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**LOAN NUMBER 7792-IN**

# **Project Agreement**

**(Andhra Pradesh Road Sector Project)**

**between**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**and**

**STATE OF ANDHRA PRADESH**

**Dated January 22, 2010**

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## **PROJECT AGREEMENT**

AGREEMENT dated January 22, 2010, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and STATE OF ANDHRA PRADESH (“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 RBD, with assistance of the RDC, 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 Principal Secretary, Transport, Road & Building Department, Government of Andhra Pradesh.

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:

Transport, Road & Building Department  
507 Fifth Floor, J-Block  
Secretariat, Government of Andhra Pradesh  
Hyderabad 500022

Facsimile:  
  
91-40-23450104

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 ANDHRA PRADESH

By /s/ D. Lakshmi Parthasarathy  
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. ensure that the RBD shall have the overall responsibility for Project implementation, direction and governance, and ensure that the RBD is assisted in Project implementation by the RDC, including in the areas of procurement, contract management, financial management, safeguards, environment and social management, monitoring and evaluation, oversight, and reporting;
- B. maintain the RBD and the RDC with management, staff, powers and resources necessary and appropriate to fulfill their functions under the Project, including: (i) constituting and maintaining two subcommittees of the RDC Board, one committee being responsible for the implementation of the ISAP, and the second committee being responsible for monitoring Project implementation; and (ii) ensuring that by the date of the Loan Agreement effectiveness, the RBD shall appoint a finance manager/controller with responsibilities, qualifications, and experience necessary for the Project, and shall employ such a person or a successor for the duration of the Project;
- C. by March 31, 2010, operationalize and thereafter maintain a lead agency for road safety and a multi-sector/multi-disciplinary coordination team, both under Component 4 of the Project;
- D. ensure that the EMPs and RAPs are prepared and adopted in a timely manner, and comply with the R&R Policy Framework;
- E. ensure that the Project is carried out in accordance with the terms, conditions and procedures set forth in the ESMF, R&R Policy Framework, EMPs, RAPs, ISAP, HIV/AIDS Action Plan, TDP, Anti-Corruption Guidelines, and GAAP, and that the ESMF, R&R Policy Framework, EMPs, RAPs, ISAP, HIV/AIDS Action Plan, TDP, and GAAP are not revised, amended, or abrogated without the prior concurrence of the Bank;
- F. with respect to Component 3 of the Project, develop a sustainable financing arrangement for the Core Road Network;
- G. ensure that the RDC is fully operationalized by mid-term of the Project, including: (a) completion of RDC's outstanding audits; and (b) providing the

RDC the necessary financial, administrative, and operational powers to effectively manage the Core Road Network; and

- H. carry out, under Component 4 of the Project, multi-sector road safety measures for at least two (2) demonstration corridors, and taking into account the results of the demonstration projects, develop and adopt by December 31, 2013, a policy and strategy for improving road safety in Andhra Pradesh.

**Section II. Project Monitoring, Reporting, 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 (1) Financial 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 thirty (30) months of the Loan Agreement effectiveness, the Project Implementing Entity shall carry out a comprehensive mid-term Project review, and shall by December 31, 2012, prepare and furnish to the Bank a mid-term Project progress report, in form and substance 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, 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 Financial 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 (1) Financial 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**

All goods, works, and consultants' services required under 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.