
GRANT NUMBER 0495-IND

GRANT AGREEMENT
(Externally Financed)

(Visakhapatnam - Chennai Industrial Corridor Development Program – Project 1)

between

INDIA

and

ASIAN DEVELOPMENT BANK

DATED 23 FEBRUARY 2017

IND 48434

**GRANT AGREEMENT
(Externally Financed)**

GRANT AGREEMENT dated 23 February 2017 between INDIA acting by its President ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Recipient has applied to UCCRTF for a grant, to be administered by ADB, for the purposes of the Project described in Schedule 1 to this Grant Agreement;

(B) the Project will be carried out by the State of Andhra Pradesh ("State") acting through its Department of Industries and Commerce ("DOIC") (the "Project Executing Agency"), and for this purpose the Recipient will make available to the State the proceeds of the grant provided for herein upon terms and conditions mutually satisfactory to ADB and the Recipient; and

(C) ADB has agreed to make a grant to the Recipient from the UCCRTF to be administered by ADB, upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB and the State;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Grant Regulations; Definitions

Section 1.01. All the provisions of the Externally Financed Grant Regulations of ADB dated 08 April 2009 ("Grant Regulations"), are hereby made applicable to this Grant Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

(a) Section 2.01(16) is deleted and the following is substituted therefor:

"Project Agreement" means the Project Agreement of even date herewith between ADB and the State.

(b) The term "Project Executing Agency" appearing in Section 6.01(a), 8.01(c), 8.01(e), 8.01(i), 9.01(b) and 9.02(b) of the Grant Regulations shall be substituted by the term "State" or "EA" as applicable.

Section 1.02. Wherever used in this Grant Agreement, the several terms defined in the Grant Regulations, the ADB Loan Agreement, and Project Agreement have the respective meanings therein set forth unless modified herein or the context otherwise requires, except that for purposes of this Grant Agreement: the term "Borrower" shall be substituted by the term "Recipient" and the term "Loan" shall be substituted by the term "Grant". Additional terms used in this Grant Agreement have the following meanings:

(a) "IA" means the implementing agency under the Project namely the GVMC;

(b) "ADB Loan Agreement" means the Loan Agreement between India as the Borrower and ADB for the Project under the Facility; and

(c) "UCCRTF" means the Urban Climate Change Resilience Trust Fund under the Urban Financing Partnership Facility, administered by ADB;

ARTICLE II

The Grant

Section 2.01. ADB agrees to make available to the Recipient a grant from the UCCRTF in an amount of five million Dollars (\$5,000,000).

ARTICLE III

Use of Proceeds of the Grant

Section 3.01. The Recipient shall make the proceeds of the Grant available to the EA upon terms and conditions satisfactory to ADB and shall cause the Project Executing Agency to apply such proceeds to the financing of expenditures on the Project in accordance with the provisions of this Grant Agreement and the Project Agreement.

Section 3.02. The proceeds of the Grant shall be allocated and withdrawn in accordance with the provisions of Schedule 2 to this Grant Agreement, as such Schedule may be amended from time to time by agreement between the Recipient and ADB.

Section 3.03. Except as ADB may otherwise agree, the Recipient shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Grant in accordance with the provisions of Schedule 4 to the ADB Loan Agreement.

Section 3.04. Except as ADB may otherwise agree, the Recipient shall cause all items of expenditure financed out of the proceeds of the Grant to be used exclusively in the carrying out of the Project.

Section 3.05. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 30 June 2023 or such other date as may from time to time be agreed between the Recipient and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Recipient shall perform, or cause to be performed, all obligations set forth in Schedule 5 to the ADB Loan Agreement and the Project Agreement.

Section 4.02. The Recipient shall enable and cause the EA to enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.03. ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

Section 4.04. The Recipient shall take all actions and cause the State to take all actions which shall be necessary on its part to enable the State and the EA to perform its obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.05. (a) In so far as it relates to the Project, the Recipient shall exercise its rights under the Financing Arrangements in such a manner as to protect the interests of the Recipient and ADB and to accomplish the purposes of the Grant.

(b) In so far as it relates to the Project, no rights or obligations under the Financing Arrangements shall be assigned, amended, or waived without the prior without prior notice to ADB.

Section 4.06. The Recipient acknowledges and agrees that this Grant Agreement is entered into by ADB, not in its individual capacity, but as grant administrator for the UCCRTF. Accordingly, the Recipient agrees that (i) it may only withdraw Grant proceeds to the extent that ADB has received proceeds for the Grant from UCCRTF, and (ii) that ADB does not assume any obligations or responsibilities of UCCRTF in respect of the Project or the Grant other than those set out in this Grant Agreement.

ARTICLE V

Suspension

Section 5.01. The following are specified as additional events for suspension of the right of the Recipient to make withdrawals from the Grant Account for the purposes of Section 8.01(k) of the Grant Regulations: The Recipient/State/EA/IA shall have failed to perform any of its respective obligations under the ADB Loan Agreement or the Project Agreement.

ARTICLE VI

Effectiveness

Section 6.01. The following is specified as an additional condition to the effectiveness of this Grant Agreement for the purposes of Section 9.01(e) of the Grant Regulations: the execution and delivery of the ADB Loan Agreement and the Project Agreement on behalf of the Recipient shall have been duly authorized or ratified by all necessary governmental action.

Section 6.02. A date 90 days after the date of this Grant Agreement is specified for the effectiveness of the Grant Agreement for the purposes of Section 9.04 of the Grant Regulations.

ARTICLE VII

Miscellaneous

Section 7.01. The Secretary, Additional Secretary, Joint Secretary, Director, or Deputy Secretary, in the Department of Economic Affairs of the Ministry of Finance of the Recipient is designated as representative of the Recipient for the purposes of Section 11.02 of the Grant Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the Grant Regulations:

For the Borrower

The Secretary to the Government of India
Department of Economic Affairs
Ministry of Finance
North Block
New Delhi – 110001
India

Facsimile Number:

(91-11) 2309-2511.

For ADB


Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

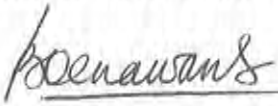
(632) 636-2444
(632) 636-2293.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Grant Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

INDIA

By  _____
RAJ KUMAR
Joint Secretary (MI)
Department of Economic Affairs

ASIAN DEVELOPMENT BANK

By  _____
L. B. SONDJAJA
Officer-in-Charge
India Resident Mission

SCHEDULE 1

Description of the Project

1. The Project will finance innovative approaches to climate change resilient urban infrastructure under Output 1(B) - Urban Investments - Water Sector for GVMC as described in Schedule 1 to the ADB Loan Agreement.

2. The Project shall comprise following outputs

Output 1. Urban climate change resilience enhanced.

Strengthen GVMC's capacity for preparation and implementation of urban climate change resilience strategy, and conduct a detailed vulnerability analysis of the city of Visakhapatnam. Undertake modelling of various risk scenarios for effective planning of disaster response.

Output 2. Climate-resilient infrastructure and services provided.

Support GVMC for structured stakeholders consultations in developing infrastructure and providing services that are more climate resilient. Develop integrated water management solutions through investments in:

- (a) Geographic Information System (GIS)- based inventory of water and sewerage assets:
 - (i) Supervisory control and data acquisition (SCADA) system;
 - (ii) Network modeling amenable to district metering area approach for nonrevenue water reduction
 - (iii) Information and data management systems to form part of the smart city requirements
- (b) Enhanced water quality testing and management system;
- (c) A multi-parameter, real time monitoring and control system which would capture and present data and information from a range of sectors, into a single platform; and
- (d) Enhanced monitoring system and control facility for disaster management and preparedness.

3. The Project is expected to be completed by 31 December 2022.

SCHEDULE 2

Allocation and Withdrawal of Grant Proceeds

General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Grant and the allocation of amounts of the Grant to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category of the Table.)

Basis for Withdrawal from the Grant Account

2. Except as ADB may otherwise agree, the proceeds of the Grant shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Reallocation

3. Notwithstanding the allocation of Grant proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Grant allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to and in consultation with the Recipient and the EA, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Grant which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Grant allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to and in consultation with the Recipient and the EA the Recipient, reallocate such excess amount to any other Category.

Disbursement Procedures

4. Except as ADB may otherwise agree, the Grant proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Retroactive Financing

5. Withdrawals from the Grant Account may be made to finance eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Grant Agreement in connection with items to be retroactively financed, subject to a maximum amount equivalent to 20% of the Grant amount.

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (Visakhapatnam - Chennai Industrial Corridor Development Program – Project 1)			
Number	Item	Total Amount Allocated for ADB Financing (\$) Category	Basis for Withdrawal from the Grant Account
1	Works, Equipment – Urban Climate Change Resilience	4,000,000	92.7% of total expenditure claimed
2	Consulting Services - Urban Climate Change Resilience	1,000,000	87.3% of total expenditure claimed
	Total	5,000,000	

SCHEDULE 3

Execution of Project

Implementation Arrangements

1. Without limiting the generality of Section 4.01 of this Grant Agreement, the Recipient, the State, the EA and IA shall ensure that the Project is implemented in accordance with detailed arrangements set forth in the ADB Loan Agreement, Project Agreement and the FAM. Any subsequent change to the FAM shall become effective only upon approval of such change by the Recipient and ADB. In the event of any discrepancy between the FAM and this Grant Agreement, the provisions of this Grant Agreement shall prevail.

Combating Money Laundering and Financing of Terrorism

2. The Recipient shall ensure and cause the EA to ensure that (a) the EA and the IA comply with applicable laws and regulations of the Recipient on combating money laundering and financing of terrorism; and (b) Grant proceeds are not used, directly or indirectly, in money laundering or financing of terrorism.

3. ADB shall inform UCCRTF in a timely manner if, during the implementation of this Agreement, ADB becomes aware that the Grant proceeds are being used for money laundering or financing of terrorism.