Project Agreement

(Additional Financing for Tamil Nadu Empowerment and Poverty Reduction “Vazhndhu Kaattuvom” Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF TAMIL NADU

Dated December 23, 2010
PROJECT AGREEMENT

AGREEMENT dated December 23, 2010, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and the STATE OF TAMIL NADU (“Tamil Nadu”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of same date between India (“Recipient”) and the Association. The Association and Tamil Nadu 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. Tamil Nadu declares its commitment to the objectives of the Project. To this end, Tamil Nadu shall, and shall cause the Tamil Nadu Vazhndhu Kaattuvom Society to, 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 Tamil Nadu shall otherwise agree, Tamil Nadu shall cause the Tamil Nadu Vazhndhu Kaattuvom Society to carry out the Project in accordance with the provisions of the Schedule to this Agreement and the Tamil Nadu Vazhndhu Kaattuvom Society Project Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. Tamil Nadu’s Representative is the Chief Secretary to the Government of Tamil Nadu or by such other person or persons as he or she shall designate in writing.

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. The Project Implementing Entity’s Address is:

The Chief Secretary to the Government
Government of Tamil Nadu
Tamil Nadu

Facsimile

91-44-25672304

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ N. Roberto Zagha
Authorized Representative

STATE OF TAMIL NADU

By /s/ K. Allaudin
Authorized Representative
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Tamil Nadu shall make available to the Tamil Nadu Vazhndhu Kaattuvom Society as a grant: (a) the proceeds of the Financing; and (b) additional funds from Tamil Nadu’s own resources in amounts sufficient to cover Tamil Nadu’s share of the costs of the Project.

2. Tamil Nadu shall, at the request of the Association, exchange views with the Association with regard to the progress of the Project, the performance of its obligations under this Agreement and other matters relating to the purposes of the Credit.

3. Tamil Nadu shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the Financing, or the performance by Tamil Nadu of its obligations under this Agreement.

4. Tamil Nadu shall ensure that:

   (a) the Project shall be implemented by the Tamil Nadu Vazhndhu Kaattuvom Society as far as reasonably practicable on publicly-owned land, using exclusively land free from encroachments or other encumbrances;

   (b) the Project shall not involve any compulsory acquisition of land, forcible eviction, or involuntary resettlement of persons; and

   (c) where unavoidable, land acquisition shall be kept to the strict minimum, and shall be undertaken exclusively on the basis of mutually-agreed sales transactions or voluntary land donations, and in accordance with guidelines and procedures set forth in the Project Implementation Plan, including establishment of appropriate grievance redress mechanisms to address potential disputes arising out of such sales or donations.

B. Anti-Corruption

Tamil Nadu shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and the GAAP.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. Tamil Nadu shall monitor and evaluate the progress of the Project and prepare, or cause the Tamil Nadu Vazhndhu Kaattuvom Society to prepare Project Reports for its Respective Part of the Project 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 Association not later than four (4) weeks after the end of the period covered by such report.

2. Tamil Nadu shall, or shall cause the Tamil Nadu Vazhndhu Kaattuvom Society to, provide to the Recipient and the Association 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. Tamil Nadu shall maintain, or cause the Tamil Nadu Vazhndhu Kaattuvom Society to maintain, a financial management system and prepare, or cause the Tamil Nadu Vazhndhu Kaattuvom Society to 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 Tamil Nadu Vazhndhu Kaattuvom Society, including the operations, resources and expenditures related to the Project.

2. Tamil Nadu shall, or shall cause the Tamil Nadu Vazhndhu Kaattuvom Society to, have the 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 (1) financial year of Tamil Nadu. Tamil Nadu shall ensure, or cause the Tamil Nadu Vazhndhu Kaattuvom Society to ensure, that the audited financial statements for each period shall be furnished to the Recipient and the Association not later than six (6) months after the end of the period.

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.