

# Contract for Local Subsidies

Contract number: 83304245  
Processing number (12 digits): 13.2112.4-001.00  
Project: Green Logistics  
Country: India  
Location: New Delhi

The

**Deutsche Gesellschaft für  
Internationale Zusammenarbeit (GIZ) GmbH, Eschborn,  
Germany**  
represented by

Ms Namerta Sharma  
Project Director  
hereinafter referred to as "GIZ"

and the  
Grama Vikas  
represented by

Mr M V N Rao ,Executive Director  
Honnsethalli, Yelagondahalli  
P.O.563127  
Kolar District  
hereinafter referred to as "the Recipient"

herewith agree on the following to govern the granting of a local subsidy from GIZ project funds as part of the contributions of the Federal Republic of Germany for the above-mentioned project and for the promotion period from October 20,2018 to October 20, 2019 on the basis of the Exchange of Notes/Project Agreement and/or the Implementation Agreement between the Government of the Federal Republic of Germany and the Government of India.

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Internationale Zusammenarbeit (GIZ) GmbH

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**1. Amount and use of the local subsidy**

1.1 GIZ shall grant a subsidy of up to INR 3,038,500  
(in words: Indian rupees thirty lakhs thirty eight thousand five hundred only )

1.2 This subsidy is intended exclusively for the payment of costs towards supporting the strengthening of Farmer Interest Groups promoted by 5 Farmer Producer's Organisations in Karnataka.

Any remaining amount must be repaid to GIZ. Additional costs shall be borne by the Recipient itself.

**Refer to Annex 4 for detailed budget.**

1.3 The Recipient shall be advised in implementing the measures specified in Article 1.2 by the Project Director or his/her nominated representative and shall comply with their recommendations.

1.4 The Recipient shall ensure that the persons it has charged with the preparation and implementation of the specified measures and in particular the awarding of contracts for the supplies and services being financed do not demand, accept, provide, grant, pledge or have had pledged to them any illegal payments or other advantages in connection with these tasks.

1.5 The Recipient must take appropriate steps to ensure that it enters into business and maintains such business relations only with such third parties that are reliable and to whom no statutory ban on doing business applies. In particular, by checking against the sanctions lists published by the United Nations Security Council, the EU and the Federal Republic of Germany, the Recipient shall ensure that the funds are neither directly nor indirectly made available to third parties included in the aforementioned lists. When implementing the measures, the Recipient shall also ensure that it does not contravene any embargoes or other trade restrictions imposed by the United Nations, the EU or the Federal Republic of Germany.

## 2. Disbursement of the local subsidy

The disbursements under this contract shall always be contingent upon the Recipient being duly registered under and continuing for the duration of the Project to remain eligible to receive Foreign Contributions under the Foreign Contribution (Regulation) Act 2010.

The Recipient shall, at all times prior to disbursement of the local subsidy and during the term of the project continue to meet the following conditions:

- Possess and maintain as valid without any violation or contravention of the Foreign Contribution (Regulation) Act 2010, the FCRA registration submitted to GIZ
- Strictly comply in letter and spirit with the applicable statutory and regulatory provisions including the provisions of the FCRA and further comply with all other terms and conditions of the FCRA registration
- As required by the FCRA and Para No. 4 of the above said FCRA registration specifically comply with the condition prohibiting Grama Vikas from passing any funds to any person or association in India that does not have either prior permission or a registration under FCRA or which is a prohibited organisation under FCRA.
- Ensure that all contracts for services are not entered into with any organisation or person(s) that are blacklisted or prohibited under the FCRA or under any other law and that the said contract for services is a bona-fide contract for services for implementation support of specific tasks and pay a fee based on clear tasks, deliverables, timelines and qualitative and quantitative parameters.

The Recipient must meet the following conditions before the local subsidy is disbursed:

- Sign this agreement in a legally binding manner
- Submit/provide recipient's own contribution in terms of human resource cost and other costs as mentioned in the proposal

- 2.2 Payment of this subsidy will take the form of advance instalments in line with quarterly requirements. The last / final installment will be in the form of reimbursement of expenses.



If at least 80% of the previous funds have been settled before the next disbursement date, the next advance payment can be requested. The advance payment must be requested in writing.

Any remaining funds held by the Recipient will be offset against the following disbursement.

The GIZ subsidy amounting to **INR 3,038,500 (Indian Rupees thirty lakhs twenty thirty eight thousand five hundred only )**, shall be paid as per the following schedule.

Payment dates	Amount in INR
October 2018	759,625
January 2019	759,625
April 2019	759,625
October 2019	759,625 (the last instalment is in the form of reimbursement of expenses)

The recipient shall at the time of payment provide financial and technical reports for the previous period. The final payment will be made at the end of the project and on receipt and approval of the final report along with a composite expenditure statement and original vouchers as per Annex 1 to this agreement.

***(Grama Vikas shall provide original bills along with attested photocopies for expense heads related to the GIZ contribution. Original invoices shall be returned to Grama Vikas after validation from GIZ)***

- 2.3 Upon receipt of payment of a subsidy, the Recipient shall provide GIZ with a properly signed receipt specifying the purpose for which the subsidy is to be used.

For bank transfers, the Recipient shall submit with the statement of account the voucher specifying that the funds have been received (bank statement).

- 2.4 The Recipient shall set up a special bank account for the transfer of funds and shall provide evidence of this together with the request for the first advance payment.

**3. Accounting procedure for the local subsidy and reporting**

- 3.1 Together with the forms of evidence of use for the stipulated purpose as specified below, the Recipient shall complete, sign, and submit the List of Expenditures attached as Annex 1.
- 3.2 The Recipient shall provide evidence that the funds provided have been used for the stipulated purpose. As evidence of this, the Recipient shall submit to GIZ, as originals in each case, duly receipted commercial invoices, along with proof that services have been performed and payments made and/or receivables record sheets, which the Recipient has checked and signed as factually correct within 2 weeks after the end of the respective advance payment period.
- 3.3 For cash disbursements in foreign currency, the Recipient shall submit original currency exchange vouchers.
- 3.4 Without affecting its rights pursuant to Section 6, GIZ is entitled to request that the Recipient submit with the settlement of project accounts a brief written description of the course of implementation and success of the financed measure.
- 3.5 After all activities are completed any remaining funds shall be repaid to GIZ without a request to this effect.

*[Handwritten signature]*

*[Handwritten initials AA]*

#### **4. Order placement procedure**

When placing orders for supplies and contracting services to be financed from this subsidy, the Recipient shall observe the regulations laid down by GIZ and the provisions specified in Annex 2 (Placement of Orders for Supplies and Services), which constitutes a component of this contract. The documents specified there are to be submitted with the corresponding vouchers. All procurements shall be made in close consultation with the GIZ adviser or the GIZ office.

#### **5. Employment contract**

If salaries are financed, the Recipient shall conclude employment contracts with the persons concerned in accordance with local regulations. Copies of the corresponding employment contracts must be submitted at the latest together with the request for disbursement of the first advance payment.

#### **6. Withholding and cancellation of disbursement, repayment of the local subsidy**

- 6.1. GIZ is entitled to suspend or cancel disbursement of the subsidy if:
- a) the Recipient fails to submit evidence in accordance with 3.2 of the proper use of those funds already received;
  - b) the Recipient has made incorrect disclosures or fraudulently withheld information related to the subsidy before entering into this agreement or during its implementation;
  - c) the Recipient has breached other significant terms of this agreement or
  - d) exceptional circumstances arise that seriously jeopardise or entirely prevent the successful implementation of the measure by the Recipient.
- 6.2. GIZ is entitled to demand immediate repayment of the amounts disbursed if any of the circumstances set out in 6.1 a-c) occur. In the case of 6.1 a), repayment is



Page 7/8

limited to the amounts that have not verifiably been used for the stipulated purpose.

## 7. Project audit

The Recipient shall enable GIZ and its representatives to examine the books and documents kept for the financed measures at any time, and to inspect the procured items or results of work, and shall provide all requested information.

## 8. Reporting

A brief final report is to be submitted in hard copy and electronic version by October 20, 2019 to Ms Namerta Sharma ,Project Director. The recipient shall provide details on any inputs of its own that were agreed.

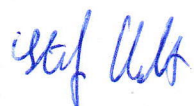
## 9. Applicable law

8.1 This agreement shall be governed by the law applicable at the official location of the Recipient.

8.2 The place of jurisdiction shall be New Delhi,India .

Issued as two originals, one for the Recipient and one for GIZ.

GIZ :



Mr Stefan Roth  
Head of Administration  
& Finance



Ms Namerta Sharma  
Project Director

Recipient :



Mr MVN Rao  
Executive Director





Page 8/8

Annexes:

1. List of expenditures
2. Placement of orders for supplies and awarding of contracts for services
3. Request for advance payment
4. Budget





## Annex 2

### Awarding contracts for services

The prevailing regulations of the recipient country must always be observed; the procedures described below constitute minimum standards.

Contract value	Procedure	Order placement/Contract award documentation
<b>SUPPLIES and SERVICES (business with BMZ)</b>		
up to EUR 1,000	<ul style="list-style-type: none"><li>• Informal; direct purchase permissible</li></ul>	
from EUR 1,000 to EUR 20,000	<ul style="list-style-type: none"><li>• Solicit at least three written bids</li><li>• Formal tender pursuant to own criteria</li></ul>	<ul style="list-style-type: none"><li>• Justification of contract award: Written documentation of bid solicitation and contract award decision</li><li>• If a formal tender is held, this is to be documented.</li></ul>
over EUR 20,000	<ul style="list-style-type: none"><li>• Carry out formal tender: as a rule, public or restricted tender</li></ul>	<ul style="list-style-type: none"><li>• Justification of contract award: Documentation of tender and contract award decision</li></ul>

The direct award of commissions with a value of EUR 1,000 or over to a specific contractor without soliciting bids is possible only in justified exceptional cases, for example, if the service can be carried out or provided only by one specific company (unique selling point) or if three local bidders do not exist. This must be documented in the justification of contract award.

**Annex 3**

**Request for Advance Payment**

Recipient

Name:

Address:

Email:

To

Deutsche Gesellschaft für  
Internationale Zusammenarbeit (GIZ) GmbH

Contract number:

Request for advance payment

For the period from            to

In accordance with Article 2.2 of the Contract for a Local Subsidy  
we hereby request the following advance payment

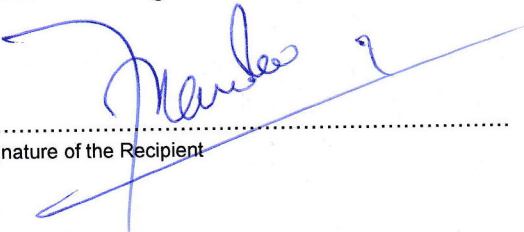
(currency) (amount)

Preferred method of payment (please mark with an x)

- cheque
- cash disbursement
- transfer to the following bank account:  
Account holder:  
Bank details

Evidence that a separate bank account has been opened is enclosed/was provided at the time of the first request for payment (if required according to Article 2.4 of the contract).

.....  
Place, date

  
.....  
Signature of the Recipient

.....  
Place, date

.....  
Signature of the GIZ officer responsible for  
contract and cooperation

## Annex 4

### Budget (in INR)

Sr.No	Particulars	Unit	Fee/month	No of Months	Total GIZ Contribution
<b>Project Execution</b>					
1	Executive Director	1	35,000	12	420,000
2	Coordinators	2	45,000	12	540,000
3	Accountant	1	15,000	12	180,000
4	Travel expenses (Bus,train,taxi & other)	2 persons	20000	12	240,000
	<b>Subtotal</b>				<b>1,380,000</b>
<b>Awareness Activities</b>					
5	Honorarium for Resource persons of SIRD	6	13,000	12	936,000
6	Travel Allowance	6	5,000	12	360,000
7	Trainings to Farmers Interest Group every quarter	250 FIGs	250	4	250,000
8	Trainings to Farmer Producers Companies BoDs	5 FPOs	1,500	9	67,500
9	Training to Livelihood Standing Committee members of Gram Panchayat	10 GPs	500	9	45,000
	<b>Subtotal</b>				<b>16,58,500</b>
	<b>Grand Total</b>				<b>3,038,500</b>

### Grama Vikas Contribution

Proportionate fee for administration & finance coordinator	1 person	20,000	12	240,000
Overheads		20,000	12	240,000
<b>Total</b>				<b>480,000</b>

- Grama Vikas shall provide original bills along with attested photocopies for expense heads related to GIZ contribution.
- Original invoices shall be returned to Grama Vikas after validation from GIZ.

*Handwritten signature in blue ink.*