

CONFORMED COPY

CREDIT NUMBER 3048 IN
LOAN NUMBER 4296 IN

Project Agreement

(National Agricultural Technology Project)

among

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

INDIAN COUNCIL OF AGRICULTURAL RESEARCH

Dated June 22, 1998

CREDIT NUMBER 3048 IN
LOAN NUMBER 4296 IN

PROJECT AGREEMENT

AGREEMENT, dated June 22, 1998, among INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and the INDIAN COUNCIL OF AGRICULTURAL RESEARCH (ICAR).

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 seventy-three million eight hundred thousand Special Drawing Rights (SDR 73,800,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that ICAR agree to undertake such obligations toward the Association as are set forth in the Development Credit Agreement and in this Agreement;

(B) by the Loan Agreement of even date herewith between the Borrower and the Bank, the Bank has agreed to make available to the Borrower an amount equal to ninety-six million eight hundred thousand dollars (\$96,800,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that ICAR agree to undertake such obligations toward the Bank as are set forth in this Agreement; and

(C) parts A, B and C 1 (d) of the Project will be carried out by ICAR with the Borrower's assistance and, as part of such assistance, the Borrower will make available to ICAR part of the proceeds of the Credit as provided in the Development Credit Agreement and part of the proceeds of the Loan as provided in the Loan

Agreement; and

WHEREAS ICAR, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, and the Bank entering into the Loan Agreement with the Borrower, has 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, the Loan Agreement and in the General Conditions (as so defined in the Development Credit Agreement and the Loan Agreement, respectively) have the respective meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. (a) ICAR 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 Parts A, B and C 1(d) of the Project through PIU with due diligence and efficiency and in conformity with appropriate administrative, financial and agricultural technology practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for Parts A, B and C 1(d) of the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Association, the Bank and ICAR shall otherwise agree, ICAR shall carry out Parts A, B and C 1(d) of the Project in accordance with the Project Implementation Plan, and the Implementation Program set forth in the Schedule to this Agreement.

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

Section 2.03. (a) ICAR 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 Applicable to the Development Credit Agreements, and in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions Applicable to the Loan and Guarantee Agreements for Single Currency Loans (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project Agreement and Parts A, B and C 1(d) of the Project.

(b) For the purposes of Section 9.07 of the General Conditions Applicable to the Development Credit Agreement and Section 9.08 of the General Conditions Applicable to the Loan and Guarantee Agreements for Single Currency Loans, and without limitations thereto, ICAR shall prepare and furnish to the Association and the Bank, not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Association and the Bank and ICAR, a plan satisfactory to the Association and the Bank for the future operation of the Project.

Section 2.04. (a) ICAR shall, at the request of the Association and the Bank, exchange views with the Association and the Bank with regard to the progress of Parts A, B and C 1(d) of the Project, the performance of its obligations under this Agreement and other matters relating to the purposes of the Credit and the Loan.

(b) ICAR shall promptly inform the Association and the Bank of any condition which interferes or threatens to interfere with the progress of Parts A, B and C 1(d) of the Project, the accomplishment of the purposes of the Credit and the Loan, or the performance by ICAR of its obligations under this Agreement.

ARTICLE III

Financial Covenants

Section 3.01. (a) ICAR shall maintain records and accounts adequate to reflect

in accordance with sound accounting practices the operations, resources and expenditures, in respect of the Project, of the departments or agencies of ICAR responsible for carrying out Parts A, B and C 1(d) of the Project.

(b) ICAR shall:

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

Section 3.02. ICAR shall, in collaboration with the Borrower, and with the assistance of financial management consultants selected in accordance with the provisions of Section II of Schedule 3 to the Development Credit Agreement, prepare, not later than December 31, 1998, a manual for accounting, auditing and internal financial control practices for the Project, acceptable to the Association and the Bank, and shall thereafter commence a training program on such practices for ICAR and the other institutions participating in the implementation of the Project.

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 and the Loan Agreement become effective.

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

- (i) the date on which the Development Credit Agreement and the Loan 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 or the Loan Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association and the Bank shall promptly notify ICAR 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, DC

Telex:

248423 (MCI)
64145 (MCI)

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, DC 20433
United States of America

Cable Address:

INTBAFRAD
Washington, D.C.

Telex:

248423 (MCI)
64145 (MCI)

For ICAR:

Indian Council of Agricultural Research
Krishi Bhawan
Dr. Rajendra Prasad Road
New Delhi 110001
India

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 ICAR may be taken or executed by the Secretary of ICAR or such other person or persons as ICAR shall designate in writing, and ICAR shall furnish to the Association and the Bank 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.

Section 5.04. As long as the Bank has not given notice to the contrary to ICAR, and so long as the Development Credit Agreement shall not have terminated prior to the termination of the Loan Agreement:

(a) the obligation of ICAR to consult with, and furnish information, documents, plans, reports, records and statements to the Bank shall be satisfied to the extent performance in respect of such obligations is rendered to the Association;

(b) the obligations of the Bank to consult with, and to furnish information to ICAR shall be satisfied to the extent such obligations are satisfied by the Association; and

(c) all actions taken (including giving of approvals or granting of waivers) by the Association pursuant to the Development Credit Agreement shall be deemed to be taken pursuant to both the Development Credit Agreement and the Loan Agreement, and in the name and on behalf of the Association and the Bank.

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
INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

By /s/ Edwin R. Lim

Acting Regional Vice President
South Asia

INDIAN COUNCIL OF AGRICULTURAL RESEARCH

By /s/ Sudhakar Rao

Authorized Representative

SCHEDULE

Implementation Program

1. ICAR shall, not later than January 31, 1999, select, in accordance with the provisions of Section II of Schedule 3 to the Development Credit Agreement, internationally recognized institutions to assist in the institutionalization of research priority setting, monitoring and evaluation, and information system development under Part A 1 of the Project, and to provide associated skill development training to ICAR's staff.
2. ICAR, in consultation with the Association and the Bank, shall, not later than June 30, 1999, carry out a review of its personnel policies and procedures under Part A 1 of the Project, and not later than December 31, 1999, issue and implement revised personnel guidelines, including annual performance evaluation and linking such evaluation to personal and professional skill competencies and achievements.
3. ICAR shall:
 - (a) not later than January 31, 1999, engage, in accordance with the provisions of Section II of Schedule 3 to the Development Credit Agreement, consultants to develop, in consultation with the Association and the Bank, terms of reference for a study on Organization and Management (O&M) reform program under Part A 1 of the Project for ICAR and a selected number of ICAR's institutes;
 - (b) not later than July 31, 1999, complete the study referred to in (a) above and agree with the Association and the Bank on an action plan to implement its recommendations; and
 - (c) not later than March 31, 2002, engage, in accordance with the provisions of Section II of Schedule 3 to the Development Credit Agreement, consultants to carry out a follow-up study to assess the overall progress and impact of ICAR's O&M reform program under Part A 1 of the Project, and to agree with the Association and the Bank on an action plan to implement the recommendations of the study.
4. ICAR shall, not later than June 30, 1999, carry out, in accordance with terms of reference agreed with the Association and the Bank, a study to examine opportunities for expansion of earnings from ICAR's research products and services, under Part A 1 of the Project, and shall thereafter, in consultation with the Association and the Bank, take all necessary measures to implement the recommendations of the study. 5. ICAR shall select the research proposals under Part B of the Project in accordance with criteria and operational procedures agreed with the Association and the Bank.
6. ICAR shall, in consultation with the Association and the Bank, establish, not later than December 31, 1998, a task force to prepare a research and extension program on gender issues, and shall thereafter implement the program agreed with the Association and the Bank.
7. ICAR shall, by December 31 of each year, starting 1998, prepare and furnish to the Association and the Bank, for the Association's and the Bank's review and comments, an annual work program for the Project for the following year.
8. Without limitations to the provisions of Section 9.06 of the General Conditions Applicable to the Development Credit Agreements and Section 9.08 of the General Conditions Applicable to the Loan and Guarantee Agreements for Single Currency Loans, ICAR shall, starting March 31, 1999, prepare and furnish to the Association and the Bank, for the Association's and the Bank's review and comments, bi-annual and annual progress reports, within 30 days of the reporting period, setting out the progress achieved in carrying out the Project during the previous six months or year, as the case may be.

9. ICAR shall in collaboration with the Borrower cause PMC to:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Association and the Bank the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association and the Bank, and furnish to the Association and the Bank not later than December 31, 1999 and June 30, 2001, reports integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in carrying out the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association and the Bank, by June 30, 2000 and December 31, 2001, or such later dates as the Association and the Bank shall request, the reports referred to in paragraph (b) of this Section, and thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said reports and the Association's and the Bank's views on the matter.

10. ICAR shall (a) select, in accordance with the provisions of Section II of Schedule 3 to the Development Credit Agreement, by September 30, 1998, a management agency with expertise in human resources development, for placing candidates selected for overseas training under the Project, and (b) furnish to the Association and the Bank by December 31 of each year, starting 1998, an annual training plan for the Project, satisfactory to the Association and the Bank.

