Clean Technology Fund
Loan Agreement

(Development Policy Loan to Promote Inclusive Green Growth and Sustainable Development in Himachal Pradesh)

between

INDIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as an implementing entity of the Clean Technology Fund

Dated June 11, 2014
CLEAN TECHNOLOGY FUND LOAN AGREEMENT

AGREEMENT dated IN, 2014, entered into between INDIA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting not in its individual capacity but solely in its capacity as an implementing entity of the Clean Technology Fund ("CTF"), for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The World Bank has decided to provide this financing on the basis, inter alia, of: (a) the actions which Himachal Pradesh has already taken under the Program and which are described in Section I of Schedule to the Program Agreement; and (b) the Borrower's maintenance of an adequate macroeconomic policy framework. The Borrower and the Bank therefore hereby agree as follows:

Article I

Standard Conditions; Definitions

1.01. The Standard Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

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

Article II

Loan

2.01. The World Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of one hundred million United States Dollars ($100,000,000) ("Loan").

2.02. The Borrower may withdraw the proceeds of the Loan in support of the Program in accordance with Section I of Schedule 1 to this Agreement.

2.03. The Loan is funded out of the resources made available to the World Bank as an implementing entity of the CTF. In accordance with Section 3.02 of the Standard Conditions (as defined in the Appendix 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 from the CTF trust fund, and the Borrower's right to withdraw the Loan proceeds is subject to the availability of such funds.

2.04. The Management Fee payable by the Borrower, pursuant to Section 4.01(a) of the Standard Conditions, shall be equal to forty-five one hundredth of one
percent (0.45%) of the Loan. The Borrower shall pay the Management Fee not later than 60 days after the Effective Date.

2.05. The Service Charge payable by the Borrower on the Withdrawn Loan Balance shall be equal to one-fourths of one percent (1/4 of 1%) per annum.

2.06. The Payment Dates are April 15 and October 15 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.

2.08. The Payment Currency is USD.

Article III
The Program

3.01. The Borrower declares its commitment to the Program and its implementation through GoHP. To this end, and further to Section 2.06 of the Standard Conditions:

(a) the Borrower and the World Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program;

(b) prior to each such exchange of views, the Borrower shall furnish to the World Bank for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the World Bank shall reasonably request; and

(c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Borrower shall promptly inform the World Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in the Schedule to the Program Agreement.

Article IV
Remedies of the World Bank

4.01. The Additional Event of Suspension consists of the following, namely that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in Section 4.01 of this Agreement occurs and is continuing for a
period of 30 days after notice of the event has been given by the Bank to the Borrower.

Article V
Effectiveness; Termination

5.01. The Additional Condition of Effectiveness consists of the following, namely, that the World Bank is satisfied with the progress achieved by the GoHP in carrying out the Program, and with the adequacy of the Borrower’s macroeconomic policy framework.

5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

Article VI
Borrower’s Representative; Addresses

6.01. The Borrower’s Representative referred to in Section 10.02 of the Standard Conditions is any of the following: Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary, or under Secretary of the Department of Economic Affairs in the Borrower’s Ministry of Finance.

6.02. The Borrower’s Address referred to in Section 10.01 of the Standard Conditions is:

Department of Economic Affairs
Ministry of Finance,
Government of India
North Block
New Delhi 110 001
India

Facsimile:
+91-11-23095145

6.03. The World Bank’s Address referred to in Section 10.01 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

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

INDIA

By 

Authorized Representative

Name: ________________________

Title: ________________________

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as an implementing entity of the Clean Technology Fund

By 

Authorized Representative

Name: ________________________

Title: ________________________
SCHEDULE I

Availability of Loan Proceeds

Section I. Availability of Loan Proceeds

A. General. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the World Bank may specify by notice to the Borrower.

B. On-lending Arrangements: To facilitate the carrying out of the Program, the borrower shall make the proceeds of the Loan available to Himachal Pradesh in accordance with the Borrower's standard arrangements for development assistance to the States of India.

C. Allocation of Loan Amounts. The Loan (except for amounts required to pay the Management Fee) is allocated in a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:

<table>
<thead>
<tr>
<th>Allocations</th>
<th>Amount of the Loan (expressed in USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Single Withdrawal Tranche</td>
<td>99,550,000</td>
</tr>
<tr>
<td>(2) Management Fee</td>
<td>450,000</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>100,000,000</td>
</tr>
</tbody>
</table>

D. Withdrawal Tranche Release Conditions

No withdrawal shall be made of the Single Withdrawal Tranche unless the World Bank is satisfied: (a) with the Program being carried out by the Borrower and GoHP; and (b) with the adequacy of the Borrower's macroeconomic policy framework.

E. Deposits of Loan Amounts. Except as the World Bank may otherwise agree:

1. all withdrawals from the Loan Account shall be deposited by the World Bank into an account designated by the Borrower and acceptable to the World Bank; and

2. the Borrower shall ensure that upon each deposit of an amount of the Loan into this account, an equivalent amount is accounted for in the
Borrower's budget management system, in a manner acceptable to the World Bank.

F. **Excluded Expenditures.** The Borrower undertakes that the proceeds of the Loan shall not be used to finance Excluded Expenditures. If the World Bank determines at any time that an amount of the Loan was used to make a payment for an Excluded Expenditure, the Borrower shall, promptly upon notice from the World Bank, refund an amount equal to the amount of such payment to the World Bank. Amounts refunded to the World Bank upon such request shall be cancelled.

G. **Closing Date.** The Closing Date is November 30, 2014.
## SCHEDULE 2

**Repayment Schedule**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Loan Repayable (expressed as a percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 15 and October 15:</td>
<td></td>
</tr>
<tr>
<td>Commencing October 15, 2024 to and including April 15, 2034</td>
<td>1%</td>
</tr>
<tr>
<td>commencing October 15, 2034 to and including April 15, 2054</td>
<td>2%</td>
</tr>
</tbody>
</table>
APPENDIX

Section I. Definitions


2. "AGiSAC" means the Aryabhatta Geo-Informatics & Space Application Center established under the aegis of the State Council for Science, Technology and Environment of Himachal Pradesh.

3. "Block" means a district subdivision of Himachal Pradesh comprised of Panchayats (village council) and town municipalities, as the case may be.

4. "Cash Transfers" means the cash transfers to be paid on annual basis to Eligible Beneficiaries out of the respective Local Area Development Fund, and to be funded through the contribution of 1% of the revenues generated from the additional free power components of hydropower projects, for the lifespan of such projects, pursuant to the provisions set forth in the Guidelines for the Management of Local Areas Development Funds.

5. "Eligible Beneficiaries" means, collectively, residents in hydropower project areas as defined in the Guidelines for the Management of Local Area Development Funds.

6. "Excluded Expenditure" means any expenditure:

   (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the IBRD or IDA has financed or agreed to finance, or which the IBRD or IDA has financed or agreed to finance under another loan, credit, or grant;

   (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the World Bank by notice to the Borrower:
<table>
<thead>
<tr>
<th>Group</th>
<th>Sub-group</th>
<th>Description of Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>112</td>
<td></td>
<td>Alcoholic beverages</td>
</tr>
<tr>
<td>121</td>
<td></td>
<td>Tobacco, un-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>manufactured, tobacco</td>
</tr>
<tr>
<td></td>
<td></td>
<td>refuse</td>
</tr>
<tr>
<td>122</td>
<td></td>
<td>Tobacco, manufactured</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(whether or not containing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>tobacco substitutes)</td>
</tr>
<tr>
<td>525</td>
<td></td>
<td>Radioactive and associated</td>
</tr>
<tr>
<td></td>
<td></td>
<td>materials</td>
</tr>
<tr>
<td>667</td>
<td></td>
<td>Pearls, precious and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>semiprecious stones,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>unworked or worked</td>
</tr>
<tr>
<td>718</td>
<td>718.7</td>
<td>Nuclear reactors, and parts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>thereof; fuel elements</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(cartridges), non-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>irradiated, for nuclear</td>
</tr>
<tr>
<td></td>
<td></td>
<td>reactors</td>
</tr>
<tr>
<td>728</td>
<td>728.43</td>
<td>Tobacco processing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>machinery</td>
</tr>
<tr>
<td>897</td>
<td>897.3</td>
<td>Jewelry of gold, silver or</td>
</tr>
<tr>
<td></td>
<td></td>
<td>platinum group metals</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(except watches and watch</td>
</tr>
<tr>
<td></td>
<td></td>
<td>cases) and goldsmiths' or</td>
</tr>
<tr>
<td></td>
<td></td>
<td>silversmiths' wares</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(including set gems)</td>
</tr>
<tr>
<td>971</td>
<td></td>
<td>Gold, non-monetary</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(excluding gold ores and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>concentrates)</td>
</tr>
</tbody>
</table>

(c) for goods intended for a military or paramilitary purpose or for luxury consumption;

(d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Borrower or international agreements to which the Borrower is a party, and any other goods designated as environmentally hazardous by agreement between the Borrower and the World Bank;

(e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and

(f) with respect to which the World Bank determines that corrupt, fraudulent, collusive or coercive practices were engaged in by
representatives of the Borrower or other recipient of the Loan proceeds, without the Borrower (or other such recipient) having taken timely and appropriate action satisfactory to the World Bank to address such practices when they occur.

7. "GoHP" means the government of the State of Himachal Pradesh (as hereinafter defined).


11. “HP Water Policy-2013” means the Himachal Pradesh Water Policy-2013 approved by the Chief Secretary of GoHP, pursuant to Notification No. IPH-B(F)1-3/2013, dated November 18, 2013.


13. “Local Area Development Fund” means each fund for sharing of benefits from hydropower developments involving contribution by developers/operators to such fund in accordance with and for the purposes and uses set out in the Guidelines for the Management of Local Areas Development Fund.

14. “Micro Watershed Development Plans” means each plan for community based integrated watershed management at the Block level.

15. “Negative List” means the list of industries contained in Annexure III of the Himachal Pradesh’s Rules Regarding Grant of incentives, Concessions and Facilities to industrial units in Himachal Pradesh (2004), as amended up to February 7, 2009.

16. “Program” means the program of actions, objectives and policies designed to promote growth and achieve sustainable reductions in poverty and set forth or referred to in the letter dated July 20, 2012 from the GoHP to the World Bank declaring the Himachal Pradesh’s commitment to the execution of the Program, and requesting assistance from the World Bank in support of the Program during its execution.
17. "Program Agreement" means the agreement between the World Bank and Himachal Pradesh of even date herewith, as the same may be amended from time to time.

18. "Sutlej" means the easternmost tributary of the Indus river.

19. "Single Withdrawal Tranche" means the amount of the Loan allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part C of Section I of Schedule I to this Agreement.


22. "Tourism Policy-2005" means the tourism policy approved in 2005 by Himachal Pradesh, Department of Tourism and Civil Aviation.

Section II. Modifications to the Standard Conditions

The modifications to the Standard Conditions are as follows:

1. Paragraph (a) of Section 2.01 (Project Execution Generally) is deleted in its entirety, and the remaining paragraphs in that Section are renumbered accordingly.

2. Paragraph (a) of Section 2.04 (relating to Use of Goods, Works and Services) is deleted in its entirety, and purposely left in blank.

3. Paragraph (c) of Section 2.05 is modified to read as follows:

   "Section 2.05. Documents; Records

   ... (c) all records (contracts, orders, invoices, bills, receipts and other documents) are retained until two years after the Closing Date; and"

4. The title and paragraph (c) of Section 2.06 are modified to read as follows:

   Section 2.06. Program Monitoring, Reporting and Evaluation
prepare and deliver to the World Bank, not later than six months after the Closing Date, one or more completion reports ("Completion Reports") of such scope and in such detail as the World Bank shall reasonably request, on the execution of the Program, the performance by the Borrower, the Guarantor, the Program Implementing Entity and the World Bank, of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Loan.

5. Section 2.07 (Financial Management; Financial Statements; Audits) is deleted in its entirety, and purposely left blank.

6. The last sentence of paragraph (c) of Section 3.04 (relating to Applications for Withdrawal) is deleted in its entirety.

7. Sections 3.05 (Designated Accounts) and 3.06 (Eligible Expenditures) are deleted in their entirety, and purposely left blank.

8. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

   (a) The definition of the term "Eligible Expenditure" is modified to read as follows:

      "Eligible Expenditure' means any use to which the Loan is put in support of the Program, other than to finance expenditures excluded pursuant to the Loan Agreement."

   (b) The term "Financial Statements" and its definition are deleted in their entirety.

   (c) The term "Project" is modified to read "Program" and its definition is modified to read as follows (and all references to "Project" throughout the Standard Conditions are deemed to be references to "Program"):

      "Program' means the program referred to in the Loan Agreement in support of which the Loan is made."

   (d) The term "Project Agreement" is modified to read "Program Agreement", and all reference to "Project Agreement throughout the Standard Conditions are deemed to be references to the "Program Agreement".
(e) The term “Project Implementing Entity” is modified to read “Program Implementing Entity”, and its definition is modified to read as follows (and all references to the “Project Implementing Entity” throughout the Standard Conditions are deemed to be references to the “Program Implementing Entity”):

"‘Program Implementing Entity’ means a legal entity (other than the Borrower or the Guarantor) which is responsible for implementing all or part of the Project and which is a party to the Program Agreement. If the Bank enters into a Program Agreement with more than one such entity, ‘Program Implementing Entity’ refers separately to each such entity.”

(f) The term “Project Implementing Entity’s Representative” is modified to read “Program Implementing Entity’s Representative”, and its definition is modified to read as follows (and all references to the “Project Implementing Entity’s Representative” throughout the Standard Conditions are deemed to be references to the “Program Implementing Entity’s Representative”):

"‘Program Implementing Entity’s Representative’ means the Program Implementing Entity’s representative specified in the Program Agreement for purposes of Section 10.02.”

(g) The term “Project Reports” is modified to read “Program Reports”, and its definition is modified to read as follows (and all references to the “Project Reports” throughout the Standard Conditions are deemed to be references to the “Program Reports”):

"‘Program Reports’ means each report on the Program to be prepared and furnished to the World Bank for purpose of Section 2.06(b)(i).”