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CREDIT NUMBER 5413-IN

Project Agreement

(Additional Financing for the National Cyclone Risk Mitigation Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF ANDHRA PRADESH

Dated August 11, 2015

PROJECT AGREEMENT

Agreement dated August 11, 2015, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and ANDHRA PRADESH ("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 activities under Components B and D of 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 its Respective Part of 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 its Respective Part of 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 Andhra Pradesh.

4.02. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423(MCI)

1-202-477-6391

4.03. The Project Implementing Entity's Address is:

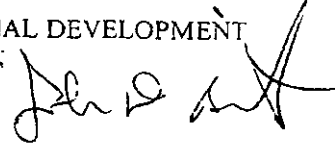
Chief Secretary
Government of Andhra Pradesh
Secretariat
Hyderabad 500022
Andhra Pradesh

Facsimile:

91-40-23453700

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

ANDHRA PRADESH

By



Authorized Representative

Name: J.C. Sharma

Title: Pr Secy (PM)

SCHEDULE

Execution of the Project Implementing Entity's Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Throughout Project implementation, the Project Implementing Entity shall:
 - (i) ensure that APRD has the overall responsibility for the implementation of the Respective Parts of the Project, including operational, procurement, governance, financial management, environmental and social management, communications, and monitoring, evaluation, and reporting functions; and
 - (ii) make information and documents available in a timely manner to NDMA which shall have the overall responsibility for Project monitoring, reporting, and evaluation.
2. Throughout Project implementation, the Project Implementing Entity shall maintain adequate Project implementation structures, including the SSC, with functions, powers, staff and resources necessary and appropriate to fulfill their functions under the Project, as further specified in the Operations Manual.
3. The Project Implementing Entity shall maintain the APRD, and any other state agency, department or unit involved in Project implementation, with management, staff, powers and resources necessary and appropriate to fulfill their functions under the Project, and in accordance with the requirements of the Project Documents

B. Project Documents

The Project Implementing Entity shall:

- (a) implement the Project in accordance with the Operations Manual, the FM Manual, the Procurement Manual, the Safeguards Documents and the GAAP (the "Project Documents"); provided however that in the event of conflict between the provisions of said manuals, 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 those of the Financing Agreement shall prevail; and

- (b) refrain from amending, suspending, waiving, and/or voiding any provision of the Project Documents, whether in whole or in part, without the prior written concurrence of the Association.

C. Anti-Corruption

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

D. Safeguards

1. The Project Implementing Entity shall:

- (a) carry out its Respective Parts of the Project in accordance with the ESMF and the EMPs, RAPs and TDPs prepared and/or to be prepared pursuant to paragraph 2 of this sub-section (the "Safeguard Documents") in accordance with the objectives, policies, procedures, time schedules, compensation arrangements and other provisions set forth in the ESMF, 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 concurrence of the Association.

2. With respect to each civil work under Component B of the Project, the Project Implementing Entity shall refrain from awarding any contract to contractors or undertaking any activities which would result in Displaced Persons, until and unless:

- (a) the proposed activities have been screened in accordance with the guidelines, standards and procedures set forth in the ESMF;
- (b) the respective EMP(s), RAP(s) and/or TDP(s) required for such civil work pursuant to the ESMF has/have been prepared and submitted to the Association for review; and the Association has notified the Project Implementing Entity in writing of its no-objection thereto; and
- (c) the foregoing Safeguard Documents have been publicly disclosed by the Project Implementing Entity, in local language(s) at the relevant Project's sites, at least thirty (30) days prior to the award of the contract for the related works.

3. 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 and submitted to the Association; (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 RAP 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 R&R Policy Framework and/or the applicable RAP.
4. The Project Implementing Entity shall 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 said contract.
5. The Project Implementing Entity shall 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, on an on-going basis, the implementation of/compliance with the Safeguards Documents, as well as the achievement of the objectives thereof.
6. 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; and
 - (b) any compensation, resettlement and rehabilitation payments to Displaced Persons in accordance with the provision of the RAPs.
7. In the event of any conflict between the provisions of any of the ESMF, EMPs, RAPs and/or TDPs, 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.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project 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) quarter of the Project Implementing Entity's fiscal year, 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. The Project Implementing Entity shall provide to the Recipient not later than five (5) months after the Closing Date, for incorporation in the report referred to in Section 4.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

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 its Respective Part of the Project.
2. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity shall prepare and furnish to the Association as part of the Project Report not later than forty-five (45) days after the end of each fiscal year quarter, interim financial reports 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 (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 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

All goods, works and services required for the Project Implementing Entity's Respective Part of 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 1 to the Financing Agreement.