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Enabling poor rural people
to overcome poverty

The Republic of India

Jharkhand Tribal Empowerment and Livelihoods Project

Negotiated financing agreement

Executive Board — 106th Session
Rome, 20-21 September 2012

For: **Information**

Negotiated financing agreement: "Jharkhand Tribal Empowerment and Livelihoods Project"

(Negotiations concluded on 3 September 2012)

Loan Number: [_____]

Project Title: Jharkhand Tribal Empowerment and Livelihoods Project (the "Project" or "JTELP")

The Republic of India (the "Borrower")

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and both of them collectively the "Parties")

hereby agree as follows:

WHEREAS:

- (A) The Borrower has requested a loan from the Fund for the purpose of financing the Jharkhand Tribal Empowerment and Livelihoods Project described in Schedule 1 to this Agreement;
- (B) The Project shall be carried out through the State of Jharkhand (the "State") pursuant to a separate agreement of even date herewith between the Fund and the State (the "Project Agreement");

NOW THEREFORE, the Parties hereto hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1) and the Allocation Table (Schedule 2).
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, as may be amended from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement except for the provisions identified in Section E paragraph 4 below. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.
3. The Fund shall provide a Loan to the Borrower (the "Financing"), which the Borrower shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the Loan is thirty-three million five hundred and fifty thousand Special Drawing Rights (SDR 33 550 000).

2. The Loan is granted on highly concessional terms as defined in Section 5.01 (a) of the General Conditions.
3. The Loan Service Payment Currency shall be the United States Dollars (USD).
4. The first day of the applicable Fiscal Year shall be 1 April.
5. Payments of principal and service charge shall be payable on each 15 April and 15 October.
6. The Borrower shall open and maintain a Designated Account denominated in USD, in a bank acceptable to the Fund, for the Project. The Designated account shall be operated by the Ministry of Finance.
7. There shall be a Project Account denominated in local currency opened and operated by the State Project Management Unit (SPMU), which shall be maintained in a bank mutually acceptable to the Jharkhand Tribal Development Society (JTDS) and the Fund.
8. There shall also be fourteen (14) Sub-Project Accounts, one for the benefit of each of the District Project Management Units (DPMUs): All accounts shall be opened and maintained in bank(s) mutually acceptable to the Jharkhand Tribal Development Society (JTDS) and the Fund.
9. The Borrower shall cause the State to provide an amount of approximately seven million nine hundred thousand United States Dollars (USD 7 900 000) to the Project as counterpart financing. The Borrower shall cause the State to provide an amount of approximately fifty-five million seven hundred thousand United States Dollars (USD 55 700 000) to the Project as parallel financing from Special Central Assistance to Tribal Sub-Plans and Mahatma Gandhi National Rural Employment Guarantee Schemes (MGNREGS) ("Parallel Financing") and/or any other source of funding compatible with the Project identified by the State of Jharkhand.

Section C

1. The Welfare Department of the State of Jharkhand shall be the State level nodal agency whilst the Lead Project Agency shall be the Jharkhand Tribal Development Society (JTDS).
2. The following are designated as additional Project Parties:
 - (a) Facilitating Non-Governmental Organisations (FNGOs);
 - (b) Technical Support Agencies (TSAs); and
 - (c) Any other stakeholder identified by the State Project Management Unit (SPMU) in agreement with the Fund.
3. The Project Completion Date shall be the eighth anniversary of the date of entry into force of this Agreement.

Section D

The Loan shall be administered by the Fund and the Project supervised by the Fund.

Section E

1. The following are designated as additional grounds for suspension of this Agreement:

- (a) The registration of JTDS with the State Registrar of Societies shall have been suspended and/or cancelled; and
- (b) The Project Implementation Manual (PIM) or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior agreement of the Fund and the Fund, after consultation with the Borrower, has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the Project, and the Borrower has not taken any measures to remedy the situation.

2. The following are designated as additional general conditions precedent to withdrawal:

- (a) JTDS shall have been duly registered with the State Registrar of Societies.
- (b) The State level Project Coordination Committee (SPCC) and the State Project Management Unit (SPMU) shall have been duly established.
- (c) A State Project Director (SPD) shall have been duly appointed.
- (d) The Designated Account shall have been duly opened by the Borrower.
- (e) The Project Account shall have been duly opened by the SPMU.
- (f) The Project Agreement in form and substance acceptable to the Fund shall have been duly concluded between the Fund and the State of Jharkhand.

3. The following provisions of the general Conditions shall not apply to this Agreement:

As an exception to Section 4.08(a)(ii) of the General Conditions, expenditures of up to the equivalent of USD 42 600 incurred after 1 July 2012 but before the date of entry into force of this Agreement for (a) capacity building and Project staff recruitment (categories III and VII); (b) Technical Assistance to enhance the management systems of JTDS (category VII), and (c) salaries of the SPD, of the Additional Project Director (APD) and the Finance and Administration Manager (FAM) (category VII) may be considered Eligible Expenditures for the purposes of this Agreement, if otherwise eligible, notwithstanding the fact that they have been incurred before the start of the Project Implementation Period.

4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower:

Secretary to the Government of India
Department of Economic Affairs
Ministry of Finance
North Block
New Delhi 110001, India

Facsimile: +91-11-23092039

For the Fund:

The President
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

This Agreement, dated [____], has been prepared in the English language in six (6) original copies, three (3) for the Fund and three (3) for the Borrower.

REPUBLIC OF INDIA

Authorized Representative

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

President

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population.* The Project shall support Scheduled Tribes (STs) households and Particularly Vulnerable Tribal Groups (PTGs) households, women-headed households, rural youth and Below Poverty Line (BPL) households in fourteen Tribal Sub-Plan Districts (each a "Project District" and collectively, "Project Districts") in the State of Jharkhand (the "Project Area") in the Republic of India.

2. *Goal.* The overall goal of the Project is to improve living conditions of tribal people in general and PTGs in particular, covering select blocks and Panchayats in tribal majority blocks of all the Tribal Sub-Plan districts of Jharkhand by empowering and enabling the communities to adopt livelihood options based on sustainable and equitable use of natural resources.

3. *Objective.* The objective of the Project is to foster community-based institutions to empower village communities, especially women, introduce sustainable natural resource management systems and enhance food security and cash incomes by introducing improved farming practices and proven production technologies.

4. *Components.* The Project shall consist of the following Components:

4.1. Component 1: **Community Empowerment:** This component will be comprised of the following three sub-components: (i) Promotion of Self Help Groups (SHGs) and Youth Groups (YGs); (ii) Capacity building of Community Resource Persons (CRPs), Gram Sabha Project Execution Committees and staff of FNGOs and JTDS; and (iii) Special support to PTGs to enable them to access their entitlements. In particular:

- (a) A total of approximately 5 500 SHGs shall be supported in addition to 1 500 existing SHGs under the IFAD-financed Jharkhand Tribal Development Programme (JTDP IFAD Loan No. 506-IN). National Rural Livelihoods Mission (NRLM) Programme processes will be followed to form SHGs to facilitate their integration and convergence with NRLM as it becomes operational across the State. SHGs shall mobilise savings from members and receive seed capital support from the Project. To enable the younger generation to benefit from the Project, approximately 328 Youth Groups shall be set up and provided with seed capital support to enable youth engagement in activities which will allow them to participate in mainstream Project social development and community initiatives and open up new job opportunities for them, thus adding to their future income.
- (b) To enable capacity building, the Project shall engage the services of approximately 30 FNGOs to provide technical, managerial and organisational support to SHGs, Youth Groups, and GS-PECs. FNGOs shall also provide implementation support to the Project in planning and monitoring and evaluation.
- (c) The Project shall support some 10,000 PTG households with intensive capacity building to enable them to access government finance entitlements including *inter alia* the public distribution system, child development services, food rations, widow and old age pensions and other entitlements. PTGs shall also be supported through provision of critical infrastructure, solar lanterns, and health camps.

- 4.2. Component 2: **Integrated Natural Resource Management:** To improve productivity of rain-fed farming, it is foreseen that activities under the following three sub-components will be implemented: (i) Community Mobilisation; (ii) Land and Water Resources Development; and (iii) Productivity Enhancement and Crop Diversification. In particular:
- (a) Building on the foundation provided by SHGs, Gram Sabhas shall be organised and GS-PECs formed to facilitate the preparation, approval, management and supervision of Gram Sabha Natural Resource Management and Livelihood Plans (GSRMLPs). The GSRMLPs shall cover land and water resource development, productivity enhancement, crop diversification and irrigation, income generating activities, and livelihood.
 - (b) With respect to land and water development, the Project shall mobilise funding from the Mahatma Gandhi National Rural Employment Guarantee Scheme and/or other sources of funding to support activities such as: rainwater harvesting; terracing and land development; access roads and paths; and forestry.
 - (c) As part of the GSRMLPs, a Productivity Enhancement and Crop Diversification sub plan shall be prepared through participatory planning. This sub-plan shall include *inter alia*: crop demonstrations, small-scale irrigation and establishment of farmer service centres.
- 4.3. Component 3: **Livelihood Support:** To enhance incomes and minimise distress migration and youth unemployment, the Project shall support activities under the following four sub-components: (i) Support for Income Generating Activities to PTGs and the poorest; (ii) Promoting market-linked production clusters; (iii) Vocational training and placement in urban and rural trades; and (iv) Innovative interventions. In particular:
- (a) Under sub-component (i) above, the Project shall target the most vulnerable segments of the population (PTGs, landless, and village artisans) with a range of income generating opportunities deriving from activities such as backyard poultry production, pig and goat rearing, and artisanal activities.
 - (b) Under sub-component (ii) above, viable market-linked enterprises shall be scaled-up following a cluster approach to ensure economies of scale. Producers shall be organised into groups to share services and to enable aggregation to procure inputs and market produce. Enterprise sub-sectors to be targeted include: vegetable production; mango orchards; tasar silk rearing; lac rearing and goat rearing.
 - (c) Under sub-component (iii) above, the Project shall seek to provide training, scholarships, placements and hand-holding support to tribal children and youth.
 - (d) Under sub-component (iv) above, the Project shall support innovative interventions such as community forestry, lac rearing on *flemingia semialata* and habitat planning for PTG villages.
- 4.4. Component 4: **Project Management:** The Project shall support the establishment of a State Project Management Unit (SPMU) headed by the State Project Director to consolidate plans and budget and manage funds flow, Monitoring and Evaluation and Knowledge Management. To facilitate convergence, a District Project Management Unit shall be established preferably within the Deputy Commissioner's office of each district targeted by the Project.

II. Implementation Arrangements

A. *General Structure*: The Department of Economic Affairs in the Ministry of Finance of the Government of the Republic of India will be the nodal agency in charge of reviewing and monitoring the Project. Project Management and coordination functions at State, District and local levels are described below.

A.1. Management

1. State Level Project Management. Project implementation at State level shall be managed by JTDS, which will be accountable to its General Council and Board of Directors (BoD), as and when reconstituted. The reconstituted General Council and the BoD of JTDS shall comprise the following: (i) Secretary, Welfare Department-Chairperson; (ii) Special Secretary, Welfare department – Vice Chair (iii) SPD, JTDS-Member Secretary; (iv) Commissioner, MGNREGS-Member; (v) Deputy Commissioners of all 14 Tribal Sub-Plan Districts-Members; (vi) Mission Director, National Rural Health Mission-Member; (vii) Mission Director, National Horticulture Mission-Member; (viii) Mission Director, Jharkhand State Watershed Mission-Member; (ix) Mission Director, National Rural Livelihoods Mission-Member; (x) Director, Agriculture Department-Member, and (xi) other Departments as required. In particular, the BoD shall be responsible for: (a) providing direction and guidance for Project implementation; (b) facilitating coordination and convergence between the Project and other government programmes; (c) reviewing and approving overall Annual Work Plan and Budgets (AWPBs) of the Project including that of Project Districts; (d) formulating and revising by-laws, financial regulations and personnel policies of JTDS; (e) approving engagement of TSAs and FNGOs; and (f) reviewing implementation performance of the Project, including actions taken on the internal and external audit observations.

1.1. Subsidiary Agreement. The State of Jharkhand shall enter into a memorandum of understanding ("Subsidiary Agreement") with the JTDS acceptable to the Fund, which shall provide, among other things, that:

- (a) The State shall transfer the proceeds of the Financing and the State's counterpart funds, as Grants-in Aid, as required by the AWPB, to JTDS, in advance;
- (b) JTDS shall declare its commitment to the goal and objective of the Project as stated hereinabove, and, in furtherance of such goal and objective, JTDS shall undertake to carry out the Project in accordance with this Agreement and with the Project Agreement.

2. State Project Management Unit (SPMU). A SPMU shall be established within JTDS, headed by a full time SPD preferably from All India Services, who shall be assisted by an APD and other key staff with fixed term contracts of at least three years, recruited from the open-market based on professional competence, experience in implementing natural resource management and livelihoods interventions, and with knowledge and familiarity with the development needs of tribal people and tribal issues. The SPMU shall be responsible for: (i) establishing District Project Management Units (DPMUs) in each Project District and recruiting staff for SPMU and DPMUs; (ii) supervising and monitoring Project activities and their progress towards achieving physical, financial and outcome related targets; (iii) organising Project coordination meetings and meetings of the BoD of JTDS; (iv) preparing and submitting AWPBs after consolidating the AWPBs of Project Districts and the initial eighteen (18) month procurement plan and subsequent plan covering the period of twelve (12) months of Project implementation for approval by the Fund and the BoD of JTDS; (v) incorporating the budget requirements of the Project into the overall budget of the State and ensuring flow of funds to JTDS; (vi) ensuring release

of Parallel Financing from the Government of the State; (vii) evaluating bids, and finalising and executing partnership agreements/contracts with TSAs, FNGOs, service providers and suppliers of goods and services for implementing various Project activities; (viii) operating the Project Account for timely release of funds to the Project Districts, TSAs, FNGOs and suppliers of goods and services; (ix) receiving statements of expenditure and supporting documents related to fund release from districts, TSAs, FNGOs and suppliers of goods and services and keeping an account of fund release and utilisation; (x) preparing overall Project financial statements by consolidating, among other things, information received from the District Project Management Units (DPMUs); (xi) preparing and submitting withdrawal applications to the Borrower for onward transmission to the Fund; (xii) preparing and submitting progress reports and financial reports semi-annually and annually to the Fund; (xiii) establishing an effective Management Information System (MIS) and Monitoring and Evaluation (M&E) system to track Project progress; (xiv) undertaking knowledge management activities; (xv) preparing Results and Impact Management System data for submission to the Fund; (xvi) engaging internal auditors and ensuring that audit observations and suggested remedial actions are brought to the attention of the BoD of JTDS at each of its meetings; (xvii) ensuring preparation and submission of annual audit reports and financial statements to the Fund and ensuring compliance with the audit observations; and (xviii) liaising with the State administration and line agencies to ensure coordination and convergence to facilitate Project implementation.

3. District Project Management Units (DPMUs). The Project shall establish a DPMU preferably within the office of the Deputy Commissioner in each Project District with a small team of professionals to facilitate sanction and fund release to the Project's implementing partners. Each DPMU shall function as an outpost of JTDS in the relevant Project District and be responsible for: (i) coordinating with FNGOs and TSAs to prepare AWPBs for the Project District; (ii) obtaining technical sanction for the civil works/irrigation works from Accredited Engineers; (iii) obtaining administrative sanction from the Deputy Commissioner for the AWPBs with detailed estimates; (iv) releasing funds to GS-PECs of Gram Sabha; (v) receiving utilisation certificates from the GS-PECs and reconciling the accounts of GS-PECs; (vi) collecting, collating and analysing MIS and M&E data for the Project District for onward submission to SPMU and for providing feedback to FNGOs and TSAs; (vii) ensuring follow up of Land Water Resource Management Sub-Plan of GS-PECs at the Project District level to secure funds flow from MGNREGS to Panchayats; (viii) ensuring convergence between Project activities and activities of other line departments in the Project villages; (ix) conducting audit of books of accounts of GS-PECs and causing the GS-PECs to submit reports to the Gram Sabhas; (x) maintaining books of accounts related to Project expenditure of the Project District, preparing financial reports to be submitted to the SPMU on a regular basis and arranging prompt settlement of advances with SPMU; and (xi) ensuring compliance with audit observations.

B. *Coordination.*

1. State Project Coordination Committee (SPCC). The Government of the State shall establish a state level SPCC chaired by the Chief Secretary. The Secretary of Welfare Department shall act as the Member Secretary of this Committee. The SPCC will meet once every six months to review progress, provide overall guidance and policy support and to facilitate inter-departmental coordination specifically with regard to convergence. The members of the SPCC shall include: (i) Development Commissioner; (ii) Secretary, Finance; (iii) Secretary, Rural Development; (iv) Secretary, Forests; (v) Principle Chief Conservator of Forests; (vi) Secretary, Agriculture; (vii) Secretary, Animal Husbandry and Livestock, (viii) Secretary, Horticulture, (viii) Secretary, Industry; (ix) Special Secretary, Welfare Department; and (x) SPD. In addition, SPCC shall invite representatives from the National Bank for Agriculture and Rural Development (NABARD) and Civil Society and Technical Experts of repute to participate in the SPCC meetings.

2. District Project Coordination Committee (DPCC). A DPCC shall be established in each Project District and will meet quarterly to discuss the Project implementation progress, constraints and remedies. The DPCC shall ensure flow of MGNREGS funds to the Panchayats for implementing Land and Water Resource Development Sub-plans and convergence with other line department programmes. The DPCC shall be chaired by the Deputy Commissioner of the respective Project Districts and the District Project Manager will act as the Member Secretary. The members of the DPCC shall include: (i) District Development Commissioner; (ii) Divisional Forest Officer; (iii) Executive Engineer, MGNREGS; (iv) District Agriculture Officer; (v) District Animal Husbandry Officer; (vi) District Soil Conservation Officer; (vii) Project Director Integrated Tribal Development Agency; (viii) District Horticulture Officer; (ix) Chief Medical Officer; (x) District Welfare Officer; (xi) any other officer from the line department; (xii) District Civil Supplies Officer, (xiii) Block Development officers of project blocks; (xiv) FNGO Representative; (xv) TSA Representatives; (xvi) District Finance and Administration Officer; and (xvii) Planning, M&E and Convergence Officer. Based on need, representatives of NABARD and Lead Bank will also be invited to participate in the DPCC meetings. A representative from SPMU may attend any of the DPCC meetings as and when required.

3. Block Project Coordination Committee (BPCC). A BPCC shall be established in each Block of the Project Area. The BPCC shall meet bi-monthly to discuss approval and review of Land and Water Resource Development activities under GSRMLP through MGNREGS funding. The BPCC shall be chaired by a Block Development Officer with membership including: (i) Chairpersons of all Project Panchayats in the block; (ii) All block level officer; (iii) FNGO Coordinator; (iv) Junior Engineer of FNGO; (v) Junior Engineer of Block level Rural Works Department; (vi) Rozgar Sevak of all Project Panchayats; and (vii) Community Facilitators. The designated district level officer shall act as Secretary to the BPCC.

4. Project Parties.

4.1. Responsibilities. At field level, the Project shall mainly be implemented by the following Project Parties:

- (a) FNGOs: Up to two FNGOs shall be recruited per each Project District, following a fixed-price selection process as per the Fund's rules, to implement Project activities in approximately forty villages covering some five Panchayats in any one block;
- (b) TSAs: The Project shall engage TSAs for each of the Northern, Western and Eastern Region Project Districts to train and provide implementation support to FNGOs;
- (c) Self-Help Groups (SHGs): The Project shall support the formation of SHGs as a tool to empower women and help them overcome exploitative financial relationships and to act as an interface to mobilise the community and to form institutions required for land, water resource development and livelihood related activities;
- (d) GS-PECs: Gram Sabha meetings shall be chaired by the traditional village leader and will have responsibility for implementation of Project activities at local level, including opening and managing bank accounts;
- (e) Producer Groups (PGs): The Project shall facilitate the formation of groups among the poorest households for taking up income generation activities;
- (f) Livelihood Collectives (LCs): It is expected that Specialised Livelihood Collectives will be established by Producer Groups for the purpose of up-scaling livelihood activities.

C. *Project Implementation Manual (PIM).*

C.1. The JTDS shall prepare a draft PIM in consultation with the Fund to be approved by the BoD of the JTDS. The PIM shall include procedures and processes for Project implementation including, *inter alia*:

- (a) Terms of Reference for key Project staff;
- (b) Terms of Reference for FNGOs, TSAs and service providers;
- (c) Procurement processes; and
- (d) Provisions whereby JTDS shall amend its By-laws and enact revisions to its personnel policies and financial regulations, to fully enable it execute the Project.

C.2. The JTDS shall adopt the PIM substantially in the form mutually agreed with the Fund and may make amendments thereto from time to time in agreement with the Fund.

C.3. The Borrower shall cause the Project to be carried out in accordance with the PIM. In case of any discrepancies between the provisions of the PIM and those of this Agreement, the provisions of this Agreement shall prevail.

D. *Mid Term Review.*

D.1. The Lead Project Agency and the Fund shall jointly carry out a review of the Project implementation no later than the fourth anniversary of the Project Implementation Period (the "Mid-Term Review") based on terms of reference prepared by the Lead Project Agency and approved by the Fund. Among other things, the Mid-Term Review shall consider the achievement of Project objectives and the constraints thereon, and recommend such reorientation as may be required to achieve such objectives and remove such constraints. The Borrower shall ensure that the agreed recommendations resulting from the Mid-Term Review are implemented within the specified time therefor and to the satisfaction of the Fund. Such recommendations may result in modifications to this Agreement or cancellation of the Financing.

Schedule 2*Allocation Table*

1. *Allocation of Loan Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan and the allocation of the amounts of the Loan to each Category and the percentages of expenditures for items to be financed in each Category:

Category	Loan Amount Allocated in SDR	% of Eligible Expenditures to be financed
I. Civil works	2 950 000	100% net of taxes, Borrower and State contributions
II. Vehicles & equipment	1 200 000	100% net of taxes and State contributions
III. Capacity building	3 600 000	100% net of taxes
IV. Funds to FNGOs, TSAs, SHGs, GS-PECs, PGs and LCs	3 450 000	100% net of taxes
V. Livelihood financing	6 600 000	100% net of taxes, Borrower, State and Beneficiaries' contributions
VI. Service providers' contracts	6 650 000	100% net of taxes and State contributions
VII. Staff salaries and operating costs	5 800 000	100% net of taxes and State contributions
Unallocated	3 300 000	
TOTAL	33 550 000	

(b) The terms used in the Table above are defined as follows:

Civil works: includes, but is not limited to, buildings, roads and trails, irrigation facilities;

Capacity building: includes activities related to training & workshops, technical assistance, surveys and studies, support to PTGs, promotion of SHGs, M&E and Gender, MIS and vocational training;

Funds to SHGs, GS-PECs: includes financial support to SHGs, GS-PECs, Youth Groups, payments to CRPs;

Livelihood financing: includes support to income generating activities, support to PGs and LCs, and support to FNGOs and TSAs for integrated production and marketing;

Service providers' contracts: includes activities related to contracts with FNGOs and/or any other agency involved in implementing project activities, including promotional costs;

Staff salaries and operating costs: includes incremental salaries, allowances and operations and maintenance costs, excluding salaries paid by the Borrower or the State.

(c) *Retroactive financing.* As an exception to Section 4.08(a) (ii) of the General Conditions, expenditures of up to the equivalent of USD 42 600 incurred after 1 July 2012 but before the date of entry into force of this Agreement for: (a) capacity building and Project staff recruitment (categories III and VII); (b) Technical Assistance to enhance the management systems of JTDS (category VII), and (c) salaries of the SPD, APD and the FAM (category VII) may be considered Eligible Expenditures for the purposes of this Agreement, if otherwise eligible, notwithstanding the fact that they have been incurred before the start of the Project Implementation Period.

Negotiated project agreement: "Jharkhand Tribal Empowerment and Livelihoods Project"

(Negotiations concluded on 3 September 2012)

Loan Number: [_____]

Project Title: Jharkhand Tribal Empowerment and Livelihoods Project (the "Project" or "JTELP")

The State of Jharkhand of the Republic of India (the "State") acting by its Governor
and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and both of them collectively the "Parties")

hereby agree as follows:

WHEREAS: (A) By Financing Agreement dated [_____] (the "Financing Agreement") between the Republic of India (the "Borrower") and the Fund, the Fund has agreed to make available to the Borrower a loan in the amount of thirty-three million five hundred and fifty thousand Special Drawing Rights (SDR 33 550 000) for the purposes of partially financing the Project, but only at the condition that the State agree to undertake such obligations toward the Fund as are set forth in this Agreement;

(B) By a Memorandum of Understanding (the "Subsidiary Agreement"), to be entered into between the State and the Jharkhand Tribal Development Society ("JTDS" or "Lead Project Agency"), to be formed in accordance with the laws of the Borrower for the purpose of implementing the Project in the State, the State shall make a portion of the proceeds of the Financing as received from the Borrower in accordance with the Financing Agreement, together with other funds required for carrying out the Project in the State, available to the Lead Project Agency on terms and conditions set forth therein;

(C) The State, in consideration for the Fund entering into the Financing Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth;

NOW THEREFORE, the Parties hereto hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document and the Financing Agreement.
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, as may be amended from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement.
3. The State declares its commitment to the goal and objective of the Project as set forth in Schedule 1 of the Financing Agreement and accepts the obligations ascribed to it in the Financing Agreement, as valid, binding obligations of the State to the Fund.

4. For the purposes of this Agreement, any obligation of the Borrower, either independently or jointly with the Lead Project Agency/Project Parties to cause or ensure the taking of or forbearance from taking certain actions, shall be deemed a direct obligation of the State to the Fund to take or forbear from taking such actions or to cause or ensure the taking of or forbearance from taking such actions.

5. Any obligation of any Project Party or other implementing agency to take or forebear from taking any actions, shall be deemed a direct obligation of the State to the Fund to cause, or ensure that the JTDS shall cause, such other Project Party or implementing agency to take or forebear from taking such actions.

Section B

1. In accordance with the Financing Agreement, the State shall enter into a Subsidiary Agreement with JTDS in form and substance acceptable by the Fund.

2. The State shall duly perform all its obligations under the Subsidiary Agreement and this Agreement and shall cause JTDS to perform all of its obligations under the Subsidiary Agreement. The State shall ensure that each other Project Party or implementing agency shall perform their respective obligations under the Project and under each other subsidiary agreement or memorandum of understanding which may be entered into to implement the Project.

Section C

The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the State:

Secretary to Welfare Department
Government of Jharkhand
Project Building
Dhurwa, Ranchi
Pin-834004 (Jharkhand)

Facsimile : +91-0651-2400257

For the Fund:

The President
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

This Agreement, dated [____], has been prepared in the English language in six (6) original copies, three (3) for the Fund and three (3) for the State.

STATE OF JHARKHAND

Government of Jharkhand
(Authorised Representative)

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

President