

Public Disclosure Authorized

# OFFICIAL DOCUMENTS

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CREDIT NUMBER 5927-IN

## Project Agreement

(Nagaland Health Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF NAGALAND

Dated *JANUARY 16*, 2017

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**PROJECT AGREEMENT**

Agreement dated JANUARY 16, 2017, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and STATE OF NAGALAND ("Project Implementing Entity" or "NAGALAND") ("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. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity 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 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 — TERMINATION**

- 3.01. For purposes of Section 8.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the date of this Agreement.

**ARTICLE IV — REPRESENTATIVE; ADDRESSES**

- 4.01. The Project Implementing Entity's Representative is the Chief Secretary of Nagaland.

4.02. The Association's Address is:

International Development Association  
1818 H Street, NW  
Washington, DC 20433  
United States of America

Facsimile:

+1-202-477-6391

4.03. The Project Implementing Entity's Address is:

Department of Health and Family Welfare  
Nagaland Civil Secretariat  
New Secretariat Road  
Kohima, Nagaland 797004

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

INTERNATIONAL DEVELOPMENT  
ASSOCIATION

By



Authorized Representative

Name: GENEVIEVE CONNORS

Title: ACTING COUNTRY DIRECTOR, INDIA

STATE OF NAGALAND

By



Authorized Representative

Name: L. WATIKALA

Title: PRINCIPAL DIRECTOR

## SCHEDULE

### Execution of the Project

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements and Project Documents

1. The Project Implementing Entity, through its Department of Health and Family Welfare shall:
  - (a) maintain, at all times during Project implementation, within the Department of Health and Family Welfare's regular structure, a Project Management Unit with functions and responsibilities acceptable to the Association, including, *inter alia*, the responsibility of said unit to coordinate and monitor the implementation of the Project in accordance with the provisions of the Project Operational Manual;
  - (b) ensure that, at all times during Project implementation, the Project Management Unit shall be adequately staffed with professional and administrative staff (including procurement, financial management, environmental, social and Project related technical staff), with the necessary experience and qualifications acceptable to Association, and operating under terms of reference agreed to between the Recipient and the Association;
  - (c) maintain, at all times during Project implementation, a project steering committee, headed by Chief Secretary of Nagaland, which shall comprise government officials from stakeholder departments, vested with the responsibility of, *inter alia*, providing strategic direction to the Project; and
  - (d) maintain, at all times during Project implementation, an executive committee, headed by the Commissioner and Secretary of the Department of Health and Family Welfare, comprising officials from said department, and vested with the responsibility of, *inter alia*, monitoring day-to-day project implementation.
2. The Project Implementing Entity shall carry out the Project in accordance with the Project Operational Manual, the Safeguard Instruments and the Procurement Plan; and shall not amend, delete or waive any provision of the aforementioned instruments without prior written agreement between the Recipient and the Association. In the event of any conflict between the provisions of any of the POM, the Safeguard Instruments or the Procurement Plan on the one hand and

the provisions of this Agreement or the Financing Agreement on the other hand, the provisions of this Agreement or the Financing Agreement, as applicable, shall prevail.

**B. Anti-Corruption**

The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**C. Health and Nutrition Incentives**

1. For purpose of implementing the Health and Nutrition Incentives scheme under Part 1 of the Project, the Project Implementing Entity, through the Project Management Unit, shall:

- (a) publicly invite Village Health Committees to submit proposals for Health and Nutrition Action Plans in accordance with the procedures and requirements set forth in the POM;
- (b) screen and select participating Village Health Committees based on the Health and Nutrition Action Plans in accordance with the protocols and eligibility criteria set forth in the POM; and
- (c) make a portion of the proceeds of the Financing available on a grant basis to each selected Village Health Committee by means of an Incentive Agreement on terms and conditions acceptable to the Association and executed between the Project Implementing Entity, through the PMU, and such selected Village Health Committee, all with the terms and conditions set forth in the POM which shall include, *inter alia*, the following:
  - (i) the Project Implementing Entity's obligation (through the PMU) to make to such selected Village Health Committee a Health and Nutrition Incentive, which shall be paid in two (2) equal tranches to be paid on every calendar semester, subject to the Village Health Committee's satisfaction of the conditions set out in subparagraphs (ii) – (viii) below;
  - (ii) the Village Health Committee's obligation to demonstrate on a quarterly basis, the achievement of the performance targets proposed in its respective Health and Nutrition Action Plans, in accordance with the POM;
  - (iii) the Village Health Committee's obligation to utilize the Health and Nutrition Incentive in accordance with sound technical,

financial, environmental and social standards and practices and with the Anti-Corruption Guidelines;

- (iv) the Village Health Committee's obligation to refrain from using the Health and Nutrition Incentives for the financing of any Ineligible Expenditure;
  - (v) the Village Health Committee's obligation to carry out all procurement related activities to be financed by the Health and Nutrition Incentives in accordance with the provisions set forth in the POM;
  - (vi) the Village Health Committee's obligation to maintain cashbooks and registers recording financial transactions to demonstrate meeting the requirements of the POM, the resources, expenditures and full utilization of the Health and Nutrition Incentives by the Closing Date;
  - (vii) the Village Health Committee's reporting requirements, including the obligation to prepare and provide to the Project Implementing Entity and the Association all the necessary information (as required) to enable the Recipient and the Project Implementing Entity to comply with their respective obligations under Section II.A of the Schedule to this Agreement;
  - (viii) the Project Implementing Entity's right to suspend or terminate at any time the right of the Village Health Committee to receive and use the Health and Nutrition Incentive or obtain refund of all or any part of the amount of the Health and Nutrition Incentive then withdrawn upon the Village Health Committee's failure to perform any of its obligations under the Incentive Agreement; and
  - (ix) the right of the Project Implementing Entity, the Recipient and the Association to inspect the operations related to the Health and Nutrition Incentives and the Health and Nutrition Action Plan, and any relevant records and documents.
2. The Project Implementing Entity shall exercise its rights and carry out its obligations under each of the Incentive Agreements in such manner so as to protect the interest of the Recipient and the Association and to accomplish the purpose of the Financing. Except as the Association shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive any Incentive Agreement or any of its provisions. In the event of any conflict between the provisions of an Incentive Agreement and those of this Agreement

or the Financing Agreement, the provisions of this Agreement or the Financing Agreement, as applicable, shall prevail.

**D. Safeguards**

1. The Project Implementing Entity shall:
  - (a) ensure that the Project is carried out in accordance with the Environmental Management Plan, the Social Management Framework, Tribal Development Plan and the Resettlement Policy Framework and (if required) each Resettlement Action Plan;
  - (b) ensure that the Safeguards Instruments are implemented in a manner and substance satisfactory to the Association; and
  - (c) refrain from amending, suspending, waiving, abrogating, and/or voiding any provision of the Safeguards Instruments, in whole or in part, without the prior written mutual agreement of the Association.
2. The Project Implementing Entity shall:
  - (a) take all necessary actions to avoid or otherwise minimize to the extent possible, and to mitigate, any involuntary loss by persons of shelter, productive assets or access to productive assets or income or means of livelihood, temporarily or permanently, and the displacement of said people in the carrying out of the Project or any part thereof; and
  - (b) where the acquisition of land or assets resulting in Displaced persons is unavoidable, before initiating the implementation of any works or other activities which would result in such acquisition or displacement, develop and implement a Resettlement Action Plan in accordance with the Resettlement Policy Framework, and make available to such people compensation and, as applicable, relocate and rehabilitate the Displaced Persons in accordance with the Resettlement Action Plan and in a manner satisfactory to the Association.
3. The Project Implementing Entity shall maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of the Safeguards Instruments.
4. The Project Implementing Entity shall maintain throughout Project implementation, a Project grievance redress mechanism, with staffing and operating procedures acceptable to the Association, for monitoring and addressing the concerns of people affected by the Project and building public and stakeholder support for the Project.



5. Without limiting its other reporting obligations under this Agreement, the Project Implementing Entity shall, take all necessary measures to regularly collect, compile and submit to the Association, as part of the Project Reports, information on the status of compliance with the Safeguards Instruments, giving details of:
  - (a) measures taken in furtherance of the Safeguards Instruments;
  - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments; and
  - (c) remedial measures taken or required to be taken to address such conditions.
6. In the event of any inconsistency between the provisions of any of the Safeguards Instruments and the provisions of this Agreement or the Financing Agreement, the provisions of this Agreement or the Financing Agreement, as applicable, shall prevail.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

The Project Implementing Entity 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 indicators acceptable to the Association. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later than one (1) month after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.

**B. Financial Management, Financial Reports and Audits**

1. The Project Implementing Entity shall maintain a financial management system and prepare 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 of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.
2. The Project Implementing Entity shall have its 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 financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be:
  - (a) furnished to the Recipient and the Association not later than nine (9) 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.