

Grant Agreement

dated 24/01/2022

between

KfW, Frankfurt am Main

("KfW")

and

INDIA

acting by its President

(the "Recipient")

represented by the

Ministry of Finance, Department of Economic Affairs

for

EUR 4,490,000.00

- Sustainable Land Management Meghalaya (Grant Component) -

BMZ-No. 2020 67 973

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The Government of the Federal Republic of Germany and the Government of India have agreed to finance the project "Sustainable Land Management Meghalaya (Grant Component)". It is envisaged to finance a loan component by a reduced interest loan (RIL) of up to EUR 50 million and the grant component by a grant of up to EUR 4,490,000.00 . For the preparation and implementation of the planned loan component, KfW and the Recipient have agreed to enter into this grant agreement ("**Agreement**" or "**Grant Agreement**") for an amount of EUR 4,490,000.00 for the financing of preparation activities for the investments under the loan agreement to be signed on a later date. On the basis of the Grant Agreement a project agreement ("**Project Agreement**"), to which the Recipient hereby agrees, shall be concluded between KfW, the State of Meghalaya and the project executing agency Meghalaya Basin Management Agency (MBMA) (the "**Project-Executing Agency**"). The channelling of the Grant in full through the State of Meghalaya to the Project-Executing Agency will be laid down in the Project Agreement.

On the basis of the agreement dated June 01, 2021 between the Government of the Federal Republic of Germany and the Government of India on Financial Cooperation (the "**Government Agreement**"), the Recipient and KfW hereby enter into the following Grant Agreement:

1. Amount and Purpose of the Grant

1.1 KfW shall extend to the Recipient a grant not exceeding

EUR 4,490,000.00 (in words: four million four hundred ninety thousand Euro)

(the "Grant").

This Grant shall not be repayable unless otherwise stipulated in Article 3.2.

1.2 The Recipient shall channel the Grant in full in accordance with the back-to-back on-lending guidelines of the Indian Ministry of Finance, Department of Economic Affairs (DEA), and at the same terms and conditions of this Grant Agreement through the State of Meghalaya to the Project-Executing Agency. The Recipient shall ensure that the Project-Executing Agency uses the Grant exclusively for the financing of the preparation and implementation of the planned loan component for the promotion of agro-ecological and organic farming practices in Meghalaya under "Sustainable Land Management Meghalaya" (the "**Project**"), and primarily to finance the foreign exchange costs. The Project-Executing Agency and KfW shall determine the details of the Project and the goods and services to be financed from the Grant by a separate agreement (the "**Separate Agreement**").

- 1.3 Taxes and other public charges to be borne by the Recipient or the Project-Executing Agency and import duties shall not be financed from the Grant.

2. Disbursement

- 2.1 KfW shall disburse the Grant in accordance with the progress of the Project and upon request of the Project-Executing Agency via the Government of India. By the Separate Agreement, the Project-Executing Agency and KfW shall determine the disbursement procedure, in particular the evidence proving that the requested funds are used for the stipulated purpose.

- 2.2 KfW shall have the right to refuse to make disbursements after December 30, 2028.

3. Suspension of Disbursement and Repayment

- 3.1 KfW may not suspend disbursements unless

- a) the Recipient fails to perform its obligations to KfW to make payments when due,
- b) obligations under this Agreement, the Project-Agreement or under separate agreements pertinent to this Agreement have been violated,
- c) the Recipient or the Project-Executing Agency is unable to prove that the disbursed amounts have all been used for the stipulated purpose,
- d) the fulfilment of KfW's obligations under this Agreement violates applicable law, or
- e) extraordinary circumstances arise that preclude or seriously jeopardize the implementation, the operation, or the purpose of the Project.

- 3.2 If any of the situations specified in Article 3.1 b), c) or d) has occurred and has not been eliminated within a period determined by KfW, which shall, however, be at least 30 days, KfW may,

- a) in the case of Article 3.1 b) or d), demand the immediate repayment of all disbursed amounts;

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- b) in the case of Article 3.1 c), demand the immediate repayment of such amounts as the Recipient or the Project-Executing Agency is unable to prove to have been used for the stipulated purpose.

4. Costs and Public Charges

The Recipient shall bear all taxes and other public charges accruing outside the Federal Republic of Germany in connection with the conclusion and execution of this Agreement, as well as all transfer and conversion costs accruing in connection with the disbursement of the Grant.

5. Contractual Statements and Power of Representation

- 5.1 The President of India and the Secretary, Department of Economic Affairs, Ministry of Finance of the Government of India and such persons as designated by him or her to KfW and authorised by specimen signatures authenticated by him or her shall represent the Recipient in the execution of this Agreement. The power of representation shall not expire until its express revocation by the representative of the Recipient authorised at the time has been received by KfW.
- 5.2 Amendments or addenda to this Agreement and any notices and statements delivered by the contracting parties under this Agreement shall be in writing. Any such notice or statement shall have been received once it has arrived at the following address of the corresponding contracting party or at such other address of the corresponding contracting party as notified to the other contracting party:

For KfW:

KfW

Postfach 11 11 41

60046 Frankfurt am Main

Federal Republic of Germany

Fax: +49 69 7431-2944



For the Recipient:

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

6. The Project

6.1 The Recipient will itself and shall ensure that the Project-Executing Agency will

- a) prepare, implement, operate and maintain the Project in conformity with sound financial and engineering practices, in compliance with the provisions laid down in the Project Agreement, respectively with the provisions laid down in the Separate Agreement concluded between KfW and the Project-Executing Agency, as well as in compliance with environmental and social standards. The Recipient shall assist the Project-Executing Agency in conformity with sound financial and technical practices in the implementation of the Project and in the performance of the Project-Executing Agency's obligations under the Project Agreement and in particular, grant the Project-Executing Agency any and all permissions necessary for the implementation of the Project;
- b) assign the preparation and supervision of construction of the Project to independent, qualified consulting engineers, and the implementation of the Project to qualified firms;
- c) shall at all times comply with the procurement provisions stipulated in the Separate Agreement including the respective procurement plan;
- d) ensure the full financing of the Project and, upon request of KfW, furnish to KfW evidence proving that the costs not paid from this Grant are covered;
- e) maintain, or cause to be maintained, books and records unequivocally showing all costs of goods and services required for the Project and clearly identifying the goods and services financed from this Grant;

- f) enable the representatives of KfW at any time to inspect said books and records and any and all other documentation relevant to the implementation and the operation of the Project, and to visit the Project and all installations related thereto;
- g) furnish to KfW any and all such information and reports on the Project and its further progress as KfW may request; and
- h) of its own accord promptly inform KfW of any and all circumstances that preclude or seriously jeopardize the implementation, the operation, or the purpose of the Project.

6.2 The Project-Executing Agency and KfW shall determine the details pertinent to Article 6.1 by the Separate Agreement.

6.3 For the transport of the goods to be financed from the Grant, the provisions of the Government Agreement, which are known to the Recipient, shall apply.

7. Publication and Transfer of Project-related Information

7.1 To comply with internationally accepted principles of utmost transparency and efficiency in the development cooperation, KfW publishes selected information (including results of environmental and social categorization and assessment as well as ex post evaluation reports) about the Project and its financing during pre-contractual negotiations, while the Project-related agreement(s) is (are) being implemented and in the post-contractual stage (hereinafter referred to as the "Entire Period").

The information is published regularly on KfW's website for its business area "KfW Development Bank" (<http://transparenz.kfw-entwicklungsbank.de/>).

The publication of information (either by KfW or third parties in accordance with Article 7.3 below) about the Project and its financing does not include any contractual documentation or any sensitive financial or business-related detailed information about the parties involved in the Project or its financing, such as

- a) information about internal financial data;
- b) business strategies;
- c) internal corporate guidelines and reports;
- d) personal data of natural persons;

- e) KfW's internal rating of the parties' financial position.

7.2 KfW shares selected information about the Project and its financing during the Entire Period with the entities mentioned below, particularly to ensure transparency and efficiency:

- a) subsidiaries of KfW;
- b) the Federal Republic of Germany and its competent bodies, authorities, institutions, agencies or entities;
- c) other implementing organisations involved in German bilateral development cooperation, particularly the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH;
- d) international organisations involved in collecting statistical data and their members, especially the Organisation for Economic Cooperation and Development (OECD) and its members.

7.3 Furthermore, the Federal Republic of Germany has requested, KfW to share selected information about the Project and its financing throughout the Entire Period with the following entities, which publish the sections relevant to the purpose:

- a) Federal Republic of Germany for the purposes of the International Aid Transparency Initiative (<https://www.bmz.de/de/ministerium/zahlen-fakten/internationale-transparenzstandards-59280>);
- b) Germany Trade & Invest (GTAI) for the purposes of market information (<https://www.gtai.de/gtai-de/trade>);
- c) OECD for the purpose of reporting financial flows in the framework of development cooperation (<http://stats.oecd.org/>);
- d) German Institute for Development Evaluation (DEval) for the purposes of evaluating the overall German development cooperation to ensure transparency and efficiency (<http://www.deval.org/de/>).

7.4 KfW further reserves the right to transfer (including for the purposes of publication) information about the Project and how it is financed during the Entire Period to other third parties so as to safeguard legitimate interests.

The information is not transferred by KfW to other third parties if the legitimate interests of the Recipient in the information not being transferred outweigh KfW's interests in it being transferred. The legitimate interests of the Recipient particularly include the confidentiality of the sensitive information mentioned in Article 7.1, which is excluded from publication.

Furthermore, KfW is entitled to transfer information to third parties if this is necessary due to statutory or regulatory requirements or to assert or defend claims or other legal rights in court or administrative proceedings.

8. Miscellaneous Provisions

- 8.1 The Recipient undertakes to comply at all times with the obligations set out in the Annex (*Compliance Covenants*).
- 8.2 If any of the provisions of this Agreement is invalid, all other provisions shall remain unaffected thereby. Any gap resulting therefrom shall be filled by a provision consistent with the purpose of this Agreement.
- 8.3 The Recipient may not assign or transfer, pledge or mortgage any claims from this Agreement.
- 8.4 This Agreement shall be governed by the law of the Federal Republic of Germany. The place of performance shall be Frankfurt am Main.

8.5 The legal relations established by this Agreement between KfW and the Recipient shall terminate with the end of the useful life of the Project, but not later than 15 years after the signing of this Agreement.

Done in two (2) originals in the English language.

Frankfurt am Main, 24/01/2022

KfW

Kuech
[signature]
Name: Kuech, Stephanie
Title: Head of Division

Harder
[signature]
Name: Harder, Iris
Title: Portfolio Manager

New Delhi, _____
[place, date]

INDIA

Ministry of Finance

Department of Economic Affairs

Government of India – New Delhi

**for and on behalf of
the President of India**

[Signature] 24/1/2022
[signature]

Name: Rajat Kumar Mishra
Title: Additional Secretary, DEA, MoF, GOI.

Annex

Compliance Covenants

[Signature]

Compliance Covenants**1. DEFINITIONS**

Coercive Practice: the impairing or harming, or threatening to impair or harm, directly or indirectly, any person or the property of the person with a view to influencing improperly the actions of a person.

Collusive Practice: an arrangement between two or more persons designed to achieve an improper purpose, including to influence improperly the actions of another person.

Corrupt Practice: the promising, offering, giving, making, insisting on, receiving, accepting or soliciting, directly or indirectly, of any illegal payment or undue advantage of any nature, to or by any person, with the intention of influencing the actions of any person or causing any person to refrain from any action.

Fraudulent Practice: any action or omission, including misrepresentation that knowingly or recklessly misleads, or attempts to mislead, a person to obtain a financial benefit or to avoid an obligation.

Obstructive Practice: (i) deliberately destroying, falsifying, altering or concealing evidence material to the investigation or the making of false statements to investigators, in order to materially impede an official investigation into allegations of a Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice, or threatening, harassing or intimidating any person to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) any act intended to materially impede the exercise of KfW's access to contractually required information in connection with an official investigation into allegations of a Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice.

Person: any natural person, legal entity, partnership or unincorporated association.

Sanctionable Practice: any Coercive Practice, Collusive Practice, Corrupt Practice, Fraudulent Practice or Obstructive Practice (as such terms are defined herein), which (i) is unlawful under German or other applicable law, and (ii) which has, or potentially could have, a material legal or reputational effect on this Agreement between the Recipient and KfW or its implementation.

Sanctions: the economic, financial or trade sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by any Sanctioning Body.



Sanctioning Body: any of the United Nations Security Council, the European Union and the Federal Republic of Germany.

Sanctions List: any list of specially designated persons, groups or entities which are subject to Sanctions, as issued by any Sanctioning Body.

2. INFORMATION UNDERTAKING

The Recipient shall

- a) promptly make available to KfW on demand all relevant "know your customer" or similar information about the Recipient as KfW may request;
- b) promptly furnish to KfW on demand all Project-related information and documents of the Recipient and its (sub)contracting and other related parties which KfW requires to fulfil its obligations to prevent any Sanctionable Practice, money laundering and/or terrorism financing as well as for the continuous monitoring of the business relationship with the Recipient which is necessary for this purpose;
- c) inform KfW, promptly and of its own accord, as soon as it becomes aware of or suspects any Sanctionable Practice, act of money laundering and/or terrorism financing related to the Project;
- d) furnish to KfW any and all such information and reports on the Project and its further progress as KfW may request for the purposes of this Annex; and
- e) enable KfW and its agents at any time to inspect all other Project-related documentation of the Recipient and its (sub)contracting and other related parties, and to visit the Project and all installations related thereto for the purposes of this Annex.

3. REPRESENTATION AND WARRANTIES

- 3.1 With regard to German law or the law of the country of the Recipient, the Recipient represents that none of the Persons acting in relation to the Project on the Recipient's behalf has committed or is engaged in any Sanctionable Practice, money laundering or financing of terrorism.
- 3.2 The representation and warranty set forth in this Article is made for the first time by execution of this Agreement. It will be deemed to be repeated upon each drawing of the Grant by reference to the circumstances prevailing at that date.

4. POSITIVE UNDERTAKINGS

The Recipient undertakes, as soon as the Recipient or KfW becomes aware of or suspects any Sanctionable Practice, act of money laundering or financing of terrorism, to fully cooperate with KfW and its agents, in determining whether such compliance incident has occurred. In particular, the Recipient shall respond promptly and in reasonable detail

to any notice from KfW and shall furnish documentary support for such response upon KfW's request.

5. NEGATIVE UNDERTAKINGS

The Recipient will not enter into any transactions or engage in any other activities in relation to the Project that would constitute a breach of Sanctions.

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