EESL - Global Environment Facility Grant Agreement

(Partial Risk Sharing Facility for Energy Efficiency Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Agency of the Global Environment Facility

and

ENERGY EFFICIENCY SERVICES LIMITED

Dated March 31, 2015
GEF TF GRANT NUMBER TF019308

EESL-GLOBAL ENVIRONMENT FACILITY GRANT AGREEMENT

AGREEMENT dated March 31, 2015 (the “EESL-GEF Grant Agreement”), entered into between International Bank for Reconstruction and Development (“World Bank”) acting as an implementing agency of the Global Environment Facility (“GEF”), and the Energy Efficiency Services Limited (“EESL” or the “Recipient”), the Recipient has agreed to carry out certain activities under the Project (as described in Schedule 1 to this EESL-GEF Grant Agreement), on the terms and conditions set forth in this EESL-GEF Grant Agreement and other agreements referred to below.

Whereas by an agreement dated March 31, 2015 (the “GEF Grant Agreement”) between the World Bank, acting as a GEF implementing agency, and the Small Industries Development Bank of India (“SIDBI”), SIDBI has agreed to carry out certain activities under the Project (as described in this Agreement) on the terms and conditions set forth in the GEF Grant Agreement.

Whereas by a Clean Technology Fund Guarantee Agreement dated March 31, 2015 (the “CTF Guarantee Agreement”) between the World Bank and SIDBI, the World Bank, acting as an implementing entity of the Clean Technology Fund (“CTF”), has agreed to extend to SIDBI a guarantee (the “CTF Guarantee”) in an amount of twenty-five million United States Dollars ($25,000,000), for the Project on the terms and conditions set forth in the CTF Guarantee Agreement.

Whereas by a Cooperation Agreement dated March 31, 2015 (the “Cooperation Agreement”) between India and the World Bank, acting as the CTF’s implementing entity and GEF’s implementing agency, India has agreed to carry out the obligations set forth in the Cooperation Agreement relating to the implementation of this Project.

The Recipient and the World Bank hereby agree as follows:

Article I

Standard Conditions; Definitions

1.01. The Standard Conditions for Grants Made by the World Bank out of Various Funds, dated February 15, 2012 (“Standard Conditions”) constitute an integral part of this EESL-GEF Grant Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this EESL-GEF Grant Agreement have the meanings ascribed to them in: (a) the Standard Conditions; or (b) the Appendix to this EESL-GEF Grant Agreement, the GEF Grant Agreement or the CTF Guarantee Agreement.
Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out its respective Parts of the Project in accordance with the provisions of Article II of the Standard Conditions, this EESL-GEF Grant Agreement, and the applicable provisions of the CTF Guarantee Agreement.

2.02. Without limitation upon the provisions of Section 2.01 of this EESL-GEF Grant Agreement, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this EESL-GEF Grant Agreement.

Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this EESL-GEF Grant Agreement, a grant in an amount equal to two million United States Dollars ($2,000,000) (the “Grant”) to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this EESL-GEF Grant Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this EESL-GEF Grant Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Additional Remedies

4.01. The Additional Events of Suspension referred to in Section 4.02(k) of the Standard Conditions consist of the following:

(a) the World Bank has determined after the Effective Date referred to in Section 5.03 of this EESL-GEF Grant Agreement that prior to such date but after the date of this EESL-GEF Grant Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient’s right to make withdrawals from the Grant Account if this EESL-GEF Grant Agreement had been effective on the date such event occurred;
(b) the World Bank has suspended SIDBI’s right to make withdrawals under the GEF Grant Agreement;

(c) India has taken or permitted to be taken any action which would prevent or interfere with the performance by SIDBI of its obligations under the GEF Grant Agreement or the CTF Guarantee Agreement;

(d) IBRD or IDA has declared EESL ineligible to receive proceeds of any financing made by IBRD or IDA, or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA (including as administrator of funds provided by another financier), as a result of:

   (i) a determination by IBRD or IDA that EESL has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by IBRD or IDA; or

   (ii) a declaration by another financier that EESL is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier;

(e) As a result of events which have occurred after the date of this EESL-GEF Grant Agreement, an extraordinary situation has arisen which makes it improbable that SIDBI will be able to perform its obligations under the GEF Grant Agreement or the CTF Guarantee Agreement;

(f) India shall have failed to perform any of its obligations under the Cooperation Agreement;

(g) the Operations Manual, or any of its environment and social safeguards standard, mitigation arrangements or other requirements, shall have been amended, abrogated, repealed or otherwise modified so as to affect materially and adversely the ability of EESL to carry out the Project or to perform any of its respective obligations under this EESL-GEF Grant Agreement;

(h) EESL’s articles or memorandum of association shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the operations or the financial condition of EESL or its ability
to carry out the Project or to perform any of its obligations under this EESL-GEF Grant Agreement; and

(i) any action shall have been taken for the dissolution, disestablishment or suspension of EESL or the Facility's operations.

**Article V**

**Effectiveness; Termination**

5.01. This EESL-GEF Grant Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:

(a) the execution and delivery of this EESL-GEF Grant Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental and corporate action;

(b) the Cooperation Agreement has been executed and delivered and all conditions precedent to its effectiveness (other than the effectiveness of this EESL-GEF Grant Agreement) have been fulfilled; and

(c) the condition of EFSL, as represented or warranted to the World Bank at the date of this EESL-GEF Grant Agreement, has undergone no material adverse change after such date.

5.02. As part of the evidence to be furnished pursuant to Section 5.01(a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official, on behalf of the Recipient, namely that this EESL-GEF Grant Agreement has been duly authorized or ratified by, and executed and delivered on the Recipient’s behalf and is legally binding upon the Recipient in accordance with its terms.

5.03. Except as the Recipient and the World Bank shall otherwise agree, this EESL-GEF Grant Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this EESL-GEF Grant Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.04. This EESL-GEF Grant Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date one hundred eighty (180) days
after the date of this EESL-GEF Grant Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient's Representative; Addresses

6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is Managing Director.

6.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Energy Efficiency Services Limited
A-13, IWAI Building, 4th Floor
Sector 1, Noida 201 301

6.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

CC: Practice Manager, Guarantees

Cable: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391

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

ENERGY EFFICIENCY SERVICES LIMITED

By Morni Khurana

Authorized Representative

Name: Morni Khurana

Title: Dg General Manager (Finance)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
(acting as an Implementing Agency of the Global Environment Facility)

By

Authorized Representative

Name: Onno Rub,

Title: Country Director, India
SCHEDULE 1

Project Description

This Project’s development objective is to assist India in achieving energy savings with mobilization of commercial finance and participation of Energy Service Companies.

The Project consists of the following parts:

Part A: Partial Risk Sharing Facility

1. Establishing and operating the Facility to provide Sub-Guarantees to Sub-Financiers and developing energy efficiency (market through end-to-end solutions and measurement and verification (“M&V”) activities.

Part B: Technical Assistance and Capacity Building

Technical assistance, capacity building, and operations support comprising, among other things, the following activities.

1. Carrying out market development, Project management, awareness building, and outreach to beneficiaries and stakeholders.

2. Undertaking legal due diligence and dispute resolution involving Sub-Projects.

3. Developing and maintaining the Facility’s website and online presence; a management information system; and other reporting systems.

4. Developing standard appraisal and transaction documents, reporting templates, energy efficient guidelines, strengthening Project report generation, capacity building and training, and online support.

5. Providing technical assistance and capacity building for Participating Financial Institutions, Energy Service Companies, and Beneficiaries.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Project Implementation Arrangements

1. EESL shall maintain a dedicated team for Part B of the Project with qualified staff whose terms of reference are satisfactory and acceptable to the World Bank to oversee its activities under Part B of the Project and to be responsible for Project implementation, oversight, reporting, and evaluation for its activities under Part B of the Project.

2. At SIDBI's request, the Recipient shall nominate a representative to participate in the Project's advisory committee constituted under the GEF Grant Agreement with terms of reference satisfactory and acceptable to the World Bank.

3. At SIDBI's request, the Recipient shall nominate a representative to participate in the Project's executive committee constituted under the GEF Grant Agreement with terms of reference satisfactory and acceptable to the World Bank.

4. The Recipient shall: (i) carry out its Project-related activities in accordance with the guidelines, criteria, rules and procedures described in the Operations Manual and its environmental and social safeguard standards, mitigation arrangements, and other requirements; and (ii) except as the World Bank shall otherwise agree, shall not assign, amend, abrogate or waive any provision of the Operations Manual. In the event that the provisions of the Operations Manual are inconsistent with the provisions of this EESL-GEF Grant Agreement, this EESL-GEF Grant Agreement shall prevail.

5. The Recipient shall provide, promptly as needed, the funds, facilities, services, and other resources required for Part B of the Project, and shall take or cause to be taken all action necessary or appropriate to enable the Recipient to perform its respective obligations under this EESL-GEF Grant Agreement and shall not take or permit to be taken any action which would prevent or interfere with such performance.

6. The Recipient shall cooperate with and, where appropriate, assist SIDBI in carrying out its activities under the Project.

B. Project Implementation Obligations

1. The Recipient shall conduct its respective operations and affairs in accordance with consistently applied appropriate financial standards and practices, adequate
to reflect the operations and financial condition and to register separately the
to reflect the operations and financial condition and to register separately the
operations, resources and expenditures related to Part B of the Project.

2. The Recipient shall:

   (i) receive and account for the proceeds of the Grant received from
   the Recipient under this EESL-GEF Grant Agreement under terms and conditions
   acceptable to the World Bank;

   (ii) utilize the proceeds of the Grant exclusively for Eligible
   Expenditures under this EESL-GEF Grant Agreement; and

   (iii) furnish to the World Bank, at such time as the World Bank shall
   reasonably request, such documents and other evidence showing that the
   proceeds of the Grant were utilized exclusively for Eligible Expenditures.

3. The Recipient shall exchange views with and furnish all such information to the
Recipient, as may be reasonably requested, with regard to the progress of
its activities under Part B of the Project, the performance of its respective
obligations under this EESL-GEF Grant Agreement and other matters relating to
the purposes of the Project.

4. The Recipient shall participate in a mid-term review and other reviews of the
Project as so requested by the World Bank, and to prepare and provide to the
World Bank promptly all related reports for said reviews in form and substance
satisfactory to the World Bank.

C. Anti-Corruption

The Recipient shall ensure that Part B of the Project is carried out in accordance
with the provisions of the Anti-corruption Guidelines and the Governance and
Accountability Action Plan.

D. Safeguards

1. The Recipient shall ensure that Part B of the Project is carried out in accordance
with the environmental and social standards, mitigation arrangements, and other
requirements set forth in the Operations Manual and the Environmental Risk
Management Framework. Except as the World Bank shall otherwise agree, the
Recipient shall not amend, vary or waive any provision of the Operations Manual
relating to such environmental and social standards, mitigation arrangements, the
Environmental Risk Management Framework and other requirements if, in the
opinion of the World Bank, such amendment or waiver may materially and
adversely affect the carrying out of the Project or the achievement of the
objectives thereof.
Section II.  Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of Part B of the Project. The Recipient shall prepare Project Reports covering their respective Project activities in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators agreed with the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than October 31, 2022.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for its respective Project activities are prepared and furnished to the World Bank as part of the Project Report not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its respective Financial Statements for the Project audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each such audit shall cover the period of one Fiscal Year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than nine months after the end of such period.

Section III.  Procurement

All goods and services required for its activities under the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the GEF Grant Agreement.
Section IV. **Withdrawal of Grant Proceeds and Refund of Uncommitted Grant Proceeds**

A. **General**

1. The Recipient may withdraw the proceeds of the Grant 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 “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this EESL-GEF Grant 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 Grant (“Category”), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Works, and Consultants Services, Training, and Operating Costs under Part B of the Project</td>
<td>$2,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>$2,000,000</td>
<td></td>
</tr>
</tbody>
</table>
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 EESL-GEF Grant Agreement, except that withdrawals up to an aggregate amount not to exceed four hundred thousand United States dollars ($400,000) equivalent may be made for payments made prior to this date but on or after April 1, 2014, for Eligible Expenditures under Category (1).

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is April 1, 2022.
APPENDIX

Definitions


3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this EESL-GEF Grant Agreement.


5. "Cooperation Agreement" means the agreement between India and the World Bank relating to implementation of this Project.

6. "CTF" means the Clean Technology Fund for which the World Bank is an implementing entity.

7. "CTF Guarantee" means the CTF guarantee issued by the World Bank, as a CTF implementing entity, to SIDBI on the terms and conditions set forth in the CTF Guarantee Agreement.

8. "CTF Guarantee Agreement" means a guarantee agreement between the World Bank, as a CTF implementing entity, and SIDBI, by which the World Bank has agreed to extend to SIDBI a guarantee in an amount of twenty-five million United States Dollars ($25,000,000), for the Project.

9. "EESL" means the Energy Efficiency Services Limited a company established and incorporated under the Indian Companies Act 1956 or any successor thereto.

10. "EESL-GEF Grant Agreement" means the agreement between the World Bank, as a GEF implementing agency, and EESL relating to EESL's activities under Part B of the Project as such agreement may be amended from time to time.

11. "Environmental Risk Management Framework" means the Project's framework as defined in the GEF Grant Agreement.
12. "Facility" means the facility established on behalf of India and operated by the Recipient under Part A of the Project and in accordance with procedures and requirements set out in the Operations Manual for the purpose of issuing Sub-Guarantees to Participating Financial Institutions and SIDBI as lender under the PRSF in connection with Sub-Financings.

13. "Fiscal Year" means India’s Fiscal Year starting on April 1 each calendar year and ending on March 31 the following calendar year.

14. "GEF Grant Agreement" means the agreement between the World Bank, as GEF implementing agency, and SIDBI regarding the carrying of the Project including implementation arrangements for Part A and Parts B.1, B.2, B.3, and B.4 of the Project as such agreement may be amended from time to time.

15. "Grant" means the GEF Grant provided by the World Bank to the Recipient under this EESL-GEF Grant Agreement.

16. "Governance and Accountability Action Plan" means the Governance and Accountability Action Plan, dated January 15, 2015, satisfactory and acceptable to the World Bank, which sets out the key actions to be undertaken by the Recipient to strengthen governance, transparency, and accountability under the Project, as such plan may be amended from time to time with the approval of the World Bank.

17. "IBRD" means the International Bank for Reconstruction and Development or any successor thereto.

18. "IDA" means the International Development Association or any successor thereto.

19. "Ministry of Finance" means the India’s Ministry of Finance or any successor thereto.

20. "Operating Costs" means Project operating costs incurred by the Recipient for Project implementation under Part B of the Project, including salaries of contractual staff recruited by the Recipient.


23. "Procurement Plan" means the procurement plan for the Project, dated November 13, 2014 and referred to in paragraph 1.16 of the Procurement
Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

24. "SIBDI" means the Small Industries Development Bank of India or any successor thereto.


26. "Training" means non-consultant expenditures incurred in connection with the provision of training and workshops, including training institution fees, logistics, materials, and the reasonable cost of travel and per diem costs of trainers and trainees.