

The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
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DOCUMENTS**

March 14, 2018

Mr. Sameer Kumar Khare
Joint Secretary
Department of Economic Affairs
Ministry of Finance
Government of India
North Block
New Delhi

US / YES

b / 2513

So (FB-1)
2/13/2018

Dear Mr. Khare:

**INDIA: Advance Agreement for Preparation of
Proposed Himachal Pradesh Forests for Prosperity Project
Preparation Advance No. P4930-IN**

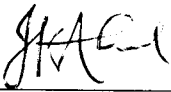
In response to the request for financial assistance made on behalf of India (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (“World Bank”) proposes to extend to the Recipient an advance out of the World Bank’s Project Preparation Facility in an amount not to exceed two million two hundred and thirty thousand Dollars (\$ 2,230,000) (“Advance”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in financing the activities described in the Annex (“Activities”). The objective of the Activities is to facilitate the preparation of a proposed project designed to improve management and community use of forests and alpine pasture at selected sites in the Recipient’s State of Himachal Pradesh (“Project”) for the carrying out of which the Recipient has requested the World Bank’s financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature provided, however, that the offer of this Agreement shall be deemed withdrawn if the

World Bank has not received this countersigned copy within 60 days after the date of signature of this Agreement by the World Bank, unless the World Bank has established a later date for such purpose.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By 
Junaid Kamal Ahmad
Country Director, India

AGREED:
INDIA

By 
Authorized Representative

Name _____

Title समीर कुमार खरे, आई.ए.एस./Sameer Kumar Khare, IAS
संयुक्त सचिव / Joint Secretary
वित्त मंत्रालय / Ministry of Finance
आर्थिक कार्य विभाग / Deptt. of Eco. Affairs
भारत सरकार / Govt. of India

Date: _____

04.04.2018

Enclosures:

- (1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010; and
- (2) Disbursement Letter for the Advance of the same date as this Agreement, together with "Disbursement Guidelines for Investment Project Financing", dated February 2017.

cc: Ms. S. Aparna, Executive Director (India), The World Bank
Mr. Neeraj Mittal, Senior Advisor to ED (India), The World Bank

Ms. Bandana Preyashi, Director (MI), DEA, Ministry of Finance, Government of India

Mr. Sukhbir, Controller of Aid Accounts & Audit, DEA, Ministry of Finance, Government of India

Mr. C.K. Mishra, Secretary, Ministry of Environment, Forests and Climate Change, Government of India

Mr. Tarun Kapoor, Additional Chief Secretary, Forest, Government of Himachal Pradesh

Mr. Shrikant Baldi, Additional Chief Secretary, Finance, Government of Himachal Pradesh

Mr. G. Goraya, Head of Department - State Forest Department, Government of Himachal Pradesh

Mr. Sameer Rastogi, Project Director - State Forest Department, Government of Himachal Pradesh

**PPA No. P4930-IN
ANNEX**

*Article I
Standard Conditions; Definitions*

1.01. **Standard Conditions.** The “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility”, dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, including the Appendix to this Agreement.

**Article II
Execution of the Activities**

2.01. **Description of the Activities.** The Activities for which the Advance is provided consist, of the following parts : (i) establishment of a full-fledged PMU and other field offices of the Project to strengthen readiness; (ii) preparation and development of technical studies including on Non Timber Forest Products (NTFP) and feasibility study for seed stands; (iii) preparation of design of plantation trials and monitoring protocols; (iv) preparation of information technology strategy; (v) preparation of design of silt monitoring network and hydrological monitoring; (vi) preparation of operational manual; (vii) preparation of institutional analysis of HPFD; (viii) preparation of reassessment of fire lines and the development of a fire danger rating index and its system; (ix) carrying out of training and workshops by the Training Institute(s) to enhance the capacity of implementing officers in World Bank procedures for financial management and procurement, information and communication of the Project, exposure visits, and trainings for community members; and (x) operational costs including purchase of vehicles and equipment.

2.02. **Execution of the Activities Generally.** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out through the HPFD in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

2.03. **Institutional and Other Arrangements.** (a) The Recipient shall establish, and thereafter maintain, throughout the carrying out of the Activities, the PMU within the HPFD, with mandate, terms of reference and resources satisfactory to the World Bank, which shall be (i) headed by a director; (ii) composed of relevant technical experts and specialists, all with terms of reference, qualifications and experience satisfactory to the World Bank; and (iii) responsible for, *inter alia*, overseeing the coordination, monitoring, implementation and management of the Activities including the financial management, procurement, and environmental and social safeguards management.

(b) The Recipient shall ensure or cause to be ensured that the terms of reference for any consultants’ services in respect of any activity (whether studies, capacity building activities, or technical assistance) financed under the Advance shall be satisfactory to the World Bank following

its review thereof and, to that end, such terms of reference shall duly incorporate all the applicable World Bank's Safeguards Policies, as applied to the advice conveyed through such activity.

2.04. **Monitoring, Reporting and Evaluation of the Activities.** The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than forty five days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than nine months after the end of such period.

2.06. **Procurement**

All goods, works, non-consulting services and consulting services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in the "World Bank Procurement Regulations for IPF Borrowers" dated July 2016, revised November 2017 ("Procurement Regulations") and the provisions of the Recipient's procurement plan for the Activities dated February [], 2018 ("Procurement Plan") provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

**Article III
Withdrawal of the Advance**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "Disbursement Guidelines for Investment Project Financing" dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance ("Category"), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Advance Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed (inclusive of Taxes)

(1) Goods (including vehicles), Works, Non-consulting Services, Consulting Services, Training and Incremental Operating Costs under the Activities	2,230,000	100%
TOTAL AMOUNT	2,230,000	100%

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. For the purpose of Section 3.01, "Works" shall be defined to mean the painting and minor refurbishment of the Training School/s. Any activity involving Works shall be in accordance with the applicable World Bank Safeguards Policies.

3.03. **Refinancing Date.** The Refinancing Date is February 28, 2019.

Article IV Terms of the Advance

4.01. **Interest.** The Recipient shall pay interest on the Withdrawn Advance Balance at a rate, for each Interest Period, equal to the Reference Rate plus the Fixed Spread; provided, however, that the interest payable shall in no event be less than zero percent (0%) per annum. Interest shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. The Interest Period Determination Dates are January 1 and July 1 in each year.

4.02. **Repayment.** The Withdrawn Advance Balance shall be repaid by the Recipient to the World Bank (together with interest accrued thereon) in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

(a) **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be repaid to the World Bank (together with interest accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such interest, in accordance with the provisions of the Refinancing Agreement.

(b) **Repayment in the absence of a Refinancing Agreement:** If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date, it has been so executed but terminates without becoming effective, then:

(i) if the amount of the Withdrawn Advance Balance does not exceed \$50,000, it shall be repaid by the Recipient to the World Bank (together with interest accrued on

the Withdrawn Advance Balance to the date of repayment) on such date as the World Bank shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and

(ii) if the amount of the Withdrawn Advance Balance exceeds \$50,000, it (together with interest accrued on the Withdrawn Advance Balance to the Notice Date) (the "Aggregate Balance") shall be paid by the Recipient to the World Bank in ten approximately equal semiannual installments, in the amounts and on the dates ("Payment Dates") which the World Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than 60 days following the date ("Notice Date") of dispatch of such notice. The Recipient shall pay interest on the Aggregate Balance at a rate, for each Interest Period, equal to the Reference Rate plus the Fixed Spread, payable in arrears on each Payment Date. Notwithstanding the foregoing, if any amount of the Aggregate Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the Recipient shall pay the Default Interest Rate on such overdue amount in lieu of the interest rate specified above in this subparagraph (ii) until such overdue amount is fully paid. Interest at the Default Interest Rate shall accrue from the first day of each Default Interest Period and shall be payable semi-annually in arrears on each Payment Date.

Article V **Recipient's Representative; Addresses**

5.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is the Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary of the Department of Economic Affairs of the Ministry of Finance of the Recipient.

5.02. **Recipient's Address.** The Recipient's Address referred to in Section 9.01 of the Standard Conditions is:

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

Telex:

Facsimile:

5.03. **World Bank's Address.** The World Bank's Address referred to in Section 9.01 of the Standard Conditions is:

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

Telex:

248423 (MCI) or
64145 (MCI)

Facsimile:

(1)-202-477-6391

APPENDIX**DEFINITIONS**

- (a) "Himachal Pradesh" means the Recipient's State of Himachal Pradesh.
- (b) "Himachal Pradesh Forest Department" and the acronym "HPFD" means the Himachal Pradesh Forest Department, Government of Himachal Pradesh or any successor thereto.
- (c) "Incremental Operating Costs" means the reasonable cost of incremental expenditures incurred by Himachal Pradesh on account of the implementation of Activities, for salaries of contractual staff (other than consultants); per diems; office rental; office supplies; vehicle rental; utilities; conveyance; travel and boarding/lodging allowances; operation and maintenance of office equipment and vehicles; advertising expenses and bank charges; insurance; media broadcastings; newspaper subscriptions; periodicals; printing and stationery costs; all in connection with the management, coordination and implementation of the Activities, which expenditures would not have been incurred absent the Activities, but excluding salaries and salary top-ups of Himachal Pradesh's civil servants unless such civil servants are under full time deputation to the HPFD.
- (d) "Project Management Unit" and the acronym "PMU" mean the unit referred to in Section [2.03] of this Annex.
- (e) "Training" means the reasonable costs of trainings, seminars, workshops, conferences and study tours, conducted in India and/or overseas, and undertaken in accordance with the training plan previously agreed with the World Bank, including: (a) the fees of training institutions and courses; (b) domestic and international travel costs, lodging costs, and subsistence/per diem allowances both for trainers and trainees; (c) the rental of training facilities; (d) preparation, purchase or reproduction of training materials; and (e) travel and subsistence allowances for trainers and/or trainees.
- (f) "Training Institute(s)" shall mean the forest training institutes/colleges/centres/facilities of the HPFD or any successor thereto and [governed by the Natural Resource Management, Training and Development Society].
- (g) "World Bank's Safeguard Policies" means, collectively, but only to the extent that they are applicable to the Activities, the operational policies and procedures OP/BP 4.01 (Environmental Assessment), OP/BP 4.04 (Natural Habitats), OP/BP 4.07 (Water Resources Management), OP/BP 4.09 (Pest Management), OP/BP 4.10 (Indigenous Peoples), OP/BP 4.11 (Physical Cultural Resources), OP/BP 4.12 (Involuntary Resettlement), OP/BP 4.36 (Forests), and OP/BP 4.37 (Safety of Dams) contained in the Bank's Operational Manual which can be found on the Bank's website at www.worldbank.org.