Financing Agreement

(Biodiversity Conservation
and
Rural Livelihoods Improvement Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 14, 2011
CREDIT NUMBER 4943-IN

FINANCING AGREEMENT

AGREEMENT dated June 14, 2011, entered into between INDIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS by an agreement of even date herewith between the Recipient and the International Bank for Reconstruction and Development, acting as an implementing agency of the Global Environment Facility (IBRD) (the "GEF Grant Agreement"), IBRD has agreed to make a grant to the Recipient in an amount of eight million one hundred forty thousand Dollars ($8,140,000) (the "GEF Trust Fund Grant") to assist in the financing of the Project on the terms and conditions set forth in the GEF Grant Agreement;

The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to nine million eight hundred thousand Special Drawing Rights (SDR 9,800,000) (variously, "Credit" and "Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are April 15 and October 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollars.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through MoEF in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association 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 — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consist of the following, namely that evidence satisfactory to the Association has been furnished to the Association confirming that all conditions precedent to the effectiveness of the GEF Grant Agreement (other than the effectiveness of this Agreement) have been fulfilled.

4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is any of the following: Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary of the Department of Economic Affairs in the Ministry of Finance of the Recipient.
5.02. The Recipient's Address is:

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

Facsimile:
91-11-23092039

5.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Facsimile:
1-202-477-6391

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

INDIA

By /s/ Venu Rajamony
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ N. Roberto Zagha
Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to develop and promote new models of conservation at the landscape level through enhanced capacity and institution building for mainstreaming biodiversity conservation outcomes.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Bank may agree upon from time to time to achieve its objective:

Part 1: Demonstration of Landscape Conservation Approaches in selected pilot Sites

Design and implementation of landscape conservation approaches, including the development and testing of tools and techniques, and the enhancement of knowledge and skills for mainstreaming biodiversity conservation and rural livelihood outcomes in the demonstration landscapes of Little Rann of Kutch, in the Recipient’s State of Gujarat, and Askot, in the Recipient’s State of Uttarakhand, including, inter alia:

(a) participatory ecological and social mapping;
(b) improving management of biodiversity rich areas;
(c) mainstreaming of biodiversity considerations in production areas; and
(d) development and implementation of livelihood strategies to enhance local community benefits from sustainable management of natural resources linked to conservation.

Part 2: Strengthening Knowledge Management and National Capacity for Landscape Conservation

Design and implementation of a comprehensive knowledge and capacity building program based on lessons learned and experience garnered from the results of Part 1 of the Project and other local conservation models, including:

(a) field training provided by selected learning centers; and
(b) nationwide capacity building and training program for the promotion of landscape conservation approaches provided by the Wildlife Institute of India.
Part 3: Scaling Up and Replication of Successful Models of Conservation in Additional Landscape Sites

Design and implementation of additional landscape conservation approaches in two (2) high biodiversity landscapes to be selected based on lessons learned from the successful implementation of Part 1 and Part 2 of the Project.

Part 4: National Coordination for Landscape Conservation

Enhancing the capacity of the Recipient’s authorities engaged in landscape/biodiversity conservation to, inter alia:

(a) establish a management information system for the Project;
(b) facilitate nationwide replication of successful experiences;
(c) select and prepare activities under Part 3 of the Project; and
(d) carry out their management, monitoring and evaluation responsibilities under the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

Without limitation upon the provisions of Section 3.01 of this Agreement, the Recipient, through MoEF shall:

1. Cause the State Landscape Societies to carry out Part 1 and 3 of the Project, the Learning Centers to carry out Part 2(a) of the Project and the Wildlife Institute of India to carry out Part 2(b) of the Project, all in accordance with the respective Subsidiary Agreements and with the Project Implementation Plan.

2. Maintain, or cause to be maintained, a project implementation plan, satisfactory to the Association, containing, inter alia, specific provisions on detailed arrangements for the carrying out of the Project, including:

   (a) the procurement, financial management and disbursement requirements thereof;

   (b) the ESMF, COM, the GAAP, the Procurement Plan, and the Financial Management Manual;

   (c) the agreed Subsidiary Agreement framework; and

   (d) the Key Performance Indicators.

3. Not amend, delete or waive any provision of the Project Implementation Plan without the Association’s prior written approval.

4. Maintain, at all times during Project implementation, a Project management team within MoEF, with functions and responsibilities acceptable to the Association, including, inter alia, the responsibility to coordinate and monitor the carrying out of the Project.

5. Ensure that the PMT shall, at all times during Project implementation, be led by a Project director and assisted by adequate professional and administrative staff, including, without limitation, an assistant Project director, procurement, financial management, communication and monitoring and evaluation experts, all in numbers and with experience and qualifications acceptable to the Association, and operating under terms of reference satisfactory to the Association.
B. **Subsidiary Agreement**

In order to achieve the objectives of Parts 1, 2 and 3 of the Project, the Recipient, through MoEF, shall:

1. Make part of the proceeds of the Financing available to each State Landscape Society, each Learning Center and the Wildlife Institute of India under an agreement between MoEF and the respective State Landscape Society, Learning Center and the Wildlife Institute of India, under terms and conditions approved by the Association, which shall include, *inter alia*, the obligation of the State Landscape Society, Learning Center and the Wildlife Institute of India to:

   (a) carry out their respective Part of the Project in accordance with the Project Implementation Plan, the ESMF, the COM, the GAAP and the Anti-Corruption Guidelines;

   (b) maintain, on behalf of the Recipient, records and accounts adequate to reflect the operations, resources and expenditures under the Project;

   (c) grant the Association the right to examine and audit such records and accounts;

   (d) refund to the Association any portion of the Financing which the Association may have found to be ineligible for funding under the Project;

   (e) procure the goods, works and services required to carry out their respective Part of the Project in accordance with the provisions of Section III of this Schedule; and

   (f) enable the Recipient to comply with its obligations under this Agreement.

2. Exercise its rights under each Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient, through MoEF, shall not assign, amend, abrogate, waive or fail to enforce any provision of any one Subsidiary Agreement.

C. **Anti-Corruption**

The Recipient, through MoEF, shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and those of the GAAP.
D. Safeguards

The Recipient, through MoEF shall, and shall cause the State Landscape Societies, Learning Centers and the Wildlife Institute of India to:

(a) Carry out the Project in accordance with the ESMF, including the mitigation measures set forth therein, in a manner satisfactory to the Association.

(b) Ensure that the Project shall not: (i) involve any compulsory land acquisition, forcible eviction and involuntary relocation of local population; and (ii) introduce any restrictions on community access to natural resources unless voluntarily agreed and documented by said communities through a consultative process satisfactory to the Association.

(c) Ensure that the environmental and social screening criteria set forth in the ESMF are consistently applied at all times in a manner satisfactory to the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient, through MoEF, shall monitor and evaluate the progress of the Project and shall prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the Key Performance Indicators. Each Project Report shall cover the period of six (6) months, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient, through MoEF, shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient, through MoEF, shall prepare and furnish to the Association not later than forty-five (45) days after the end of each quarter, Interim Unaudited Financial Reports (IUFR) for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have the Designated Account, and through MoEF, shall have Project’s Financial Statements, audited in accordance with the provisions of
Section 4.09(b) of the General Conditions. Each audit of the Designated Account and the Project’s Financial Statements shall cover the period of one (1) financial year of the Recipient, commencing with the financial year in which the first withdrawal under the Project was made. The audit reports for the Designated Account and the Project’s audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-Consultant Services. All goods, works and non-consultant services required for the Project and to be financed out of the proceeds of the Financing 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 Financing 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 Association 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 Works and Non-Consultant Services

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

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

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality Based Selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Least Cost Selection</td>
</tr>
<tr>
<td>(d) Selection Based on Consultant’s Qualifications</td>
</tr>
<tr>
<td>(e) Single Source Selection</td>
</tr>
<tr>
<td>(f) Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.
Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association 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 Association 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 Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services, training and operating costs under the Project (other than those financed by the GEF Trust Fund Grant)</td>
<td>9,800,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>9,800,000</td>
<td></td>
</tr>
</tbody>
</table>

For purposes of this Section IV, the terms:

(a) “operating costs” means the incremental non-consultant expenditures incurred in connection with the carrying out of the Project, including: (i) incremental office expenses for the Project; (ii) salaries of project related contractual staff; and (iii) project related travel, including per diem; and

(b) “training” means non-consultant expenditures incurred in connection with the provision of training, including training fees, logistics, materials, and the reasonable cost of travel and per diem of trainers and trainees.
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 SDR 1,000,000 equivalent may be made for payments made prior to this date but on or after January 1, 2011, for Eligible Expenditures.

2. The Closing Date is March 31, 2018.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 15 and October 15</td>
<td></td>
</tr>
<tr>
<td>commencing October 15, 2021 to and including April 15, 2031</td>
<td>1.25%</td>
</tr>
<tr>
<td>commencing October 15, 2031 to and including April 15, 2046</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.
APPENDIX

Section I. Definitions


2. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

3. "COM" means Community Operations Manual, acceptable to the Association, dated March 22, 2011, governing the principles, processes and practices through which the Project shall be implemented at the community level.


5. "ESMF" means the Environmental and Social Management Framework, acceptable to the Association, dated July 20, 2009, governing all environmental and social aspects of Project implementation, including the participatory process framework for indigenous and vulnerable people, and mitigation and adaptive measures to offset, reduce to acceptable levels, or eliminate, any adverse environmental and social impacts under the Project, as said framework may be updated from time to time by agreement between the Association and the Recipient.

6. "Financial Management Manual" means the Project's financial manual, acceptable to the Association, dated February 23, 2011, which manual contains, inter alia, accounting policies and procedures, flow of funds arrangements and procedures for internal control with respect to the carrying out of the Project, as said manual may be amended from time to time by agreement between the Association and the Recipient.

7. "GAAP" means the Governance and Accountability Action Plan, acceptable to the Association, which identifies key governance issues under the Project and sets forth mitigation measures to address said issues, as said Plan may be amended from time to time by agreement between the Association and the Recipient.

9. "Key Performance Indicators" means the indicators for monitoring and evaluating progress towards the attainment of Project objectives.

10. "Learning Center" means a society registered under the Recipient's Societies Registration Act (1860) or the relevant State Act for registering societies, operating in the Recipient's States of Tamil Nadu, Kerala and Gujarat, which society shall have signed a Subsidiary Agreement (as hereinafter defined), for the purpose of implementing Part 2(a) of the Project; and "Learning Centers" means the plural thereof.


12. "PMT" means the Project Management Team referred to in Section I.A.5 of Schedule 2 to this Agreement.


14. "Project Implementation Plan" means the plan, acceptable to the Association, referred to in Section I.A.2 of Schedule 2 to this Agreement, dated March 22, 2011, as said plan may be amended from time to time by agreement between the Association and the Recipient.

15. "Procurement Manual" means the Project's procurement manual dated March 22, 2011, which contains, inter alia, procurement policies and procedures with respect to the carrying out of the Project, as said manual may be amended from time to time by agreement between the Association and the Recipient.

16. "Procurement Plan" means the Recipient's procurement plan for the Project, dated March 22, 2011 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

17. "State Landscape Society" means a society registered under the Recipient's Societies Registration Act (1860), or the relevant State Act for registering societies, operating in the Recipient's States of Gujarat and Uttarakhand, or in such other State of the Recipient as may be agreed from time to time between the Recipient and the Association, which society shall have signed a Subsidiary Agreement (as hereinafter defined), for the purpose of implementing Part 1 and 3 of the Project; and "State Landscape Societies" means the plural thereof.

18. "Subsidiary Agreement" means the agreement referred to in Section I.B.1 of this Agreement.
19. "Wildlife Institute of India" means the Wildlife Institute of India, an autonomous and registered society operating under MoEF, established in 1982 and granted autonomy in 1986, whose mandate is to promote research, scientific knowledge, and training, and provide advice on specific wildlife management issues.
CERTIFICATE

I hereby certify that the foregoing is a true copy of the original in the archives of the International Development Association.

[Signature]

For Vice President and Corporate Secretary