Project Agreement

(Rajasthan Agricultural Competitiveness Project)

among

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF RAJASTHAN

and

RAJASTHAN AGRICULTURAL COMPETITIVENESS PROJECT
MANAGEMENT AND IMPLEMENTATION SOCIETY

Dated April 13, 2012
PROJECT AGREEMENT

AGREEMENT dated April 13, 2012, entered into among INTERNATIONAL DEVELOPMENT ASSOCIATION (the “Association”) and the STATE OF RAJASTHAN (“Rajasthan”) and RAJASTHAN AGRICULTURAL COMPETITIVENESS PROJECT MANAGEMENT AND IMPLEMENTATION SOCIETY (“State Society”) (Rajasthan and the State Society are hereinafter collectively referred to as the “Project Implementing Entities”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of same date between INDIA (“Recipient”) and the Association. The Association, Rajasthan and the State Society 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 Entities declare their commitment to the objectives of the Project. To this end, Rajasthan and the State Society shall carry out the Project in accordance with the provisions of Article IV of the General Conditions, and Rajasthan 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 Entities shall otherwise agree, the Project Implementing Entities shall carry out the Project in accordance with the provisions of the Schedules to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entities’ Representatives are:

For Rajasthan:
Principal Secretary, Agriculture of the Government of Rajasthan

For Rajasthan Agricultural Competitiveness Project Management and Implementation Society:
Member Secretary of the State Society
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 Addresses of the Project Implementing Entities are:

For Rajasthan:

Principal Secretary, Agriculture
Government of Rajasthan
Secretariat
Jaipur, Rajasthan 302005
India

Facsimile:

+91-141-5103626

For Rajasthan Agricultural Competitiveness Project Management and Implementation Society:

Member Secretary of the State Society
Rajasthan Agricultural Competitiveness Project Management and Implementation Society
Pant Krishi Bhawan Janpath
Jaipur, Rajasthan 302005
India

Facsimile:

+91-141-2227088
AGREED at New Delhi, India, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

STATE OF RAJASTHAN

By

Authorized Representative

RAJASTHAN AGRICULTURAL COMPETITIVENESS PROJECT MANAGEMENT AND IMPLEMENTATION SOCIETY

By

Authorized Representative
SCHEDULE

Execution of the Project

Section I. Implementation, Institutional and Other Arrangements

A. Financing of the Project

Rajasthan shall make the proceeds of the Financing, passed on to it by the Recipient, available to the State Society on a grant basis and in a timely manner, as well as additional funds from Rajasthan's own resources as shall be necessary to carry out the Project.

B. Institutional Arrangements

1. Each of the Project Implementing Entities shall, 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. Each of the Project Implementing Entities shall 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.

C. Anti-Corruption

Each of the Project Implementing Entities 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. Each of the Project Implementing Entities shall monitor and evaluate the progress of the Project; to this end, the State Society shall 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 by the State Society to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. The State Society shall 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. The State Society 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 State Society, including the operations, resources and expenditures related to the Project.

2. The State Society shall 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 the State Society. The State Society shall ensure that the audited Financial Statements for each period shall be: (a) furnished to 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.
SCHEDULE 2

Implementation Program

A. Institutional Arrangements

Rajasthan and the State Society shall be responsible for the implementation, management and coordination of the Project and, to these ends, the State Society shall:

1. carry out the Project in accordance with the provisions of this Schedule 2, the Project Implementation Plan, the EMF, the Financial Management Manual, the Procurement Manual, the Procurement Plan, the RF, the SMF and the TDF and shall not amend or waive any provision of the aforementioned instruments except with the prior written agreement of the Association;

2. maintain, at all times during Project implementation, within the State Society’s regular structure, a Project management unit, with functions and responsibilities acceptable to the Association, including, inter alia, the responsibility to coordinate and monitor the carrying out of the Project;

3. ensure that the PMU shall be led, at all times during Project implementation, by a Project director assisted by adequate professional and administrative staff (including procurement, financial management, monitoring and evaluation, technical, environmental and social development specialists), in numbers and with experience and qualifications, and operating under terms of reference, agreed to between the Project Implementing Entities and the Association;

4. maintain, at all times during Project implementation, a Project steering committee, with responsibilities and functions acceptable to the Association, headed by Rajasthan’s Chief Secretary and entrusted with the responsibility of, inter alia, providing overall advice, policy direction and monitoring the implementation of the Project;

5. maintain, at all times during Project implementation, a Project executive committee with responsibilities and functions acceptable to the Association, headed by Rajasthan’s Secretary of Agriculture and entrusted with the responsibility ensure efficient implementation of the Project, including those set forth in the State Society’s legislation; and

6. maintain, at all times during Project implementation district Project management units at the district level, led by Deputy Director of Agriculture and assisted by adequate technical and administrative staff in numbers and with experience and qualifications acceptable to the Association (including financial management
specialists), operating under terms of reference agreed to between the Project Implementing Entities and the Association.

7. prepare, and furnish to the Association for its approval, the respective CACP for the selected location where Project activities are scheduled to take place in the territory of Rajasthan.

B. Terms and Conditions Governing Grants

1. The State Society, through the PMU, shall make available a Grant to a Beneficiary in accordance with terms and conditions approved by the Association set forth in the respective Grant Agreement, including those set forth in the PIP, which shall include, inter alia, the obligation of the State Society to:

(a) obtain rights adequate to protect its interests and those of the Recipient, the Association and Rajasthan, including the right to: (i) suspend or terminate the right of the Beneficiary to use the Grant proceeds; and (ii) obtain a refund of all or any part of the amount of Grant proceeds then withdrawn upon the Beneficiary's failure to perform any of its obligations under the relevant Grant Agreement; and

(b) take all necessary steps to ensure that the Beneficiary shall carry out its obligations under its respective Grant Agreement with due diligence and efficiency and pursuant to the criteria and procedures set forth in the PIP and in accordance with the provisions of the EMF, RF, SMF and the TDF, the Anti-Corruption Guidelines and the GAAP.

(c) exercise its rights under each Grant Agreement in such manner as to protect the interests of the Recipient, Rajasthan and the Association and to accomplish the purposes of the Financing. Except as the Recipient and the Association shall otherwise agree, the State Society shall not assign, amend, abrogate or waive any Grant Agreement or any of its provisions.

2. The State Society shall take all necessary steps to ensure that each Beneficiary shall be obligated, under its respective Grant Agreement, to:

(a) maintain financial management arrangements and prepare financial and physical reports in accordance with the procedures set forth in the PIP so as to adequately reflect the operations carried out with the proceeds of the Grant;

(b) enable the Recipient, Rajasthan and the Association to inspect the activities, facilities and/or operations financed out of the Grant proceeds, and any relevant records and documents; and
1. carry out the Project in accordance with the EMF, the RF, the SMF and the TDF in a manner satisfactory to the Association; and

2. ensure that the environmental and social performance indicators contained in the EMF, the RF, the SMF and the TDF are updated and monitored regularly, in agreement with the Association.

3. 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 EMF, the RF, the SMF and the TDF, and of conditions, if any, which interfere or threaten to interfere with the smooth implementation of the EMF, the RF, the SMF and TDF, and remedial measures taken or required to be taken to address such conditions.

4. ensure that the Project is implemented, as far as reasonably practicable, using exclusively land free from squatters, encroachments or other encumbrances, and without recourse to compulsory acquisition of land, forcible eviction or involuntary resettlement of persons; and

5. ensure that, where unavoidable, land acquisition shall be kept to the strict minimum, and shall be undertaken in accordance with guidelines and procedures set forth in the Project Implementation Plan, the RF and the SMF, including establishment of appropriate grievance redress mechanisms to address potential disputes arising out of such sales or donations.