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LOAN NUMBER 9291-IN

# Project Agreement

(Meghalaya Health Systems Strengthening Project)

between

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

and

STATE OF MEGHALAYA

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## **PROJECT AGREEMENT**

AGREEMENT between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and STATE OF MEGHALAYA ("Project Implementing Entity") ("Project Agreement") in connection with the Loan Agreement ("Loan Agreement") of the Signature Date between India ("Borrower") and the Bank, concerning Loan No. 9291-IN. 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) apply to and form 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. 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 DoHFW, in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

### **ARTICLE III — REPRESENTATIVE; ADDRESSES**

- 3.01. The Project Implementing Entity's Representative is the Project Director.
- 3.02. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423(MCI) or 64145(MCI)	1-202-477-6391	wbindia@worldbank.org

- 3.03. For purposes of Section 10.01 of the General Conditions: (a) the Project Implementing Entity's address is:

Project Management Unit  
Meghalaya Health Systems Strengthening Project  
Department of Health and Family Welfare  
Government of Meghalaya  
Red Hill Road, Upper New Colony  
Health Complex, Laitumkhrah,  
Shillong-793003, Meghalaya; and

(b) the Project Implementing Entity's Electronic Address is:

E-mail:

pmu.admin@meghssp.org

AGREED as of the later of the two dates written below.

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: SUNAIK KAMAL AHMAD

Title: COUNTRY DIRECTOR, INDIA

Date: OCTOBER 28, 2021

**STATE OF MEGHALAYA**

By



Authorized Representative

Name: RANKUMAR S.

Title: PROJECT DIRECTOR

Date: OCTOBER 28, 2021

## SCHEDULE

### Execution of the Project

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements.

1. The Project Implementing Entity shall vest the responsibility for the management and implementation of: (a) Parts 1, 2 and 3 of the Project in DoHFW; and (b) Part 4 of the Project in the Coordinating Authority.
2. The Project Implementing Entity shall:
  - (a) maintain, throughout the period of Project implementation, the PSC, chaired by the Chief Secretary of Meghalaya, with composition, functions and responsibilities acceptable to the Bank, including: (i) providing oversight of Project implementation and (ii) approving and monitoring compliance with annual work plans and budgets;
  - (b) maintain, throughout the period of Project implementation, the Project Executive Committee, chaired by the Commissioner and Secretary (Health and Family Welfare), with composition, functions and responsibilities acceptable to the Bank, including providing regular monitoring and necessary approvals for day-to-day implementation of the Project;
  - (c) maintain, throughout the period of Project implementation, the PMU, headed by a Project Director and comprised of experienced and qualified staff and consultants, in sufficient numbers and each with terms of reference acceptable to the Bank. The PMU shall be responsible for day-to-day Project planning, implementation and monitoring, including, *inter alia*: (a) preparing annual work plans and budgets and ensuring all Project activities are planned, financed and implemented accordingly; (b) preparing the Project Operations Manual; (c) monitoring Project activities and reporting on them in a timely manner to the Bank; and (d) ensuring compliance with the Project Operations Manual, the Procurement Regulations, the ACGs, the ESCP and this Agreement;
  - (d) not later than three (3) months after the Effective Date, recruit, and maintain throughout Project implementation, a project management agency to support measures intended to strengthen of administrative structures responsible for health system management, including technical support and training for administrators at the state and district levels on planning, management, procurement and technical issues;
  - (e) not later than three (3) months after the Effective Date, recruit, and maintain throughout Project implementation, an external verification agency, under terms

of reference and with qualifications and experience acceptable to the Bank, to verify the achievement of indicators/results achieved by the Eligible Beneficiaries under the Performance Incentive Grant; and

- (f) ensure that the audit of the Financial Statements referred to in Section 5.09(b)(i) of the General Conditions shall be carried out by the office of the Comptroller and Auditor General of India through the Office of Accountant General, Meghalaya.

**B. Project Operations Manual**

1. The Project Implementing Entity shall:
  - (a) prepare, approve and adopt a Project Operations Manual in a manner and substance satisfactory to the Bank by the date falling one month after the Effective Date, and thereafter carry out the Project in accordance with the provisions of the Project Operations Manual, which manual shall include, *inter alia*: (i) the details of the Project activities including results framework and overall budget; (ii) the Project implementation arrangements; (iii) details on the Performance Incentive Grants, including selection criteria and procedure, template for the IPA, implementation arrangements and monitoring and reporting mechanisms; (iv) the format of the interim unaudited financial reports to be submitted under the Project; (v) the Project's administrative, accounting, auditing, reporting, financial management and procurement requirements; (vi) the Project's environmental and social safeguard requirements; and (vii) the Project's monitoring and evaluation, and reporting requirements; and
  - (b) refrain from amending, suspending, waiving, and/or voiding any provision of the Project Operations Manual, whether in whole or in part, without the prior written concurrence of the Bank.
2. In the event of a conflict between the provisions of the Project Operations Manual and those of this Agreement and/or the Loan Agreement, the provisions of the latter agreements shall govern.

**C. Performance Incentive Grants**

1. For the implementation of Part 1 of the Project, the Project Implementing Entity shall invite and select Eligible Beneficiaries for receiving Performance Incentive Grants, in accordance with the procedures and requirements set forth in the Project Operations Manual.
2. The Project Implementing Entity shall extend each Performance Incentive Grant pursuant to an IPA entered into with the respective Eligible Beneficiary, substantially in the form of the template provided the POM. Each IPA shall provide, *inter alia*, for the following rights and obligations of the parties:
  - (a) the Eligible Beneficiary shall carry out activities financed by the Performance Incentive Grant with due diligence and efficiency and in accordance with sound



technical, financial, environmental, social and managerial standards, including the provisions of the Project Operations Manual, the Anti-Corruption Guidelines and the ESCP;

- (b) the Eligible Beneficiary shall: (i) use the Performance Incentive Grant only to finance the eligible expenditures set forth in the Project Operations Manual; and (ii) have the Performance Incentive Grant made available for disbursement only upon achievement of specific, measurable, verifiable and attributable results by the Eligible Beneficiary as set forth in the IPA;
- (c) the Eligible Beneficiary shall: (i) establish and/or maintain policies and procedures that allow the Project Implementing Entity and the Bank to carry out supervision and monitor the implementation of activities financed by the Performance Incentive Grant; (ii) prepare and furnish to the Project Implementing Entity and the Bank all such information that the Project Implementing Entity and/or the Bank shall reasonably request in relation to the Performance Incentive Grant; and (iii) accept random and/or unannounced physical or documentary inspections by Project Implementing Entity and/or the Bank, as part of the monitoring and supervision of the use of the funds of, and the carrying out of the activities financed by, the Performance Incentive Grant;
- (d) the Eligible Beneficiary shall: (i) maintain records and accounts adequate to reflect, in accordance with sound accounting practices, the operations, resources and expenditures incurred in the implementation of the activities financed by the Performance Incentive Grant; and (ii) whenever required by the Bank or the Project Implementing Entity, have such records and accounts audited in accordance with appropriate auditing principles consistently applied by an independent auditor;
- (e) the Project Implementing Entity shall have the right to suspend or terminate the right of the Eligible Beneficiary to withdraw and use the proceeds of the Performance Incentive Grant:
  - (i) upon any failure of the Eligible Beneficiary to perform its obligations under the IPA; or
  - (ii) upon the Bank declaring the Eligible Beneficiary ineligible in accordance with the Anti-Corruption Guidelines;
- (f) the Project Implementing Entity shall have the right of restitution of any amounts disbursed to the Eligible Beneficiary under the Performance Incentive Grant with respect to which fraud and corruption has occurred, or with which an ineligible expenditure has been paid; and
- (g) the Eligible Beneficiary shall use the funds of the Performance Incentive Grant to finance activities which shall be implemented and completed no later than the Closing Date.

3. The Project Implementing Entity shall exercise its rights under each IPA in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive any of the IPAs or any of their respective provisions.
4. The Project Implementing Entity shall confirm the achievement of performance indicators reported by Eligible Beneficiaries through an internal verification mechanism and an external agency carrying out counter-verification through independent assessment of a sample of such reported results and of the use of financial incentives at different levels.

**D. Environmental and Social Standards**

1. The Project Implementing Entity shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Project Implementing Entity shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Project Implementing Entity shall ensure that:
  - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and as provided in the ESCP;
  - (b) sufficient funds are available to cover the costs of implementing the ESCP;
  - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
  - (d) (i) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and (ii) the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Project Implementing Entity shall ensure that:
  - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

- (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- 5. The Project Implementing Entity shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
- 6. The Project Implementing Entity shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

**E. Contingent Emergency Response**

- 1. In order to ensure contingent emergency response activities under Part 4 of the Project ("Contingent Emergency Response Part"), the Project Implementing Entity shall ensure that:
  - (a) a manual ("CERC Manual") is prepared and adopted in form and substance acceptable to the Bank, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan; ;
  - (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Bank;
  - (c) the Contingent Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the



Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and

- (d) neither the CERC Manual or the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Bank.
2. The Project Implementing Entity shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to the Bank.
3. The Project Implementing Entity shall ensure that:
  - (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Bank; and
  - (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Bank.
4. Activities under the Contingency Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.

## **Section II. Project Monitoring, Reporting and Evaluation**

### **A. 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 5.08 (b) of the General Conditions and on the basis of indicators acceptable to the Bank. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.
2. Except as may otherwise be explicitly required or permitted under this Agreement and/or the Loan Agreement, or as may be explicitly requested by the Bank, in sharing any information, report or document related to the activities described in Schedule 1 of this Agreement, the Project Implementing Entity shall ensure that such information, report or document does not include Personal Data.

### **B. Annual Work Plans and Budgets**

1. (a) Except for the Project Implementing Entity's fiscal year during which the Loan Agreement shall become effective, each year, the Project Implementing Entity shall: (i) prepare and furnish to the Bank by January 15 in each year, beginning in 2022, a draft Annual Work Plan and Budget for review and comment, summarizing the implementation progress of the Project for the said year and the Project activities (including, among others, Incremental Operating Costs and Training and Workshops) to be undertaken in the following fiscal year (together with

documentary evidence that the safeguard obligations related to such upcoming Project activities shall be fully complied with in a timely fashion in accordance with the ESCP), including the proposed annual budget and sources of financing for the Project (Loan, Counterpart Funds, and any other source of financing which may become available for the Project); (ii) taking into account the Bank's comments, finalize and furnish to the Bank no later than March 31 in each year, beginning in 2022, the Annual Work Plan and Budget, acceptable to the Bank; and (iii) thereafter ensure the implementation of the Project during the following fiscal year in accordance with the Annual Work Plan and Budget agreed with the Bank and in a manner acceptable to the Bank (and update such Annual Work Plans and Budgets on a quarterly basis). The Project Implementing Entity shall not amend, suspend, abrogate, or waive said Annual Work Plans and Budgets or any provision thereof without the prior written agreement of the Bank.

- (b) For the Project Implementing Entity's fiscal year during which the Loan Agreement shall become effective, the date referred to in Section II.B.1(a)(i) of this Schedule shall be one (1) month after the Effective Date and the date referred to in Section II.B.1(a)(ii) of this Schedule shall be two (2) months after the Effective Date. Such Annual Work Plan and Budget shall not include any reporting related to activities implemented during the fiscal year during which it is prepared.

**C. Project Midterm Review**

The Project Implementing Entity shall:

1. not later than thirty-six (36) months after the Effective Date, or such other date as may be agreed with the Bank, carry out jointly with the Bank, a midterm review of the Project (the "Midterm Review"), to assess the status of Project implementation, as measured against the indicators referred to in Section II.A.1 of the Schedule to this Agreement and the legal covenants included in this Agreement. Such review shall include an assessment of the following: (a) overall progress in implementation; (b) results of monitoring and evaluation activities; (c) progress on procurement and disbursement; (d) progress on implementation of safeguards measures; (e) implementation arrangements and Project staffing; and (f) the need to make any adjustments to the Project and reallocate funds to improve performance, if any;
2. to this end and furnish to the Bank, at least one (1) month before the Midterm Review, a report (or reports), in scope and detail satisfactory to the Bank and integrating the results of the monitoring and evaluation activities performed pursuant to Section II.A.1 of this Schedule, on the progress achieved in the carrying out of the Project during the period preceding the date of such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of its objectives during the period following such date; and
3. review jointly with the Bank the report or reports referred to in the preceding paragraph, and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of its objectives, based on the conclusions and recommendations of such report or reports and the Bank's views on the matter.

**Section III. Procurement and Use of Drones**

1. Prior to procurement and/or use of drones under the Project, the Project Implementing Entity shall:
  - (a) notify the Bank of such proposed procurement and/or use, and afford the Bank a reasonable opportunity to assess any risks related to such procurement and/or use, including operational, legal and regulatory, institutional, technical, social and environmental, and fiduciary risks, and to recommend appropriate mitigation measures; and
  - (b) develop a risk mitigation plan for the procurement and use of drones, in form and substance acceptable to the Bank.
2. No drones shall be procured and/or used under the Project unless the Project Implementing Entity has implemented the risk mitigation measures in accordance with paragraph 1 above, in form and manner satisfactory to the Bank.
3. No drones procured under the Project shall be used for any purpose other than those set out in Schedule 1 to the Loan Agreement and for which the risk mitigation plan referred to in paragraph 1(b) above has been developed and implemented, except where the Bank has provided its prior approval in writing for such use based on: (a) assessment of the risks involved; and (b) implementation of appropriate risk mitigation measures.

**Section IV. Other Undertakings**

1. The Project Implementing Entity shall:
  - (a) ensure that the Project's activities involving collection, storage, usage, and/or processing of Personal Data are carried out with due regard to the Borrower's existing legal framework and appropriate international data protection and privacy standards and practices;
  - (b) in the event that, during the implementation of the Project, the approval of any new legislation regarding Personal Data protection may have an impact on the activities financed by the Project, ensure that a technical analysis of said impact is conducted, and that the necessary recommendations and adjustments, are implemented, as appropriate.
2. The Project Implementing Entity shall ensure that it provides counterpart funding of 20% of the estimated Project cost for implementation of Project activities, and share the corresponding financial information with the Bank at the end of every fiscal year for the Bank's review and monitoring of such contribution.