

CONFORMED COPY

CREDIT NUMBER 4640-IN

Project Agreement

(Uttar Pradesh Sodic Lands Reclamation III Project)

among

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF UTTAR PRADESH

and

UTTAR PRADESH BHUMI SUDHAR NIGAM

Dated July 20, 2009

PROJECT AGREEMENT

AGREEMENT dated July 20, 2009, entered into among INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”), the STATE OF UTTAR PRADESH, acting by its Governor (“Uttar Pradesh”) and UTTAR PRADESH BHUMI SUDHAR NIGAM (“UPBSN”) (“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. Uttar Pradesh and UPBSN declare their commitment to the objectives of the Project. To this end, 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, Uttar Pradesh and UPBSN shall otherwise agree, UPBSN shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III – REPRESENTATIVE; ADDRESSES

- 3.01. Uttar Pradesh’s Representative is the Governor of the State of Uttar Pradesh; and UPBSN’s Representative is UPBSN’s Managing Director.
- 3.02. The Association’s Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

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

3.03. Uttar Pradesh's Address is:

Chief Secretary
Government of Uttar Pradesh
Secretariat Annexe
Lucknow - 226001
Uttar Pradesh, India

Facsimile:

91 522 2239283

3.04. UPBSN's Address is:

Uttar Pradesh Bhumi Sudhar Nigam
TC 19V Vibhuti Khand, Gomti Nagar
Lucknow - 226010
Uttar Pradesh, India

Facsimile:

91 522 2720416

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Rachid Benmessaoud
Authorized Representative

STATE OF UTTAR PRADESH

By /s/ Anoop Mishra
Authorized Representative

UTTAR PRADESH BHUMI SUDHAR NIGAM

By /s/ Aradhana Shukla
Authorized Representative

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Without limitation upon the provisions of Section 3.01 of the Financing Agreement, Uttar Pradesh shall cause UPBSN to carry out:
 - (a) Part A of the Project with the assistance of Uttar Pradesh's Remote Sensing Applications Center (as per the relevant MOU);
 - (b) Part B of the Project with the assistance of Uttar Pradesh's Irrigation Department (as per the relevant MOU);
 - (c) Part C of the Project with the assistance of Uttar Pradesh's Agriculture Department and Animal Husbandry Department (as per the relevant MOU); and
 - (d) Part D of the Project with the assistance of Uttar Pradesh's Panchayati Raj Department (as per the relevant MOU),

all in accordance with the Project Implementation Plan. Except as the Association shall otherwise agree, UPBSN and/or Uttar Pradesh shall not amend, delete or waive any provision of the Project Implementation Plan without the Association's prior written approval. In case of any conflict between the terms of the Project Implementation Plan and those of this Agreement and of the Financing Agreement, the terms of this Agreement and of the Financing Agreement shall prevail.

2. UPBSN shall:
 - (a) maintain an project implementation plan, satisfactory to the Association, containing, *inter alia*, specific provisions on detailed arrangements for the carrying out of the Project, including:
 - (i) the procurement, financial management and disbursement requirements thereof;
 - (ii) criteria for the identification, selection and planning of reclamation sites under the Project;

- (iii) the ESMF, RRPEF, the Procurement Plan, the Procurement Manual and the Financial Management Manual;
 - (iv) the agreed MOU framework; and
 - (v) the Key Performance Indicators;
- (b) maintain, at all times during Project implementation, an implementation team within UPBSN's regular structure, with functions and responsibilities acceptable to the Association, including, *inter alia*, the responsibility of said team to coordinate and monitor the carrying out of the Project;
 - (c) ensure that the implementation team is, at all times during Project implementation, led by a managing director and is assisted by adequate professional and administrative staff (including procurement, financial management, environmental and social development/participatory management specialists), in numbers and with experience and qualifications acceptable to the Association, operating under terms of reference satisfactory to the Association; and
 - (d) use the proceeds of the Credit transferred by Uttar Pradesh on a grant basis, exclusively to carry out the Project.
3. Uttar Pradesh shall:
- (a) maintain at all times during Project implementation a State Steering Committee (headed by Uttar Pradesh's Chief Secretary) with responsibilities and functions satisfactory to the Association, including, *inter alia*, reviewing overall Project implementation and to ensure effective coordination between Uttar Pradesh's participating line departments;
 - (b) maintain at all times during Project implementation a District Implementation and Coordination Committee, with responsibilities and functions satisfactory to the Association, including, *inter alia*, overseeing Project Implementation at the district level and coordination among participating government departments and other stakeholders;
 - (c) continue to keep the Agriculture Production Commissioner as the chairman of the board of UPBSN; and
 - (d) make available to UPBSN, as a grant and in a timely manner, the proceeds of the Credit made available to Uttar Pradesh by the Recipient.

4. Uttar Pradesh and UPBSN shall:
- (a) sign an MOU with each of the concerned line departments of Uttar Pradesh for the execution of their respective part of the Project;
 - (b) ensure that each of the concerned line departments comply with the provisions set forth in the MOU throughout Project implementation; and
 - (c) not assign, amend, delete, suspend or waive any provision of the respective MOU, without the Association's prior consent.

B. Anti-Corruption

Uttar Pradesh and UPBSN shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Social and Environmental Safeguards

Uttar Pradesh and UPBSN shall:

- (a) carry out the Project in accordance with the agreed ESMF and the RRPEF and in a manner satisfactory to the Association.
- (b) implement mitigation measures set forth in ESMF and the RRPEF in a manner satisfactory to the Association.
- (c) ensure that the environmental and social screening criteria are updated regularly, and are at all times consistently and satisfactory applied.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. UPBSN 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 Key Performance Indicators. Each such Project Report shall cover the period of six (6) months of the Recipient's financial year, and shall be furnished to the Association not later than one (1) month after the end of said period.

B. Financial Management, Financial Reports and Audits

1. UPBSN 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 UPBSN, including the operations, resources and expenditures related to the Project.
2. UPBSN 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 UPBSN. The audited financial statements for each period shall be furnished to the Association not later than six months (6) 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.