

Public Disclosure Authorized

CONFORMED COPY

LOAN NUMBER 4860-IN

Project Agreement

(Himachal Pradesh State Roads Project)

between

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

and

STATE OF HIMACHAL PRADESH

Dated August 7, 2007

PROJECT AGREEMENT

AGREEMENT dated August 7, 2007, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and STATE OF HIMACHAL 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 HPRIDC 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 Secretary to the Government of Himachal Pradesh in the Department of Public Works.

3.02. The Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 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:

The Secretary, PWD
Government of Himachal Pradesh
Secretariat
Shimla, 171002
Himachal Pradesh
India

Facsimile:

91-177-262-1907

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

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

/s/ Isabel M. Guerrero
Country Director
India

STATE OF HIMACHAL PRADESH

By

/s/ Subhash Chander Negi
Authorized Representative

SCHEDULE

Execution of the Project

Section I. Institutional Arrangements and Project Undertakings

Throughout Project implementation, the Project Implementing Entity shall:

- A. maintain the Board of Directors of the HPRIDC with composition and powers sufficient to function and direct the carrying out of the Project in a timely and effective manner;
- B. maintain a dedicated, multi-disciplinary team of suitably qualified staff in the HPRIDC, both at headquarters and in at least three dedicated field divisions, with resources sufficient to carry out the technical, financial management, social, environmental, informational and organizational reform activities required to achieve the Project development objective in a timely and effective manner;
- C. ensure that the HPRIDC prepares the Component 1 EMPs and the RAP for Phase II Roads in accordance with the R&R Policy and the Operations Manual, and that the content and timing of such Component 1 EMPs and RAP are satisfactory to the Bank;
- D. ensure that the Project is carried out in accordance with the terms, conditions and procedures set forth in the Operations Manual, Component 1 EMPs, Component 2 EMP, R&R Policy, RAP (with the RAP for Phase 1 of Component 1 of the Project to be completed by November 15, 2009, and the RAP for Phase 2 Roads to be completed within 18 months of the date of award of the first contract for works under Phase 2 Roads), and the Financial Management Manual; and that the Operations Manual, Component 1 EMPs and Component 2 EMP, R&R Policy, RAP, and the Financial Management Manual are not revised, amended, or abrogated without the prior approval of the Bank;
- E. ensure that the proceeds of the Loan are transferred to the HPRIDC within three (3) weeks of receipt by the Project Implementing Entity of such proceeds from the Borrower;
- F. ensure that the HPRIDC prepares, with content and in format satisfactory to the Bank, and makes public by March 31 of each year, starting March 31, 2008, a Core Road Network maintenance plan for the following Fiscal Year, and then implements such a plan in a timely and efficient manner;

- G. ensure that the HPRIDC makes public, with content and format satisfactory to the Bank, by April 30 of each year starting April 30, 2008, a Core Road Network condition and traffic survey report, and a Core Road Network maintenance achievement report for the preceding Fiscal Year; and
- H. ensure that the HPRIDC makes public, with content and format satisfactory to the Bank, the reports referred to in Section II.A of this Schedule.

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports

- 1. The Project Implementing Entity shall, and shall cause the HPRIDC to, 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 each Fiscal Year quarter, and shall be furnished to the Borrower and the Bank not later than forty-five (45) after the end of the period covered by such report.
- 2. Notwithstanding the requirement in Section II.A.1 of this Schedule, the Project Implementing Entity shall, and shall cause the HPRIDC to, prepare and furnish to the Bank: (a) by November 15, 2009, a comprehensive Project progress report, satisfactory to the Bank; (b) two (2) impact assessment reports of the implementation of the RAP, the first by May 31, 2009, and the second within one hundred twenty (120) days of completion of all resettlement under the Project.
- 3. The Project Implementing Entity shall, and shall cause the HPRIDC to, 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. The Project Implementing Entity shall cause the HPRIDC 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 HPRIDC, including the operations, resources and expenditures related to the Project
3. The Project Implementing Entity shall have, and shall cause the HPRIDC to 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
(d)	Force Account

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.