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GRANT NUMBER 0399-IND(EF)

GRANT AGREEMENT  
(Externally Financed)

(Karnataka Integrated Urban Water Management Investment Program - Project 1)

between

INDIA

and

ASIAN DEVELOPMENT BANK

DATED 30 December 2014

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IND 43253

**GRANT AGREEMENT  
(Externally Financed)**

GRANT AGREEMENT dated 30 December 2014 between INDIA, acting by its President ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by an agreement of even date herewith between the Recipient and ADB ("Ordinary Operations Loan Agreement"), ADB has agreed to lend to the Recipient from its ordinary capital resources an amount of seventy five million Dollars (\$75,000,000) ("Ordinary Operations Loan") for the purposes of the Project;

(B) the Recipient has, through ADB, applied to the Urban Financing Partnership Facility ("UFPF") for a grant for the purposes of financing Part A (ii) the Project, as set out in Schedule 1 to the Ordinary Operations Loan Agreement;

(C) the Project shall be carried out by the State (as defined in Section 1.02 (gg) of the Ordinary Operations Loan Agreement) through KUIDFC (as defined in Section 1.02 (s) of the Ordinary Operations Loan Agreement), and for this purpose the Recipient shall make available to the State and KUIDFC the proceeds of the Grant provided for herein upon terms and conditions mutually agreeable to ADB and the Recipient; and

(D) the Grant, will be provided through, and administered by, ADB upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties agree as follows:

**ARTICLE I**

**Grant Regulations; Definitions**

Section 1.01. All provisions of the Externally Funded Grant Regulations of ADB, dated 8 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.

Section 1.02. Wherever used in this Grant Agreement, unless the context otherwise requires, the several terms defined in the Grant Regulations and in the Ordinary Operations Loan Agreement have the respective meanings therein set forth as if they were fully set forth herein.

## ARTICLE II

### Administration of the Grant

Section 2.01. Subject to the terms and conditions set forth in this Grant Agreement, ADB agrees to make available to the Recipient on a grant basis, and administer, the grant provided by UFPF in the amount equivalent to one million eight hundred thousand Dollars (\$1,800,000) ("Grant").

Section 2.02. Notwithstanding any other provision of this Grant Agreement, ADB is not obliged to make any disbursement from the Grant Account, except to the extent that ADB has received the Grant from UFPF.

## ARTICLE III

### Use of Proceeds of the Grant

Section 3.01. The Recipient shall cause the proceeds of the Grant to be applied to the financing of expenditures under Part A (ii) of the Project in accordance with the provisions of this Grant Agreement.

Section 3.02. The Goods and other items of expenditure to be financed out of the proceeds of the Grant and the allocation of amounts of the Grant shall be 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, all Goods to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Schedule 4 to the Ordinary Operations Loan Agreement.

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

- (a) Goods which are produced in and 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 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 September 2019 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 the State and KUIDFC to perform, all obligations set forth in Schedule 5 to the Ordinary Operations Loan Agreement.

Section 4.02. (a) The Recipient shall cause the State and KUIDFC to (i) maintain separate accounts for the Project; (ii) have such accounts and related financial statements audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; (iii) furnish to ADB, as soon as available but in any event not later than 6 months after the end of each related fiscal year, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the Grant proceeds and compliance with the financial covenants of this Grant Agreement as well as on the use of the procedures for statement of expenditures), all in the English language; and (iv) furnish to ADB such other information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

(b) The Recipient shall cause the State and KUIDFC to enable ADB, upon ADB's request, to discuss the State and KUIDFC's financial statements for the Project and its financial affairs related to the Project from time to time with the auditors appointed by the State or KUIDFC pursuant to Section 4.02(a) hereabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB, provided that any such discussion shall be conducted only in the presence of an authorized officer of the State or KUIDFC unless the State or KUIDFC shall otherwise agree.

Section 4.03. The Recipient shall cause the State and KUIDFC to enable ADB's representatives to inspect the Project, the goods financed out of the proceeds of the Grant, and any relevant records and documents.

## ARTICLE V

### Suspension and Cancellation

Section 5.01. The following is specified as additional event 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 shall have failed to perform any of its obligations under the Ordinary Operations Loan Agreement.

## ARTICLE VI

### Effectiveness

Section 6.01. The following are specified as additional conditions to the effectiveness of this Grant Agreement for the purposes of Section 9.01(e) of the Grant Regulations: the Ordinary Operations Loan Agreement shall have been authorized by all necessary governmental action and duly executed and delivered on behalf of the Recipient, and all conditions precedent to its effectiveness (other than the condition requiring the effectiveness of this Grant Agreement) shall have been fulfilled.

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 Economics 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  
Ministry of Finance  
Department of Economic Affairs  
North Block  
New Delhi – 110 001  
India

#### Facsimile Numbers:

+91 11 23092477

+91 11 23092511

For ADB

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

Facsimile Numbers:

+63 2 636-2444  
+63 2 636-2305.

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 and to be delivered at the principal office of ADB, as of the day and year first above written.

INDIA

By



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TARUN BAJAJ  
Joint Secretary (MI)  
Department of Economic Affairs

ASIAN DEVELOPMENT BANK

By



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RAJEEV P. SINGH  
Officer-in-Charge  
India Resident Mission

**SCHEDULE 1****Allocation and Withdrawal of Grant Proceeds**General

1. The table attached to this Schedule sets forth the Category of Goods to be financed out of the proceeds of the Grant and the allocation of amounts of the Grant to the Category (hereinafter called the Table).

Percentages of UFPF Financing

2. Except as ADB may otherwise agree, the item of the Category listed in the Table shall be financed out of the proceeds of the Grant on the basis of the percentages set forth in the Table.

Disbursement Procedures

3. Except as ADB may otherwise agree, the Grant proceeds for financing Goods and Consulting Services and other items shall be disbursed in accordance with ADB's Loan Disbursement Handbook.

TABLE

<b>ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS</b>			
<b>(Karnataka Integrated Urban Water Management Investment Program – Project 1)</b>			
<b>CATEGORY</b>			<b>FINANCING</b>
<b>Number</b>	<b>Item</b>	<b>Amount Allocated for UFPF Financing \$ Category</b>	<b>Percentage and Basis for Withdrawal from the UFPF Grant Account</b>
1	Toilet Construction under the Output Based Toilet Program	1,800,000	100% of total expenditure claimed*
	Total	1,800,000	

\*Exclusive of taxes and duties imposed within the territory of the Recipient.