

Public Disclosure Authorized

OFFICIAL DOCUMENTS

LOAN NUMBER 8780-IN

Project Agreement

(Assam Agribusiness and Rural Transformation Project)

between

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

and

STATE OF ASSAM

Dated OCTOBER 30 , 2017

PROJECT AGREEMENT

Agreement dated OCTOBER 30, 2017, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and STATE OF ASSAM ("Project Implementing Entity") ("Project Agreement") in connection with the Loan Agreement ("Loan Agreement") of same date between INDIA ("Borrower") and the Bank. 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) 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 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 the ARIAS Society, in accordance with the provisions of Article V 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 Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out 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 either the Chief Secretary or the Agriculture Production Commissioner of the State of Assam.
- 3.02. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

Telex: Facsimile:
248423(MCI) or 1-202-477-6391
64145(MCI)

3.03. The Project Implementing Entity's Address is:

Chief Secretary
Government of Assam
Assam Civil Secretariat
Dispur, Guwahati 781006
Assam, India

Telephone: +91 361 226 1120
Facsimile: +91 361 223 7200

AGREED at NEW DELHI, India, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: MISHAM A. ABDO KAHIN

Title: ACTING, COUNTRY DIRECTOR

STATE OF ASSAM

By



Authorized Representative

Name: DR. RAVI KOTA

Title: PRINCIPAL SECRETARY GOA

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

Without limitation upon the provisions of Section 3.01 of the Loan Agreement, the State of Assam, through the ARIAS Society, shall:

1. at the State level, maintain, at all times during Project implementation, a Project Coordination Unit (PCU) within the ARIAS Society, controlled by a Project Guidance Council (PGC) chaired by the Chief Secretary; and a Governing Body (GB) chaired by the Agriculture Production Commissioner. Said PCU shall have functions and responsibilities acceptable to the Bank, including, *inter alia*: (i) assisting Participating Implementing Agencies with the preparation of annual action plans and budgets; (ii) taking actions for the approval of action plans by PGC and GB, procurement and financial management, adherence to safeguards, monitoring progress and evaluating performance; (iii) ensuring financial reports are available and submitted to the Bank; (iv) hiring technical experts and consultants; and (v) providing monitoring and technical assistance to PIUs; all in accordance with the Project Implementation Plan;
2. ensure that, at all times during Project implementation, the PCU is led by a full time State Project Director and assisted by adequate professional and administrative staff (including a chief financial controller, procurement specialist, M&E and MIS specialists, social development and environmental specialists; and other Project related technical staff), in numbers and with experience and qualifications and under terms of reference agreed to between the State of Assam and the Bank;
3. maintain at all times during Project implementation, Project Implementing Units (PIUs) established within each of the Participating Implementing Agencies (Department of Agriculture, Industries and Commerce, Fishery, Animal Husbandry and Veterinary, Public Works (Roads), Cooperation, Handloom, Textiles and Sericulture, and Panchayat and Rural Development) each headed by the senior most Secretary of the agency and vested with the responsibility of overseeing the implementation of their respective activities under the Project, including, *inter alia*: (i) compiling the annual action plans prepared by the respective agencies and forwarding these to the PCU for approval; (ii) monitoring implementation of their respective activities; and (iii) coordinating actions among agencies under it;

4. at the District level, maintain a District Level Coordination Committee (DLCC) headed by the Deputy Commissioner and comprising all district level implementing departments and agencies, vested with the responsibility to ensure coordination and review of the Project progress, including, *inter alia*: (i) ensuring that Beneficiary selection criteria is adhered by all implementing agencies; (ii) monitoring progress of the Project activities at the district level; and (iii) resolving cross cutting issues while avoiding duplicity and maximizing convergence of complementary activities;
5. maintain, throughout the life of the Project, at the level of each District, the respective Agricultural Technology Management Agency (ATMA) vested with the responsibility of implementation of Project activities at the District level, in collaboration with participating district offices of the implementing agencies, producer communities and entrepreneurs, NGOs, and private sector entities;
6. hire qualified service providers, as needed, recruited in a competitive manner and under terms of reference satisfactory to the Bank to regularly monitor and evaluate the implementation of the activities under the Project; and
7. ensure that all civil works under the Project shall be executed by the Public Works (Roads) of Assam or any other agency of the State of Assam agreed by the Bank, in accordance with the requirements of the Safeguards Documents and the PIP.

B. Anti-Corruption

The State of Assam shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Sub-projects

1. The State of Assam shall make grants available to Grant Beneficiaries to carry out Sub-projects under Parts A.4 (Sector Stewardship Council Grants), B.1 (IA Grants), C.1 (CIG Grants) and C.2 (FPO Grants) of the Project, in accordance with the procedures set forth in the Project Implementation Plan (PIP), and shall, for purposes of each Sub-project and through the concerned Participating Implementing Agency, enter into a Sub-project Agreement with the relevant Grant Beneficiary on terms and conditions acceptable to the Bank and spelled out in the PIP. In the event of a conflict between the provisions of: (i) either or both of the PIP or one or more Sub-project Agreements; and (ii) those of this Agreement or of the Loan Agreement, the provisions of this Agreement and or the Loan Agreement, as applicable shall govern.

D. Agribusiness Investment Fund (AIF)

1. The State of Assam shall, by no later than six (6) months after the Effective Date, carry out feasibility studies, under terms of reference agreed with the Bank, to assess alternative structures for the establishment of an Agribusiness Investment Fund (AIF) or investing in an existing one, required documentation, managerial structure, eligible investment activities, and potential pipeline therefore. The State of Assam shall submit to the Bank in writing for its review and concurrence its selected structure for AIF prior to undertaking any investment activities with respect to AIF under Part A.3 of the Project.
2. The State of Assam shall, prior to making or obtaining any Capital Contribution to the AIF:
 - (a) by no later than nine (9) months after the Effective Date, hire the services of local counsel specialized in investment funds, with qualifications and experience, and under terms of reference, agreed with the Bank, to provide advice to the State of Assam in the preparation/review of the AIF Operational Manual of the AIF and legal documents involving the establishment of the AIF or the contribution to an existing fund meeting all of the requirements of the AIF Operational Manual;
 - (b) by no later than twelve (12) months after the Effective Date, procure an AIF Fund Manager in a competitive manner and under terms of reference, experience and qualifications acceptable to the Bank to act as the AIF Fund Manager; and shall sign a contract with said AIF Fund Manager with terms and conditions acceptable to the Bank;
 - (c) by no later than eighteen (18) months after the Effective Date, complete a technical and Fiduciary Assessment of the new or existing AIF to certify, *inter alia*, that the governance and management of the new or existing AIF are composed of professionals who have qualifications and experience satisfactory to the Bank and have the capacity to exercise satisfactory control over the use of funds;
 - (d) by no later than twenty four (24) months after the Effective Date and based on the foregoing assessments, advice of counsel and advice of the fund manager, and following the Bank's written concurrence with the proposed structure for AIF required under paragraph 1 of this Section D, establish a new AIF or establish adjustments to an existing fund as the AIF for the purposes of this Agreement, and issue and adopt an AIF Operational Manual, satisfactory to the Bank, setting forth specific rules and procedures for the operation of the AIF including, *inter alia*:
 - (i) the AIF governance structure:

- (ii) the financial structure of AIF and AIF Fund Manager's role;
 - (iii) the mechanisms to carry out the investments in accordance with decision making process, investment strategy, and guidelines satisfactory to the Bank;
 - (iv) the disbursement, auditing and reporting requirements of the AIF (including the submission of annual reports to the Bank regarding management performance, capital value, asset allocation, and investment income (including dividends) with respect to AIF operations);
 - (v) the eligible expenditures to be financed (equity, quasi-equity, debt investments);
 - (vi) the criteria for eligibility of investments; and
 - (vii) the monitoring and evaluation requirements;
- (e) by no later than twenty-eight (28) months after the Effective Date, contribute sufficient funds as required by the AIF Operational Manual to AIF, to provide financial support to promising agribusiness SMEs in Assam, all in accordance with the requirements and procedures as set forth in the Operational Manual; and
- (f) as part of the establishment of, and contribution to, the AIF referred in Section I.D.2.(d) of this Schedule, enter into a legal agreement with the other shareholders/partners of said fund on terms and conditions acceptable to the Bank, including, *inter alia*: (i) the obligation of the State of Assam to, upon approval of any given investment, make available to the AIF, a portion of the Loan proceeds on terms and conditions acceptable to the Bank, as set forth in the AIF Manual, including, *inter alia*, compliance with the Bank's Safeguards and Anti-Corruption Guidelines; and (ii) the obligation of AIF to, upon approval of any given investment, provide equity, quasi-equity, or debt investments (the Sub-financing) to the corresponding AIF Beneficiary.
3. For purposes of providing the Sub-financing described under Section I.D.2.(f) of this Schedule, AIF and the respective AIF Beneficiary shall enter into Sub-financing agreement (the "Sub-Financing Agreement") on terms and conditions, acceptable to the Bank, including, *inter alia*, that AIF shall obtain rights adequate to protect its interests and those of Assam, the Borrower, and the Bank, including the right to:

- (A) terminate the right of the AIF Beneficiary to use the proceeds of the Sub-financing, or obtain a refund of all or any part of the amount of the Sub-financing received, upon the AIF Beneficiary's failure to perform any of its obligations under the Sub-financing Agreement; and
- (B) require each AIF Beneficiary to:
 - (i) carry out its operations with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards (including any EMPs, RAPs, IPDPs or other documents required under the Safeguard Documents) and practices, all satisfactory to the Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower;
 - (ii) provide, promptly as needed, the resources required for the purpose;
 - (iii) maintain policies and procedures adequate to enable it to monitor and evaluate its operations, in accordance with indicators acceptable to the Bank;
 - (iv) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect its operations, resources and expenditures;
 - (v) at the Bank's or the Borrower's request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower and the Bank;
 - (vi) enable the Borrower, AIF and the Bank to inspect the AIF Beneficiary's operation and any relevant records and documents; and
 - (vi) prepare and furnish to the Borrower and the Bank all such information as the Borrower or the Bank shall reasonably request relating to the foregoing;

4. The AIF Fund Manager shall exercise the rights and carry out the obligations of the AIF under each Sub-financing Agreement in such manner as to protect the interests of the AIF, the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank and the Borrower shall otherwise agree, the AIF Fund Manager, shall not assign, amend, terminate, abrogate, waive or fail to enforce any Sub-financing Agreement or any of its provisions.
5. The State of Assam shall provide the funds and other resources as needed, to ensure the sustainability of the AIF after the Closing Date of this Project until the AIF's dissolution.
6. In case of any conflict between the terms of this Agreement or the Loan Agreement and those of the AIF Operational Manual, the terms of this Agreement or the Loan Agreement, as applicable, shall prevail. The AIF Operational Manual may be amended from time to time only with the Bank's prior written consent.

D. Safeguards

1. The State of Assam shall ensure, and cause ARIAS Society, the Participating Implementing Agencies, the Grant Beneficiaries, and the AIF Beneficiaries to ensure, that:
 - (a) Project activities are carried out in accordance with: (i) the EMF; (ii) the EMP(s); (iii) the SMF (which includes the RPF and the IPDF); (iv) the RAP(s); and/or the (v) the IPDP(s) (collectively referred to as the "Safeguard Documents"); prepared in accordance with the objectives, policies, procedures, time schedules and other provisions set forth in the Safeguard Documents in a manner and in substance satisfactory to the Bank; and
 - (b) refrain from taking any action which would prevent or interfere with the implementation of the Safeguard Documents, including any amendment, suspension, waiver, and/or voidance of any provision of the Safeguard Documents, whether in whole or in part, without the prior written concurrence of the Bank.
2. The State of Assam shall ensure that ARIAS Society and the Participating Implementing Agencies maintain, throughout the period of implementation of the Project, qualified and experienced environment and social specialists under terms of reference agreed with the Bank, to be responsible for, *inter alia*: (a) reviewing and/or clearing the environmental screenings/assessments of Project activities, the EMP(s), the RAP(s) and the IPDP(s) and the monitoring reports (submitted by ARIAS Society, the Participating Implementing Agencies, the Grant Beneficiaries and the AIF Beneficiaries) for compliance with the Safeguard Documents; (b)

carrying out regular field visits to Project sites, to review ARIAS Society's, the Participating Implementing Agencies', the Grant Beneficiaries', the AIF Beneficiaries' and contractors' compliance with the Safeguard Documents; and (c) providing EMF and SMF training and orientation to ARIAS Society, the Participating Implementing Agencies, the Grant Beneficiaries and the AIF Beneficiaries, on environmental and social queries and issues arising under the Project.

3. The State of Assam shall ensure that, prior to ARIAS Society's, the Participating Implementing Agencies', Grant Beneficiaries' and the AIF Beneficiaries': (a) tendering any bids for civil works; or (b) selecting any Sub-Projects; or (c) requesting expressions of interest for the provision of technical services under the Project: ARIAS Society and/or the Grant Beneficiaries and/or the AIF Beneficiaries, as the case may be, shall have:
 - (i) carried out an environmental and social screening/assessment of said civil works, Sub-Projects, or proposed technical services, as the case may be, in accordance with the principles, standards and procedures set forth in the Safeguard Documents;
 - (ii) whenever required under the EMF and/or SMF pursuant to the screening process set forth in sub-paragraph 3(i) above: (A) prepared and adopted an EMP, a RAP and/or a IPDP in a manner and substance agreed with the Bank; and
 - (iii) publicly disclosed the foregoing Safeguard Documents, in local language(s) at the relevant Project sites prior to tendering the respective contracts for such civil works or technical services, or the award of the grants and/or Sub-financing provided under the Project or other financing, as the case may be.
4. The State of Assam shall ensure, and cause ARIAS Society, the Participating Implementing Agencies, the Grant Beneficiaries and/or the AIF Beneficiaries to ensure that, prior to commencing any activity under the Project, or their respective Sub-Projects, as the case may be:
 - (a) all necessary governmental permits and clearances for such activity shall have been obtained from the competent governmental authority/ies; and
 - (b) all pre-conditions imposed by the governmental authority/ies under such permit(s) or clearance(s) shall have been complied with/fulfilled.
5. The State of Assam shall cause ARIAS Society, the Participating Implementing Agencies, the Grant Beneficiaries and/or the AIF Beneficiaries, as the case may be, to ensure that each contract for civil works under the Project includes the

obligation of the relevant contractor to comply with the relevant labor laws, and Safeguard Documents applicable to such civil works commissioned/awarded pursuant to said contract.

6. The State of Assam shall cause ARIAS Society and the Participating Implementing Agencies, to maintain and operate throughout the period of Project implementation, grievance redressal committee and grievance processing protocol for the handling of any stakeholder complaints/grievances arising out of the implementation of Project activities, in a manner and substance agreed with the Bank.
7. The State of Assam shall ensure, and cause ARIAS Society, the Participating Implementing Agencies, the Grant Beneficiaries and/or the AIF Beneficiaries to ensure, that: (a) any land required for the Project (including under any Sub-Project) shall be procured on a willing-buyer/willing-seller basis or obtained as a voluntary donation/bequest, or through voluntary lease deeds, or pursuant to agreements reached with local authorities (for publicly owned land) or through inter-departmental transfers; (b) any expenditures associated with such acquisition be financed exclusively out of the Project Implementing Entity's, the Grant Beneficiaries and/or the AIF Beneficiaries' own resources, as the case may be; and (c) all resettlement measures set forth in the applicable RAP or IPDP (if any), shall have been fully executed, including the full payment of compensation prior to displacement and/or the provision of relocation assistance to all Affected Persons, as per the entitlements provided in the SMF and/or the applicable RAP and IPDP.
8. The State of Assam shall, throughout the period of implementation of the Project: (a) maintain, and/or cause ARIAS Society, the Participating Implementing Agencies, the Grant Beneficiaries and/or the AIF Beneficiaries to maintain record keeping procedures acceptable to the Bank and adequate to enable the Bank and ARIAS Society to supervise and assess, on an on-going basis, the implementation of/compliance with the Safeguards Documents, as well as the achievement of the objectives thereof; and (b) furnish to the Bank as part of the Project Reports an assessment of the general compliance with the Safeguard Documents, the social and environmental impact of Project activities, and the results of the mitigation or benefit-enhancing measures applied thereto, during the period preceding the date of each such report.
9. In the event of any conflict between the provisions of any of the Safeguard Documents, on the one hand, and the provisions of this Agreement and/or the Loan Agreement, on the other hand, the provisions of this Agreement and the Loan Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The State of Assam shall, and shall cause ARIAS Society to, monitor and evaluate the progress of the Project and prepare Project Reports in accordance in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of indicators agreed with the Bank. Each such Project Report shall cover the period of six month, and shall be furnished to the Borrower not later forty-five (45) days after the end of the period covered by such report for incorporation and forwarding by the Borrower to the Bank of the overall Project Report.
2. The State of Assam shall provide to the Borrower not later than six (6) months after the Effective Date, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.
3. For purposes of assisting the PCU and PIUs in carrying out the Project monitoring and evaluation activities, the State of Assam shall cause ARIAS Society to hire, by no later than six (6) months after the Effective Date, and retain throughout the period of Project implementation, the services of a monitoring and evaluation consulting firm (the "M&E Consultant"), with experience and qualification and under terms of reference acceptable to the Bank, in order to: (a) create a monitoring and evaluation framework for the Project in consultation with the PCU and PIUs; (b) conduct a baseline survey for the Project; (c) monitor and evaluate the progress in achieving Project outputs and outcomes, as well as its development objectives; (d) strengthen the capacity of the Participating Implementing Agencies and provide on-the-job training; and (e) assist the PIUs and PCU with the preparation of the semi-annual Project Reports and the mid-term review reports.

B. Financial Management, Financial Reports and Audits

1. The State of Assam shall, and shall cause ARIAS Society to, maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.
2. Without limitation on the provision of Part A of this Section, the State of Assam shall cause ARIAS Society to prepare and furnish to the Bank not later than forty-five (45) days after the end of each fiscal quarter interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.

3. The State of Assam shall, and shall cause ARIAS Society to, have its financial statements referred to above audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one fiscal year. The State of Assam shall ensure that the audited financial statements for each period shall be: (a) furnished to the Borrower and the Bank not later than nine (9) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

Section III. Procurement

All goods, works and services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement.