
LOAN NUMBER 7924-IN
CREDIT NUMBER 4755-IN

Project Agreement

(Capacity Building for Industrial Pollution Management Project)

among

INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF TELANGANA

Dated MAY 24 , 2016

LOAN NUMBER 7924-IN
CREDIT NUMBER 4755-IN

PROJECT AGREEMENT

AGREEMENT dated MAY 24, 2016 entered into between the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"), on the one hand, and the STATE OF TELANGANA ("Project State"), on the other hand ("Project Agreement").

By a loan agreement dated July 22, 2010 between India ("Borrower") and the Bank ("Loan Agreement"), the Bank has agreed to make available to the Borrower an aggregate principal amount of twenty five million two hundred ten thousand Dollars (\$25,210,000) ("Loan") on the terms and conditions set forth in the Loan Agreement, and by a financing agreement of the same date as the Loan Agreement between the Borrower and the Association ("Financing Agreement"), the Association is agreeing to make available to the Borrower an aggregate principal amount of twenty-five million, seven hundred thousand Special Drawing Rights (SDR 25,700,000) ("Credit"), on the terms and conditions set forth in the Financing Agreement, but only on condition that the Project State agrees to undertake such obligations toward the Bank and the Association as are set forth in the Loan Agreement and Financing Agreement, respectively, and in this Agreement.

The Project will be carried out in part by the Project State with the Borrower's assistance and, as part of such assistance, the Borrower will make available to the Project State part of the proceeds of the Loan and Credit, as provided in the Loan Agreement and Financing Agreement, respectively.

The Project State, in consideration of the Bank's entering into the Loan Agreement with the Borrower, and the Association's entering into the Financing Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement.

The parties hereto hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The "International Bank for Reconstruction and Development General Conditions for Loans", dated July 1, 2005 (as amended through February 12, 2008) ("IBRD General Conditions") and the "International Development Association General Conditions for Credits and Grants", dated July 1, 2005 (as amended through October 15, 2006) ("IDA General Conditions") 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, the Financing Agreement, the IBRD General Conditions or the IDA General Conditions.

ARTICLE II — PROJECT

- 2.01. The Project State declares its commitment to the objectives of the Project. To this end, in accordance with the provisions of Article V of the IBRD General Conditions and of Article IV of the IDA General Conditions, the Project State shall carry out Parts 1.c, 2.c, and 3 of the Project and shall provide promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank, the Association and the Project States shall otherwise agree, the Project State shall carry out its Respective Part of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — EFFECTIVENESS

- 3.01. This Agreement shall enter into effect upon the receipt of evidence by the Bank and the Association, satisfactory to the Bank and the Association, that the following conditions have been satisfied, namely:
- (a) the execution and delivery of: (i) the amendment letter to the Loan Agreement and Financing Agreement restructuring the Project to incorporate Telangana, as a new Project Implementing Entity (as a result of the bifurcation of Andhra Pradesh); (ii) the respective amendment letters to the Project Agreement with Andhra Pradesh and the Project Agreement with West Bengal; and (iii) this Agreement; and
 - (b) an opinion or opinions satisfactory to the Bank and the Association of counsel acceptable to the Bank and the Association or, if the Bank and the Association so request, a certificate satisfactory to the Bank and the Association of a competent official of Telangana, on behalf of Telangana, showing/attesting that this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, Telangana, and is legally binding upon Telangana in accordance with its terms.
- 3.02. Except as the Bank and the Association shall otherwise agree, this Project Agreement shall enter into effect on the date upon which the Bank and the Association dispatch to Telangana a notice of their acceptance of the evidence required pursuant to Section 3.01 above.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Representative of the State of Telangana is its Chief Secretary.

4.02. The Bank's and the Association's Address is:

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

Facsimile:

1-202-477-6391

4.03. The Address of the State of Telangana is:

Chief Secretary, Government of Telangana
Telangana Secretariat
Hyderabad

Facsimile:

040-23453700

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

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT and
INTERNATIONAL DEVELOPMENT
ASSOCIATION

By



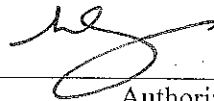
Authorized Representative

Name: MICHAEL HANEY

Title: ACTING COUNTRY DIRECTOR, INDIA

STATE OF TELANGANA

By



Authorized Representative

Name: **M.C. PARGAIEN, IFS**
Special Secretary to Government (Forest)

Title: **Environment, Forests, Science & Technology Dept.**
Telegana Secretariat, Hyderabad 500 022.

SCHEDULE

Execution of the Project State's Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project State shall:
 - (a) maintain throughout the period of Project implementation, a State Project Steering Committee ("Steering Committee"), under the chairmanship of the Secretary, Department of Environment;
 - (b) establish and maintain throughout the period of Project implementation, a Project Implementation Unit at its state pollution control board, which shall have the responsibility for day-to-day project implementation and coordination with other stakeholder agencies and serve as Secretariat for the Steering Committee;
2. The members of the Steering Committee shall include representatives from the Telangana Departments of Finance, Industry, and Municipal administration, Telangana Industrial Infrastructure Corporation, Telangana State Pollution Control Board, the Hyderabad Metropolitan Development Authority, district administrations of the identified sites for remediation, urban local bodies, industry associations, and academia.
3. The Project Implementation Unit shall have management and professional staff to ensure the timely implementation of Project activities and monitoring of results, including a state project director, two technical staff, a procurement specialist, a communication specialist, a social and environment specialist, and a monitoring and evaluation specialist.

B. Anti-Corruption

The Project State shall ensure that its Respective Part of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines, which is included in the Project Operational Manual, and the Governance and Accountability Action Plan.

C. Safeguards

The Project State shall carry out its Respective Part of the Project in accordance with the Environmental and Social Management Framework, the Environmental Management Plan, and the Social Management Plan, including the provisions on resettlement and income restoration support, for the respective Project sites.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project State shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 5.08(b) of the IBRD General Conditions and Section 4.08(b) of the IDA General Conditions and on the basis of the indicators agreed with the Bank and the Association. Each such Project Report shall cover the period of one (1) quarter of each Fiscal Year, and shall be furnished to the Borrower not later than four (4) weeks after the end of the period covered by such report for incorporation and forwarding by the Borrower to the Bank and the Association of the overall Project Report.
2. The Project State shall provide to the Borrower for incorporation in the report referred to in Section 5.08(c) of the IBRD General Conditions and in Section 4.08(c) of the IDA General Conditions all such information as the Borrower, the Bank or the Association shall reasonably request for the purposes of such Sections.

B. Financial Management, Financial Reports and Audits

The Project State shall:

- (a) maintain a financial management system, including records and accounts, and prepare quarterly unaudited financial statements in accordance with consistently applied accounting standards acceptable to the Bank and the Association, both in a manner adequate to reflect the operations, resources and expenditures related to its Respective Part of the Project;
- (b) furnish to the Borrower no later than thirty (30) days after the end of each quarter such financial statements;
- (c) furnish to the Borrower such other information concerning such financial statements as the Borrower, the Bank or the Association shall reasonably request from time to time;
- (d) maintain throughout the period of Project implementation in the Project Implementation Unit at least two (2) finance professionals with qualifications acceptable to the Bank and the Association; and
- (e) have the respective Financial Statements for each Fiscal Year audited by independent auditors acceptable to the Bank and the Association, in accordance with consistently applied auditing standards acceptable to the Bank and the Association, and furnish to the Borrower, through its Ministry of Environment,

Forest and Climate Change, no later than seven (7) months after the end of each Fiscal Year, audited financial statements and a summary of audit observations.

Section III. Procurement

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

Section IV. Other Undertakings

The Project State shall make available adequate counterpart funds from its own resources required to carry out its Respective Part of the Project.

