

Japanese Grant Agreement

(Technical Assistance (Private Power Development) Project)

between

INDIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

as Administrator of Grant Funds
provided by the
GOVERNMENT OF JAPAN

Dated March 15, 1994

JAPANESE GRANT AGREEMENT

AGREEMENT, dated March 15, 1994, between INDIA, acting by its President (the Recipient) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) acting as Administrator (the Administrator) of grant funds provided by the GOVERNMENT OF JAPAN (Japan).

WHEREAS (A) pursuant to a letter agreement dated July 30, 1990 between Japan and the Bank and International Development Association (the Association), Japan has requested the Bank and the Association, and the Bank and the Association have agreed, to administer grant funds to be made available by Japan for the financing of certain programs and projects supported by the Bank and the Association, as the case may be, in accordance with the provisions of such letter agreement;

WHEREAS (B) Japan has agreed to make available to the Recipient a grant (the Grant) out of said grant funds to finance the cost of carrying out the technical assistance described in Schedule 2 to this Agreement (the Technical Assistance) on the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The General Conditions Applicable to Loan and Guarantee Agreements

of the Bank, dated January 1, 1985 (the General Conditions) constitute an integral part of this Agreement, subject, however, to the following modifications thereto:

(a) the term "Bank," wherever used in the General Conditions, other than in Sections 2.01 (8) and 6.02 (f) thereof, means the International Bank for Reconstruction and Development acting as Administrator of the Grant pursuant to the letter agreement between Japan and the Bank referred to in Recital (A) of this Agreement, except that in Section 6.02, the term "Bank" shall also include the International Bank for Reconstruction and Development acting in its own capacity;

(b) the term "Borrower," wherever used in the General Conditions, means the Recipient;

(c) the term "Loan Agreement," wherever used in the General Conditions, means this Agreement;

(d) the term "Loan," wherever used in the General Conditions, means the Grant;

(e) the term "Loan Account," wherever used in the General Conditions, shall be amended to read the Grant Account;

(f) the term "Project," wherever used in the General Conditions, means the technical assistance described in Schedule 2 to this Agreement;

(g) Section 4.01. shall be modified to read:

"Withdrawals from the Grant Account shall be made in yen; provided, however, that if the expenditures to be financed out of the proceeds of the Grant have been paid or are payable in another currency, the Administrator shall, at the request of the Recipient, purchase such currency with the proceeds of such withdrawal.";

(h) Sections 2.01 (5), (7), (12), (13), (14), (15), (16), (17) and (19), 3.02, 3.03, 3.04, 3.05, 4.02, 4.03, 4.04, 4.05, 4.06, 4.07, 4.08, 4.10, 6.02 (a)(i), 6.02 (g), 6.02 (h), 6.05, 6.07, 7.01, 8.01 (a), 9.01 (b), 9.02, 9.03, 10.02, 12.01, 12.02, 12.03, 12.04 and 12.05 are deleted;

(i) the second and third sentences of Section 4.09 are deleted; and

(j) all references to "the Guarantor," wherever such term is used in the General Conditions, shall not apply to this Agreement.

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires: (a) the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth; and (b) the terms "yen" and "¥" mean the currency of Japan.

ARTICLE II

The Grant

Section 2.01. The Administrator agrees to extend to the Recipient, on the terms and conditions herein set forth or referred to, the Grant in an amount of two hundred forth-six million yen (¥246,000,000).

Section 2.02. The amount of the Grant may be withdrawn from the Grant Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule may be amended from time to time by agreement between the Recipient and the Administrator.

Section 2.03. The Closing Date shall be December 31, 1995 or such later date as the Administrator shall establish. The Administrator shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Technical Assistance

Section 3.01. The Recipient shall carry out the Technical Assistance with due diligence and efficiency and in conformity with appropriate administrative and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Technical Assistance.

Section 3.02. Except as the Administrator shall otherwise agree, procurement of goods and consultants' services required for the Technical Assistance and to be financed out of the proceeds of the Grant shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. (a) The Recipient shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Technical Assistance of the departments or agencies of the Recipient responsible for carrying out the Technical Assistance or any part thereof.

(b) The Recipient shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Administrator;
- (ii) furnish to the Administrator as soon as available, but in any case not later than nine (9) months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Administrator shall have reasonably requested;
and
- (iii) furnish to the Administrator such other information concerning said records and accounts and the audit thereof as the Administrator shall from time to time reasonably request.

ARTICLE IV

Effectiveness; Termination

Section 4.01. This Agreement shall become effective upon its execution by the parties hereto.

Section 4.02. This Agreement shall continue in effect until the Grant has been fully disbursed and the parties to this Agreement have fulfilled their obligations hereunder.

ARTICLE V

Representation; Transfer of Rights and Obligations

Section 5.01. The Secretary, Additional Secretary, Director, Deputy Secretary, or Under Secretary of the Department of Economic Affairs in the Ministry of Finance of the Recipient shall be the representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 5.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions;

For the Recipient:

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

Cable address:

ECOFAIRS
New Delhi

Telex:

953-3166175

For the Administrator:

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

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

197688 (TRT)
248423 (RCA)
64145 (WUI) or
82987 (FTCC)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INDIA

By /s/ N. Valluri

Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
as Administrator of the Grant

By /s/ D. Joseph Wood

Regional Vice President
South Asia

SCHEDULE 1

Withdrawal of the Proceeds of the Grant

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Grant, the allocation of the amount of the Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Grant Allocated (Expressed in Yen)	% of Expenditures to be Financed
(1) Consultants' services	243,250,000	100%
(2) Equipment	2,750,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80% of local expenditures for other items procured locally
TOTAL	246,000,000	

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

SCHEDULE 2

Description of Technical Assistance

The objective of the Project is to support the Recipient's private power initiative by refining the existing policy framework, by providing general guidance to

State Electricity Boards (SEBs) and other power utilities in implementing said policy, by creating a proper environment for private developers to mobilize financial resources, by reviewing fuel supply policies, and by formulating a proper regulatory framework in the power sector.

The technical assistance would include:

A. Private Power Policy

The carrying out of a comprehensive review of the current private power environment at the Center and State levels.

B. Guidance to State Governments and SEBs

The development of procedural guidelines for use by the State Governments and SEBs to facilitate development of power projects and to maintain consistency with the general policy.

C. Institution Building and Training

The carrying out of a program of training of mid-level and senior management of Center and State level agencies to acquire necessary skills to process, assess and negotiate private power proposals.

D. Resource Mobilization

The carrying out of a detailed assessment of the financing issues in the implementation of private power development policy of the Recipient.

E. Fuel Supply Policy

The carrying out of a review of the fuel supply policy of the Recipient in the light of its adequacy for the private power development in the new environment.

F. Private Sector Participation Alternatives

The formulation of detailed policy regarding the promotion of private sector participation in areas other than generation.

G. Regulatory Framework

The carrying out of an assessment of the adequacy of present regulatory framework to the changed environment with a view to making adjustments to ensure a smooth and efficient interface between the public and private sector providers.

* * *

The Project is expected to be completed by December 31, 1995.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods

1. Goods may be procured through limited international bidding procedures on the basis of evaluation and comparison of bids invited from a list of at least three qualified suppliers eligible under the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992.

2. In the procurement of goods in accordance with this Part, the Recipient shall use the relevant standard bidding documents issued by the Administrator, with such modifications thereto as the Administrator shall have agreed to be necessary for the purposes of the Project. Where no relevant standard bidding documents have been issued by the Administrator, the Recipient shall use bidding documents based on other internationally recognized standard forms agreed with the Administrator.

Section II. Employment of Consultants

1. In order to assist the Recipient in carrying out the Project, the Recipient shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Administrator. Such consultants shall be

selected in accordance with principles and procedures satisfactory to the Administrator on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Administrator in August 1981 (the Consultant Guidelines). For complex, time-based assignments, the Borrower shall employ such consultants under contracts using the standard form of contract for consultants' services issued by the Bank, with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Bank, the Borrower shall use other standard forms agreed with the Association.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Bank review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to contracts estimated to cost less than \$100,000 equivalent each. However, this exception to prior Bank review shall not apply to the terms of reference for such contracts nor to the employment of individuals, to single source selection of firms, to assignments of a critical nature as reasonably determined by the Bank and to amendments of contracts raising the contract value to \$100,000 equivalent or above.

