Entity and the Association.

2. To the extent of any inconsistency between: (a) the provisions of the Project Documents; and (b) the provisions of this Agreement and/or the Financing Agreement, the provisions of this Agreement and/or the Financing Agreement (as the case may be) shall prevail.

C. Terms and Conditions of Grants and SHG Grants

1. The Project Implementing Entity shall take all measures necessary as defined in the COM and PIP, to establish and thereafter maintain, the CIF for purposes of providing Grants to Beneficiaries, under sub-Components 2(a)(ii), 2(b) and 4(a) of the Project, and SHG Grants to SHGs under sub-Component 2(a)(i) of the Project.
2. The Project Implementing Entity shall ensure that SHG Grants are made to SHGs in accordance with the eligibility criteria and procedures set out in the PIP and the COM.
3. The Project Implementing Entity shall ensure that, for the purposes of each Grant, BRLPS shall enter into a Beneficiary Agreement with each Beneficiary, consistent with the terms set forth in the COM and PIP.
4. The Project Implementing Entity shall:
 - (a) ensure that all Beneficiaries are selected in accordance with the criteria set forth in the COM and PIP;
 - (b) cause each BPIU to ensure that the Beneficiary has achieved and/or is in compliance with indicators specified in the COM and PIP before release of Grant; and
 - (c) ensure the release of funds in a timely manner to the Beneficiary, all in accordance with the rules, procedures and guidelines as set forth in the COM and PIP.
5. The Project Implementing Entity shall adequately protect the interests of the Recipient and the Association, including the right to:
 - (a) require that MIPs, Business Plans, Value Chain Initiatives and Intervention Models, which are financed by a Grant, and SHG Investments which are financed by an SHG 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 and operations, resources and utilization of the Grant funds 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 Schedule 1 to this Agreement;
 - (c) obtain all such information as the Project Implementing Entity or the Association shall reasonably request, regarding the administration, operation and financial condition of the Beneficiary 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. Social and Environmental Safeguards

1. The Project Implementing Entity shall, and shall cause BRLPS as well as each CBO and PO participating in/benefiting from the Project, to:
 - (a) carry out the Project in accordance with the EMF, the SMF/TDF, and the EMPs/TDPs prepared and/or to be prepared pursuant to paragraph 2 of this subsection (the "Safeguard Documents") in accordance with the objectives, policies, procedures, time schedules, and other provisions set forth in the EMF and SMF/TDF, in each case in a manner and in substance satisfactory to the Association; 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 avoidance of any provision of the Safeguard Documents, whether in whole or in part, without the prior written consent of the Association.
2. The Project Implementing Entity shall ensure, and cause BRLPS as well as each CBO and PO participating in/benefiting from the Project to ensure, that:
 - (a) prior to the commencement of any activity under the Project (including the activities under the CIF):
 - (i) the proposed activity has been screened in accordance with the guidelines, standards and procedures set forth in the EMF and the SMF/TDF;
 - (ii) the respective EMP(s)/TDPs required for such activity pursuant to the EMF and SMF/TDF, respectively, and as the case may be, has/have been duly prepared in accordance with such EMF and SMF/TDF; and
 - (iii) the foregoing Safeguard Documents have been adopted and publicly disclosed by the Project Implementing Entity and/or BRLPS, in local language(s) at the relevant Project sites;
 - (b) prior to commencing any civil works under the Project:
 - (i) all necessary governmental permits and clearances for such civil works shall have been obtained from the competent governmental authority/ies and submitted to the Association; and
 - (ii) all pre-construction conditions imposed by the governmental authority/ies under such permit(s) or clearance(s) shall have been complied with/fulfilled;

- (c) 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 said contract;
 - (d) the Project activities do not give rise to any Displaced Persons; and
 - (e) any land purchases under the Project (including those purchases required under any MIP, Business Plan, Value Chain Initiative, Intervention Model or SHG Investment) will be entirely financed by BRLPS's, the CBOs or POs own resources, as the case may be.
3. The Project Implementing Entity shall cause BRLPS to:
- (a) maintain, and ensure that the CBOs and POs participating in/benefiting from the Project maintain, monitoring and evaluation protocols and record keeping procedures acceptable to the Association and adequate to enable the Recipient and the Association to supervise and assess implementation of/compliance with the Safeguards Documents, as well as the achievement of the objectives thereof as part of the Project Reports in Section II.A.1 of this Schedule; and
 - (b) hire consultants to carry out a review of the implementation of the EMF, SMF/TDF and any EMPs/TDPs, under terms of reference acceptable to the Association, and prepare and submit to the Project Implementing Entity and the Association, by no later than December 31, 2018, a detailed report of such review, which will constitute the basis for safeguard reporting in the mid-term evaluation report. Such reporting should be prepared in a manner and substance satisfactory to the Association and should include a review of: (i) the implementation of, and general compliance with, the Safeguard Documents; (ii) the social and environmental impact of Project activities; and (iii) the results of the mitigation or benefit-enhancing measures applied thereto.
4. 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 or the Financing Agreement, on the other hand, the provisions of this Agreement and the Financing Agreement shall prevail.

E. Anti-Corruption

The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity, through BRLPS, 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 Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty five (45) days after the end of the period covered by such report.

2. The Project Implementing Entity shall prepare or cause BRLPS to prepare, the report referred to in Section 4.08 (c) of the General Conditions and furnish or cause BRLPS to furnish it to the Recipient and the Association not later than six (6) months after the Closing Date.

Mid-Term Evaluation Report

3. Without limitation on the provisions in paragraph A.1 of this Section II above, the project Implementing Entity shall:
 - (a) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about April 30, 2019, a mid-term evaluation report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph 1 of this Part A, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and
 - (b) review with the Association, by June 30, 2019, or such later date as the Association shall request, the report referred to in sub-paragraph (a) of this paragraph 3, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.
4. The mid-term evaluation report shall cover, *inter alia*: (i) Project scope, design and implementation arrangements; (ii) implementation progress against agreed indicators; (iii) procurement performance; (iv) performance of consultants; (v) fund flows; (vi) the progress of implementation of the EMF and SMF/TDF (including any EMPs and TDPs); and (vii) any other issue agreed between the Recipient, the Project Implementing Entity and the Association.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain, and cause BRLPS to maintain, financial management systems 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 and BRLPS, including the operations, resources and expenditures related to the Project.
2. The Project Implementing Entity shall have its Project financial statements as well as the Project financial statements of BRLPS, 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, and cause BRLPS to ensure, that the audited Project financial statements for each such 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.

3. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity shall cause BRLPS to prepare and furnish to the Association not later than forty five (45) days after the end of each calendar quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

C. Grievance Redress Mechanism

The Project Implementing Entity shall cause BRLPS to establish not later than nine calendar months after the Effective Date, and thereafter to maintain and operate throughout the period of implementation of Project activities, a grievance redress mechanism for stakeholders and Project beneficiaries to file any complaints arising out of, or in connection with, the Project; which systems shall be subject to guidelines and procedures in the PIP, acceptable to the Association.

Section III. Procurement

All goods, works, non-consultant services and consultants' 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.