Global Environment Facility
Grant Agreement

(Ecosystems Service Improvement Project)

between

INDIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Agency of the Global Environment Facility

Dated August 16, 2017
GEF GRANT NUMBER TF0A3990

GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT

AGREEMENT dated AUGUST 16, 2017, entered into between INDIA ("Recipient"); and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as an implementing agency of the Global Environment Facility ("GEF").

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in the Appendix to this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient, through MOEFCC, shall:

(a) carry out Part 4 of the Project; and

(b) ensure that each of the Project Participating Entities carries out its Respective Parts of the Project, all in accordance with the provisions of Article II of the Standard Conditions and the respective agreement dated the same date as this Agreement between the World Bank and each such Project Participating Entity, as each such agreement may be amended from time to time (each, a "Project Agreement").

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that its Respective Parts of the Project are carried out in accordance with the provisions of Schedule 2 to this Agreement.
Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to twenty four million six hundred and forty thousand Dollars ($24,640,000) ("Grant") to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Additional Remedies

4.01. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:

(a) the Recipient has taken or has permitted to be taken any action which would prevent or interfere with the performance by any Project Participating Entity of its obligations under its respective Project Agreement, as the case may be;

(b) any Project Participating Entity has failed to perform any obligation under its respective Project Agreement, as the case may be;

(c) as a result of events which have occurred after the date of this Agreement, an extraordinary situation has arisen which makes it improbable that any Project Participating Entity will be able to perform its obligations under its respective Project Agreement, as the case may be; and

(d) the World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that, prior to such date, but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient's right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.
Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:

(a) The execution and delivery of this Agreement on behalf of the Recipient and the Project Agreements on behalf of each of the Project Participating Entities have been duly authorized or ratified by all necessary governmental and corporate action;

(b) The Subsidiary Agreement referred to in Section 1.C of Schedule 2 to this Agreement has been executed on behalf of the Recipient, through MOEFCC, and ICFRE; and

(c) The Recipient, through MOEFCC, has adopted the Project Implementation Plan in form and substance satisfactory to the World Bank.

5.02. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient and the Project Participating Entities notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.03. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient’s Representative; Addresses

6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is any of the following officials, acting severally: the Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary, or Under Secretary of the Department of Economic Affairs of the Recipient’s Ministry of Finance.
6.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Secretary
Department of Economic Affairs
Ministry of Finance
Government of India
North Block
New Delhi 110 001, India

Facsimile:

+91-11-23092247

6.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED at NEW DELHI, India, as of the day and year first above written.

INDIA

By

Authorized Representative

Name: SAMEER KUMAR KHARE

Title: JOINT SECRETARY

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Agency of the Global Environment Facility

By

Authorized Representative

Name: HISHAM ABDO

Title: ACTING COUNTRY DIRECTOR, INDIA
SCHEDULE 1

Project Description

The objective of the Project is to improve forest quality, land management and non-timber forest produce (NTFP) benefits for forest dependent communities in selected landscapes in Madhya Pradesh and Chhattisgarh.

The Project consists of the following parts:

Part 1. Strengthen capacity of government institutions in forestry and land management programs in Madhya Pradesh and Chhattisgarh

Strengthening the capacity and skills of Participating States’ State Forest Departments, relevant agencies, and local communities in delivering forest ecosystem quality improvement and land management programs and piloting systems for measuring and monitoring forest carbon stocks in selected areas of the territory of the Participating States.

Part 2. Investments for improving forest quality in selected landscapes

(a) Enhancing and restoring carbon stocks in forestlands in the Participating States through, inter alia: (i) improving, upgrading and modernizing selected forest nurseries for raising high-quality native species and planting material; (ii) introducing new and innovative processes for soil preparation, forest enrichment planting, and protection works in degraded forest types in production forests landscapes and non-forest lands; and (iii) undertaking demonstrative pilots for rehabilitation of degraded forest patches and integration of sustainable resource use practices.

(b) Developing community-based models for the sustainable utilization of NTFP in Participating States through the formalization of usufruct rights, the financing of value addition and marketing activities to traditional NTFP resources and the creation and management of Community Reserves in the Participating States.

Part 3. Scaling-up sustainable land and ecosystem management in selected landscapes

Supporting on-the-ground sustainable land management interventions in private land holdings and Common Property Resources through, inter alia: (i) the application and scaling up of SLEM best practices in selected landscapes; and (ii) building national capacity for land degradation and desertification monitoring and for supporting the development and implementation of a national knowledge network.
Part 4. Project Management

Provision of support to the Project Management Unit and the PPE PIUs for Project management, including administrative, supervision, monitoring, evaluation, financial management, procurement, and safeguards aspects.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient, through MOEFCC, shall establish no later than one (1) month after the Effective Date, and thereafter maintain throughout the period of implementation of the Project, a Project Steering Committee, chaired by the Mission Director, GIM, and including representatives from the office of the GEF operational focal point and other relevant officials of MOEFCC, which shall be responsible for the general oversight, guidance, and coordination of all activities related to the implementation of the Project, including approval of Annual Action Plans, and coordination and supervision of PPE PIUs.

2. The Recipient, through MOEFCC, shall maintain throughout the period of Project implementation a Project Management Unit housed within the GIM Division and supported by a multi-disciplinary team of suitably qualified personnel, with experience, qualifications, functions, and terms of reference acceptable to the World Bank, including experts in the forestry, environment, and social sectors, which shall be responsible for, inter alia, the day-to-day management of the activities under the Project, including overall budgeting, disbursement, auditing, procurement, financial management, environmental and social safeguards, monitoring, reporting and evaluation activities and for providing coordination, guidance and advisory support to PPE PIUs.

B. On-Granting Arrangements with Participating States

1. To facilitate the Participating States’ carrying out of their Respective Parts of the Project, the Recipient shall make part of the proceeds of the Grant available to the Participating States in accordance with the Recipient’s standard arrangements for development assistance to the States of India.

2. The Recipient shall protect the interests of the World Bank to accomplish the purposes of the Grant.

C. Subsidiary Agreement with ICFRE

1. For purposes of carrying out ICFRE’s Respective Part of the Project, the Recipient, through MOEFCC, shall enter into a subsidiary agreement with ICFRE, on terms and conditions agreed with the World Bank, which agreement shall set forth: (a) the portion of the Grant to be made available by the Recipient, through MOEFCC, to ICFRE for the purpose of ICFRE’s carrying out its Respective Part of the
Project; and (b) ICFRE’s representations, obligations, responsibilities and undertakings consistent with those set forth in its respective Project Agreement.

2. The Recipient, through MOEFCC, shall ensure that ICFRE carries out its Respective Part of the Project in accordance with the terms of its Subsidiary Agreement and the requirements of its respective Project Agreement. Only those activities undertaken by ICFRE in accordance with the terms of its Subsidiary Agreement and the requirements of its respective Project Agreement shall be eligible for financing out of the proceeds of the Grant.

3. The Recipient, through MOEFCC, shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. In the event of any inconsistency between the provisions of the Subsidiary Agreement, on the one hand, and those of this Agreement and/or the Project Agreement, on the other hand, this Agreement and/or the Project Agreement shall prevail.

D. Anti-Corruption

The Recipient shall carry out its obligations under this Agreement, and ensure that the Project Participating Entities carry out their obligations under the respective Project Agreements, all in accordance with the provisions of the Anti-Corruption Guidelines.

E. Safeguards

1. The Recipient, through MOEFCC, shall:

(a) carry out its Respective Part of the Project, in accordance with the Environmental and Social Management Framework and Tribal Development Framework, and the required plan(s) and assessment(s) prepared, and/or to be prepared thereunder, in each case in a manner and in substance as agreed with the World Bank (together the “Safeguard Documents”);

(b) refrain from taking any action which would prevent or interfere with the implementation of the Safeguard Documents, including any amendment, suspension, waiver, annulment and/or voidance of any provision of the Safeguard Documents, whether in whole or in part, without the prior written concurrence of the World Bank;

(c) ensure that the Project shall not: (i) involve Involuntary Resettlement; and (ii) introduce any restrictions on community access to natural resources unless voluntarily agreed and documented by said communities through a consultative process satisfactory to the World Bank; and
(d) ensure that the environmental and social screening criteria set forth in the Environmental and Social Management Framework and Tribal Development Framework are consistently applied at all times in a manner satisfactory to the World Bank.

2. In the event of any inconsistency between the provisions of the Safeguard Documents and those of this Agreement, the latter shall prevail.

3. Without limitation on the provisions of Section II.A.1 of this Schedule, the Recipient, through MOEFCC, shall take all measures necessary on its part to regularly collect, compile, and submit to the World Bank, as part of the Project Reports, information on the status of compliance with the Safeguard Documents, providing details of:

(a) measures taken in furtherance of such instruments;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such instruments; and

(c) remedial measures taken or required to be taken to address any conditions referred to in the preceding sub-paragraph (b).

F. Project Implementation Plan

1. The Recipient, through MOEFCC, shall carry out the Project in accordance with a project implementation plan, agreed upon with the World Bank (the “Project Implementation Plan”).

2. The Recipient, through MOEFCC, shall not amend, delete, or waive any provision of the Project Implementation Plan without the World Bank’s prior written approval. To the extent of any inconsistency between the provisions of the Project Implementation Plan and those of this Agreement, the latter shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient, through MOEFCC, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty five (45) days after the end of the period covered by such report.
2. The Recipient, through MOEFCC, shall prepare the Completion Report in accordance with the provisions of Section 2.06(b)(ii) of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient, through MOEFCC, shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient, through MOEFCC, shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient, through MOEFCC, shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than nine (9) months after the end of such period.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, works, non-consulting services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

   (a) Section I of the Procurement Guidelines in the case of goods, works and non-consulting services, and Sections I and IV of the Consultant Guidelines in the case of consultants' services; and

   (b) the provisions of this Section III, as the same shall be elaborated in the Procurement Plan.

2. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.
B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding, subject to the additional provisions agreed from time to time in the Procurement Plan; (c) Shopping; (d) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the World Bank; (e) Direct Contracting; (f) Force Account; and (g) Community Participation procedures which have been found acceptable to the World Bank.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the World Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank. For avoidance of doubts, the World Bank shall be entitled to conduct, at any time, independent procurement reviews of all the contracts financed under this Grant.
Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, works, non-consulting services, consultants' services, Training and Operating Costs</td>
<td>24,640,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>24,640,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed four million nine hundred and twenty-eight thousand Dollars (US$4,928,000) equivalent may be made for payments made prior to this date but on or after August 1, 2016, for Eligible Expenditures.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is July 30, 2022.
APPENDIX

Definitions

1. “Annual Action Plans” means the plans prepared by the Project Participating Entities on an annual basis which reflect the physical and financial targets against each activity that will be implemented for each subsequent year of Project implementation.


3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


5. “Common Property Resources” means resources accessible to and collectively owned, held, and managed by an identifiable community and on which no individual has exclusive property rights.

6. “Community Reserves” means any private or community land declared as such and managed in accordance with the Indian Wildlife (Protection) Act on the protection of wild animals, birds and plants, dated September 9, 1972, as amended through January 20, 2003.


8. “Environmental and Social Management Framework and Tribal Development Framework” means the safeguard document acceptable to the World Bank dated December 2016, which guides the identification and assessment of the potential environmental and social impacts and risks of the activities financed under the Project and recommends measures to mitigate the potential negative environmental and social impacts arising out of the Project, as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any annexes, appendices, or schedules to such safeguard document.

9. “GIM” means Green India Mission, one of the eight missions under the Recipient’s National Action Plan on Climate Change released on June 30, 2008, providing a road map to combat climate change.
10. “GIM Division” means the unit within MOEFCC responsible for the implementation and oversight of the GIM.

11. “ICFRE” means Indian Council of Forestry Research and Education, an autonomous body of the MOEFCC, whose mandate is to organize, direct, and manage research and education in the forestry sector.

12. “Involuntary Resettlement” means the following, caused on account of Project implementation: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihood of the affected person.


14. “Ministry of Environment, Forests, and Climate Change” and the acronym “MOEFCC” means the ministry of the Recipient’s central government responsible for the planning, promotion, co-ordination and overseeing the implementation of environmental and forestry policies and programs, or a successor thereto.

15. “NTFP” means non-timber forest produce.

16. “Operating Costs” means reasonable costs of incremental expenditures incurred by MOEFCC and/or the Project Participating Entities on account of the Project implementation, management and monitoring, including, inter alia: (i) costs of incremental staff salaries (other than consultants); (ii) dissemination of project related information; (iii) office rental and leasing operation and maintenance and repair of equipment; (iv) office supplies and utilities; (v) travel (including air travel) and boarding/lodging allowances; (vi) leasing, operation, and maintenance of vehicles; (vii) advertising and communication expenses; and (viii) bank charges.

17. “Participating State” means any of the states of Madhya Pradesh and Chhattisgarh, and the term “Participating States” means both states jointly considered.

18. “PPE PIUs” means, collectively, the implementation units established by each of the Project Participating Entities to manage the day-to-day execution of Project activities; and “Project Implementation Unit” and the acronym “PIU” mean each such implementation units, individually considered.

20. "Procurement Plan" means the procurement plan for the Project, dated May 19, 2017, prepared and updated from time to time by the Recipient in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines.

21. "Project Agreement" means the agreement between the World Bank and each Project Participating Entity relating to the implementation their Respective Parts of the Project, as such agreement may be amended from time to time.

22. "Project Implementation Plan" means the implementation plan for the Project to be prepared by the MOEFCC and to be subscribed by the Project Participating Entities, in a manner and substance satisfactory to the World Bank, and referred to in Section I.F of Schedule 2 to this Agreement.

23. "Project Participating Entities" or "PPE" means, collectively, the Participating States and ICFRE; and "Project Participating Entity" means each such Participating State or ICFRE, individually considered.

24. "Project Management Unit" means the unit referred to in Section I.A.2 of Schedule 2 to this Agreement.

25. "Project Steering Committee" means the committee referred to in Section I.A.1 of Schedule 2 to this Agreement.

26. "Respective Parts of the Project" means, in respect of:

   (a) the Recipient, through MOEFCC: all activities carried out under Part 4 of the Project;

   (b) the Participating States, through their respective State Forest Departments: all activities under Part 1, 2.(a), 2.(b) and 4 of the Project carried out in their respective administrative jurisdictions; and

   (c) ICFRE: all activities under Parts 3 and 4 of the Project carried out in the territory of the Participating States.

27. "Safeguards Documents" means the Environmental and Social Management Framework and Tribal Development Framework as well as the plans and assessments (to be) carried out by the Recipient, through MOEFCC, or the Project Participating Entities on account of the activities to be implemented under their Respective Parts of the Project, pursuant to Section I.F1 of Schedule 2 to this Agreement and/or Section I.C of the Schedule to the PPE's respective Project Agreements, as the case may be.


30. "State Forest Departments" or the acronym "SFDs" means the government agency in each Participating State responsible for the sustainable management, protection and conservation of forest resources in their respective jurisdictions.

31. "Subsidiary Agreement" means the agreement to be entered into between the Recipient and ICFRE for the purposes of coordinating, regulating, and facilitating the ICFRE's carrying out of its Respective Part of the Project.

32. "Training" means reasonable and necessary costs of training related to Project implementation, including the fees owed to educational and other institutions that provide training, costs related to attendance and organization of conferences, seminars, study tours and workshops, and the trainees' cost of travel, boarding, lodging, and per diem allowances.