
GRANT NUMBER 0836-IND(EF)

GRANT AGREEMENT
(Externally Financed)

(Integrated Urban Flood Management for the Chennai–Kosasthalaiyar Basin Project - Additional
Financing)

between

INDIA

and

ASIAN DEVELOPMENT BANK

DATED 16 August 2022

IND 49107

**GRANT AGREEMENT
(Externally Financed)**

GRANT AGREEMENT dated 16 August 2022 between INDIA acting by its President ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a loan agreement dated 26 October 2021 between the Recipient and ADB ("Original Loan Agreement"), ADB agreed to make a loan to the Recipient from ADB's ordinary capital resources in the amount of two hundred fifty-one million Dollars (\$251,000,000) for the purposes of the Project described in Schedule 1 to the Original Loan Agreement ("Original Project");

(B) the Recipient has applied to Global Environment Facility ("GEF") for an additional grant to be administered by ADB pursuant to the Financial Procedures Agreement dated 23 October 2008 between the International Bank for Reconstruction and Development, as trustee of GEF, and ADB, for the purposes of scaling-up the Original Project as described in Schedule 1 to this Grant Agreement ("Project", and together with the Original Project, "Overall Project");

(C) the Project will be carried out by the State of Tamil Nadu ("State") acting through its Municipal Administration and Water Supply Department ("MAWSD") and implemented by Greater Chennai Corporation ("GCC"), and for this purpose the Recipient will make available to GCC, through the State, the proceeds of the grant provided for herein upon terms and conditions mutually satisfactory to ADB and the Recipient; and

(D) ADB has agreed to make the proceeds of the grant from GEF available to the Recipient upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB on the one part, and the State and GCC on the other part;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Grant Regulations; Definitions

Section 1.01. All the provisions of ADB's Externally Financed Grant Regulations, dated 1 January 2022 ("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(m) is deleted and the following is substituted therefor:

"Project Agreement" means the project agreement of even date herewith between ADB on the one part and the State and GCC on the other part, as

such agreement may be amended from time to time; and such project agreement includes all schedules to the Project Agreement;

- (b) The term "Project Executing Agency" appearing in Sections 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 "the State and GCC".

Section 1.02. Wherever used in this Grant Agreement, the several terms defined in the Grant Regulations and the Original Loan Agreement have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Grant Agreement have the following meanings: "UrbanShift" means the global platform established by GEF for technical and knowledge support services to improve stakeholder capacity in sustainable, integrated and inclusive approaches to urban development.

ARTICLE II

The Grant

Section 2.01. ADB agrees to make available to the Recipient a grant from GEF in the amount of six million eight hundred eighty thousand Dollars (\$6,880,000) ("Grant").

ARTICLE III

Use of Proceeds of the Grant

Section 3.01. (a) The Recipient shall make the proceeds of the Grant available to the IA upon such terms and conditions mutually acceptable to ADB and the Recipient, and shall cause the IA 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 1 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 ensure, or cause the EA and IA to ensure, that the items of expenditure to be financed out of the proceeds of the Grant are procured in accordance with the provisions of Schedule 2 to this Grant Agreement.

Section 3.04. Withdrawals from the Grant Account in respect of Goods, Works and Services shall be made only on account of expenditures relating to:

- (a) Goods which are produced in and supplied from and Works and Services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement; and

- (b) Goods, Works and Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.05. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 30 June 2026 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 by the EA and IA, all obligations set forth in Schedule 3 to this Grant Agreement.

Section 4.02. 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 4.03. The Recipient shall enable ADB's representatives to inspect the Project, the Goods, Works and Services, and any relevant records and documents.

Section 4.04. In so far as it relates to the Project, the Recipient shall take all actions or cause the State to take all actions which shall be necessary on its part to enable the EA and IA to perform their 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, abrogated or waived 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 GEF. Accordingly, the Recipient agrees that (a) it may only withdraw Grant proceeds to the extent that ADB has received proceeds for the Grant from GEF and such proceeds has not been suspended or cancelled in whole or in part by GEF, and (b) that ADB does not assume any obligations or responsibilities of GEF in respect of the Project or the Grant other than those set out in this Grant Agreement.

ARTICLE V

Effectiveness

Section 5.01. A date 90 days after the date of this Grant Agreement is specified for the effectiveness of this Grant Agreement for the purposes of Section 9.04 of the Grant Regulations.

ARTICLE VI

Termination

Section 6.01. The Grant Agreement and all obligations of the parties thereunder shall terminate on the date on which the Original Loan Agreement terminates.

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 Recipient

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

Facsimile Number:

(91-11) 2309-4075

For ADB


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

Facsimile Numbers:

(632) 8636-2444
(632) 8636-2338.

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 

JUHI MUKHERJEE
Director (ADB)
Department of Economic Affairs

ASIAN DEVELOPMENT BANK

By 

TAKEO KONISHI
Country Director
India Resident Mission

SCHEDULE 1**Description of the Project**

1. The objective of the Overall Project is to strengthen climate and disaster resilience in the Chennai–Kosasthalaiyar river basin.
2. The Project shall further augment the Original Project and shall comprise:
 - (a) improved climate-resilient flood protection infrastructure in the Chennai–Kosasthalaiyar river basin, through enhanced flood retention in the Kadapakkam Lake, through activities including (i) desilting to restore water holding capacity; (ii) construction of a bund 20 meters wide with a cycle track on the upper tier and a walking path on the lower tier; (iii) construction of a bird island with an approximately 2 hectare forest of various native trees; and (iv) construction of recreation facilities, with features friendly to the elderly, women, children, and persons with disabilities; and
 - (b) enhanced urban flood preparedness of GCC and local communities, through activities including (i) enhanced capacity of GCC and other government entities and awareness in local communities of urban water body rejuvenation using nature-based solutions, (ii) promotion of the replication of nature-based solutions by other cities in the State through the development of an investment readiness roadmap, (iii) dissemination of knowledge and practices from the Project to other Indian cities as a model for nature-based urban flood risk management, and (iv) strengthened understanding in the GCC and other cities in the State of integrated sustainable urban development through participation in national and global dialogues organized by UrbanShift.
3. The Project is expected to be completed by 31 December 2025.

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 the Grant proceeds to each such Category ("Table").

Basis for Withdrawal from the Grant Account

2. Except as ADB may otherwise agree, the proceeds of the Grant shall be allocated to items of expenditure, and disbursed on the basis of the withdrawal percentage for each item of expenditure, as 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, in consultation with and by notice to 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, in consultation with and by notice to the Recipient and the EA, 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.

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS			
Number	Item	Total Amount Allocated for GEF Financing (\$)	Basis for Withdrawal from the Grant Account
		Category	
1	Works and Equipment	5,645,000	80.00% of total expenditure claimed
2	Consulting Services	1,116,000	80.00% of total expenditure claimed
3	Incremental Administrative Costs	119,000	80.00% of total expenditure claimed
	TOTAL	6,880,000	

SCHEDULE 3**Execution of Project**Implementation Arrangements

1. The Recipient, the State, the EA and IA shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Recipient, the State, the EA, the IA and ADB. In the event of any discrepancy between the PAM and this Grant Agreement, the provisions of this Grant Agreement shall prevail.

2. (a) The Recipient shall ensure, or cause the EA and IA to ensure towards smooth implementation of the Project, that grievances if any from stakeholders, relating to the Project implementation or use of funds are addressed effectively and efficiently.

(b) The Recipient shall ensure, or cause the EA and IA to ensure, compliance with all the requirements and obligations in their part as included in this Grant Agreement and the Project Agreement to meet the objectives of the Project in a timely and efficient manner.

Procurement

3. The Recipient shall ensure, or cause the EA and IA to ensure, that:

(a) the procurement of Goods, Works and Services is carried out in accordance with the Procurement Policy and the Procurement Regulations;

(b) Goods, Works and Services shall be procured based on the detailed arrangements set forth in the Procurement Plan, including the procurement and selection methods, the type of bidding documents, and ADB's review requirements. The Recipient through the EA may modify the detailed arrangements set forth in the Procurement Plan only with the prior agreement of ADB, and such modifications must be set out in updates to the Procurement Plan; and

(c) (i) all Goods and Works procured and Services obtained (including all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party; and (ii) all contracts for the procurement of Goods, Works and Services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor, supplier, consultant or service provider with respect to the matters referred to in this subparagraph.

4. The Recipient shall ensure, or cause the EA and IA to ensure, that no Works contract which involves environmental impacts is awarded until:

- (a) the relevant authority of the Recipient and/or State, as required, has granted the approval of the IEE, and the EA has obtained ADB's clearance of the IEE based on the final design; and
- (b) the EA has incorporated the relevant provisions from the EMP into the Works contract.

5. The Recipient shall, or shall cause the EA and IA to, announce the Project and business opportunities (i.e., invitation of potential bids) associated with the Project on its website. The website shall disclose the following information in relation to Goods, Works and Services procured for the Project: (a) the list of participating bidders; (b) the name of the selected bidder; (c) the amount of the contracts awarded; and (d) the Goods, Works and Services procured.

Safeguards

Environment

6. The Recipient shall ensure, or cause the EA and IA to ensure, that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Recipient and the State relating to environment, health and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the IEE and EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Land Acquisition and Involuntary Resettlement

7. The Recipient shall ensure, or cause the EA and IA to ensure, that the Project does not have any involuntary resettlement impacts, within the meaning of the SPS. In the event that the Project does have any such impact, the Recipient shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Recipient and the State, and with the SPS.

Indigenous Peoples

8. The Recipient shall ensure, or cause the EA and IA to ensure, that the Project does not have any indigenous peoples impacts, within the meaning of the SPS. In the event that the Project does have any such impact, the Recipient shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Recipient and the State, and with the SPS.

Human and Financial Resources to Implement Safeguards Requirements

9. The Recipient shall ensure, or cause the EA and IA to ensure, that all necessary budgetary and human resources to fully implement the EMP as required, are made available on a timely basis.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

10. The Recipient shall ensure, or cause the EA and IA to ensure, that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures relevant to the contractor set forth in the IEE and the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report;
- (b) make available a budget for all such environmental and social measures; and
- (c) provide the EA with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE and the EMP.

Safeguards Monitoring and Reporting

11. The Recipient shall ensure, or cause the EA and IA to ensure, the following:
- (a) submit semiannual Safeguards Monitoring Reports to ADB during construction of the Works and annual Safeguards Monitoring Reports to ADB during operation of the Works, and disclose relevant information from such reports to affected persons promptly upon submission;
 - (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEE and the EMP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
 - (c) report any breach of compliance with the measures and requirements set forth in the EMP promptly after becoming aware of such breach.

Prohibited List of Investments

12. The Recipient shall ensure, or cause the EA and IA to ensure, that no proceeds of the Grant are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Labor Standards, Health and Safety

13. The Recipient shall ensure, or cause the EA and IA to ensure, that Works contracts under the Project follow all applicable labor laws of the Recipient and the State and that these further include provisions to the effect that contractors, (a) carry out HIV/AIDS awareness programs for labor and disseminate information at worksites on risks of sexually transmitted diseases and HIV/AIDS as part of health and safety measures for those employed during construction; and (b) follow and implement all statutory provisions on labor (including not employing or using children as labor, equal pay for equal work), health, safety, welfare, sanitation, and working conditions. Such contracts shall also include clauses for termination in case of any breach of the stated provisions by the contractors.

Gender and Development

14. The Recipient shall ensure, or cause the EA and IA to ensure, that (a) the GESI-AP is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GESI-AP; (c) adequate resources are allocated for implementation of the GESI-AP; and (d) progress on implementation of the GESI-AP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB.

Counterpart Support

15. The Recipient shall make available, or cause the EA and IA to make available, through budgetary allocations or other means, all counterpart funds required for the timely and effective implementation of the Project, including funds required to (a) meet additional costs arising from design changes, price escalation in construction costs or other unforeseen circumstances; (b) ensure effective operation and maintenance of the Works, both during and after completion of the Project; and (c) ensure the EA and IA have sufficient funds to satisfy their liabilities arising from any Goods, Works and/or Services contract.

Operation and Maintenance

16. The Recipient shall ensure, or cause the EA and IA to ensure, (a) the further development and finalization of the O&M Plan and Revenue Enhancement Roadmap, based on the areas for further analysis and assessment identified within each such document; (b) provision to ADB of semi-annual updates regarding the development of progress achieved in the development of the O&M Plan and Revenue Enhancement Roadmap; and (c) approval of each of the O&M Plan and Revenue Enhancement Plan by the requisite authorities of the State and GCC, no later than 31 December 2025 and 31 December 2024, respectively.

Communications and Participation

17. The Recipient shall ensure or cause the EA to ensure that the Project is undertaken in conformity with the communication strategy as agreed between ADB, the Recipient, the State, EA and IA and referred in the PAM.

Governance and Anticorruption

18. The Recipient shall ensure and cause the State the EA and IA to comply with ADB's Anticorruption Policy (1998, as amended to date) and (a) shall ensure that the anticorruption provisions acceptable to ADB, the Recipient, the State, the EA and IA are included in all bidding documents and contracts financed by ADB in connection with the Project, including provisions specifying the right of ADB to review and examine the records and accounts of the State, the EA and IA and all contractors, suppliers, consultants, and other service providers as they relate to the Project, and as included in the PAM; (b) shall allow and assist ADB's representatives to carry out random spot checks on the work in progress and utilization of funds for the Project; (c) acknowledge that ADB reserves the right to investigate directly or through its agents any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (d) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation, and as included in the PAM.

Donor-specific covenants

19. The Recipient, the EA and the IA shall comply with the Communication and Visibility Guidelines of the Global Environmental Facility; and in particular, the Recipient, the EA and the IA shall include a GEF logo in all relevant Project publications and on any equipment or facility funded by GEF. For the purposes of this provision, "Communication and Visibility Guidelines of GEF" means the communication and visibility guidelines for external actions funded by the GEF included in the communication and visibility policy approved by the GEF Council in May 2011, as amended from time to time.