Mr. Rajeev Sethi  
Founder Trustee and Chairman  
The Asian Heritage Foundation  
C-52, NDSE Part II  
New Delhi 110049

Re: India: JSDF Grant for Creating Inclusive Business Models for Marginalized Tribal Communities in Odisha, Jharkhand and Madhya Pradesh Project  
Grant No. TF018040

Dear Mr. Sethi:

In response to the request for financial assistance made on behalf of the Asian Heritage Foundation ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development/International Development Association ("World Bank"), as administrator of grant funds provided by Japan ("Donor") under the Japan Social Development Fund, proposes to extend to the Recipient, for the benefit of India ("Member Country"), a grant in an amount not to exceed two million eight hundred sixty thousand United States Dollars (U.S.$2,860,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

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

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement with 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effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement by ninety (90) days after the date of this Agreement, unless the World Bank shall have established a later date for such purpose.
Very truly yours,
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT
ASSOCIATION

By

Rajni Khanna
Authorized Representative
Acting Country Director
India

AGREED:
THE ASIAN HERITAGE FOUNDATION

By

Authorized Representative
Name RAJEEV SETHI
Title FOUNDER TRUSTEE 
CHAIRMAN
Date: OCTOBER 09, 2014

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
(5) 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
Article I
Standard Conditions; Definitions


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 as follows:

(a) “Artisan Cluster” means a cluster to be set up under the Project in accordance with the terms and conditions set forth in the Community Operations Guidelines, and the term “Artisan Clusters” means, collectively, all such clusters.

(b) “ESMF” means the environmental and social framework dated 28 February 2011, developed for the National Rural Livelihood Project, and updated on 7 August 2014, in a manner and substance satisfactory to the World Bank, which shall be applicable to this Project as may be required, including for consultation with, and training for, Artisan Clusters, on environmental and social safeguards arrangements.

(c) “National Rural Livelihood Project” means the project financed by the World Bank through a financing agreement entered between the Member Country and the World Bank, dated July 18, 2011, as amended.

(d) “Sub-grant” means a grant to be provided to the Artisan Cluster for the financing of a Sub-project, and the term “Sub-grants” means, collectively, all such grants.

(e) “Sub-project” means a set of activities to be implemented under Part B of the Project by the Artisan Cluster, and the term “Sub-projects” means, collectively, all such set of activities.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to create employment and sustainable livelihood opportunities to reduce poverty amongst the unemployed youth, women and other marginalized communities in the tribal regions of Odisha, Jharkhand and Madhya Pradesh through supporting their traditional and artisanal skills. The Project consists of the following parts:

Part A: **Institution Building, Skill-Up Gradation and Design Development**

Provision of locally-based training, capacity building and focused hand-holding support to selected communities to set up and strengthen their own local level cluster institutions
including, *inter alia*, the carrying out of knowledge sharing and training exchange activities and the testing of skill development exercises.

Part B: Community Cluster Fund

(i) Designing, establishment and operationalization of community cluster funds through the provision of Sub-grants to support the setting-up of common facility centers, the setting-up of mobile kiosks, and the starting-up of cluster enterprises.

(ii) Provision of technical support to local level cluster institutions to leverage commercial bank financing and design innovative financial products.

Part C: Marketing, Trade Facilitation and Support Services

(i) Provision of front-end marketing and trade linkages for selected brands aimed at efficiently linked local level cluster institutions to international, national and local markets including, *inter alia*, (a) the creation of brands to meet demands of young urban and rural audiences; (b) the provision of associated training; (c) the establishment of sales and marketing channels for selected brands; and (d) the carrying out of market research and grand development studies.

(ii) Setting-up of mobile kiosks in selected cities including (a) the provision of associated training on sales and marketing; and (b) the development of mobile kiosk business plans.

Part D: Monitoring and Evaluation, and Knowledge Dissemination and Project Administration and Management

Carrying out of Project management and administration activities including, *inter alia*, the provision of associated training and goods and the carrying of monitoring and evaluation and knowledge dissemination activities.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with: (a) the provisions of Article II of the Standard Conditions; (b) 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 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. **Institutional and Other Arrangements.** (a) The Recipient shall: (i) establish and thereafter maintain, throughout the implementation of the Project, a unit to responsible for the overall implementation of the Project, including financial, procurement, monitoring and evaluation and social and environmental management arrangements; and (ii) appoint and thereafter maintain throughout the period of implementation of the Project, a Project director assisted by competent staff, all with experience and qualification, in numbers and under terms of reference acceptable to the World Bank.

(b) The Recipient shall carry out the Project in accordance with the Project operating manual dated September 18, 2014, acceptable to the World Bank (“Project Operating Manual”).
Recipient shall not amend, waive, and/or void any provision thereof, whether in whole or in part, the Project Operating Manual without the prior written concurrence of the Word Bank.

(c) In carrying out Part B(i) of the Project, the Recipient shall prepare community operations guidelines, acceptable to the World Bank, for the implementation of Part B(i) of the Project ("Community Operations Guidelines"), which shall include: (i) the procedures and criteria for appraisal and selection of Artisan Clusters and Sub-projects; (ii) the processes for procuring goods, works and services under Part B(i) of the Project; (iii) the requirement for monitoring and reporting; (iv) the terms and conditions governing Sub-grants, including the obligation of the Recipient to enter into an agreement with each selected Artisan Cluster for the provision of such Sub-grants. The Recipient shall not amend, waive, and/or void any provision thereof, whether in whole or in part, the Community Operations Guidelines without the prior written concurrence of the Word Bank.

(d) The Recipient shall collaborate, as necessary, with relevant stakeholders, including those of the National Rural Livelihood Project and other state level livelihood projects support by the World Bank, in the implementation of the Project.

(e) The Recipient shall, and shall cause the Artisan Clusters to, carry out the Project in accordance/compliance with the ESMF and the relevant instruments (to be) prepared pursuant to the terms and conditions set forth in the ESMF, in a manner and substance satisfactory to the Word Bank; and (ii) refrain from taking any action, or consenting to an action to be taken, which would prevent or interfere with the implementation of the ESMF, including any amendment, suspension, waiver, and/or voidance of any provision thereof, whether in whole or in part, without the prior written concurrence of the World Bank.

2.04. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank 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.

(c) The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements 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 six months after the end of such period.

2.05. Procurement

(a) General. All goods, works non-consulting services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”
dated January 2011 revised July 2014 ("Procurement Guidelines"), in the case of goods, works and non-consulting services;

(ii) Sections I and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 revised July 2014 ("Consultant Guidelines"), in the case of consultants' services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines ("Procurement Plan").

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods, Works and Non-consulting Services

(i) Except as otherwise provided in sub-paragraph (ii) below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding subject to the following additional provisions:

(A) Only the model bidding documents for National Competitive Bidding agreed between the Association and the Member's Country task force (as amended for time to time) shall be used for bidding;

(B) Invitations to bid shall be advertised in at least one widely circulated national daily newspaper (or on a widely used website or electronic portal with free national and international access along with an abridged version of the said advertisement published in a widely circulated national daily inter-alia giving the website/electronic portal details from which the details of the invitation to bid can be downloaded), at least thirty (30) days prior to the deadline for the submission of bids;

(C) No special preference will be accorded to any bidder either for price or for other terms and conditions when competing with foreign bidders, state-owned enterprises, small-scale enterprises or enterprises from any given State of the Member Country;

(D) Except with the prior concurrence of the World Bank, there shall be no negotiation of price with the bidders, even with the lowest evaluated bidder;

(E) Extension of bid validity shall not be allowed with reference to contracts subject to World Bank's Prior Review without the prior concurrence of the World Bank (i) for the first request for extension if it is longer than
four (4) weeks; and (ii) for all subsequent requests for extension irrespective of the period (such concurrence will be considered by World Bank only in cases of Force Majeure and circumstances beyond the control of the Purchaser/ Employer);

(F) The system of rejecting bids outside a pre-determined margin or "bracket" of prices shall not be used in the project;

(G) Re-bidding shall not be carried out with reference to contracts subject to World's Bank Prior Review without the prior concurrence of the World Bank;

(H) Rate contracts entered into by the Directorate General of Supplies and Disposals will not be acceptable as a substitute for the National Competitive Bidding procedures unless agreed with the Bank on case to case basis. Such contracts will be acceptable however for any procurement under the Shopping procedures; and

(I) Two or three envelope system will not be used (except when using e-Procurement system assessed and agreed by the World Bank).

(ii) The following methods, other than National Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (A) Shopping; (B) Direct contracting; and (C) Community Participation procedures which are found acceptable to the World Bank.

(d) Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in sub-paragraph (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Fixed Budget selection; (C) Least Cost Selection; (D) Consultants' Qualifications; (E) Single-source Selection (Firms/Individuals); and (F) Selection of Individual Consultant.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. 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 Agreement pursuant to such
instructions), to finance Eligible Expenditures as set forth in the following table. The 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 U.S.$)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods and Works</td>
<td>565,299</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Sub-Grants</td>
<td>424,076</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultants’ services</td>
<td>563,578</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Training</td>
<td>1,047,250</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Incremental Operating Costs</td>
<td>259,797</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>2,860,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this Section: (i) the term "Training" means training conducted in the territory of the Recipient, including purchase and publication of materials, rental of facilities, course fees, and travel and subsistence of trainees; and (ii) the term "Incremental Operating costs" means reasonable incremental operating costs required for the Project including consumable materials and supplies, communications, mass media and printing services, office rental and its maintenance, vehicle rental, operation and maintenance, charges for the opening and operation of bank accounts required for the Project, and travel, lodging and per diems of the Project staff excluding salaries of the Recipient.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made:

(a) for payments made prior to the date of countersignature of this Agreement; or

(b) under Category 2 unless the Recipient has provided evidence satisfactory to the World Bank showing that the Community Operations Guidelines have been duly adopted by the Recipient in a manner acceptable to the World Bank.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is four years after the date of countersignature of this Agreement by the Recipient.
Article IV
Recipient’s Representative; Addresses

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Founder Trustee and Chairman.

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

The Asian Heritage Foundation  
C-52, NDSE Part II  
New Delhi 110049

E-mail: mail@asianheritagefoundation.org  
Facsimile: 91-11-26263988

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

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

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