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CREDIT NUMBER 4772-IN

Project Agreement

(National Cyclone Risk Mitigation Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF ANDHRA PRADESH

Dated January 14, 2011

PROJECT AGREEMENT

AGREEMENT dated January 14, 2011, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and STATE OF 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 its Respective Parts of the Project through the APRD 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 Parts 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 Parts of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

- 3.01. The Project Implementing Entity’s Representative is the Principal Secretary of the Revenue (Disaster Management) Department of the Government of Andhra Pradesh.
- 3.02. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423(MCI)	1-202-477-6391

3.03. The Project Implementing Entity's Address is:

Principal Secretary of the Revenue (Disaster Management) Department
Government of Andhra Pradesh
Secretariat
Room 705 VII Floor "L" Block
Hyderabad 500022
Andhra Pradesh

Facsimile:

91-4023451819

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ N. Roberto Zagher
Authorized Representative

STATE OF ANDHRA PRADESH

By /s/ N. Sivasankar
Authorized Representative

SCHEDULE

Execution of the Respective Parts of Project

Section I. Institutional Arrangements and Other Project Undertakings

- A. 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.
- B. 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.
- C. 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 Operations Manual, FM Manual, and the Procurement Manual.
- D. The Project Implementing Entity shall ensure that its Respective Parts of the Project are carried out in accordance with the Operations Manual, including the requirements set forth in the ESMF (R&R Policy Framework, EMP, RAP), GAAP, and disclosure and grievance handling requirements, FM Manual, Procurement Manual, and Procurement Plan, and in accordance with the provisions of the Anti-Corruption Guidelines, and ensure that the Operations Manual, FM Manual, and Procurement Manual are not revised, amended, waived, or abrogated without the prior concurrence of the Association. If any provision of this Agreement is inconsistent with a provision of the Operations Manual, FM Manual, or Procurement Manual, the provision of this 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 Parts of the Project and prepare Project Reports for its Respective Parts 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) Financial Year quarter, 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, 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; Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements related to its Respective Parts of the Project in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to its Respective Parts 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 Financial Year quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Project Implementing Entity shall have the financial statements referred to above audited by 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. 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.