Project Agreement

(National Dairy Support Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

NATIONAL DAIRY DEVELOPMENT BOARD

Dated April 13, 2012
PROJECT AGREEMENT

AGREEMENT dated April 13, 2012, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and NATIONAL DAIRY DEVELOPMENT BOARD ("NDDB" or "Project Implementing Entity") ("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. NDDB declares its commitment to the objectives of the Project. To this end, NDDB, through the PMU, shall implement the Project in accordance with the provisions of Article IV of the General Conditions and the PIP, 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, the Recipient and NDDB, through the PMU, shall otherwise agree, NDDB shall implement the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. The NDDB’s Representative is its Chairman.

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. NDDB’s Address is:

National Dairy Development Board
Anand – 388001
Gujarat State
India

Facsimile:

912692260157

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

NATIONAL DAIRY DEVELOPMENT BOARD

By

Authorized Representative
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

NDDB shall:

1. maintain, at all times during project implementation, a project implementation plan, satisfactory to the Association, containing, *inter alia*, specific provisions on detailed arrangements for implementing of the Project, including:
   (a) guidelines governing the procurement, financial management and disbursement processes under the Project;
   (b) the ESMF, GAAP, Procurement Plan, Procurement Manual, Financial Management Handbook; and
   (c) the Key Performance Indicators.

2. not amend, delete or waive any provision of the Project Implementation Plan without prior agreement thereon between the Association and NDDB;

3. maintain, at all times during Project implementation, 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 PIP;

4. ensure that, at all times during Project implementation, the PMU shall be led by a mission director and be assisted by adequate professional and administrative staff (including procurement, financial management, environmental, social and Project related technical staff), with experience and qualifications acceptable to the Association, and operating under terms of reference agreed to between the Association and NDDB; and

5. maintain, at all times during Project implementation, a project steering committee, headed by the PMU’s mission director, which may comprise, representatives of the Recipient’s Department of Animal Husbandry, Dairying and Fisheries, NDDB and an invitee from the concerned state government, vested with the responsibility of, *inter alia*, approving Sub-project proposals reviewed and appraised by the PMU.
B. Sub-projects

1. NDDB, through the PMU, shall make available, an EIA Grant to an EIA for the carrying out of a Sub-project, in accordance with terms and conditions approved by the Association, including those mentioned in the PIP, and set forth in the respective EIA Grant Agreement, and which shall include, *inter alia*, the obligation of the EIA to:

   (a) carry out the relevant Sub-project, diligently and efficiently in a manner satisfactory to the Association, and pursuant to the criteria and procedures set forth in the PIP, and in accordance with the provisions of the ESMF, the Anti-Corruption Guidelines and the GAAP.

   (b) take all necessary measures to achieve the Key Performance Indicators relevant to the specific Sub-project.

   (c) maintain a financial management system and prepare financial statements in accordance with the procedures set forth in Section II.B of Schedule 1 to this Agreement and the PIP so as to adequately reflect the operations carried out with the proceeds of the EIA Grant; and

   (d) enable the Recipient, the Association and NDDB to review the activities, facilities and/or operations financed out of the EIA Grant proceeds, and any relevant records and documents.

2. NDDB, through the PMU, shall, under the EIA Grant Agreement, obtain rights adequate to protect its interests and those of the Recipient and the Association, including the right to: (i) suspend or terminate the right of the EIA to use EIA Grant proceeds; and (ii) recover all or any part of the amount of EIA Grant proceeds then withdrawn, upon the EIA's failure to perform any of its obligations under the EIA Grant Agreement.

3. NDDB shall exercise its rights under each EIA Grant Agreement in such manner as to protect the interests of the Recipient and the Association's and to accomplish the purposes of the Financing. Except as the Recipient and the Association shall otherwise agree, the NDDB shall not assign, amend, abrogate or waive any EIA Grant Agreement or any of its provisions.

C. Anti-Corruption

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

NDDB, through the PMU, shall:

1. implement the Project in accordance with the ESMF in a manner satisfactory to the Association;

2. ensure that the environmental and social performance indicators contained in the ESMF are updated and monitored regularly, in agreement with the Association; and

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 ESMF, and of conditions, if any, which interfere or threaten to interfere with the smooth implementation of the ESMF and remedial measures taken or required to be taken to address such conditions.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. NDDB, through the PMU, 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 sixty (60) days after the end of the period covered by such report.

2. NDDB, through the PMU, 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. NDDB shall maintain a financial management system and, through the PMU, prepare Financial Statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Project.

2. Without limitation on the provisions of Part A of this Section, NDDB, through PMU, shall prepare and furnish to the Association not later than sixty (60) days after the end of each six (6) month period Interim Unaudited Financial Reports (IUFR) for the Project covering said period, in form and substance satisfactory to the Association.
3. NDDB, through PMU, 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 NDDB. NDDB, through PMU, shall ensure that the audited 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.