

Public Disclosure Authorized

OFFICIAL DOCUMENTS

LOAN NUMBER 8828-IN

Loan Agreement

(Meghalaya Community-Led Landscapes Management Project)

between

INDIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

LOAN NUMBER 8828-IN

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between INDIA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of forty-eight million Dollars (\$48,000,000), as such amount may be converted from time to time through a Currency Conversion ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are May 15 and November 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.
- 2.08. (a) If on any given day, the Total Exposure exceeds the Standard Exposure Limit (as said terms are defined in sub-paragraphs (b)(ii) and (b)(iii) of this Section), the Borrower shall pay to the Bank a surcharge at the rate of one

half of one percent (0.5%) per annum of the Allocated Excess Exposure Amount (as defined in sub-paragraph (b)(i) of this Section) for each said day ("Exposure Surcharge"). The Exposure Surcharge (if any) shall be payable semi-annually in arrears on each Payment Date.

- (b) For purposes of this Section the following terms have the meanings set forth below:
- (i) "Allocated Excess Exposure Amount" means for each day during which the Total Exposure exceeds the Standard Exposure Limit, the product of: (A) the total amount of said excess; and (B) the ratio of all (or, if the Bank so determines, a portion) of the Loan to the aggregate amount of all (or the equivalent portions) of the loans made by the Bank to the Borrower, and to other borrowers guaranteed by the Borrower that are also subject to an exposure surcharge, as said excess and ratio are reasonably determined from time to time by the Bank.
 - (ii) "Standard Exposure Limit" means the standard limit on the Bank's financial exposure to the Borrower which, if exceeded, would subject the Loan to the Exposure Surcharge, as determined from time to time by the Bank.
 - (iii) "Total Exposure" means for any given day, the Bank's total financial exposure to the Borrower, as reasonably determined by the Bank.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall cause the Project to be carried out by the Project Implementing Entity, acting through Meghalaya Basin Management Agency (MBMA), in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Project Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower's Representative is any of the following officials: The Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary of the Department of Economic Affairs of the Ministry of Finance of the Borrower.

- 5.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower's address is:

Secretary
Department of Economic Affairs
Ministry of Finance, Government of India
North Block
New Delhi 110001, India; and

- (b) the Borrower's Electronic Address is:

Facsimile:	E-mail:
91-11-2309 4075	secy-dea@nic.in

- 5.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank's address is:

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

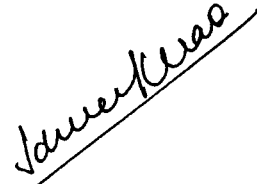
- (b) the Bank's Electronic Address is:

Facsimile:
1-202-477-6391

AGREED as of the Signature Date.

INDIA

By



Authorized Representative

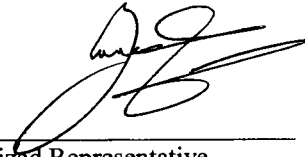
Name: SAMEER KUMAR KHARE

Title: JOINT SECRETARY

Date: APRIL 16, 2018

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: HISHAM ABDO

Title: ACTING COUNTRY DIRECTOR, INDIA

Date: APRIL 16, 2018

SCHEDULE 1

Project Description

The objective of the Project is to strengthen community-led landscapes management in selected landscapes in the state of Meghalaya.

The Project consists of the following parts:

Part 1: Strengthening Knowledge and Capacity for Natural Resource Management

- 1.A Promotion of traditional knowledge, grass-roots innovations and communication by supporting activities such as: (i) conducting state and regional level workshops on traditional NRM; (ii) developing a knowledge management strategy and network including an on-line platform for sharing NRM related knowledge to the Beneficiary(ies) covered under the Project; (iii) promoting and piloting grassroots innovations for sustainable NRM products and services through Innovation Grants; and (iv) enabling the carrying out of catalytic activities to encourage adoption of community-led NRM approach to Villages not covered under Part 2 of the Project.
- 1.B Training and capacity building for the various Project stakeholders and Beneficiaries by the Participating Training Agencies through activities that include for example: (i) training on community leadership and management of community-led NRM plans; (ii) developing training facilities at the block level EFCs; and (iii) conducting national and international study cum exposure visits.
- 1.C Preparation of strategies, research and development by supporting consultancies to develop plans and strategies in certain identified areas including in: (i) developing a strategy and action plan for promoting the development of an institution/agency of excellence in knowledge management, innovation and communications; (ii) conducting an institutional development study for the IBDLP; and (iii) conducting studies on baseline, deforestation and natural resource degradation as well as on rehabilitation of populations displaced due to mines.
- 1.D Monitoring, learning and reporting by supporting the development of an MIS system designed by MBMA to cover the entire state for tracking the performance and implementation of the Project.

Part 2: Community-led landscape planning and implementation

- 2.A Provision of Village Grants to VNRMC in selected Villages for the preparation of community landscape plans: (i) optimizing the synergies between programs and funding streams; and (ii) planning holistically to improve management of natural

resources under their stewardship as provided for in the Community Operations Manual.

- 2.B Provision of Village Grants to VNRMC in selected Villages for the implementation of community landscape plans addressing: (i) soil and water conservation measures; (ii) agro forestry and community forestry; (iii) spring shed development and water management plans; (iv) afforestation and regeneration of natural forests; and (v) rehabilitation of lands affected by shifting cultivation and mining and any other natural resource management interventions.
- 2.C Implementation support on community landscape planning and implementation by the SPMU to the Villages for the use of geo-spatial data and other tools for the purpose of data collection and mapping to inform the planning and implementation of the community-led NRM plans.

Part 3: Project Management and Governance

Supporting the strengthening of the institutional capacity and knowledge management of the MBMA through activities, such as: (i) establishment of the SPMU and provision of administrative support to selected DPMUs including the appointment of relevant technical and support consultants; (ii) financing of incremental operating costs; (iii) provision of administrative support to selected BPMUs; and (iv) provision of technical, fiduciary, safeguards expertise and supervision of Project activities in the field.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. To facilitate the carrying out of the Project, the Borrower shall make the proceeds of the Loan available to Meghalaya in accordance with the Borrower's standard arrangements for developmental assistance to the states of India.
2. Notwithstanding paragraph 1 above, in the event that any provision of this Agreement, including the instructions that the Bank shall have specified to the Borrower pursuant to the Disbursement and Financial Information Letter, were to be found inconsistent with the Borrower's standard arrangements for development assistance to the States of India, the provisions of this Agreement shall govern.
3. The Borrower shall protect its own interests and the interests of the Bank to accomplish the purpose of the Loan.

Section II. Project Monitoring Reporting and Evaluation

1. The Borrower shall, through Meghalaya, furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar quarter, covering the calendar quarter.
2. The Borrower shall cause Meghalaya to carry out a comprehensive mid-term Project review under terms of reference satisfactory to the Bank; and furnish to the Bank a mid-term Project progress report, satisfactory to the Bank by no later than June 30, 2021 counted from the Effective Date.

Section III. Withdrawal of Loan Proceeds

1. Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, non-consulting services, consulting services, Incremental Operating Costs and Training under Part 1 (excluding Innovation Grants under Part 1 of the Project), Part 2.C, and Part 3 of the Project	18,000,000	60%
(2) Innovation Grants under Part 1.A of the Project	5,000,000	100%
(3) Village Grants under Part 2.A and 2.B of the Project	24,880,000	100%
(4) Front-end Fee	120,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(5) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 4.05 (c) of the General Conditions
TOTAL AMOUNT	48,000,000	

2. Notwithstanding the provisions of paragraph 1 above, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed eight million Dollars (\$8,000,000) may be made for payments made prior to this date but on or after April 1, 2017 for Eligible Expenditures.
 - (b) for payments under Category 3 above, unless the Community Operations Manual has been prepared and adopted by the MBMA in a manner satisfactory to the Bank.

3. The Closing Date is June 30, 2023.

SCHEDULE 3

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share").

Principal Payment Date	Installment Share
On each May 15 and November 15 Beginning May 15, 2023 through November 15, 2032	5%

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
2. “Beneficiary” means (i) each recipient of training under Part I.A or Part I.B of the Project respectively; (ii) each eligible recipient of an Innovation Grant under Part 1.A of the Project; and (iii) each eligible VNRMC recipient of a Village Grant under Part 2.A and Part 2.B of the Project.
3. “Block” means the administrative sub-division of a District in Meghalaya.
4. “Block Project Management Unit” and the acronym “BPMU” mean each existing unit established at the Block level for assistance in carrying out the Project activities in such block, headed by the Block development officer and officials of the relevant departments of the state.
5. “Category” means a category set forth in the table in Section III.1 of Schedule 2 to this Agreement.
6. “Community Operations Manual” means the manual to be adopted by the MBMA as set forth in Section I.B.1 of the Schedule to the Project Agreement.
7. “District” means any of the seven (7) administrative sub-divisions of Meghalaya benefitting from the activities of the Project as agreed between Meghalaya and the Bank, as well as any other District incorporated from time to time, within the scope of the Project subject to the prior written concurrence of the Bank.
8. “District Project Management Unit” and the acronym “DPMU” mean each unit established under the MBMA in each District for assisting in carrying out the Project in such District by leading the coordination efforts with the SPMU, BPMUs and VNRMCs.
9. “Enterprise Facilitation Centre” and the acronym “EFC” mean the center in each Block established by the MBMA for supporting the VNRMCs to plan and implement the community-led NRM plans.
10. “Environmental Management Framework” and the acronym “EMF” mean the Project Implementing Entity’s environmental management framework, disclosed on August 17, 2017, setting forth the guiding policies/principles, acceptable standards and procedures for: (a) the screening of Project investment activities and the identification of any adverse or positive environmental impacts caused, or expected to be caused, on account of their implementation, arising from the

carrying out of such activities; (b) the preparation of their prescribed environmental management plans, if required; and (c) the draft technical guidelines addressing the environmental concerns for the proposed interventions in relation to the implementation; as such framework may be revised, updated or supplemented from time to time with the prior written concurrence of the Bank.

11. “Expression of Interest” and the acronym “EoI” mean the expression of interest prepared and submitted by each VNRMC to the BPMU for screening by the DPMU for consideration for its inclusion as an eligible Village under the Project.
12. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated July 14, 2017.
13. “Implementing Agency” means the MBMA or any successor thereto.
14. “Incremental Operating Costs” means the reasonable costs of incremental operating expenditures incurred during the implementation of the Project, which expenditures would not have been incurred absent the Project, including, costs of operation, rent and maintenance of offices and IT related equipment, hiring and maintenance of vehicles, communication costs, salaries of contractual staff, salaries of government staff on deputation to the Project, the costs of training staff, and travel allowances of Project staff incurred with respect to Project implementation, coordination, and monitoring, but excluding the salaries of civil servants of the Borrower.
15. “Innovation Grants” means grants made or proposed to be made by the MBMA to the eligible Beneficiary(ies) out of the proceeds of the Loan to finance the carrying out of the activities under the terms of the Innovation Grant Agreement and in accordance with the selection criteria and the procedures set forth in the PIP.
16. “Innovation Grant Agreement” means the grant agreement to be entered into by and between the Implementing Agency and an eligible Beneficiary, in accordance with the PIP.
17. “Integrated Basin Development and Livelihood Promotion Program”, and the acronym “IBDLP” mean the program of Meghalaya to develop community-led and community-owned plans for creation and management of natural assets and being implemented by the MBMA.
18. “MBMA” means the Meghalaya Basin Management Agency, a limited company incorporated under Section 8 of the Borrower’s Companies Act (2013) having its registered office at House No L/A-56, Lower Nogram Hills, Shillong-793003, Meghalaya, India, being the Implementing Agency for the Project, which shall include its successors and permitted assigns.

19. "MIS" means management information system.
20. "Meghalaya" means the Borrower's State of Meghalaya.
21. "NRM" means natural resource management.
22. "Participating Training Agencies" means the technical training institutes identified under the Project for the purposes of Part 1.B of the Project, namely the Meghalaya Institute of Natural Resource Management, Institute of Governance, the Department of Science and Technology, the State Institute of Rural Development (SIRD), the Forest Training Institute (FTI – Tura) and the Conservation Training Institute of the Soil and Water Conservation Department (CTI).
23. "Procurement Plan" means, for purpose of paragraph 84 of the Appendix to the General Conditions, MBMA's procurement plan for the Project dated January 16, 2018, as updated/supplemented by MBMA from time to time, pursuant to the Procurement Regulations.
24. "Procurement Regulations" means, for purposes of paragraph 85 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for Borrowers under Investment Project Financing", dated July 1, 2016 .
25. "Project Implementing Entity" means Meghalaya.
26. "Project Implementation Plan" and the acronym "PIP" mean the project implementation plan dated October 2017 prepared by the MBMA including the time-bound action plans, procedures and criteria agreed with the Bank for Project implementation (including the criteria of the selection of villages under the Project and the guidelines for the disbursement of the Innovation Grants) as the same may be revised, updated or supplemented from time to time with the prior written concurrence of the Bank.
27. "Safeguard Documents" means, collectively the EMF and the SMF.
28. "Signature Date" means the latest of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions.
29. "Social Management Framework" and the acronym "SMF" mean the Project Implementing Entity's social management framework cum indigenous peoples development plan, disclosed on August 17, 2017, setting forth the guiding policies/principles, acceptable standards and procedures for: (a) the screening of Project investment activities and the identification of any adverse or positive social impacts caused, or expected to be caused, on account of their implementation, arising from the carrying out of such activities; (b) the preparation of their prescribed social impact assessments; and (c); grievance redress mechanisms; as

such framework may be revised, updated or supplemented from time to time with the prior written concurrence of the Bank.

30. "State Project Management Unit" and the acronym "SPMU" mean the state project management unit established within the MBMA pursuant to Notification Number MDBA-384/2013/621 of March 2, 2017 for implementing the Project.
31. "Training" means the reasonable costs of training, workshops and conferences conducted in the territory of the Borrower or overseas, subject to the Bank's prior agreement, organized or attended by the Project Implementing Entity's staff and/or the staff of the MBMA, SPMU, DPMUs, BPMUs and the VNRMCs, all in direct relation to the Project, which costs include, *inter alia*, training institutions' and courses' fees, logistics expenses, rental of training facilities, purchase and publication of training materials, and travel and subsistence allowances for trainers and/or trainees.
32. "Village" means any of the four hundred villages within Meghalaya located in 'critical' or 'very critical' landscapes as identified as per the agreed criteria between the Bank and the Project Implementing Entity.
33. "Village Grant" means the grant made or proposed to be made by the MBMA to the eligible VNRMCs out of the proceeds of the Loan to finance the carrying out of the activities under the terms of the Village Grant Agreement (as defined below) and in accordance with the criteria and the procedures set forth in the Community Operations Manual.
34. "Village Grant Agreement" shall mean each such agreement to be entered into between the VNRMC and the respective DPMUs in accordance with the policies and procedures set forth in the Community Operations Manual under which the Village Grants are provided, and which agreement shall include the criteria set forth in Section I.E of the Schedule to the Project Agreement, together with any other addenda or annexures, as the same may be amended from time to time.
35. "Village Natural Resource Management Committee" and the acronym "VNRMC" mean the committee to be constituted in each Village, comprising the adult males and females in the selected Villages which will submit the EoIs, as per an agreed template to the respective BPMUs for being considered for inclusion under Part 2 of the Project.