

Public Disclosure Authorized

CONFORMED COPY

LOAN NUMBER 7577-IN

Project Agreement

(Orissa State Roads Project)

between

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

and

STATE OF ORISSA

Dated January 27, 2009

PROJECT AGREEMENT

AGREEMENT dated January 27, 2009, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and STATE OF ORISSA (“Project Implementing Entity”) (“Project Agreement”) in connection with the Loan Agreement of same date between India (“Borrower”) and the Bank (“Loan Agreement”). 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 the Project 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:
 - (a) carry out the Project through the OWD in accordance with the provisions of Article V of the General Conditions; and
 - (b) 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 the Engineer-in-Chief-cum-Secretary, Works Department, Government of Orissa.

3.02. The Bank's address is:

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

Cable:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

3.03. The Project Implementing Entity's address is:

Orissa Secretariat
Government of Orissa
Bhubaneswar
Orissa
India

Facsimile:

91-674-239-16-51

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 ORISSA

By /s/ Subhendu Kumar Ray
Authorized Representative

SCHEDULE

Execution of the Project

Section I. Institutional Arrangements and Project Undertakings

Throughout Project implementation or as specified below, the Project Implementing Entity shall:

- A. maintain the State Level Empowered Committee, and ensure that the State Level Empowered Committee provides the overall direction and governance authority for the Project, and has the composition and powers sufficient to fulfill its functions under the Project;
- B. maintain the ISAP Steering Committee, and ensure that the ISAP Steering Committee is responsible for the implementation of the ISAP, and has the composition and powers sufficient to fulfill its functions under the Project;
- C. maintain the PMU, EMC, SMC and PPP Cell and ensure that the PMU, EMC, SMC and PPP Cell, and the OWD field offices have officials, staff and resources required under the Project;
- D. ensure that the EMP and the RAP for Phase II Roads are prepared and adopted by the OWD in a timely manner, and are consistent and comply with the R&R Framework;
- E. ensure that the Project is carried out in accordance with the terms, conditions and procedures set forth in the ISAP, EMPs, R&R Framework, RAPs, HIV/AIDS Action Plan, Financial Management Manual, Anti-Corruption Guidelines and GAAP; and that the ISAP, EMPs R&R Framework, RAPs, HIV/AIDS Action Plan, Financial Management Manual and GAAP are not revised, amended, or abrogated without the prior approval of the Bank;
- F. ensure that the OWD carries out a traffic census and a vehicle speed survey on the Core Road Network every two years, with content and in a format satisfactory to the Bank, and publishes the results on the OWD website, with the first report due by March 31, 2010;
- G. ensure that the OWD carries out an annual roads condition survey of the Core Road Network, and provides a copy of the survey report to the Bank by March 31, with the first report due by March 31, 2010;
- H. carry out, with respect to the Project roads: (a) three user satisfaction and land use surveys, and produce reports for each survey, with the first (baseline) survey to be carried out and the report to be produced no later than June 30, 2009, the

second survey to be carried out and the report to be produced no later than June 30, 2011, and the third survey to be carried out and the report to be produced no later than June 30, 2013; (b) one value engineering and quality review to be carried out and the report to be produced no later than June 30, 2010;

- I. by December 31, 2008, designate the most important State roads as Core Road Network, ensure earmarking of funds for such Core Road Network in the 2009-10 State of Orissa budget, and assign a separate Chief Engineer for managing the Core Road Network;
- J. by December 31, 2010, carry out the road sector institutional development study in accordance with terms of reference satisfactory to the Bank;
- K. by December 31, 2011, adopt a road sector policy taking into account the recommendations of the road sector institutional development study;
- L. by December 31, 2012, prepare a comprehensive road master plan covering roads under the OWD management, and revise and update the road reclassification system, taking into account the recommendations of the road sector institutional development study; and
- M. by June 30, 2013, adopt operation and management arrangements, including toll management arrangements, where appropriate, for the completed Project roads, taking into account the recommendations of the road sector institutional development study.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

- 1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports 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 report shall cover the period of one Fiscal Year quarter, and shall be furnished to the Borrower and the Bank not later than forty-five (45) days after the end of the period covered by such report.
- 2. Notwithstanding the requirement in Section II.A.1 of this Schedule, within 24 months of Loan Agreement effectiveness, the Project Implementing Entity shall carry out a comprehensive mid-term Project review, and shall by December 31, 2010, prepare and furnish to the Bank a mid-term Project progress report, satisfactory to the Bank.

3. The Project Implementing Entity shall provide to the Borrower not later than five (5) months after the Closing 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.

B. Financial Management, Financial Reports; Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements related to the Project 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 provisions of Part A of this Section, the Project Implementing Entity shall prepare and furnish to the Bank as part of the Project Report not later than forty-five (45) days after the end of each Fiscal Year quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.
3. The Project Implementing Entity shall have the financial statements referred to above audited by 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 audited financial statements for each period shall be furnished to the Borrower and the Bank not later than six (6) months after the end of the period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Schedule.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Schedule.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the 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 procedures.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method	
(a)	National Competitive Bidding, and the additional provisions agreed between the Borrower and the Bank
(b)	Shopping
(c)	Direct Contracting

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 table specifies the methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method	
(a)	Selection under a Fixed Budget
(b)	Least Cost Selection
(c)	Selection based on Consultants' Qualifications
(d)	Single-source Selection
(e)	Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants
(f)	Sole Source Procedures for the Selection of Individual Consultants

D. Review by the Bank of Procurement Decisions

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