

CONFORMED COPY

CREDIT NUMBER 2572 IN

Project Agreement

(Forestry Research Education and Extension Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF HIMACHAL PRADESH

and

STATE OF TAMIL NADU

Dated March 9, 1994

CREDIT NUMBER 2572 IN

PROJECT AGREEMENT

AGREEMENT, dated March 9, 1994 between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and STATE OF HIMACHAL PRADESH, and STATE OF TAMIL NADU (the Project States).

WHEREAS: (A) by the Development Credit Agreement of even date herewith between India (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to thirty three million eight hundred thousand Special Drawing Rights (SDR 33,800,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that the Project States agree to undertake such obligations toward the Association as are set forth in this Agreement;

(B) by a Project Agreement of even date herewith between the Association and the Indian Council for Forestry Research and Education (ICFRE) (the ICFRE Agreement), ICFRE has agreed to undertake certain obligations in respect of the carrying out of Part A of the Project.

WHEREAS the Project States, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, have agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Development Credit Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. (a) Each of the Project States declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall carry out Part C (i) and (ii) of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, and environmental practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitations to the provisions of Section 2.01 (a) above, each of the Project States shall implement a system satisfactory to the Association, for channelling the funds required for Part C (i) and (ii) of the Project to all the entities involved in carrying out Part C (i) and (ii) of the Project.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for Part C (i) and (ii) of the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to the Development Credit Agreement.

Section 2.03. Each of the Project States shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of this Project Agreement.

Section 2.04. (a) Each of the Project States shall, at the request of the Association, exchange views with the Association with regard to the progress of Part C (i) and (ii) of the Project, the performance of its obligations under this Agreement and other matters relating to the purposes of the Credit.

(b) Each of the Project States shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of Part C (i) and (ii) of the Project, the accomplishment of the purposes of the Credit, or the performance by such State of its obligations under this Agreement.

Section 2.05. Each of the Project States shall (i) appoint, not later than September 30, 1994, a PA Director and the necessary staff for Part C (i) and (ii) of the Project, all with qualifications and responsibilities acceptable to the Association, and (ii) transfer the responsibility for Forest Rangers and Forest Guards in the eco-development areas to such PA Director.

Section 2.06. The Project States shall undertake, in collaboration with the Association, the Borrower and ICFRE, not later than February 28, 1997, a mid-term review of the Project, and shall thereafter implement the recommendations of such review.

Section 2.07. In addition to the criteria for assessing the proposals for implementation of eco-development programs referred to in paragraph 3 (iii) of Schedule 1 to the Development Credit Agreement, each of the Project States shall prepare and furnish to

the Association, for the Association's review and approval, the first three proposals for funding under the eco-development support grant fund under Part C (i) of the Project.

ARTICLE III

Financial Covenants

Section 3.01. (a) Each of the Project States shall maintain records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of Part C (i) and (ii) of the Project of the departments or agencies of the such State responsible for carrying out Part C (i) and (ii) of the Project or any part thereof.

(b) Each of the Project States shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than nine months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records, accounts and financial statements as well as the audit thereof, as the Association shall from time to time reasonably request.

ARTICLE IV

Effective Date; Termination; Cancellation and Suspension

Section 4.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 4.02. (a) This Agreement and all obligations of the Association and each of the States thereunder shall terminate on the earlier of the following two dates:

- (i) the date on which the Development Credit Agreement shall terminate in accordance with its terms; or
- (ii) the date twenty (20) years after the date of this Agreement.

(b) If the Development Credit Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify the States of this event.

Section 4.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE V

Miscellaneous Provisions

Section 5.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the

parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

248423 (RCA)
82987 (FTCC)
64145 (WUI) or
197688 (TRT)

For Himachal Pradesh:

Chief Secretary
Government of Himachal Pradesh
Secretariat
Shimla Himachal Pradesh
India

Telex:

0391-210 SML IN

For Tamil Nadu:

Chief Secretary
Government of Tamil Nadu
Madras 600009
Tamil Nadu
India

Telex:

953-418238

Section 5.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of each of the Project States may be taken or executed by its Chief Secretary or such other person or persons as such State shall designate in writing, and each such State shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 5.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ D. Joseph Wood

Regional Vice President

South Asia

HIMACHAL PRADESH

By /s/ N. Valluri

Authorized Representative

TAMIL NADU

By /s/ N. Valluri

Authorized Representative

