Project Agreement

(Assam State Roads Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

STATE OF ASSAM

Dated NOVEMBER 5, 2012
PROJECT AGREEMENT

AGREEMENT dated November 5, 2012, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and STATE OF ASSAM ("Project Implementing Entity" or "Assam") ("Project Agreement") in connection with the Loan Agreement ("Loan Agreement") of same date between India ("Borrower") and the Bank. The Bank and Assam 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. Assam declares its commitment to the objective of the Project. To this end, Assam 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 Assam shall otherwise agree, Assam carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. For the purposes of Section 10.02 of the General Conditions, Assam’s Representative is Chief Secretary, Government of Assam.

3.02. The Bank’s Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INTBAFRAD
Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
3.03. Assam’s Address is:

Chief Secretary
Government of Assam Secretariat
Dispur, Guwahati
Assam, India

Facsimile:
0361-22602900

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

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By Authorized Representative

STATE OF ASSAM

By Authorized Representative
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

Institutional Arrangements

1. Assam shall maintain the following offices and groups, throughout the period of implementation of the Project, with powers, functions, capacity, staff, and resources appropriate as detailed in the Operations Manual to fulfill their functions under the Project:
   
   (a) a Chief Engineer Office headed by a chief engineer as the Project director to be responsible for the overall implementation of the Project;
   
   (b) a Road Reforms and Modernization Task Force to be responsible for overseeing the implementation of Part 2 of the Project; and
   
   (c) a Multi-disciplinary Working Group to be responsible for the implementation of Part 3 of the Project.

Anti-Corruption

2. Assam shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and those of the GAAP.

Safeguards

3. Assam shall, through PWRD:
   
   (a) carry out the Project in accordance with the provisions of the EMPs, the EMF, the Indigenous Peoples Development Plan, the Indigenous Peoples Management Framework, the RAP and the RPF;
   
   (b) without limitation on the provisions of sub-paragraph (a) above, ensure that:
      
      (i) prior to issuing any request for proposals under any sections of roads and bridges to be constructed under Part 1 of the Project, environmental screening reports, environmental management plans, indigenous peoples development plans and resettlement action plans, if applicable, for the mitigation of any and all environmental and social impacts under Part 1 of the Project, all acceptable to the Bank, shall have been prepared on the basis of
said screening report's findings and in accordance with the policies and principles set forth in the EMF, the Indigenous Peoples Management Framework and the RPF;

(ii) thereafter, implement said environmental management plans, indigenous peoples development plans and resettlement actions plans, if applicable, as may be updated from time to time with the Bank's prior concurrence, in carrying out Part 1 of Project; and

(iii) no sections of roads and bridges shall be handed over to contractors for construction activities under Part 1 of the Project unless: (A) such sections shall be free of encumbrances; (B) all required land has been fully acquired; and (c) acquisition and resettlement and rehabilitation-related impacts shall have been appropriately addressed along such sections, all in accordance with the RAP and the resettlement action plans referred to in sub-paragraphs (a) and (b)(i) above, including payment of compensation for loss of land and other assets, and other assistance to Displaced Persons.

Implementation Arrangements

4. Assam shall: (i) not later than March 31, 2013, establish and operationalize the Road Maintenance Fund; and (ii) not later than April 1 each year, starting April 1, 2013, allocate, either through the Road Maintenance Fund or other financial sources, at least 4000 million Rupees per annum, and increase the allocated amount to at least 5000 million Rupees by the end of the Project, all exclusively for state road maintenance.

5. Assam shall: (i) not later than December 31 in each year, starting December 31, 2012, prepare annual road maintenance plans for at least five (5) districts; (ii) not later than December 31 in each year, starting December 31, 2013, prepare annual road maintenance plans for at least twelve (12) additional districts, using in each case an asset management system that shall have been improved and strengthened under the Project; and (iii) allocate in each year, commencing on April 1, 2013, at least eighty (80) percent of Assam's maintenance budget for road maintenance, all in accordance with the priorities established under the annual road maintenance plans referred to under sub-paragraph 5(i) above.

6. Assam shall: (i) not later than April 1, 2012, introduce either performance-based contracting or other improved methods of contracting for roads maintenance in at least five (5) districts; (ii) not later than April 13, 2014, introduce either performance-based contracting or other improved methods of contracting for
roads maintenance in at least twelve (12) additional districts; and (iii) allocate adequate budgetary resources to fund the said contracts.

7. Assam shall implement the Road Sector Modernization Program in a manner agreed upon with the Bank.

8. In order to facilitate timely implementation of the Project, Assam shall advance Loan funds to ASRB, on a quarterly basis, in such amounts as shall be sufficient to meet the Project’s expenditure requirements.

9. Assam shall implement the Project in accordance with the Operations Manual. In the event of a conflict between the provisions of the Operations Manual and those of the Loan Agreement and/or this Agreement, the provisions of the latter agreement(s) shall govern.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

Assam shall, through PWRD, monitor and evaluate the progress of the Project and prepare Project Reports of 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 (1) calendar quarter, and shall be furnished to the Borrower not later than thirty (30) days after the end of the period covered by such report for incorporation and forwarding by the Borrower to the Bank of the overall Project Report.

B. Financial Management, Financial Reports and Audits

1. Assam shall cause ASRB to 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 and financial condition of Assam, including the operations, resources and expenditures related to the Project.

2. Without limitation on the provisions of Part B of this Section, Assam shall cause ASRB to prepare and furnish to the Bank not later than forty-five (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. Assam shall cause ASRB to have its financial statements 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 (1) fiscal year of Assam. Assam shall ensure that the audited financial statements for each period shall be:
(a) furnished to the Borrower and the Bank 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 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.