
CREDIT NUMBER 4103-IN

Puthu Vazhvu Society Project Agreement

(Tamil Nadu Empowerment and Poverty Reduction "Puthu Vazhvu" Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

TAMIL NADU PUTHU VAZHVU SOCIETY

Dated *September 14, 2005*

CREDIT NUMBER 4103-IN

PROJECT AGREEMENT

AGREEMENT dated *September 14*, 2005, between INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter referred to as the Association) and Tamil Nadu Puthu Vazhvu Society (hereinafter referred to as the State Society).

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 nine million four hundred thousand Special Drawing Rights (SDR 79,400,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that the State Society agrees to undertake such obligations toward the Association as are set forth in this Agreement;

(B) by the Tamil Nadu Project Agreement of even date herewith the Association and the State of Tamil Nadu (hereinafter referred to as Tamil Nadu), Tamil Nadu has undertaken certain obligations towards the Association as set forth in the Tamil Nadu Project Agreement;

(C) all of the proceeds of the Credit provided under the Development Credit Agreement and made available to Tamil Nadu will be released as a grant to the State Society; and

WHEREAS, the State Society, in consideration of the Association's entering into the Development Credit 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 Preamble to this 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) The State Society 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 the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, social 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 limitation upon the provisions of paragraph (a) of this Section and except as the Association and the State Society shall otherwise agree, the State Society shall carry out the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

Section 2.02. (a) The State Society shall, at the request of the Association, exchange views with the Association with regard to the progress of the Project, the performance of its obligations under this Agreement and other matters relating to the purposes of the Credit.

(b) The State Society agrees that it shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the Credit, or the performance by the State Society of its obligations under this Agreement.

Section 2.03. The State Society undertakes that it will provide financing to District Societies, and Village Grants to Beneficiaries under Part A.2 of the Project. To this end the State Society shall:

- (a) enter into a District Participating Agreement with each District Society participating in the Project on terms and conditions acceptable to the Association which shall include the terms and conditions set forth in Part A of Schedule 3 to this Agreement; and
- (b) make available to each District Society in a timely manner and in accordance with the terms of the respective District Participating Agreement: (i) a part of the proceeds of the Credit made available to the State Society by Tamil Nadu; and (ii) a part of the additional funds received by the State Society from Tamil Nadu's own resources in amounts sufficient to cover Tamil Nadu's share of the costs of the Project.

Section 2.04. (a) Except as the Association shall otherwise agree, procurement of the goods, works and services required for the Project and to be financed out of the

proceeds of the Credit shall be governed by the provisions of Schedule 1 to this Agreement, as said provisions may be further elaborated in the Procurement Plan.

(b) The State Society shall update the Procurement Plan in accordance with guidelines acceptable to the Association, and furnish such update to the Association not later than twelve (12) months after the date of the preceding Procurement Plan, for the Association's approval.

Section 2.05. (a) The State Society shall each 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 the Project.

(b) For the purposes of Section 9.06 of the General Conditions and without limitation thereto, the State Society shall:

- (i) prepare, on the basis of guidelines acceptable to the Association and furnish to the Association 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 State Society, a plan for the continued attainment of the Project objectives, and
- (ii) afford the Association a reasonable opportunity to exchange views with the State Society on said plan.

ARTICLE III

Management and Operations of State Society

Section 3.01. The State Society shall carry on its operations and conduct its affairs in accordance with sound administrative, financial and environmental practices under the supervision of qualified and experienced management and assisted by competent staff in adequate numbers.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The State Society shall maintain a financial management system, including records and accounts, and prepare financial statements, in accordance with consistently applied accounting standards acceptable to the Association, adequate to reflect each of its operations and financial condition and to register separately the operations, resources and expenditures related to the Project.

(b) The State Society shall:

- (i) have its financial statements referred to in paragraph (a) of this Section for each fiscal year (or other period agreed to by the Association) audited, in accordance with consistently applied auditing standards acceptable to the Association, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than six (6) months after the end of each such year (or such other period agreed to by the Association): (A) certified copies of the financial statements referred to in paragraph (a) of this Section, for such year (or such other period agreed to by the Association), as so audited; and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Association; and
- (iii) furnish to the Association such other information concerning such records and accounts and the audit of such financial statements, and concerning said auditors, as the Association may from time to time reasonably request.

Section 4.02. (a) The State Society shall prepare and furnish to the Association a financial monitoring report, in form and substance satisfactory to the Association, which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Credit, and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and
- (iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first Financial Monitoring Report shall be furnished to the Association not later than forty-five (45) days after the end of the first quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first quarter; thereafter, each FMR shall be furnished to the Association not later than forty-five (45) days after each subsequent calendar quarter, and shall cover the period not covered by the previous Financial Monitoring Report until the end of such quarter.

Section 4.03. The State Society shall appoint by no later than December 31, 2005 and thereafter maintain during the Project implementation period, internal and external auditors, with qualifications and experience satisfactory and acceptable to the Association.

ARTICLE V

Effective Date; Termination; Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 5.02. (a) This Agreement and all obligations of the Association and of the State Society hereunder 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 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 State Society of this event.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE VI

Miscellaneous Provisions

Section 6.01. 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, telex or facsimile 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. Deliveries made by facsimile transmission shall also be confirmed by mail. 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:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	(202) 477-6391

For the State Society:

Member-Secretary and Project Director
Tamil Nadu Puthu Vazhvu Society
Ministry of Social Welfare
Government of Tamil Nadu
100 Anna Salai
Guindy, Chennai
India

Facsimile:

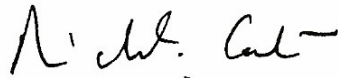
91-44-52085803
91-44-25675183

Section 6.02. (a) Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of the State Society may be taken or executed by the Member-Secretary and Project Director of the State Society, or such other person or persons as the Member-Secretary and Project Director of the State Society shall designate in writing, and the State Society shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. 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 New Delhi, India, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION



By

Country Director, India

TAMIL NADU PUTHU VAZHVVU SOCIETY



By

Authorized Representative

SCHEDULE 1

Procurement and Consultants' Services

Section I. General

A. All goods, works and services (other than consultants' services) shall be procured in accordance with the provisions of Section I of the "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004 (the Procurement Guidelines), and with the provisions of this Schedule.

B. All consultants' services shall be procured in accordance with Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 (the Consultant Guidelines), and with the provisions of this Schedule.

C. The capitalized terms used below in this Schedule to describe particular procurement methods or methods of review by the Association of particular contracts, have the meanings ascribed to them in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

Section II. Particular Methods of Procurement of Goods, Works and Services (other than Consultants' Services)

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, contracts shall be awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Borrower.

B. Other Procurement Procedures

1. National Competitive Bidding. Goods and works estimated to cost less than \$500,000 equivalent per contract may be procured under contracts awarded on the basis of competitive bidding advertised nationally, in accordance with procedures satisfactory to the Association.

2. National Shopping. Goods and works estimated to cost less than \$50,000 equivalent per contract, may be procured under contracts awarded on the basis of Shopping.

3. Direct Contracting. Goods and works under contracts estimated to cost less than \$10,000 equivalent, which the Association agrees meet the requirements for Direct Contracting may be procured in accordance with the provisions of said procurement method.

4. Community Participation. Goods, works and services required for Part A of the Project may be procured on the basis of community participation in accordance with the community participation procedures in accordance with paragraph 3.17 of the Guidelines.

Section III. Particular Methods of Procurement of Consultants' Services

A. Quality- and Cost-based Selection. Except as otherwise provided in Part B of this Section, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$500,000 equivalent per contract may comprise entirely national consultants.

B. Other Procedures

1. Selection Under a Fixed Budget. Services for assignments which the Bank agrees meet the requirements of paragraph 3.5 of the Consultant Guidelines may be procured under contracts awarded on the basis of a Fixed Budget in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications. Services for assignments that meet the requirements set forth in paragraph 3.7 of the Consultant Guidelines may, with the Bank's agreement, be procured in accordance with the provisions of paragraphs 3.7 and 3.8 of the Consultant Guidelines.

3. Single Source Selection. Services for tasks in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for Single Source Selection, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.

4. Individual Consultants. Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis subject to prior approval of the Bank.

Section IV. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

SCHEDULE 2

Implementation Program

Organization and Structure of the State Society

1. Throughout the duration of the Project, the State Society shall be responsible for the management and co-ordination of its Project activities and, for these purposes, shall maintain:

(a) a general body consisting of broad representation from all key stakeholders including community, civil society and other outside members which shall function in accordance with the quorum and frequency described in its Bylaws ;

(b) an executive committee which shall include members from civil society and the corporate sector which shall meet and function in accordance with the quorum and frequency as described in its Bylaws;

(c) SPMU with the staffing and responsibilities, as agreed with the Association;

(d) staff, recruited and in position for a minimum of three years, with skills, qualifications and experience and in sufficient number, all as set forth in the Project Implementation Plan; and

(e) at all times, a state Project director, appointed for a minimum of three years, under satisfactory terms of reference, and with acceptable qualifications and experience all in accordance with the State Society's Memorandum of Association.

Project Implementation and Management

2. The State Society:

(a) shall implement the Project in accordance with the Project Implementation Plan and the procedures, principles and practices set forth in the Community Operational Manual;

(b) shall take all measures necessary to ensure that District Societies carry out their activities under the Project: (i) in conformity with the procedures, principles and practices set forth in the Community Operational Manual; and (ii) in accordance with the terms and conditions of the District Participating Agreements; and

(c) except as the Association shall otherwise agree, shall not amend or waive any provision of the Project Implementation Plan, the Community Operational Manual or any District Participating Agreement, if such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

3. The State Society shall prepare and furnish to the Association, not later than January 31 of each year, commencing January 31, 2005, annual action and procurement plans for implementation of the Project activities in such form and detail as the Association shall request, and finalize, not later than March 31 of each year, such plans, taking into account the Association's recommendations thereon.

Village Grants under Part A of the Project

4. The State Society shall ensure that, for the purposes of each Village Grant, the relevant DPMU, shall, on behalf of the respective District Society, enter into a Financing Agreement with the Beneficiary in the form of the model set forth in the Community Operational Manual, including the terms and conditions set forth in Part B of Schedule 3 to this Agreement, and setting forth the respective obligations of the parties thereunder, including details of disbursement schedules and procurement procedures, a breakdown of the costs and the amount of the contribution to the cost by the Beneficiary, wherever applicable.

5. The State Society shall:

(a) ensure that all recipients of Village Grants are selected by District Societies in accordance with the participatory identification as contained in the Project Implementation Plan;

(b) cause each respective District Society to release funds in a timely manner to Beneficiaries, as the case may be, to finance Subprojects under Financing Agreements all in accordance with the rules, procedures and guidelines as set forth in the Community Operational Manual;

(c) cause each DPMU to appraise and certify the EAG Subprojects for Beneficiaries in accordance with the criteria, Subproject cycle and procedures specified in the Community Operational Manual; and

(d) ensure that funds transferred for Subprojects are used exclusively by Beneficiaries to finance goods, works and services, and in accordance with agreed community contribution, and procedures specified in the Community Operational Manual, and in accordance with the provisions of the relevant Financing Agreement.

6. Support Organization Selection

The State Society shall select the support organizations (NGOs, Community Based Organizations, or similar institutions) assisting in the implementation of the Project, in accordance with eligibility criteria and procedures agreed with the Association and set forth in the Project Implementation Plan.

7. Social and Environmental Safeguards

The State Society, shall:

(a) carry out the Project in accordance with the agreed Environmental Management Framework (including the cultural property action plan and pest management plan) and in a manner satisfactory to the Association;

(b) ensure that the environmental and social screening criteria are updated regularly throughout implementation of the Project and are at all times consistently and satisfactorily applied;

(c) ensure that the environmental and social screening criteria are updated regularly throughout the implementation of the Project;

(d) ensure that all Subprojects are carried out in accordance with the provisions of the Environmental Management Framework; and

(e) without prejudice to the generality of paragraph (a) of this Paragraph 7, implement, in a manner satisfactory to the Association, the Tribal Development Plan agreed with the Association, to ensure that the tribal population in Tamil Nadu benefit fully from the activities under the Project.

Land Acquisition

8. The State Society shall ensure that:

(a) the Project shall be implemented as far as reasonably practicable on publicly-owned land, using exclusively land free from squatters, encroachments or other encumbrances;

(b) the Project shall not involve any compulsory acquisition of land, forcible eviction or involuntary resettlement of persons; and

(c) where unavoidable, land acquisition shall be kept to the strict minimum, and shall be undertaken exclusively on the basis of mutually-agreed sales transactions or voluntary land donations, and in accordance with guidelines and procedures set forth in the Project Implementation Plan, including establishment of appropriate grievance redress mechanisms to address potential disputes arising out of such sales or donations.

Monitoring and Evaluation

9. The State Society shall:

(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 the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about September 30, 2008 a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of 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, by December 31, 2008, or such later date as the Association shall request, the report 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 report and the Association's views on the matter;

10. The State Society shall prepare, throughout implementation of the Project, six-monthly progress reports giving status of Project processes, financial and technical progress; and such other reports as the Association may require from time to time, and provide promptly copies of such reports to the Association.

SCHEDULE 3

District Societies, Village Grants and Subprojects

Part A: Financing Provided to District Societies

1. Eligibility Criteria

Except as the Association shall otherwise agree, Village Grants shall be made only to District Societies which shall satisfy, and continue to satisfy, the eligibility criteria set forth in the Community Operational Manual, which shall include the following:

- (a) the District Society shall be registered under the laws of the Borrower;
- (b) the District Society shall have a proper and transparent accounting system;
- (c) the District Society shall be willing and able to submit regular monitoring reports to the State Society, and to submit to monitoring and evaluation by the State Society or by any outside agency appointed by the State Society for this purpose;
- (d) the District Society shall be willing and able to maintain all relevant records, documents and information in respect of financing received from the State Society, and to furnish the same to the State Society;
- (e) the District Society shall have conducted audits in accordance with laws under which it is registered, and be willing and able to accept mandatory external audits by firms of chartered accountants appointed by the State Society; and
- (f) the District Society shall manage the environmental aspects of its operations in compliance with the Environmental Management Framework.

2. Organization and Structure

In order to be eligible, a District Society shall, throughout the duration of the Project, undertake to be responsible for the management and co-ordination of the Project activities within its District, and for these purposes, shall:

- (a) maintain a general body consisting of broad representation from all key stakeholders including community, civil society and other outside members which shall function in accordance with the quorum and frequency described in the Bylaws;

(b) maintain an Executive Committee which shall include members from civil society and the corporate sector which shall meet and function in accordance with the quorum and frequency described in the Bylaws;

(c) establish, and thereafter maintain, a DPMU with staffing and responsibilities as agreed with the Association;

(d) recruit staff, to be in position for a minimum of three years, with skills, qualifications and experience and in sufficient number, all as set forth in the Project Implementation Plan; and

(e) establish, by no later than three (3) months after the Effective Date, and thereafter maintain, PFTs in its respective District to assist in preparation and implementation of Subprojects.

3. Terms and Conditions of District Participating Agreements

Each eligible District Society shall enter into a written agreement (a District Participating Agreement) with the State Society, such agreement to provide, *inter alia*, for:

(a) the District Society to declare its commitment to the objectives of the Project and to undertake to conduct its operations and affairs in accordance with sound financial standards and practices, with qualified and experienced management and in accordance with its Bylaws;

(b) the District Society to establish and maintain satisfactory procedures and operational policies for supervision and monitoring of Subprojects so as to ensure the achievement of the objectives of the Project;

(c) the District Society to ensure that the proceeds of Village Grants shall be utilized to finance Subprojects in accordance with the procedures and on the terms and conditions set forth or referred to in the Community Operational Manual;

(d) the District Society to exercise its rights under each Financing Agreement in such manner as to:

- (i) protect the interests of the Borrower, the Association, Tamil Nadu, the State Society and the District Society;
- (ii) comply with its obligations under the District Participating Agreement and the Financing Agreement; and
- (iii) achieve the purposes of the Project;

(e) the District Society to duly perform all its obligations under the District Participating Agreement, and not take or concur in any action which would have the effect of assigning, amending, abrogating or waiving the District Participating Agreement or any provision thereof;

(f) the District Society, at the request of the State Society, to exchange views with the State Society with regard to the performance of its obligations under the District Participating Agreement and other matters relating to the purposes of the Project;

(g) the District Society to promptly inform the State Society of any condition which interferes or threatens to interfere with the accomplishment of the purposes of the Credit or the performance by the District Society of its obligations under the District Participating Agreement;

(h) the District Society to: (i) maintain procedures adequate to monitor and record the progress of Subprojects for which Village Grants have been made through it; (ii) to maintain records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures of the District Society in respect of the Project and said Subprojects; and (iii) to have such records and accounts audited in accordance with appropriate auditing principles consistently applied by an independent auditor acceptable to the State Society;

(i) the District Society to provide to the State Society all records, documents and information in respect of Village Grants made through it, the Subprojects for which such Village Grants have been made, and other activities of the District Society, as the State Society shall reasonably request;

(j) the District Society to provide to the State Society, at regular intervals specified by the State Society, reports indicating the aggregate amount of financing provided under Village Grants;

(k) The State Society to have the right to suspend or terminate the right of the District Society to use the proceeds of the Credit for making Village Grants:

(i) upon failure by the District Society to perform its obligations under the District Participating Agreement, or upon notice by the Association to the Borrower that it intends to exercise any of its remedies under Sections 6.02 or 7.01 of the General Conditions or Article V of the Development Credit Agreement; or

(ii) upon notice by the District Society that it intends to terminate the District Participating Agreement or upon the actual termination of the District Participating Agreement, whichever occurs first.

Part B: Village Grants and Terms and Conditions of Financing Agreements

Village Grants shall be made on such terms that shall enable the District Society concerned to obtain by written contract (a Financing Agreement) with the Beneficiary rights adequate to protect the interests of the Borrower, the Association, the State Society and the District Society, including the right to:

(a) require that the Subproject for which the Village Grant is made be carried out in accordance with the Community Operational Manual, with due diligence and efficiency and in accordance with sound technical, financial, environmental and managerial standards and that adequate records to reflect the operations, resources and expenditures in respect of the Subproject be maintained;

(b) require that:

(i) the goods, works and services to be financed from the proceeds of the Credit be procured in accordance with the procedures set forth in Schedule 1 to this Agreement; and

(ii) such goods, works and services be used exclusively in the carrying out of the Subproject for which the Village Grant is made;

(c) ensure that the District Society may inspect by itself, or jointly with the State Society and/or the Association, if the State Society and/or the Association shall so request, the goods, works and services included in the Subproject for which the Village Grant is made, the operations thereof and any relevant records and documents;

(d) enable the District Society to obtain all such information as the District Society or the State Society or the Association shall reasonably request, regarding the administration, operation and financial condition of the Subproject for which the Village Grant is made; and

(e) suspend or terminate the right of the Beneficiary to use the proceeds of the Credit for the Subproject for which the Village Grant is made upon the failure by the Beneficiary to perform any of its obligations under the Financing Agreement.