Mr. Venu Rajamony  
Joint Secretary (MI)  
Department of Economic Affairs  
Ministry of Finance  
Government of India  
New Delhi 110001  
India

March 1, 2012

Dear Mr Rajamony:

Japan Policy and Human Resources Development (PHRD) Technical Assistance Program to Support Disability and Development for the Tamil Nadu Empowerment and Poverty Reduction Project - Expanding Disability Work on Mental Disability Issues (TF011450)

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"), acting as administrator of grant funds provided by Japan ("Donor") under the PHRD Trust Fund proposes to extend to the Recipient for the benefit of the Recipient's State of Tamil Nadu ("State"), a grant in an amount not to exceed two million seven hundred eighty six thousand thirty United States Dollars (US$2,786,030 ("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. Accordingly, in the event that the Donor cancels or fails to pay any contributions under the trust fund to the World Bank for any reason, or that as a result of currency exchange variations the amount of funds available in the trust fund is insufficient for the purposes of the Grant, the Recipient shall bear the risk of such funding shortfall and the World Bank shall not have any liability whatsoever to the Recipient or to any third parties in respect of any expenditures or liabilities incurred by the Recipient or any third parties in connection with this Agreement which exceed the amount of funds made available to the World Bank by the Donor for the purposes of the Grant.

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 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 the countersigned copy of this Agreement by April 30, 2012 after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]
Roberto Zagha
Country Director, India

AGREED:

INDIA

By

Authorized Representative

Name (Venu Rajamony)

Title

Date: 13 March 2012

Enclosures:


2. Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006


Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds 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 herein and in the Standard Conditions or in this Agreement:

(a) "Beneficiary" means a SHG (as hereinafter defined or a VPRC (as hereinafter defined) who shall take part in the carrying out of a Sub-project (as hereinafter defined);

(b) "Operational Manual" means the operational manual to be prepared under Part 1 of the Project, satisfactory to the Association, setting forth, *inter alia*, detailed arrangements for the implementation of the Project, including planning, budgeting, resource mobilization and financial management arrangements, and the criteria for the selection of Beneficiaries and Sub-projects (as hereinafter defined), and the procedures for the carrying out of Sub-projects (as hereinafter defined).

(c) "SHG" means a Self-Help Group, community group engaged in thrift, credit and economic activities.

(d) "Sub-grant" means a grant made or proposed to be made by the Recipient, through the State’s Tamil Nadu Pudhru Vaazhvu Society, to a Beneficiary, out of the proceeds of the Grant allocated from time to time to Part 2 of the Project, pursuant to a Sub-project Agreement (as hereinafter defined) to finance the carrying out of a Sub-project (as hereinafter defined).

(e) "Sub-project" means a project, consisting of one or more activities set forth under Part 2 of the Project, and approved by a VCRP (as hereinafter defined) for financing in accordance with the criteria and procedures set forth in the Operational Manual.

(f) "Sub-project Agreement" means an agreement, entered into between the Recipient, through the State’s Tamil Nadu Pudhru Vaazhvu Society, and a Beneficiary for the provision of a Grant for the carrying out of a Sub-project.

(g) "VPRC" means Village Poverty Reduction Committee, a village organization established under Government of Tamil Nadu Order No. 34, Social Welfare and Nutritious Meals programme Department dated March 9, 2005 and being a CBO representing a village in preparation and implementation of a sub-project.
Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to improve the participation of persons with mental disability in community activities including access to livelihoods. The Project consists of the following parts:

Part 1: Training and Capacity Building

(a) enhancing the awareness and acceptance of mental disability issues among persons with disabilities, the village communities, community organizations and Project staff, (b) strengthening the capacity of community organizations in the areas of community based screening and targeting of people with mental disability; (c) developing the Operational Manual for the implementation of Part 2 of the Project to include; (d) improving the understanding of the needs of people with mental disability, and the opportunities for bringing them back into the mainstream.

Part 2: Special Funds

Provision of Sub-grants to Beneficiaries to, inter alia:

assist village poverty reduction committees for screening, social mobilization and self help group formation; seek referral services and pay for costs related to access and/or treatment where necessary; establish community-based rehabilitation services (where feasible); enhance access to social protection services, support skill training; and develop locally feasible livelihood activities.

Part 3: Project Management

Supporting Project management and related administration activities (including audits), through inter alia: the appointment of disability specialists to be appointed at the Regional level (for a cluster of districts) to facilitate the identification of resource agencies for mental disability, treatment and referral facilities, identify resource organizations to support feasible livelihoods and vocational skills for the mentally disabled, build network with government departments and banks to support the treatment, rehabilitation, safety net programs and livelihood initiatives for the mentally disabled, and sensitize external stakeholders to the issues of the mentally disabled and their rehabilitation.

Part 4: Monitoring and Evaluation

Supporting the development of internal monitoring and learning processes, including engaging the services of professional agency(ies) for periodic evaluation of Project implementation, panel data collection and analysis, and the carrying out of a final evaluation.

2.02. Project Execution Generally. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through the State's Tamil Nadu Pudhu Vaazhvu Society, in accordance with the provisions of: (a) 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. **Donor Visibility and Visit.** (a) The Recipient, through the State’s Tamil Nadu Pudhu Vaazhvu Society, shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project; and (b) for the purposes of Section 2.09 of the Standard Conditions, the Recipient, through the State’s Tamil Nadu Pudhu Vaazhvu Society, shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donor to visit any part of the Recipient’s territory for purposes related to the Project.

2.04. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient, through the State’s Tamil Nadu Pudhu Vaazhvu Society, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank for monitoring and evaluating progress towards the attainment of Project objectives and set forth below in paragraph (b) of this Section. 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.

(b) The performance indicators referred to in paragraph (a) consist of the following: (i) At least half of the people identified with mental disability are part of self-help groups; (ii) at least 40% of those identified with mental disabilities have benefited from follow-up and rehabilitation services including referral services in the health system; and (iii) at least 30% of people with mental disability pursue a livelihood or employment.

(c) The Recipient, through the State’s Tamil Nadu Pudhu Vaazhvu Society, 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 six (6) months after the Closing Date. In order to assist the Recipient, through the State’s Tamil Nadu Pudhu Vaazhvu Society, in preparing the Completion Report, the Recipient, through the State’s Tamil Nadu Pudhu Vaazhvu Society, shall employ consultants whose qualifications, experience and terms of reference are acceptable to the World Bank in accordance with the provisions of Section 2.07 of this Agreement.

2.05. **Financial Management.** (a) The Recipient, through the State’s Tamil Nadu Pudhu Vaazhvu Society, 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, through the State’s Tamil Nadu Pudhu Vaazhvu Society, shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than 45 days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient, through the State’s Tamil Nadu Pudhu Vaazhvu Society, shall have its Financial Statements 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, through the State’s Tamil Nadu Pudhu Vaazhvu Society. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.
2.06. **Procurement**

(a) **General.** All goods, 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 (“Procurement Guidelines”), in the case of goods 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 (“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, through the State’s Tamil Nadu Pudhu Vaazhvai Society, 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 and Non-consulting Services**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding subject to the additional provisions agreed upon from time to time between the Recipient, through the State’s Tamil Nadu Pudhu Vaazhvai Society, and the Association and set forth in the Procurement Plan.

(ii) The following methods, other than National Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (A) Shopping; (D) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the World Bank; (E) Direct Contracting; (F) Force Account; (G) well-established Commercial Practices which have been found acceptable to the World Bank; (H) Procurement under Public Private Partnership Arrangements in accordance with procedures which have been found acceptable to the World Bank; and (I) Community Participation procedures which have been found acceptable to the World Bank.

(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (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) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection of consulting firms; (F) Well-established Commercial Practices which have been found acceptable to the World Bank; (G) Selection of
Individual Consultants; and (H) Single-source procedures for the Selection of Individual Consultants.

(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, through the State’s Tamil Nadu Pudhu Vaazhvu Society, may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient, through the State’s Tamil Nadu Pudhu Vaazhvu Society, (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 USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, in-country training and consultants’ services under the Project</td>
<td>811,030</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Sub-grants</td>
<td>1,975,000</td>
<td>100% of the amounts disbursed by the Recipient, through the State’s Tamil Nadu Pudhu Vaazhvu Society, under a Sub-project</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,786,030</td>
<td></td>
</tr>
</tbody>
</table>

(a) the term “in-country training” means non-consultant expenditures incurred in connection with the provision of training, including workshops, training institution fees, logistics, materials, and the cost of domestic travel and per diem of trainers and trainees.

(b) no withdrawal shall be made for payments made under Category (2) unless the Association has received the Operational Manual.
3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2015.

### 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 any of the following: the Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary of the Department of Economic Affairs in the Ministry of Finance.

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

Secretary to the Government of India  
Department of Economic Affairs  
Ministry of Finance  
New Delhi, India

Facsimile:

91-11-23092039

6.03. **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  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Facsimile:

1-202-477-6391
D.O. No. 10/10/2000-FB. VII

Dated the 14th March, 2012

Subject: Japan Policy and Human Resources Development (PHRD) Technical Assistance Program for supporting Disability and Development for the Tamil Nadu Empowerment and Poverty Reduction Project-Expanding Disability Work On Mental Disability Issues (TF011450)

Dear Mr. Zagha,

Please refer to your letter dated 1st March, 2012 on the above subject.

One copy of the Japan Policy and Human Resources Development (PHRD) Technical Assistance Program grant agreement duly signed by Mr. Venu Rajamony, Joint Secretary, Department of Economic Affairs is enclosed. The other copy of the Amendment letter has been retained in this Department.

With regards

Yours sincerely

(Dalip Kapur)

Mr. Roberto N. Zagha,
Country Director, India
The World Bank,
70, Lodhi Estate,
New Delhi- 110003

Date Received: 15th March, 2012
Project / Task: INEPDP
Project / Task ID: L-901
Action: Crookford (TT)
Copy to: Crookford (TT)