
CREDIT NUMBER 5033-IN

Project Agreement

(Uttar Pradesh Health Systems Strengthening Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF UTTAR PRADESH

Dated *March 21*, 2012

PROJECT AGREEMENT

AGREEMENT dated *March 21*, 2012, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and the STATE OF UTTAR PRADESH ("Project Implementing Entity" and "Uttar Pradesh") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between INDIA ("Recipient") and the Association. The Association 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 Financing 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 Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

- 2.01. Uttar Pradesh declares its commitment to the objectives of the Project. To this end, Uttar Pradesh shall carry out the Project in accordance with the provisions of Article IV 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 Association and Uttar Pradesh shall otherwise agree, Uttar Pradesh 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 Chief Secretary of Uttar Pradesh.
- 3.02. The Association's Address is:

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

Facsimile:

1-202-477-6391

3.03. Uttar Pradesh's Address is:

Chief Secretary
Government of Uttar Pradesh
Secretariat Annex
Lucknow - 226001
Uttar Pradesh, India

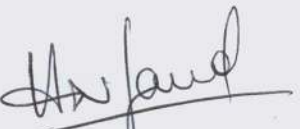
Facsimile:

+91 522 2239283

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

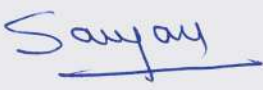
INTERNATIONAL DEVELOPMENT ASSOCIATION

By


Authorized Representative

STATE OF UTTAR PRADESH

By


Authorized Representative

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

Without limitation upon the provisions of Section 3.01 of the Financing Agreement, Uttar Pradesh shall:

1. at the request of the Association, exchange views with the Association with regard to the progress in the implementation of the Project, the performance of its obligations under this Agreement and other matters relating to the purposes of the Financing;
2. promptly inform the Association of any condition which interferes, or threatens to interfere, with the implementation of the Project, the accomplishment of the purposes of the Financing or the performance of its obligations under this Agreement;
3. maintain, at all times during Project implementation, a Project coordination team with functions and responsibilities acceptable to the Association, including, *inter alia*, the responsibility of said team to coordinate and monitor the timely and effective implementation of the Project;
4. ensure that, at all times during Project implementation, the PCT shall be led by a project director and be assisted by adequate professional and administrative staff (including procurement, financial management, environmental, and social), in numbers and with experience and qualifications acceptable to the Association, and operating under terms of reference agreed to between Uttar Pradesh and the Association;
5. maintain, at all times during Project implementation, a Project support unit with functions and responsibilities acceptable to the Association, including, *inter alia*, the responsibility of said unit to provide day to day assistance to the PCT to carry out their implementation obligations under the Project;
6. ensure that, at all times during Project implementation, the PSU is adequately staffed with Project related specialized professionals, in numbers and with experience and qualifications acceptable to the Association, and operating under terms of reference agreed to between Uttar Pradesh and the Association;
7. maintain, at all times during Project implementation, a Project steering committee headed by Uttar Pradesh's Principal Secretary of Medical, Health and

Family Welfare, entrusted with the responsibility of, *inter alia*, reviewing Project related proposals and financial and administrative requests;

8. maintain, at all times during Project implementation the quality assurance cell to be established under Part B of the Project, within Uttar Pradesh's Directorate of Medical Health;
9. not later than six (6) months after the Effective Date, employ, and maintain throughout Project implementation, as necessary, a procurement agent and a technical assistance provider, under terms of reference and with qualifications and experience acceptable to the Association to assist the PSU to carry out its procurement obligations under the Project and to provide the necessary consultancy support for Project implementation, respectively;
10. not later than twelve (12) months after the Effective Date, employ, and maintain throughout Project implementation an independent performance auditor, under terms of reference and with qualifications and experience acceptable to the Association, to carry out performance audits on an annual basis for purposes of Project. Said independent performance auditor shall certify the status of meeting the conditions of disbursement set out in paragraph B.1 (b) of Section IV of Schedule 2 to the Financing Agreement. Uttar Pradesh shall furnish copies of the audit reports, including appropriate certifications, prepared by said independent performance auditor to the Association on or before April 30 in each year, until completion of the Project. Said certifications shall serve as a basis to determine whether or not funds under Category (2) shall be eligible for withdrawal based on the independent performance auditor's assessment of the extent to which the conditions of disbursement set forth in paragraph B.1 (b) of Section IV of Schedule 2 to the Financing Agreement have been met.

B. Anti-Corruption

Uttar Pradesh shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and the GAAP.

C. Safeguards

Uttar Pradesh shall:

1. carry out the Project in accordance with the EMP and EP in a manner satisfactory to the Association;
2. submit to the Association semi-annual progress reports on compliance with social and environmental safeguard measures under the Project, detailing measures taken in furtherance of the EMP and the EP, and of conditions, if any, which interfere or threaten to interfere with the smooth implementation of the EMP and

EP, and remedial measures taken or required to be taken to address such conditions;

3. carry out independent assessments of the implementation of the EMP one at mid-term and one by the end of the fourth year of Project implementation; (b) prepare and furnish a report on the results of said assessments to the Association within ninety (90) days from the completion of said assessments; and (c) continue implementing the Project in accordance with the recommendations of said report, as agreed to between Uttar Pradesh and the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. Uttar Pradesh shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the Key Performance Indicators. Each such Project Report shall cover the period of six (6) months, and shall be furnished to the Recipient not later than forty five (45) days after the end of the period covered by such report.
2. Uttar Pradesh shall provide to the Recipient all such information as the Recipient or the Association shall reasonably request for incorporation in the report referred to in Section 4.08(c) of the General Conditions.

B. Financial Management, Financial Reports and Audits

1. Uttar Pradesh shall maintain a financial management system and prepare Project Financial Statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition, operations, resources and expenditures related to the Project.
2. Without limitation on the provisions of Part A of this Section, Uttar Pradesh shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar semester, Interim Financial Reports (IFRs) for the Project covering the semester, in form and substance satisfactory to the Association.
3. Uttar Pradesh shall have the Project's Financial Statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these Project Financial Statements shall cover the period of one (1) financial year of the Recipient. Uttar Pradesh shall ensure that the audited Project Financial Statements for each period shall be: (a) furnished to the Recipient and the Association not later than six (6) months after the end of the

period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.

Section III. Procurement

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