

Public Disclosure Authorized

CONFORMED COPY

---

---

GEF GRANT NUMBER TF094443

# Project Agreement

(Uttarakhand Decentralized Watershed Development Project)  
Additional Financing

between

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

and

STATE OF UTTARAKHAND

Dated August 26, 2009

---

---

**GEF GRANT NUMBER TF094443**

**PROJECT AGREEMENT**

AGREEMENT dated August 26, 2009, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“World Bank”), acting as an implementing agency of the Global Environment Facility (“GEF”) and STATE OF UTTARAKHAND (“State”) (“Project Agreement”) in connection with the GEF Grant Agreement (“Grant Agreement”) of same date between INDIA (“Recipient”) and the World Bank.

Whereas (A) through Development Credit Agreement Number 3907-IN, dated July 30, 2004 (“Original Credit Agreement”), the International Development Association (“IDA”) is currently assisting in the financing of the Uttarakhand Decentralized Watershed Development Project (“Original Project”) as described in Schedule 2 to the Original Credit Agreement;

Whereas (B) by a grant agreement of even date herewith the World Bank, acting as an implementing agency of the Global Environment Facility (“GEF”), is agreeing to extend to the Recipient a grant in an amount equal to seven million four hundred ninety thousand Dollars (\$7,490,000) (“GEF Grant”), on terms and conditions set forth in the Grant Agreement,

The World Bank and the State hereby agree as follows:

**ARTICLE I – STANDARD CONDITIONS; DEFINITIONS**

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008 (“Standard Conditions”), 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 Standard Conditions, the Grant Agreement, the Original Credit Agreement or in this Agreement.

**ARTICLE II – PROJECT**

- 2.01. The State declares its commitment to the objectives of the Original Project and the Program. To this end, the State shall carry out the Project through WMD, in accordance with the provisions of Article II of the Standard 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 World Bank and the State shall otherwise agree, the State shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

**ARTICLE III – REPRESENTATIVE; ADDRESSES**

- 3.01. The State's Representative is Secretary of the Watershed Management Directorate.

- 3.02. The World Bank's Address is:

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

Facsimile:

1-202-477-6391

- 3.03. The States's Address is:

Watershed Management Directorate  
Indiranagar Forest Colony  
Dehradun, Uttarakhand  
India

Facsimile:

0135-2768712

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

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ N. Roberto Zagha  
Authorized Representative

STATE OF UTTARAKHAND

By /s/ M. H. Khan  
Authorized Representative

## **SCHEDULE**

### **Project Execution**

#### **Section I. Implementation Arrangements**

1. The State shall carry out the Project through WMD in accordance with: (a) the implementation arrangements currently in place for the Original Project which are relevant and applicable to the Project; and (b) the Operations Manual, the ESMF and the GAAP.

#### **Anti-Corruption**

2. The State 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 State shall monitor and evaluate the progress of the Project and assist the Recipient in the preparation of Project Reports in accordance with the provisions of Section 2.06(b)(i) of the Standard Conditions and on the basis of the indicators agreed with the World Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than six (6) weeks after the end of the period covered by such report.
2. The State shall provide to the Recipient not later than sixty (60) days after the Closing Date, for incorporation in the Completion Report referred to in Section 2.06(b)(ii) of the Standard Conditions all such information as the Recipient or the World Bank shall reasonably request for the purposes of that Section.

##### **B. Financial Management, Financial Reports and Audits**

1. The State shall, or shall cause, WMD to, maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations and financial condition of the State, including the operations, resources and expenditures related to the Project.
2. The State shall, or shall cause WMD to, have its financial statements referred to above audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World

Bank. Each audit of these financial statements shall cover the period of one fiscal year of the State. The audited financial statements for each period shall be furnished to the Recipient and the World Bank not later than six (6) months after the end of the period.

3. The State shall, or shall cause WMD to submit quarterly unaudited financial reports (IUFR), in the form and substance agreed by the World Bank, not later than forty-five (45) days from the end of each calendar quarter.

### **Section III. Procurement**

#### **A. General**

1. **Procurement and Consultant Guidelines.** All goods, works and services required for the Project and to be financed out of the proceeds of the GEF Grant shall be procured in accordance with the requirements set forth or referred to in:
  - (a) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 (“Procurement Guidelines”) and Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 (“Consultant Guidelines”); and
  - (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).
2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

#### **B. Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and works for those contracts specified in the Procurement Plan which the Bank agrees meet the requirements set forth in the Procurement

Guidelines for their use: (a) Limited International Bidding; (b) National Competitive Bidding, subject to the additional provisions agreed to between the World Bank and the Recipient; (c) Shopping; (d) Direct Contracting; and (e) Community Participation procedures which have been found acceptable to the World Bank.

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those assignments specified in the Procurement Plan which the Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (a) Selection based on Consultants' Qualifications; (b) Single-source Selection; and (c) Selection of Individual Consultants.

**D. Review by the World Bank of Procurement Decisions**

1. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.