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CREDIT NUMBER 4812-IN

Project Agreement

(Second Additional Financing for Mizoram State Roads Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF MIZORAM

Dated October 22, 2010

PROJECT AGREEMENT

AGREEMENT dated October 22, 2010, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and the STATE OF MIZORAM (“Project Implementing Entity” or “Mizoram”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of same date between India (“Recipient”) and the Association. The Association and Mizoram 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. Mizoram declares its commitment to the objective of the Project. To this end, Mizoram shall carry out 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 the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and Mizoram shall otherwise agree, Mizoram 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. Mizoram’s Representative is the Chief Secretary to the Government of Mizoram, 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, N.W.
Washington, D.C. 20433
United States of America

Facsimile:

1-202-477-6391

4.03. Mizoram's Address is:

Chief Secretary
Government of Mizoram
Tuikhuah Tlang, Aizawl 796001
Mizoram
India

Facsimile:

0389 - 2322745

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Giovanna Prennushi
Authorized Representative

STATE OF MIZORAM

By /s/ K. Lalsawmvela
Authorized Representative

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Project Implementation

1. Mizoram shall maintain, throughout the period of Project implementation until completion of the Project: (a) an accounts officer for the Project, who shall be a finance or management professional; and (b) an accountant for the Project, each such person with experience and qualifications agreed with the Association.
2. Mizoram shall:
 - (a) take such action as may be necessary to acquire land as and when needed for carrying out the Project;
 - (b) implement the resettlement and rehabilitation and related measures set forth in RIPDP in accordance with the objectives, policies, procedures, time schedules and other provisions set forth therein and refrain from taking any action which shall prevent or interfere with such implementation;
 - (c) in relation to those sections of state roads included in Parts A.1 and B.1 of the Project, which have not been covered by the RIPDP: (i) refrain from inviting bids for road construction and improvement relating to such sections of state roads; or (ii) if no bidding process is involved, refrain from selecting a contractor for works on such sections of state roads in accordance with the provisions of Section III, Schedule 2 to the Financing Agreement, unless Mizoram has submitted to the Association updates or amendments to the RIPDP, which shall be satisfactory to the Association, setting forth, details regarding resettlement of persons affected by the Project in such sections of state roads;
 - (d) in relation to those sections of state roads included in Parts A.1 and B.1 of the Project, which have not been covered by the EMP and the ESMP: (i) refrain from inviting bids for road construction and improvement relating to such sections of state roads; or (ii) if no bidding process is involved, refrain from selecting a contractor for works on such sections of state roads in accordance with the provisions of Section III, Schedule 2 to the Financing Agreement, unless Mizoram has submitted to the Association updates or amendments to the EMP and ESMP for

- such sections of state roads, all of which shall be satisfactory to the Association;
- (e) implement the environmental mitigation, monitoring, institutional strengthening and other measures set out in the EMP and ESMP in accordance with the objectives, policies, procedures, time schedule and other provisions set out therein and shall not take any action which would prevent or interfere with such implementation; and
 - (f) continue to conduct annual monitoring of environmental impacts of the implementation of the Project for two (2) years following the Closing Date.
3. Mizoram shall not use any part of the proceeds of the Financing to undertake civil works on any roads not included in the Project Implementation Plan, unless and until Mizoram has submitted to the Association documentation satisfactory to the Association for undertaking civil works for such roads, including a feasibility study report, an environmental management plan, an environmental and social management plan and a resettlement and indigenous peoples development plan.
4. Mizoram shall:
- (a) conduct and furnish to the Association, not later than November 30, 2010, surveys of Mizoram's core road network, in accordance with a methodology agreed with the Association, and shall share the surveys' results with the Association;
 - (b) in order to assist PWD in discharging its responsibilities under the Project, maintain a fully staffed environment, social and management unit, within the PWD, with suitably qualified staff; and
 - (c) carry out the ISAP in accordance with guidelines and a methodology agreed with the Association by December 31, 2010.

B. Anti-Corruption

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

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. Mizoram 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 the indicators agreed with the Association. Each such Project Report shall cover the period of one (1) calendar quarter, and shall be furnished by Mizoram to the Association not later than forty-five (45) days after the end of the period covered by such report to the Association.

2. Mizoram shall provide to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request with respect to the report referred to in Section 4.08 of the General Conditions

B. Financial Management, Financial Reports and Audits

1. Mizoram 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 Mizoram, including the operations, resources and expenditures related to the Project.
2. Mizoram 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) financial year of Mizoram. Mizoram shall ensure that the audited financial statements for each period shall be furnished to the Recipient and the Association not later than six (6) months after the end of the period.

Section III. Procurement

All goods, works and 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.