

CONFORMED COPY

LOAN NO. 662-IN

PROGRAMME AGREEMENT

(Post-Tsunami Sustainable Livelihoods Programme for the Coastal Communities of Tamil Nadu)

between the

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

and the

STATE OF TAMIL NADU

Dated 11 November 2005

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PROGRAMME AGREEMENT

PROGRAMME AGREEMENT dated 11 November 2005 between the INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (the "Fund"), and the STATE OF TAMIL NADU OF THE REPUBLIC OF INDIA (the "State").

WHEREAS

(A) by the Programme Loan Agreement of even date herewith (the "Loan Agreement") between the Republic of India acting by its President (the "Borrower") and the Fund, the Fund has agreed to make available to the Borrower an amount in various currencies equivalent to nine million nine hundred and fifty thousand Special Drawing Rights (SDR 9 950 000) for the purpose of financing the Post-Tsunami Sustainable Livelihoods Programme for the Coastal Communities of Tamil Nadu (the "Programme"), on the condition that the State undertakes its obligations toward the Fund as are set forth in this Agreement;

(B) by a Government Order/Memorandum of Understanding to be entered into between the State and the Tamil Nadu Corporation for Development of Women Ltd. (the "Lead Programme Agency" or "TNCDW") (the "TNCDW GO/MOU"), the proceeds of the Loan provided for under the Loan Agreement, together with other funds required for carrying out the Programme, will be made available by the State to the TNCDW for the purpose of implementing the Programme on terms and conditions set forth therein; and

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WHEREAS, the State, in consideration of the Fund entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth;

NOW THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I

General Provisions

SECTION 1.01. *Definitions.* Wherever used in this Agreement, unless the context otherwise requires, the terms defined in the Loan Agreement, the General Conditions and the Preamble to this Agreement shall have the respective meanings set forth therein.

SECTION 1.02. *General Conditions.* The Fund's General Conditions for Agricultural Development Financing dated 2 December 1998 (the "General Conditions") are annexed to this Agreement and all provisions therein (whether or not expressly mentioned herein) are made an integral part hereof, *mutatis mutandis*. If any provision of this Agreement is inconsistent with any such provision of the General Conditions, the provision of this Agreement shall govern, but no provision hereof shall limit the generality of any such provision of the General Conditions, as such provision may be amended, in whole or in part, from time to time. Without prejudice to the generality of the foregoing, for purposes of this Agreement:

- (a) wherever the context requires, the term “Borrower” shall be deemed a reference to the State with respect to the Programme implementation in the State;
- (b) any obligation of the Borrower/Loan Party(ies), either independently or jointly with any Programme Party(ies), 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 such action or to cause or ensure the taking of or forbearance from taking such actions; and
- (c) any obligation of any Programme Party 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 TNCDW shall cause, such Programme Party to take or forebear from taking such actions.

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SECTION 1.03. *References and Headings.* Unless otherwise indicated, references in this Agreement to Articles, Sections or Schedules refer to Articles, Sections or Schedules of this Agreement. The descriptive headings of such Articles, Sections and Schedules are given for convenience of reference only and do not form an integral part of this Agreement.

SECTION 1.04. *Obligations of the State and Programme Parties.* The State shall be responsible to the Fund for the due and timely performance of all obligations ascribed to it, and to all other Programme Parties under this Agreement, the Loan Agreement, any other Loan Document, the TNCDW GO/MOU and the VCF Management Agreement. Any reference to an obligation of a Programme Party in this Agreement shall be deemed an obligation of the State to ensure, or to ensure that the TNCDW ensures, that such Programme Party performs such obligation. The acceptance by any Programme Party of any obligation ascribed to it in this Agreement shall not affect the responsibilities and obligations of the State hereunder. The State shall ensure, or shall ensure that the TNCDW ensures, that each other Programme Party shall perform their respective obligations under the relevant Loan Documents, the TNCDW GO/MOU and the VCF Management Agreement in such a manner as to protect the interests of the Borrower and the Fund and to accomplish the purposes of the Loan.

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ARTICLE II

The Programme

SECTION 2.01. *Programme Implementation.* The State declares its commitment to the goals and purposes of the Programme as stated in Schedule 1 to the Loan Agreement and, in furtherance of such goals and purposes, the State shall, and shall ensure that the Lead Programme Agency and each other Programme Party shall, carry out the Programme in the State:

- (a) with due diligence and efficiency;
- (b) in conformity with all appropriate administrative, engineering, financial, economic, operational, environmental, agricultural development practices (including rural development practices) and good governance;
- (c) in accordance with plans, design standards, specifications, procurement and work schedules and construction methods agreed by the Borrower and the Cooperating Institution;

- (d) substantially in accordance with the AWPBs;
- (e) on the basis of the Programme Implementation Manual;
- (f) with respect to the VCF, substantially in accordance with the Credit By-laws and the VCF Management Agreement;
- (g) otherwise in accordance with this Agreement, the Loan Agreement (in particular, Schedules 1, 3 and 3A thereto), any other Loan Document and the TNCDW GO/MOU; and
- (h) so as to ensure the sustainability of its achievements over time.

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SECTION 2.02. *Availability of Loan Proceeds and Implementation.* The State shall make the proceeds of the Loan available to TNCDW for the purpose of Programme implementation and, to this end, shall enter into a TNCDW GO/MOU with TNCDW in accordance with paragraph 3.3 of Schedule 3 to the Loan Agreement.

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SECTION 2.03. *Use of Proceeds.* The State shall ensure that it and each Programme Party shall use the proceeds of the Loan exclusively to finance Eligible Expenditures in accordance with this Agreement, the Loan Agreement and the General Conditions. Without limiting the generality of the foregoing, it is agreed and understood that it is the policy of the Fund that Loan proceeds not be used to pay Taxes, including (but not limited to) any Taxes levied on the importation, procurement or supply of any goods, civil works or services financed by the Loan.

SECTION 2.04. *Availability of Additional Resources.* (a) In addition to the proceeds of the Loan, the State shall make available to TNCDW and each other Programme Party, promptly as needed, such funds, facilities, services and other resources as may be reasonably required from time to time to carry out the Programme in accordance with this Agreement and the Loan Agreement.

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(b) Without limiting the generality of paragraph (a) above, the State shall make available to the Lead Programme Agency during the Programme Implementation Period counterpart funds from its own resources. For such purpose, the State shall deposit into the Programme Account an initial amount equivalent to counterpart funds for the first three months of Programme implementation, and shall thereafter replenish the Programme Account by depositing the counterpart funds quarterly in advance on the basis of statements of expenditure attesting to the utilisation of at least 60% of the previous advance. The State shall ensure that TNCDW shall make said counterpart funds available to the other Programme Parties as required to carry out the Programme in accordance with the AWPB.

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ARTICLE III

Effectiveness; Termination; Continuing Effect

SECTION 3.01. *Effectiveness.* Upon execution by the Parties hereto, this Agreement shall come into force and effect as of the Effective Date of the Loan Agreement, provided however that the State shall have provided to the Fund a favourable legal opinion, by a competent legal counsel of the State, in form and substance acceptable to the Fund, attesting to the legally binding nature on the State of this Agreement and the TNCDW GO/MOU and that the signature and performance of this

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Agreement and the TNCDW GO/MOU have been duly authorised or ratified by all necessary administrative and governmental action.

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SECTION 3.02. *Termination.* This Agreement and all obligations of the Fund and of the State hereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms.

SECTION 3.03. *Continuing Effect.* All the provisions of this Agreement shall continue in full force and effect notwithstanding any suspension or cancellation that may take place under the General Conditions.

ARTICLE IV

Miscellaneous

SECTION 4.01. *Representative.* The Governor of the State is designated as representative of the State.

SECTION 4.02. *Communications.* Except as otherwise expressly provided in the Loan Documents or requested by the Fund, the State shall address all communications relating to this Agreement to both the Fund and the Cooperating Institution, except for communications regarding procurement (Schedule 4 of the Loan Agreement), which shall be addressed to the Cooperating Institution only.

SECTION 4.03. *Addresses.* The following addresses are specified for all notices, requests, reports and other communications given or made under this Agreement:

For the Fund:

International Fund for Agricultural Development
Via del Serafico, 107
00142 Rome
Italy

Facsimile Number: (3906) 5043463

For the State of Tamil Nadu:

Secretary to Government
Government of Tamil Nadu
Rural Development Department
Fort St. George
Chennai, 600009
India

Facsimile Number: (9144) 25675849

For the Cooperating Institution:

United Nations Office for Project Services (UNOPS)

Midtermolen 3

P. O. Box 2695

DK-2100 Copenhagen

Denmark

Facsimile Number: (0045) 3546 7201

Copy to:

United Nations Office for Project Services
United Nations Service Building – 2nd Floor
Rajadamnern Nok Avenue
Bangkok 10200
Thailand

Facsimile Number: (662) 2881013

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Headquarter¶
The Chrysler Building¶
405 Lexington Avenue, 4th
Floor¶
New York, New York 10174¶
U.S.A.¶
¶
Facsimile
Number: (1212) 457 4001¶

SECTION 4.04. *Language of Communications.* All notices, requests, reports, documents and other information and communications relating to this Agreement, the Loan Agreement and the Programme (including the reports required by Articles IV and V of the Loan Agreement) shall be in the English language.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorised representatives, have signed this Agreement in Rome, Italy, as of the date first above written.

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Signed by: _____ (~~Lennart Båge~~)
President

STATE OF TAMIL NADU

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Signed by: _____ (~~Rajiv Dogra~~)
Authorized Representative

[Annex General Conditions]