

Public Disclosure Authorized

CONFORMED COPY

GEF GRANT NUMBER TF094877-IN

Global Environment Facility Grant Agreement

(Chiller Energy Efficiency Project)

between

INDIA

and

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

Dated August 26, 2009



GEF GRANT NUMBER TF094877-IN

**GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT**

AGREEMENT (“GEF Grant Agreement”) dated August 26, 2009, 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”).

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 20, 2006 (“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) this Agreement, including the Appendix to this Agreement; (b) the Standard Conditions; or (c) the agreement of the same date as this Agreement between the World Bank and the IDBI Bank Limited (“Project Implementing Entity”), as such agreement may be amended from time to time (“Project Agreement”), as the case may be.

**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 shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article II of the Standard Conditions, and the Project Agreement.
- 2.02. To facilitate the carrying out of the Project, the Recipient shall transfer the entire proceeds of the GEF Grant to the Project Implementing Entity on a non-reimbursable basis, and on such other terms and conditions as shall be acceptable to the World Bank, and consistent with the objectives of the GEF Grant.
- 2.03. 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 the Project is carried out in accordance with the provisions of the Schedule 2 to this Agreement and the Schedule to the Project 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 six million three hundred thousand Dollars (\$6,300,000) (“GEF Grant”) to assist in financing the Project.
- 3.02. The Recipient may withdraw the proceeds of the GEF Grant in accordance with Section II of Schedule 2 to this Agreement.
- 3.03. The GEF Grant is funded out of the abovementioned 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 GEF 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(i) of the Standard Conditions consist of the following:
 - (a) The Memorandum and Articles of Association has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.
 - (b) The Project Implementing Entity has failed to perform any of its obligations under the Project 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 following conditions 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 internal administrative and corporate action;
 - (b) the OTF Grant Agreement has been executed and delivered, and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals thereunder (other than the effectiveness of this Agreement) have been fulfilled;

- (c) the Project Agreement has been duly authorized or ratified by the Project Implementing Entity, and is legally binding upon the Project Implementing Entity in accordance with its terms; and
 - (d) the Project Implementation Manual has been duly approved and adopted.
- 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 Member Country, showing, on behalf of the Recipient, that:
- (a) 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; and
 - (b) the Project Agreement has been duly authorized or ratified by the Project Implementing Entity, and is legally binding upon the Project Implementing Entity 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 to the Government of India, Department of Economic Affairs.
- 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	91-11-23093422

- 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 Zagha
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to accelerate the replacement of centrifugal chillers with efficient non-CFC-based centrifugal chillers in order to promote deployment of energy efficient technologies and products to reduce greenhouse gas emissions, and support the phase-out of CFC demand in India.

Part A: Investment in Chiller Replacement

1. Provision of financial incentives to accelerate the replacement of inefficient centrifugal chillers with energy efficient centrifugal chillers in advance of the natural attrition rate of the existing equipment.
2. Provision of additional financial incentives in the form of a success fee to chiller manufacturers and suppliers to promote their participation in the Project.

Part B: Measurement, Monitoring and Verification

Establishment of a database to track data generated from individual chiller replacement activities to be used to generate the reports that would support CER claims.

Part C: Technical Assistance

1. Provision of training and organization of workshops to create awareness about the requirements and potential benefits of the Project, explore opportunities to expand its coverage to other energy conservation options in large buildings and industries, and inform participants about measurement, monitoring, and verification of power consumption, energy savings and accounting for emission reductions.
2. Introduction of a recognition program in the form of awards designed to overcome perceived technology risks of chiller owners and promote proper maintenance of chillers to sustain the designed performance of the equipment.

Part D: Project Management Unit

Establishment and maintenance of a Project Management Unit to be responsible for management of all aspects of implementation of the Project.

SCHEDULE 2

Project Execution

Section I. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the GEF 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 GEF Grant (“Category”), the allocations of the amounts of the GEF Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the GEF Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Subprojects	5,730,000	100% of amount of Subsidy
(2) Management fee*	570,000	100%
TOTAL AMOUNT	6,300,000	

* ‘Management Fee’ means a fee payable to the Project Implementing Entity to cover its overall cost of management and supervision of the Project.

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 \$573,000 equivalent may be made under Category (1) on account of Subprojects involving chiller replacement undertaken on or after January 1, 2009.
2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is June 30, 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. “CFC” means chlorofluorocarbons 11, 12, 113, 114, and 115.
3. “Memorandum and Articles of Association” means the Memorandum and Articles of Association of the Project Implementing Entity.
4. “OTF” means the Ozone Projects Trust Fund.
5. “OTF Grant Agreement” means Agreement of same date as this Agreement, between the Recipient and the World Bank acting as an Implementing Agency of OTF.
6. “Project Implementation Manual” means the Project Implementation Manual referred to in Part B.1 of Section I of the Schedule to the Project Agreement.