

Public Disclosure Authorized

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GEF TF GRANT NUMBER TF097126

# Global Environment Facility Grant Agreement

(Financing Energy Efficiency at MSMEs Project)

between

INDIA

and

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

Dated September 13, 2010

Public Disclosure Authorized



**GEF TF GRANT NUMBER TF097126**

**GLOBAL ENVIRONMENT FACILITY GRANT AGREEMENT**

AGREEMENT dated September 13, 2010, entered into between INDIA (“Recipient”) and International Bank for Reconstruction and Development (“World Bank”), acting as an implementing agency of the Global Environment Facility (“GEF”).

Whereas by a Grant Agreement of even date herewith between the World Bank and Small Industries Development Bank of India (“SIDBI”) (“SIDBI Grant Agreement”), the World Bank, acting as an implementing agency of the GEF, has agreed to extend to SIDBI, a grant in an amount of nine million fifty thousand United States Dollars (\$9,050,000), to carry out Parts A1, A,2, A3, B, and D2 of the Project described in Schedule 1 to this Agreement (“the Project”), on the terms and conditions set forth in the SIDBI Grant Agreement.

The Recipient and the World Bank hereby agree as follows:

**Article I  
Standard Conditions; Definitions**

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008 (“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: (a) the Standard Conditions; or (b) the Appendix to this Agreement.

**Article II  
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Parts A4, A5, C and D1 of the Project, through BEE, in accordance with the provisions of Article II of the Standard Conditions.
- 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 Parts A4, A5, C and D1 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 two million two hundred fifty thousand United States Dollars (\$2,250,000) (“Grant”) to assist in financing of Parts A4, A5, C and D1 of 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 GEF Trust Fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds 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 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; and
  - (b) any event has occurred which gives the World Bank the right to suspend disbursements under the SIDBI Grant Agreement.

**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 have been duly authorized or ratified by all necessary governmental and corporate action;
  - (b) the SIDBI Grant Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to

make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

- 5.02. As part of the evidence to be furnished pursuant to Section 5.01(a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing the following matters, on behalf of the Recipient, namely that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.
- 5.03. 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 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.
- 5.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (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 the Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary of the Department of Economic Affairs in the Ministry of Finance or successor thereto.
- 6.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Department of Economic Affairs  
Ministry of Finance  
New Delhi 110 001  
India

Cable address:	Telex:	Facsimile:
ECOFAIRS New Delhi	953-31-66175 FINE IN	91-11-23094075

- 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:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

AGREED at New Delhi, India, as of the day and year first above written.

INDIA

By /s/ Anup K. Pujari  
Authorized Representative

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

By /s/ N. Roberto Zaghera  
Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to increase demand for energy efficiency investments in target micro, small and medium enterprise clusters and to build their capacity to access commercial finance.

The Project consists of the following parts:

#### **Part A. Capacity and Awareness Building**

1. Provision, through SIDBI, of specialized technical advisory services to increase awareness of energy efficiency at selected cluster and plant levels, including the implementation of outreach efforts, dissemination of information on successful projects, and packaging of potential investment proposals in energy efficiency for financing.
2. Provision, through SIDBI, of specialized technical advisory services to selected financial intermediaries.
3. Provision, through SIDBI, of unit level technical advisory services to selected MSMEs in accessing finance, vendor outreach and enlistment.
4. Provision of technical advisory services, through BEE, to enhance marketing and outreach efforts to selected clusters, and capacity building at industry associations.
5. Provision of technical advisory services for carrying out training, audit, BEE certification and enlistment activities.

#### **Part B. Increasing Energy Efficiency Investments (SIDBI)**

1. Provision of technical advisory services for the development of an initial pipeline of approximately 500 sub-projects in the energy areas, and provision of sub-grants therefor.
2. Provision of technical advisory services and performance-linked sub-grants for carrying out the demonstrations of energy efficiency technologies in selected clusters.

#### **Part C. Knowledge Management and Sharing (BEE)**

Provision of technical advisory services and training for: (i) the design and implementation of a strategic framework; (ii) the facilitation of an appropriate regulatory and market transformation regime; (iii) the facilitation of a mechanism

to address market failures; and (iv) carrying out of promotion campaigns for the widespread adoption of energy efficiency products and technologies.

**Part D. Project Management**

1. Provision of technical advisory services, equipment, goods, and logistical assistance to the BEE's PMU to facilitate the implementation of the Project.
2. Provision of technical advisory services, equipment, goods, and logistical assistance to the SIDBI's PMU to facilitate the implementation of the Project.



## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Institutional and Other Arrangements**

##### **A. Project Implementation Arrangement**

1. The Recipient shall maintain a Project Management Unit in BEE to oversee the implementation of Parts A4, A5, C and D1 of the Project and to be responsible for providing Project oversight, reporting and evaluation, implementation of selected outreach and capacity building, and cross-cutting knowledge management activities.
2. The Recipient shall: (i) carry out Parts A4, A5, C and D1 of the Project in accordance with the guidelines, criteria, rules and procedures described in the BEE Project Operations Manual; and (ii) except as the World Bank shall otherwise agree, shall not assign, amend, abrogate or waive any provision of the BEE Project Operations Manual. In the event that the provisions of the BEE Project Operations Manual are inconsistent with the provisions of this Agreement, the provisions of this Agreement shall govern.
3. The Recipient shall, through BEE, no later than one month after the Effective date, enter into a Memorandum of Understanding with SIDBI, satisfactory to the World Bank, clarifying areas of collaboration and ways for cooperation for implementing Parts A4, A5, C and D1 of the Project.
4. The Recipient shall cause BEE, upon the World Bank's request, to furnish to the Bank, BEE's entity Financial Statements for each fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

##### **B. Anti-Corruption**

The Recipient shall ensure that Parts A4, A5, C and D1 of the Project are carried out in accordance with the provisions of the Anti-corruption Guidelines.

#### **Section II. Project Monitoring, Reporting and Evaluation**

##### **A. Project Reports; Completion Report**

1. The Recipient shall cause BEE to, monitor and evaluate the progress of Parts A4, A5, C and D1 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 the indicators agreed with 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 one month after the end of the period covered by such report.
2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than June 30, 2015.

**B. Financial Management; Financial Reports; Audits**

1. The Recipient shall, and shall cause BEE to, ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. The Recipient shall cause BEE to, ensure that interim unaudited financial reports for Parts A4, A5, C and D1 of the Project are prepared and furnished to the World Bank as part of the Project Report 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 shall, and shall cause BEE to, have its Financial Statements for Parts A4, A5, C and D1 of 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 six months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Procurement and Consultant Guidelines.** All goods, works and services required for Parts A4, A5, C and D1 of 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 “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 (“Procurement Guidelines”), in the case of goods, non-consultant services and works, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 (“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 dated February 19, 2010, prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods, Non-Consultant Services and Works**

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

2. **Other Methods of Procurement of Goods and Works.** Other than International Competitive Bidding, the following methods may be used for procurement of goods and works for those contracts specified in the Procurement Plan:

(a) National Competitive Bidding, subject to the additional provisions listed in the procurement plan
(b) Shopping
(c) Direct Contracting

**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.** Other than Quality- and Cost-based Selection, the following methods may be used for procurement of consultants’ services for those assignments which are specified in the Procurement Plan:

(a) Quality-based Selection
(b) Least Cost Selection
(c) Selection based on Consultants’ Qualifications
(d) Selection under a fixed budget
(e) Single-source Selection
(f) Selection of Individual Consultants

(g) Sole Source Procedures for the Selection of Individual Consultants
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**D. Review by the World Bank of Procurement Decisions**

1. 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.

**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 "World Bank Disbursement Guidelines for Projects" dated May 2006, 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:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Training and services under Parts A4, A5, C and D1 the Project	2,146,978	100%
(2) Incremental Operating Costs under Parts A4, A5, C and D1 the Project	103,022	100%
<b>TOTAL AMOUNT</b>	<b>2,250,000</b>	

**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 \$180,000 equivalent may be made for payments made prior to this date but on or after February 19, 2010, for Eligible Expenditures under Categories (1) and (2).
2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is December 31, 2014.

## APPENDIX

### Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
2. “BEE” means Bureau of Energy Efficiency, a statutory body under the Recipient’s Ministry of Power, established under the Energy Conservation Act of 2001, with the goal to promote energy efficiency in India.
3. “BEE Project Operations Manual” means the Project Operations Manual, satisfactory to the World Bank, and referred to in Paragraph A.2 of Section I of Schedule 2 to this Agreement issued by the Recipient on February 19, 2010, for the purpose of carrying out Parts A4, A5, C and D1 of the Project, setting out, *inter alia*, work programs, training programs, implementation time-tables, key performance indicators, financial and procurement methods and procedures, expected outputs-outcomes, terms of reference of various national and local committees, and monitoring and evaluation planning and reporting to be used in the implementation of Parts A4, A5, C and D1 the Project, as the same may be amended from time to time, with the approval of the World Bank, and such term includes any schedules to the BEE Project Operations Manual.
4. “Category” means a category set forth in the table in Schedule 2 to the Grant Agreement.
5. “Grant” means the GEF Grant.
6. “Grant Agreement” means this GEF Grant Agreement.
7. “Incremental Operating Costs” means the costs for compensation of consultants hired by BEE, operational travel of BEE staff and consultants, communication expenses, workshop/seminar and vehicle rental, but excluding the salaries of the Recipient’s civil service.
8. “MoEF” means the Recipient’s Ministry of Environment and Forests, or any successor thereto.
9. “Project Management Unit” or “PMU” means the Project Management Unit, established by the Recipient on December 1, 2009, and referred to under Part A.1 of Section I of Schedule 2 to this Agreement.

10. “SIDBI” means Small Industries Development Bank of India, a Corporation established under the Recipient’s Small Industries Bank of India Act, 1989 (39 of 1989).
11. “SIDBI Grant Agreement” means the Global Environment Facility Grant Agreement, of even date herewith, between the World Bank and SIDBI, for the financing of Parts A1, A2, A3, B and D2 of the Project.