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CONFORMED COPY

GEF GRANT NUMBER TF095549-IN

Global Environment Facility Grant Agreement

(Sustainable Urban Transport Project)

between

INDIA

and

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

Dated February 5, 2010

GEF GRANT NUMBER TF095549-IN

**GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT**

AGREEMENT dated February 5, 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”) for the financing of certain activities relating to the project (the “Project”) and more fully described in Schedule 1 to this Agreement.

Whereas, the Recipient has also requested the World Bank to provide additional assistance from its own resources for the financing of certain activities relating to the project and more fully described in Schedule 1 to an agreement of even date (the “Loan Agreement”) between the Recipient and the World Bank (the “Bank” under the Loan Agreement), the Bank has agreed to provide assistance from its own resources in an aggregate principal amount equal to one hundred and five million two hundred and thirty thousand United States Dollars (\$105,230,000) (“Loan”) for financing of those activities.

Now, therefore, 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 the Standard Conditions and in the Appendix to this Agreement.

**Article II
The Grant**

- 2.01. 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 million and three hundred and thirty thousand Dollars (\$20,330,000) (“Grant”) to assist in financing the Project.
- 2.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Grant is funded out of the abovementioned facility 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 III
The Project**

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Part 1 of the Project through the Ministry of Urban Development and cause Part 2 of the Project to be carried out by each Participating States, in accordance with the provisions of Article II of the Standard Conditions and the Project Agreements.
- 3.02. The Recipient shall make the proceeds of the Grant available to each Participating State for carrying out Part 2 of the Project.
- 3.03. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**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 a Project Implementing Entity of its obligations under the Project Agreement;
 - (b) the Project Implementing Entity has failed to perform any obligation under the Project Agreement;
 - (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 a Project Implementing Entity will be able to perform its obligations under the Project Agreement;
 - (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;

- (e) any event has occurred which gives the Bank a right of suspension under the Loan Agreement; and
- (f) the event specified in paragraph (c) of Section 7.02 of the General Conditions has occurred and with the terms “proceeds of the Loan” and “Borrower” occurring in that provision being substituted for “proceeds of the Grant” and “Recipient” respectively

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) All conditions precedent to the effectiveness of the Loan Agreement (other than the effectiveness of this Agreement) have been fulfilled.
 - (b) The execution and delivery of this Agreement on behalf of the Recipient and the Project Agreements on behalf of the Participating States have been duly authorized and ratified by all necessary governmental or agency action.
- 5.02. As part of the evidence to be furnished pursuant to Section 5.01, 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 on behalf of the Recipient, that this Agreement and on behalf of the Participating States, that the Project Agreements have been duly authorized or ratified by, and executed and delivered on their behalf and are legally binding upon them in accordance with their 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 or any Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary of the Department of Economic Affairs in the Ministry of Finance of the Recipient.
- 6.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Secretary to the Government of India
Department of Economic Affairs
Ministry of Finance
New Delhi, India

Cable:	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 Project's development objective is to promote environmentally sustainable transport nationally and to improve the usage of environment-friendly transport modes through demonstration projects in selected cities

The Project consists of the following parts:

Part 1. Capacity Development Assistance for Urban Transport

Providing technical assistance to the Borrower's Ministry of Urban Development in order to improve national, state, and local capacity to implement the National Urban Transport Policy, including: (i) development of implementation strategies and plans to implement key urban transport reforms envisioned in the National Urban Transport Policy; (ii) piloting model urban transport databases; (iii) identification and preparation of potential environmentally friendly urban transport investments in cities; and (iv) developing a national research program on sustainable urban transport.

Part 2. City Demonstration Projects

Designing and implementing high-profile and replicable city demonstration projects focusing on sustainable transport solutions in selected cities in the Participating States.

SCHEDULE 2**Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements**

1. The Recipient shall:
 - (a) maintain throughout the period of Project implementation a Steering Committee chaired by the Secretary, Ministry of Urban Development and consisting of the Project Director and other senior officers from the Ministry of Urban Development and other relevant ministries to lead the implementation of the Project;
 - (b) establish and maintain throughout the period of Project implementation a national Project Management Unit, headed by a Project Director who is a senior officer from the Ministry of Urban Development, and supported by a full time Project Manager and a multi-disciplinary team of suitably qualified personnel, and with resources sufficient to carry out: (i) the technical and fiduciary supervisions, monitoring and evaluation, and public communication activities required to achieve the Project's development objective; and (ii) the technical, financial management, procurement management, monitoring and evaluation activities required to provide technical assistance under Part 1 of the Project in a timely and effective manner; and
 - (c) shall appoint no later than ninety (90) days after the Effective Date and thereafter maintain throughout the period of Project implementation, a suitably qualified finance manager at the Project Management Unit, and shall cause each of the Participating States to appoint no later than ninety (90) days after the Effective Date and, maintain throughout the period of Project implementation, a suitably qualified finance professional, at the respective Project Implementing Agencies.
2. The Recipient shall:
 - (a) through the Ministry of Urban Development carry out Part 1 of the Project in accordance with this Agreement and the Financial Management Manual;
 - (b) cause each of the Participating States to carry out activities to be financed by the Grant under Part 2 of the Project through its designated Project Implementing Agencies in accordance with this Agreement, its

respective Project Agreement with the World Bank, Financial Management Manual, the Operations Manual, the Environmental and Social Management Framework including, where applicable, Environmental Management Plan(s) and Resettlement Action Plan(s), and the Participation Agreement;

- (c) cause each of the Participating States to take all necessary steps to ensure that all Project activities are implemented in accordance with the Schedule to the Project Agreements;
- (d) provide each Participating States with financial and technical assistance necessary for the implementation of Project activities; and
- (e) protect the interests of the Recipient and the World Bank to accomplish the purposes of the Grant.

C. Anti-Corruption

The Recipient shall carry out the Project in accordance with the provisions of the Anti-Corruption Guidelines and the Governance and Accountability Action Plan.

D. Safeguards

The Recipient shall carry out Part 1 of the Project in accordance with the Environmental and Social Management Framework, if applicable.

E. Other Undertakings

The Recipient shall ensure that no portion of the Grant proceeds shall finance any civil works under the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient through the Ministry of Urban Development 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 agreed with the World Bank. Each Project Report shall cover the period of one (1) quarter, 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. For purposes of Section 2.06 of the Standard Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the World Bank not later than May 31, 2015.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall through the Ministry of Urban Development maintain or cause to be maintained a financial management system in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. The Recipient shall through the Ministry of Urban Development maintain a financial management system, including records and accounts, and prepare quarterly interim unaudited financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to its respective part of the Project.
3. Without limitation on the provisions of Part A of this Section, the Recipient shall through the Ministry of Urban Development, and shall cause the Participating States, to prepare and furnish to the World Bank not later than forty-five (45) days after the end of each quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the World Bank.
4. The Recipient shall through the Ministry of Urban Development have the Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one (1) Financial Year, commencing with the Financial Year in which the first withdrawal under the Project was made. The audited Financial Statements for such period for each Implementing Agency shall be furnished to the World Bank not later than six (6) months after the end of such period.
5. The Recipient through the Ministry of Urban Development shall appoint internal auditors for the Project with terms of reference agreed with the World Bank no later than ninety (90) days after the Effective Date and establish and maintain throughout the period of Project implementation an audit committee.

Section III. Procurement

A. General

1. **Goods and Non-Consulting Services.** All goods and non-consulting 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 Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All 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 Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. **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 and Non-Consulting Services

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

- (a) the Procurement Plan shall specify the circumstances under which such procurement method may be used; and
- (b) standard bidding documents and procedures approved by the World Bank shall be used.

2. **Other Methods of Procurement of Goods and Non-Consulting Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) National Competitive Bidding, and the additional provisions agreed between the Recipient and the World Bank
(b) Limited Competitive Bidding/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, subject to the following additional procedures:

- (a) the Procurement Plan shall specify the circumstances under which such procurement method may be used; and

- (b) standard Request for Proposal documents and procedures approved by the World Bank shall be used.

2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies the methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) Quality-Based Selection
(b) Selection under a Fixed Budget
(c) Least-Cost Selection
(d) Selection Based on the Consultants’ Qualifications
(e) Single-Source Selection
(f) Selection of Individual Consultants as per the Guidelines

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.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of Article III of the Standard Conditions, this Section, and such additional instructions as the World Bank shall 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 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 allocation of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Consultants' services and training for Part 1 of the Project	7,050,000	91%
(2) Consultants' services and training for Part 2 of the Project		
(a) Chhattisgarh and Maharashtra	5,700,000	50%
(b) Madhya Pradesh	1,090,000	87%
(c) Karnataka	460,000	73%
(d) Unallocated	1,900,000	
(3) Goods (ITS-related)		
(a) Madhya Pradesh	820,000	64%
(b) Karnataka	1,430,000	100%
(4) GEF Agency Fee	1,880,000	
TOTAL AMOUNT	20,330,000	

3. Notwithstanding the allocation of Grant amounts and percentages of expenditures in the table above, the World Bank, after consultation with the Recipient, may vary the allocations or percentages of expenditure by notice to the Recipient.

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 \$4,000,000 respectively may be made for payments made prior to this date but on or after January 1, 2009 for Eligible Expenditures for Categories (1), (2), and (3).
2. The Closing Date is November 30, 2014.

APPENDIX**Section I. 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. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
4. “Environmental and Social Management Framework” means the framework acceptable to the World Bank dated February 26, 2009, which describes the principles, objectives, and approaches to be followed in minimizing any adverse environmental and social impacts from carrying out Project activities including land acquisition and involuntary resettlement and includes principles and guidelines for the preparation of any Environmental Management Plan and Resettlement Action Plan that may be necessary to mitigate those impacts and includes any subsequent amendments made with the World Bank’s agreement.
5. “Financial Management Manual” means the Borrower’s manual dated October 29, 2009, including subsequent amendments made with the World Bank’s agreement, containing various arrangements and procedures regarding financial management, accounting, fund flow, reporting, and audit.
6. “Financial Year” means the Borrower’s financial year beginning April 1 and ending March 31 of the following year.
7. “Governance and Accountability Action Plan” means the plan dated May 26, 2009 adopted by the Recipient that sets forth the key actions to be undertaken to strengthen governance, transparency, and accountability under the Project, as such plan may be revised from time to time with the prior approval of the World Bank.
8. “Loan Agreement” means the agreement between the Recipient (in its capacity as the Borrower) and the Bank for the Project, of the same date as this Agreement, as such agreement may be amended from time to time.
9. “Ministry of Urban Development” means a ministry of the Recipient’s central government responsible for the formulation of policies, coordination of activities,

and support and monitoring of programs concerning urban development and including any successor ministry or agency thereto.

10. “Operations Manual” means the Project’s operational manual dated May 26, 2009 including subsequent amendments made with the World Bank’s agreement that outlines various principles, rules, and procedures for implementing the Project.
11. “Participating States” means the States of Chhattisgarh, Karnataka, Madhya Pradesh, and Maharashtra, and such other State or States, as may be selected by the Recipient from time to time and agreed by the World Bank, which are responsible as Project Implementing Entities (as such term is defined in the Standard Conditions) for ensuring the implementation of Part 2 of this Project through their respective Project Implementing Agencies, provided, however, that no State shall be eligible to become a Participating State unless it has first entered into a Project Agreement with the World Bank.
12. “Participation Agreement” means the agreement between the Ministry of Urban Development, the Participating States, and each Project Implementing Agency including such amendments and revisions to the agreement that may be made with the World Bank’s concurrence.
13. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
14. “Procurement Plan” means the procurement plan for the Project, dated May 27, 2009 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
15. “Project Agreement” means the individual agreement between the World Bank and each of the Participating States respectively, relating to the carrying out of Part 2 of the Project, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement.
16. “Project Director” means the Project Director of the Recipient’s Project Management Unit appointed under Part A.1(b) of Section I in Schedule 2 to this Agreement.
17. “Project Implementation Unit” means each unit established by the Project Implementing Agency to manage the day-to-day implementation of city demonstration projects under Part 2 of the Project.

18. “Project Implementing Agency” means the responsible agency designated to implement, monitor, and evaluate each city demonstration project under Part 2 of the Project and the term “Project Implementing Agencies” shall refer collectively to every Project Implementing Agency.
19. “Project Management Unit” means the unit established by the Recipient to manage the day-to-day implementation of Project activities.
20. “Project Manager” means the Project Manager appointed under Part A.1(b) of Section I in Schedule 2 to this Agreement to support the Project Management Unit.
21. “Standard Conditions” means the Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 20, 2006.
22. “State” means any State of the Borrower or any successor(s) thereto.
23. “Steering Committee” means the inter-ministerial committee referred to in paragraph 1(a) of Section I.A of Schedule 2 to this Agreement, chaired by the Ministry of Urban Development, and responsible for providing guidance and coordination on Project preparation and implementation.