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F. No. 12-1-4/2014-EAP
Government of India
Ministry of Environment, Forest and Climate Change
(Externally Aided Projects Division)

Indira Paryavaran Bhawan,
4th Floor, Agni Wing
Jor Bagh Road
New Delhi-110003
Dated:- 14 January, 2018

To

**Shri Alok P. Nagar
CCF (Projects)
Himachal Pradesh Forest Department
Shimla**

**Subject:- Himachal Pradesh Forest Ecosystem Management and Livelihood Project -
seeking JICA ODA loan- Comments on Draft Minutes of Discussion-reg.**

Sir,

This has reference to draft Minutes of Discussions on Himachal Pradesh Forest Ecosystem Management and Livelihood Improvement Project between Japan International Cooperation Agency (JICA) and Himachal Pradesh Forest Department, Government of Himachal Pradesh, received from Shri Alok P. Nagar, CCF (projects) Himachal Pradesh Forest Department vide email dated 12.01.2018.

In this connection, I am directed to convey the approval of this Ministry on the same subject to the condition that the following amendments as given below shall be made in the Main Points discussed (Annexure-II) of the Minutes of Discussions:

1. At the end of the point No. 8 (Required Clearance), the following shall be added.
"However, necessary approvals and clearances as per the extant acts and rules from competent authorities wherever applicable shall be obtained by the project implementing agency during the implementation of the project in the event of the final approval of the project."
2. The Point No. 34 and 35 (Submission of reports) shall be amended as given below:
34: "Quarterly Progress Report (QPR): The QPR for the Project shall be submitted by HPFD to JICA India Office and Ministry of Environment, Forest and Climate Change (MoEF&CC) on a quarterly basis not later than 30 days after the concerned quarter, by updating the Project status Report attached hereto as Annex I. Milestones achieved with respect to Action Plan with Timetable shall also be appended to the PR. In addition, HPFD shall also forward the Monthly Progress Report prepared by the PMC to JICA India Office and MoEF&CC on regular basis till completion of the contract.

Action
taken; file

CCF/Project
1/02/18

[Signature]
2-2-18

35: Project Completion Report (PCR): The PCR shall be submitted by HPFD to JICA India office and MoEF&CC promptly, but in any event not later than six months after completion of the Project, by updating the PSR attached hereto as Annex. I.

3. At the end of the point No. 36 (Ex-Post Evaluation), the following shall be added; "The JICA shall send the copy of the report on the evaluation of the project to MoEF&CC as and when such evaluations are done."

4. At the end of the Point No. 53 (Micro Planning), the following shall be added: "For the Joint Forest Management Committees (JFMCs) and Eco-Development Committees (EDCs) wherever the Micro Plans were already in existence, the same shall be amended incorporating the activities proposed under this project, duly involving all the stakeholders in a participatory and democratic manner as this will ensure strengthening of the existing Micro Plans and avoid duplication of works."

Yours faithfully


(S. Elamurugannan)
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Copy to:

1. Joint Secretary, Department of Economic Affairs, Ministry of Finance, Government of India.
2. Shri. Vineet Sarin, Additional Chief Development Specialist, JICA India, New Delhi.
3. The Principal Chief Conservator of Forests, Govt. of Himachal Pradesh, Talland, Shimla-171 001.

(Note) The portion with “(P/R and PCR)”, “(P/R)”, and “(PCR)” should be filled in Progress Reports (P/R) and/or Project Completion Reports (PCR).

1: Project Description (Relevance)

1-1 Project Objective

Original:

To manage and enhance forest area ecosystems in the project area, by sustainable forest ecosystem management, biodiversity conservation, livelihoods improvement support and strengthening institutional capacity, thereby contributing to environmental conservation and sustainable socio-economic development in the project area in the State of Himachal Pradesh.

Modified objective and its reason(s): *(P/R and PCR)*

1-2 Necessity and Priority of the Project

- Consistency with development policy, sector plan, national/regional development plans and demand of target group and the recipient country.

Original:

1) Necessity of Sustainable Forest Ecosystem Management in the State of Himachal Pradesh

The State of Himachal Pradesh (HP) is mountainous state, located in the North India at the foot of mountain region in the Himalayas, with the geographical area of 55,673 km² and the population of 6.865 million (2011 Census). Due to its undulating topography, wide range of elevations and climates, the state possesses various types of ecosystems, mainly of forest ecosystems. HP also serves as a major source of water for Indus and Ganga river systems and provides water resources for domestic, agriculture and industry water to downstream areas such as Delhi, Panjab and Haryana. The catchment area of the said river systems fall in forest area, which is under jurisdiction of HP Forest Department (HPFD), and its management and conservation of forest area in HP in terms of water resource conservation, which is one of important ecosystem services of forest area, is extremely crucial not only for HP but also socio-economic development of Northern and Western India.

According to Indian State of Forest Report (ISFR) 2015, the forest and tree cover of the state was 27.76% (15,453 km²), of which 5.79% was very dense forests, 11.46% was moderately dense forests, 9.14% was open forests, and 1.36% was scrub. Although forest cover of the state has been slightly improved from 14,668 km² in ISFR 2009 to 14,696 km² in ISFR 2015, the HP state has not achieved either the India's national target rate of 66.7% of the forestry coverage for the hilly mountainous area, nor HP State Forestry Sector Policy and Strategy (2005) target of 35.5%.

Moreover, insufficient quality of forest is key issue for HP. The open forest areas (less than 40% and more than 10% canopy density) and scrub areas (less than 10% canopy density) could be interpreted as an indication of the mixed picture of quality of forest, which would be the degradation, caused by mainly biotic pressure, as well as improvement, through regeneration and conservation effort. At the state level, since the open forest areas and the scrub areas are gradually improving between ISFR 2009 and ISFR 2015 through natural regeneration (NR) and HPFD's continuous efforts for artificial NR, protection and conservation etc., however, open forest proportion remains yet at high level as 34.6%. Also the forests in the state are under constant threats because of increased biotic pressure. Excessive and unsustainable usage of forest resources, including fodder and grass, by forest fringe community is also seen as one of concerns for adverse impacts to forest areas and its ecosystem services. Also in last 10 years, more than 100,000 ha of forest have been damaged by forest fire (annually 10,000 ha average), mainly caused by the manmade fire.

In terms of grassland and pasture, which are important for ecosystem and also essential for people's livelihood in HP, its degradation has occurred at certain extent due to overgrazing or uncontrolled grazing. Degradations of both forest and grassland/pasture would trigger soil erosion as well as landslide, which have been observed frequently in HP. Therefore, further improvement of quality of forest and grassland/pasture in forest area and conservation of its ecosystem through the promotion of participatory and collaborative management approach, which is consistent with HP State Forestry Sector Policy and Strategy (2005), is urgently required in HP, for improvement of ecosystem services, especially conservation of water resources as well as prevention of soil erosion and landslide.

2) Necessity of Biodiversity Conservation in the State of Himachal Pradesh

The State of HP, falling within Himalayan Biodiversity Hotspot, is bestowed with a repository of flora and fauna. Out of total flora and fauna found in India, 7.3% of flora and 7.4% of fauna, including endangered species listed in Red List of IUCN, have been reported in HP. HP is also well-known as one of important stopovers for migratory birds. In order to protect and conserve this important biodiversity, which is one of important ecosystem services, there are five national parks, 26 wildlife sanctuaries and three conservation reserves recognized and declared by Government of Himachal Pradesh (GoHP) as of 2017 and total area under these Protected Area Network is 8,358.48 km², which is around 15% of the total forest area of the state. In addition, in HP, there are 27 key biodiversity areas (KBAs), which are regarded as sites that contribute significantly to the global persistence of biodiversity. Recently GoHP has decided to implement Biodiversity Act 2002 in HP and strengthen biodiversity management through promotion of community-based approach.

However, there are many threats to rich biodiversity, such as loss or degradation of habitat caused by migratory graziers, over-exploitation for firewood and fodder, forest fire, poaching, infestation by alien species, diverting the land for developmental activities etc., and these would contribute to the degradation of habitat and conservation areas, then subsequently a loss in the overall biodiversity of the region. Additionally, biodiversity conservation has not yet been undertaken in a focused way due to lack of awareness on value and importance of biodiversity among local residents and field level forest officers as well as lack of scientific database. Also increasing human interferences into the ecosystems and negative impacts from them is also serious issue in HP. Incidences of human-wildlife conflict are prevalent in some pockets, especially outside of the protected area, mainly due to the disruption in the habitat caused by the developmental activities and other human interferences. Therefore, there is urgent need to enhance biodiversity conservation activities in HP.

3) Necessity of Livelihood Improvement Support in the State of Himachal Pradesh

Because of diverse investments and opportunities of income generation in HP, there has been a significant reduction in the incidences of poverty in the state in the last two decades (36.8% in 1993-94 to 8.5% in 2011 in the rural areas). Rural electrification and provision of liquefied petroleum gas also reached most of the households in even the remote areas of this state despite the challenging terrain. However, the majority of the rural households in the state still depend on fuelwood and fodder etc. that are extracted from the forest areas and, in this sense, all the households can be considered as users and beneficiaries of ecosystem services from forest area. In the case of nomadic communities/ semi-nomadic communities such as Gaddis and Gujjars, since their major income source is livestock rearing, selling wools or skin, meat, dairy products, the grass and fodder from forest or pasture in forest area is most essential to sustainability of their livelihood. In this context, involvement of these ecosystem services' users is the key for sustainable forest ecosystem management, as stipulated in HP State Forestry Sector Policy and Strategy (2005).

The community development activities for livelihoods improvement support would be centred around the interventions which would reduce anthropogenic pressure on forest and ecosystems and also would be as incentive for community mobilization for intervention to materialize sustainable

usage of ecosystem services. Through the Project, participatory approaches will be adopted to ensure sustainability of the interventions and investments for improving ecosystem services from forest area in HP.

4) Necessity of Institutional Capacity Strengthening in the State of Himachal Pradesh

HPFD has been working in the state for protection and management of forest resources and ecosystems in forest area under jurisdiction of the department. HPFD has been engaged in implementation of various central sponsored schemes, state schemes as well as external aided projects, including Japanese ODA Loan Project namely “Swan River Integrated Watershed Management Project” (2006-2016). Since most of these schemes are being implemented in a participatory mode across the state, HPFD has gained substantial experience in managing participatory approaches to forest management.

However, these schemes and projects have not made demonstrative success in sustaining the field level institution. In terms of biodiversity conservation, since participatory approach through community-based biodiversity conservation has introduced recently in HP, HPFD has limited experiences in that field. For the purpose of effective implementation of the project and to ensure sustainability, it would be essential to strengthen the institutional capabilities of HPFD, community level institutions and other stakeholders/support agencies to work together in an efficient and effective manner. This would be done through enhancing human resources capacities and capabilities, research and knowledge base, effective usage or improvement of decision-making support systems and monitoring mechanisms through MIS/GIS for both forest management and biodiversity conservation for improvement of ecosystem services from forest area in HP.

Actual: (P/R, PCR)

Attachment(s): required only when they are revised.

1-3 Rationale of the Project Design

- Timing, scale, technology of the project

Original: (P/M)

The Project aims to contribute to biodiversity conservation and improvement of ecosystem services in forest area for sustainable socio-economic development in HP, with main focus on specific ecosystem services; 1) water resource conservation, 2) prevention of soil erosion, 3) biodiversity conservation and 4) raw material supply for the livelihood of local residents.

The duration of the Project is 10 years, from March 2018 to March 2028 in consideration of capabilities of stakeholders and time required to conduct activities in sustainable manners. The project activities will be implemented in selected forest Ranges in project target Districts. There is no overlap at Forest Range level with other on-going external aided projects.

The Project will be divided into three phases; Preparatory Phase, Implementation Phase, and Phase-Out.

1. Preparation Phase

Preparation Phase is crucial for successful implementation of the Project. The first step would be institutional arrangement by way of setting up Project Management Unit (PMU), Forest Circle Coordination Unit (FCCU), Divisional Management Unit (DMU), and Field Technical Unit (FTU) followed by deployment of contractual staff at PMU/FCCU/DMU/FTU. Preparation of Operation Manual and other guidelines, orientation and capacity development for HPFD staff in each rank, contractual staff, Ward facilitators and Gram Panchayat (GP) mobilisers and other stakeholders, selection of sites and target villages, community mobilization, and formulation of Micro Plan would be conducted after establishment of PMU. Required surveys and assessments for planning and baseline data for sustainable forest management as well as biodiversity conservation will be conducted during this phase.

2. Implementation phase

In Implementation Phase, activities envisaged for all components, namely Sustainable Forest Eco system Management, Biodiversity Conservation, Livelihood Improvement Support, and Institutional Capacity Strengthening will be carried out. The activities are basically implemented by three batches in accordance with Micro Plan which will be prepared in a participatory way. Target Self Help Group (SHG) or Common Interest Group (CIG) shall also be selected and involved in livelihood improvement support activities.

3. Phase-Out/Closing phase

In Phase-Out/Closing Phase, Phase-Out activities such as asset inventory, Phase-Out training for Village Forest Development Society (VFDS) and Biodiversity Management Committee (BMC) of GP as well as SHGs/CIGs, revisiting of Micro Plan will be undertaken, which is crucial for the project sustainability.

Actual: (P/R,PCR)

2: Project Implementation (Efficiency)

2-1 Project Scope

Table 2-1-1a: Comparison of Original and Actual Location

<p>Location</p>	<p>Original: (P/M) 6 project target Districts in State of Himachal Pradesh</p> <ol style="list-style-type: none"> 1. Bilaspur 2. Shimla 3. Mandi 4. Kullu 5. Kinnaur 6. Lahaul & Spiti <p>➤ 16 Territorial Forest Divisions (TFD) and 2 Wildlife Divisions (WLD) under project target Districts</p> <ol style="list-style-type: none"> 1. Bilaspur TFD 2. Mandi TFD 3. Nachan TFD 4. Suket TFD 5. Jogindernagar TFD 6. Kullu TFD 7. Parbati TFD 8. Banjar (Seraji) TFD 9. Anni TFD 10. Lahaul TFD 11. Kinnaur TFD 12. Shimla TFD 13. Theog TFD 14. Rohru TFD 15. Chopal TFD 16. Rampur TFD 	<p>Actual: (P/Rand PCR)</p> <p>Attachment(s):Map</p>
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	17. Kullu WLD 18. Spiti WLD ➤ 61 Ranges: 56 Territorial Forest Range and five Wildlife Range in above selected TFD and WLD	
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Attachment 1: Location Map

Attachment 2: Selection Criteria for Target Area

Table 2-1-1b: Comparison of Original and Actual Scope

Component/ Sub-Component	Original	Actual
Sustainable Forest Ecosystem Management		
1. Participatory Forest Management (PFM) Mode	1.	
(1) Micro Plan Preparation	(1) 400 plans	
(2) Improvement of Moderately Dense Forest (ANR including in-situ SMC work)	(2) 1,322 ha	
(3) Improvement of Open/ scrub forest (Block plantation including in-situ SMC works)	(3) 1,722 ha	
(4) Eradication of Invasive Species	(4) 161 ha	
(5) Improvement of Pastures/ Grasslands including in-situ SMC work	(5) 360 ha	
(6) Forestry Intervention Outside Forestry Area	(6) 340 ha	
(7) Training of VFDS	(7) 400 VFDSs	
2. Departmental Mode	2.	
(1) Tending Operation for Improvement of Existing Forests	(1) 1,000 ha	
(2) Improvement/Densification of Moderately Dense Forest	(2) 2,326 ha	
(3) Afforestation/Improvement of Open/ Scrub Forests	(3) 2,139 ha	
(4) Improvement of Pastures/ Grasslands	(4) 242 ha	
(5) Improvement of Nurseries	(5) 61 nurseries	
Biodiversity Conservation		
1. Scientific Biodiversity Management	1.	
(1) Rapid Response Team	(1) 16 units	
(2) Pilot Project on Biodiversity Corridor	(2) 1 time	
(3) Basic study for designing Biodiversity Census	(3) 1 time	
2. Community Based Biodiversity Management	2.	
(1) Micro Plan Preparation	(1) 60 plans	
(2) Community Based Biodiversity Management	(2) 60 BMC sub-committees	
(3) SATOYAMA based Biodiversity Conservation Activities	(3) 60 BMC sub-committees	
(4) Training of BMC sub-committee	(4) 60 BMC sub-committees	
Livelihoods Improvement Support		
1. Community Development	1.	
(1) Implementation of Community Development Activities	(1) 400 VFDS and 60 BMC sub-committees	
(2) Training Programmes for Community Development		
(3) Pilot Project on Hydro Cultural Fodder Production		
2. NTFP Based Livelihood Improvement	2.	
(1) Establishment of Jadi Buti Society	(1) 400 VFDS and 60 BMC sub-committees	
(2) Identification of Clusters		

(3) NTFP Assessment	es	
3. Non-NTFP Based Livelihoods Improvement	(3) 1 time	
(1) Implementation of Household/Community Level Livelihood Improvement	2.	
(2) Training of Staff and SHGs/CIGs	(1) 1 unit	
	(2) 11 clusters	
	(3) 11 assessments	
	3.	
	(1) 920 SHGs/CIGs	
	(2) 920 SHGs/CIGs	
Institutional Capacity Strengthening		
1. Strengthening of Project Implementation	1.	
(1) Establishment of PMU/FCCU/DMU/FTU	(1) 1 PMU/ 7 Circles/ 18 Divisions/61 FTUs	
2. Monitoring & Evaluation	2.	
(1) Establishing and Operationalising M&E System	(1) 1 set	
(2) Enhancement and Promotion of GIS/ MIS/ ICT	(2) 1 set	
3. Phase Out	3.	
(1) Phase-Out Training for VFDS and BMC	(1) 400 VFDSs and 20 BMCs	
(2) Phase-Out Training for SHGs/CIGs	(2) 920 SHGs/CIGs	
Consulting Services		
Project Management Consultant		
(1) Pro A Consultant	(1) 10 M/M	
(2) Pro B Consultant	(2) 67 M/M	
(3) Supporting Staff	(3) 108 M/M	

Attachment 3: Detailed Scope of Work

Attachment 4: Terms of Reference for the Consulting Services

2-1-2 Reason(s) for the modification if there have been any.

(P/R and PCR)

2-2 Implementation Schedule

Table 2-2-1: Comparison of Original and Actual Schedule

Items	Original	Actual
Loan Agreement	March 2018	<i>(P/R,PCR)</i> As of (Date of Revision) Please state not only the most updated schedule but also other past revisions chronologically.
Establishment and deployment of staff of PMU/FCCU/DMU/FTU	April 2018 – September 2018	
Deployment of Subject Matter Specialists and FTU Coordinators	May 2018 – September 2018	
Consulting Services	April 2019 – March 2022	
Project Completion	March 2028	
Loan Closing	March 2031	

Attachment 5: Detailed Implementation Schedule

2-2-2 Reasons for any changes of the schedule, and their effects on the project.

(P/R and PCR)

2-3 Project Cost

2-3-1

Table 2-3-1a: Comparison of Original and Actual Cost BY ITEM

Breakdown of Cost (million JPY)	Foreign Currency Portion (Mil. Yen)			Local Currency Portion (Mil. Yen)			Total (Mil. Yen)		
	Total	JICA Portion	Others	Total	JICA Portion	Others	Total	JICA Portion	Others
Sustainable Forest Ecosystem Management	0	0	0	3,282	3,282	0	3,282	3,282	0
Biodiversity Conservation	0	0	0	774	774	0	774	774	0
Livelihoods Improvement Support	0	0	0	1,189	1,189	0	1,189	1,189	0
Institutional Capacity Strengthening	0	0	0	3,489	3,489	0	3,489	3,489	0
Price Escalation	0	0	0	1,755	1,755	0	1,755	1,755	0
Physical Contingency	0	0	0	524	524	0	524	524	0
Consulting Services	36	36	0	87	87	0	123	123	0
Land Acquisition	0	0	0	0	0	0	0	0	0
Administration Cost	0	0	0	1,169	0	1,169	1,169	0	1,169
GST	0	0	0	724	0	724	724	0	724
Import Tax	0	0	0	0	0	0	0	0	0
Interest during construction	870	0	870	0	0	0	870	0	870
Front End Fee	22	0	22	0	0	0	22	0	22
Total	928	36	892	12,993	11,100	1,893	13,921	11,136	2,785

(Note) Total figures are not necessarily tallied due to rounding.

1. Exchange Rate: US\$1=Rs. 65.1, US\$1=JPY 113.0, Rs.1 = JPY 1.74

2. Price Escalation (a) Foreign Currency Portion: 1.7% p.a.

(b) Local Currency Portion: 3.92% p.a.

3. Physical Contingency: 5.0%

4. Base Year for Cost Estimation: November 2017

Breakdown of Cost	Actual								
	Foreign Currency Portion			Local Currency Portion			Total		
	Total	JICA Portion	Others	Total	JICA Portion	Others	Total	JICA Portion	Others
Item	()	()	()	()	()	()	()	()	()
(P/R,PCR)									
Total									

(Note): Exchange Rate: US\$1=Rs. =¥ (Rs.1=¥)

Base Year for Cost Estimation:

Table 2-3-1b: Comparison of Original and Actual Cost BY YEAR

Breakdown of Cost	Original			Actual		
	Total	JICA Portion	Others	Total	JICA Portion	Others
Fiscal Year	(Mil. Yen)	(Mil. Yen)	(Mil. Yen)	()	()	()
2018	2,614	2,190	423	(P/R,PCR)	(P/R,PCR)	(P/R,PCR)
2019	1,183	977	206			
2020	1,203	983	220			
2021	1,266	1,026	240			
2022	1,284	1,030	254			
2023	1,346	1,071	275			
2024	1,409	1,112	297			
2025	1,475	1,156	319			
2026	1,462	1,132	330			
2027	678	457	221			
Total	13,921	11,136	2,785			

(Note): Total figures are not necessarily tallied due to rounding.

1. Exchange Rate: US\$1=Rs. 65.1, US\$1=JPY 113.0, Rs.1 = JPY 1.74

You can use any currencies in this chart, i.e. you may use your local currency as well as Yen for each figure.

If there were the portion of the financial resources such as of World Bank, ADB and so forth, other than your own budget, please fill in another column between “JICA Portion” and “Others” and fill in the figures of them

Attachment 06: Annual Fund Requirement (AFR)

Attachment 07: Cost Breakdown

2-3-2 Reason(s) for the wide gap between the original and actual, if there have been any, the remedies you have taken, and their results.

(P/R, PCR)

2-4 Organizations for Implementation

2-4-1 Executing Agency:

- Organization’s role, financial position, capacity, cost recovery etc,
- Organization Chart including the unit in charge of the implementation and number of employees.

Original:

Executing Agency

Himachal Pradesh Forest Department (HPFD)

Organization's Role

HPFD was established by the State Government, with the vision & mission for the development, conservation, and management of Forest, Tree growth, wildlife habitat etc. on sustainable basis for present and future generation, by planning, executing, coordinating and monitoring the implementation of Forestry and Wildlife programmes.

The Project will be implemented through the PMU to be established as an autonomous society within HPFD as per the provisions in the Himachal Pradesh Society Registration Act, 2006. The High Power Committee (HPC) created for the Project will act as highest decision-making body for the Project at state government level, and will not form part of the autonomous society to be created for project implementation. However, the main responsibility for project implementation shall be taken by HPFD. The existing Divisional and Range offices will operate within their respective jurisdictions for the project implementation. The implementing arrangements would be through the Divisions and Ranges in target area. Details of project institutions are as follows:

1) High Power Committee

High Power Committee (HPC) will be established within the HP state government, outside the Society, at project initiation. HPC will be headed by Chief Secretary and will act as the policy matter decision-making body for the Project at the state level. HPC will meet at least once in six months or more frequently if required in a year and will oversee and review the performance of the project implementation and be responsible for giving directions to the PMU for ensuring smooth and efficient project implementation through pursuing the matters relating to policy and annual budget with the state government, as well as facilitating inter-departmental coordination and convergence.

2) Governing Body (GB)

GB of the Society will be highest decision making body of the Society and headed by Principle Chief Conservator of Forest, Head of Forest Force (PCCF (HoFF)). GB will meet at least once every quarter in a year, or more frequently if required. Roles and Responsibilities of GB is to review the project progress vis-à-vis annual plans, and would also monitor the disbursement status. GB will accord administrative and financial sanctions of all individual schemes, proposals or procurement of goods and services amounting to INR. two million and above, but not exceeding INR. 50 million.

3) Project Management Unit (PMU)

PMU would be headed by Chief Project Director (CPD) in the rank of Chief Conservator of Forest (CCF) or above. S/he would also act as CEO of the Society and would chair the Executive Committee. PMU shall function for the overall project coordination, guidance and supervision on project implementation, procurement management, financial management including extending funds to the implementing units, collating the expenditure statements from field offices and preparation and submitting reimbursement claims to JICA, monitoring and evaluation, and preparation of reports such as Quarterly Progress Reports (QPR) and Project Completion Report (PCR). For the purpose of smooth coordination and implementation of the Project, PMU will have two regional offices in Rampur and Kullu. Those two offices shall enhance the capacity of field coordination and function as the “community and institutional capacity building” wing in Rampur Office and as the “monitoring, evaluation and environment/social safeguard” wing in Kullu Office. Executive Committee will be responsible for monitoring of the physical and financial progress of the Project.

4) Forest Circle Coordinating Unit (FCCU)

FCCU will be created within the Circle Office where the Project would be implemented, and would function as the dedicated and extended wing of the PMU for project implementation. FCCU would be

headed by a CCF or Conservator of Forest rank officer and would be designated as FCCU officer. FCCU will do the monitoring of project implementation at the Division level and extend all technical inputs and guidance both to DMUs and FTUs. FCCU will also coordinate with the District administration for inter-sectoral convergence, participate in meetings at Circle and District level, and extend support for planning, preparing estimates, monitoring, supervision and follow-ups, documentation and reporting the physical and financial progress.

5) Divisional Management Unit (DMU)

DMU will be created an extended arm of PMU and as a part of the autonomous society, and will be housed within the Division Office. DMU would be headed by a Divisional Forest Officer rank officer and would be designated as DMU officer. DMU will supervise, plan, implement, and review the project implementation in the project Ranges along with their respective regular and designated overseeing responsibilities, and would provide vital link between the Project and regular departmental activities. The DMU will also be responsible for cross-checking project works vis-à-vis financial and physical progress reporting, maintain project accounts, seek guidance from FCCU, and would participate in project events. DMU will also coordinate and facilitate project implementation at the Division level, and would extend all technical inputs and guidance on day-to-day basis both to FTUs.

6) Field Technical Unit (FTU)

FTU will be created as an extended arm of PMU and as a part of the autonomous society, and will be housed within the Range office. FTU will be headed by a Ranger rank officer/ Block officer on deputation from the Forest Department, and would be designated as FTU officer. FTU will facilitate project implementation at the Range level, and would extend all technical inputs and guidance at field level, through facilitating the target GPs and community institutions for planning, preparing estimates, monitoring, supervision and follow-ups, documentation and reporting the physical and financial progress. FTU will operate and report expenses to DMU but not be involved to channelize funds to VFDS/BMC. However, 'Fund Advice Note' for release of funds for GPs/ VFDSs would be prepared and recommended by FTU officer.

7) Village Forest Development Committee (VFDS) and Biodiversity Management Committee (BMC)

At the village level, VFDS and BMC sub-committee will be engaged in the Project as the main community level implementing bodies. Both VFDS and BMC sub-committee shall be supported by FTU and community mobilisers and facilitators. The activities implemented by both VFDS and BMC sub-committees shall be reported to GP for ensuring the smooth operation with the community.

Attachment 08: Institutional Arrangement

2-4-2 Contractor(s)/ Supplier(s), and Consultant(s) and Their Performance:

2-4-2-1 Procurement and Consultant

Table 2-4-2: Procurement of Contractor(s)/Supplier(s) and Consultant(s)

Contract Package		Selection Method	
		Original: (P/M)	Actual: (P/R and PCR)
1	Contractor(s)	The works will be implemented by HPFD/ PMU/ FCCUs / DMUs/ FTUs/ VFDSs/ BMCs/ SHGs.	
2.	Technical Assistance	Local consultants, such as Subject Mater Specialists would be selected and contracted by PMU with local competitive bidding, price quotation or direct contract basis. Community mobilizers and facilitators shall be selected and contracted by VFDS/BMC.	

3	Supplier(s)	Local competitive bidding or price quotation or direct contract basis.	
4	Consultant(s) - Project Management Consultant	International competitive bidding (ICB) with short-list method for selecting Project Management Consultant	

Attachment 09: Principles of Procurement

Attachment 10: Procurement and Implementation Methods

2-4-2-2 Performance

<i>(P/R and PCR)</i>
Name(s) and Nationality(s) of the Contractor(s)/ Supplier(s):
Evaluation:
Name(s) and Nationality(s) of the Consultant(s):
Evaluation:

2-5 Photographs of Output of the project (P/R and PCR): Attachment

3: Benefit Derived from the Project (Effectiveness)
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3-1 Operational and physical condition of each facility developed/supplied by the project.

Facilities	Description of condition	Problems, its Background and Remedial Action Plan
<i>(P/R and PCR)</i>	<i>(P/R and PCR)</i>	<i>(P/R and PCR)</i>

3-2 Precautions (Measures To Be Adopted/Points Which Require Special Attention)

- Risks and issues, if any, which may affect the project implementation and outcome, and planned countermeasures to be adapted.

(Note) Please state environmental and social impacts (e.g., land acquisition, resettlement, HIV awareness and prevention program, gender consideration and EIA clearance) and Environmental Checklist or report of monitoring indicator in the following section “3-3 Environmental and Social Impacts”.

Original issues and Countermeasure(s)	Actual issues and Countermeasure(s)
<ul style="list-style-type: none"> ➤ When the project operation is conducted in the area, which requires Protected Area Permit, or when JICA personnel passes through such area, the procedure agreed in Main Points Discussed as per Annex II shall be taken. ➤ Any project activities shall be initiated after finalization of Project Operation Manual and Guidelines in order to avoid confusion in project operations. ➤ PMU shall finalize the selection criteria for Mode selection and monitoring methods under 	<i>(P/R and PCR)</i>

<p>Departmental Mode shall be finalized and obtained the concurrence of JICA.</p> <ul style="list-style-type: none"> ➤ Before finalization of batch two, progress of works of batch one shall be reviewed. Based on the experience of batch one, the number of Wards in batch two and total batches shall be considered. ➤ Original (baseline data) of Qualitative and Quantitative Data of Monitoring Indicators shall be reviewed based on Micro Plan and baseline survey and updated if necessary and reported to JICA along with their target to be set. 	
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3-3 Environmental and Social Impacts

Original issues and Countermeasure(s)	Actual issues and Countermeasure(s)
<p>Significant adverse environmental and social impacts such as land acquisition, resettlement, which require EIA clearance, are not anticipated from the project intervention. The Environmental and Social Management System for the Project to be implemented will be established and monitored based on Environmental and Social Assessment Framework. FTU shall work on categorization of the project activities in each VFDS/BMC sub-committee. Category B activities shall be reported through monitoring from FTU to PMU/DMU, and then to JICA.</p>	<p>(P/R and PCR)</p>

Attachment 11: Environmental Checklist

Attachment 12: Outline of Annual Environmental and Social Performance Report to JICA

Attachment 13: Definition of Environmental Categorization

Attachment 14: Environmental and Social Management System (ESMS) Checklist

Attachment 15: Environmental and Social Assessment Framework (ESAF)

Attachment 16: Vulnerable Scheduled Tribes Planning Framework (VSTPF)

Attachment 17: Environmental and Social Compliance Monitoring Form

3-4 Qualitative and Quantitative Data of Monitoring Indicators

Indicators	Original (2018/2019)	Present (___ / ___)	Target (2030/2031) *two years after completion of the Project
Coverage of area under plantation			10,984 ha
Survival Rate of trees planted by the Project			Normal Plants (1,100 plants/ha) 70 % (1st year); 85 % (3rd year) Tall Plants (<=500 plants/ha) 90 % (1st year); 95 % (3rd year)
The cases of Human-Wildlife Conflict			Reduction in the Project Area

Number of BMC sub-committee members participating in the training			600 members
The number of officers/staff participating in the Protected Area Management Training			365 officers/staff
Percentage of enhancement of household annual income in the project area			Based on baseline survey, the target shall be set.
Community Institutions (VFDS/BMC sub-committee/SHG/CIG) trained			1,380 institutions
The number of Micro Plans created			460 plans

(Note 1) The original data of the above indicators are collected by batch-wise baseline survey.

(Note 2) The target shall be reviewed based on Micro Plans and baseline survey and reported to JICA in case of any changes.

EIRR	Original: EIRR: 9.6 % Cost: Project cost (excluding tax and duties, price escalation and Front-End Fee), Maintenance cost Benefit: Fodder and NTFPs, Profit from Income Generation Activities Project Life: 40 years	Actual: (PCR) _____ % Cost: Benefit: Project Life: Attachment(s): Supporting data for computing EIRR
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Attachment 18: EIRR Calculation

3-5 Monitoring Plan for the indicators

- Monitoring methods, section(s)/department(s) in charge of monitoring, frequency, the term and so forth.

Original: (1) Monthly Reporting by FTU to DMU (2) Monthly Monitoring and Monthly Reporting by DMU/FCCU (3) Monthly, Quarterly, half yearly and Annually Reporting by PMU (Annual Review Meeting) and Reporting by PMU twice a year (4) Quarterly Reporting to JICA and Yearly Monitoring by JICA (5) Mid Term evaluation at Year 5 (6) End Term evaluation at Year 10 JICA will conduct ex-post evaluation 2 years after the project completion.
Actual: (P/R and PCR)

3-6 Achievement of the Project Objective

(PCR)

4: Operation and Maintenance (O&M) (Sustainability)

4-1 O&M and Management

- Organization chart of O&M
- Operational and maintenance system (structure and the number, qualification and skill of staff or other conditions necessary to maintain the outputs and benefits of the project soundly, such as manuals, facilities and equipment for maintenance, and spare part stocks etc).

Original:

HPFD has a responsibility of O&M and management of the assets through the project implementation. To secure the continued O&M and management after the completion of the Project, the following activities shall be taken care of in the project implementation period;

- Deployment of sufficient numbers of staff
- Handing over equipment for research and training etc to HPFD
- Conducting training and workshop for Phase Out
- Making Phase Out Plans by VFDS/BMC sub-committee/SHG/CIG with facilitation of PMU
- Allocation of Sustainability Fund to VFDS/BMC sub-committee for the sustainability of activities and assets created under the Project

Actual: (PCR)

Attachment 19: Operation and Maintenance Structure

4-2 O&M Cost and Budget

- The actual annual O&M cost for the duration of the project up to today, as well as the annual O&M budget.

(PCR)

5: Evaluation

5-1 JICA and Borrower/Executing Agency Performance

Please evaluate the performance of the two bodies.

JICA:

(PCR)

Borrower/Executing Agency:

(PCR)

5-2 Overall evaluation

Please describe your evaluation on the overall outcome of the project.

(PCR)

5-3 Lessons Learnt and Recommendations

Please raise any lessons learnt from the project experience, which might be valuable for the future JICA assistance or similar type of projects, as well as any recommendations, which might be beneficial for better realization of the project effect, impact and assurance of sustainability.

(PCR)

Main Points Discussed

- I. Summary
 - II. Critical Issues Needing Immediate Actions
 - III. General Issues
 - IV. Project Specific Issues
-

I. Summary

Project Title and Objective

1. The JICA mission and Himachal Pradesh Forest Department (HPFD) confirmed the title and objective of the Project as follows:

Project Title: “Himachal Pradesh Forest Ecosystems Management and Livelihoods Improvement Project”

Objective: the objective of the Project is to manage and enhance forest area ecosystems in the project area, by sustainable forest ecosystem management, biodiversity conservation, livelihoods improvement support and strengthening institutional capacity, thereby contributing to environmental conservation and sustainable socio-economic development in the project area in the state of Himachal Pradesh.

Project Cost

2. The JICA mission and HPFD agreed that the entire cost of the Project is estimated as INR. 800 Crore (13,921 million Japanese Yen), out of which INR. 640 Crore (11,136 million Japanese Yen) is to be covered by the loan for the Project (hereinafter referred to as the “the Loan”). The coverage ratio by the Loan is 80%. Cost breakdown is shown in the Project Status Report (Annex I). Both sides confirmed that the cost estimation is subject to the decision of the higher authorities of Government of Japan (GOJ).

Terms and Conditions of the Loan

3. HPFD proposed that Preferential Terms as per below may be appropriate for the terms and conditions of the Loan for the Project, although it is subject to the decision of the higher authorities of GOJ.

Terms	Option	Interest Rate (%)	Repayment period (year)	Grace period (year)
Fixed Rate	Standard	1.30	30	10

(*) This is to be applied for main portion of the Project, while, for consulting services, the interest rate would be minimal (0.01%) and the repayment, grace periods and conditions for procurement would be the same as those for the main portion.

Loan Disbursement Period

4. The JICA mission and HPFD confirmed that the Disbursement Period, in which disbursement is available, would be within 13 years after the effectuation of the Loan Agreement, although the project implementation period would be 10 years.

II. Critical Issues Needing Immediate Actions

Key Actions with Timeframe

5. HPFD agreed on key actions with timetable shown in Time-bound Action Plan as Attachment 20 and committed to implement the Project in accordance with the Plan. The JICA mission encouraged HPFD for achievement of implementation of the Project ahead of the Plan, if possible. The JICA mission reiterated that timely implementation of these actions are crucial for smooth implementation, and sustainable achievement of the project effects. HPFD agreed to monitor the project progress with reference to the Plan and take necessary actions for the statutory approvals for financial arrangement.

Possible Timeframe toward the Loan Agreement

6. The JICA mission explained that decision on when and whether to provide the Loan fully depends on GOJ based on the official request from the Government of India (GOI) but indicated the approximate timeframe towards the signing of the Loan Agreement in FY2017/18 batch as shown below.
7. The JICA mission explained that HPFD can start the tendering process for the JICA financed packages, only 30 calendar days after the Ex-ante Notification made by GOJ to the Organization for Economic Co-operation and Development (OECD), based on the agreement on untied ODA credit transparency among OECD participating countries. Ex-ante notification to the OECD will be made soon after GOJ shortlisted the Project for appraisal by JICA.

Time	Event
15 January 2018	Wrap Up Meeting for the appraisal of the Project and signing of the Minutes of Discussions (MD)
February 2018	Pledge (Prior Notification) from GOJ to GOI
March 2018	Exchange of Notes (E/N) between GOI and GOJ
	Signing of the Loan Agreement between the President of India and JICA *Disbursement can be started after effectuation of the Loan Agreement

Required Clearance

8. The JICA mission and HPFD confirmed that clearances for the Project such as Public Investment Board Clearance (or Standing Finance Committee/Expenditure Finance Committee), Approval from Cabinet Committee on Economic Affairs (or Line Ministry/Ministry of Finance), Environment Clearance, Forestry Clearance and Techno Economic Clearance, are not required. However, necessary approvals and clearances as per the extant acts and rules from the competent authorities wherever applicable shall be obtained by the project implementation agency during the implementation of the project in the event of the final approval of the project.

III. General Issues

(A) Cross-cutting Issues

Status of the Present Minutes of Discussions

9. The present Minutes of Discussions constitutes the sole common project document shared by JICA and HPFD while several other technical documents are issued by Indian side to meet requirements arising from its internal procedures. It is understood among the JICA mission, HPFD and Ministry of Environment, Forest and Climate Change (MoEF&CC) that, should there be discrepancies

between the present Minutes of Discussions and those internal documents, the former should override the latter.

(B) Financial Issues

Terms and Conditions of Japanese ODA Loans

10. The JICA mission explained that the current terms and conditions of Japanese ODA Loans, whose prior notification is on and after 16 October 2017, are as per below.

Terms	Option	Interest Rate (%)	Repayment Period (Years)	Grace Period (Years)	Conditions for Procurement
STEP	Standard	0.10	40	12	tied
General Terms (Fixed)	Standard	1.50	30	10	untied
	Option 1	1.30	25	7	
	Option 2	1.10	20	6	
	Option 3	0.85	15	5	
General Terms (Floating)	Longer option	¥LIBOR+105bp	40	12	
	Standard	¥LIBOR+85bp	30	10	
	Option 1	¥LIBOR+75bp	25	7	
	Option 2	¥LIBOR+65bp	20	6	
Preferential Terms (Fixed)	Option 3	¥LIBOR+55bp	15	5	
	Standard	1.30	30	10	
	Option 1	1.10	25	7	
	Option 2	0.90	20	6	
Preferential Terms (Floating)	Option 3	0.65	15	5	
	Longer option	¥LIBOR+85bp	40	12	
	Standard	¥LIBOR+65bp	30	10	
	Option 1	¥LIBOR+55bp	25	7	
	Option 2	¥LIBOR+45bp	20	6	
	Option 3	¥LIBOR+35bp	15	5	

(*)The interest rate of Floating rate consists of (a) floating base rate of six-month Yen LIBOR (London Interbank Offered Rate) in respect of each interest period; and (b) spread, fixed for the life of the Loan. Unless otherwise specified, LIBOR is reset every six month on two London Banking Days prior to the first day of the relevant interest period. If the base rate plus fixed spread is lower than 0.1%, the interest shall be 0.1% (Floor).

11. The JICA mission explained to HPFD that the Preferential Terms might be applicable to a project if it will contribute to (i) Problems and Issues on Global Environmental and Climate Change, (ii) Health and Medical Care and Services, (iii) Disaster Prevention and Reduction, (iv) Human Resource Development, though it is subject to the decision of the higher authorities of GOJ.

Re-lending Arrangement

12. The JICA mission and HPFD reconfirmed that, as per the policy of the GOI, Japanese ODA Loan

portion shall be no more than 80% of total project cost and out of which only 10% of the Japanese ODA Loan for the Project and concerned exchange fluctuations shall be passed on to the Government of Himachal Pradesh (GoHP) on the same terms and conditions on which it is received because Himachal Pradesh is a Special Category State. The remaining 90% of the Japanese ODA Loan portion shall be repaid by the Ministry of Finance, GOI and treated as a grant from the GOI to the GoHP. In summary, 72% of the project cost shall be the share of the GOI and the remaining 28% shall be the state share.

JICA Fund Coverage over Total Project Cost

13. The JICA mission explained to HPFD that a ceiling ratio of the coverage of Japanese ODA Loans over total project costs is 80% for the Special Category States, as per the policy of GOI and that there is no such ceiling ratio for any particular component under the JICA eligible financial portion. In case the accumulated cost of JICA eligible financial portion exceeds 80% of the total project cost, the financing ratio on each component could be less than 100%.

Prepayment Premium

14. The JICA mission explained the application of prepayment premium for the Project as per Attachment 21. The JICA mission requested HPFD to consult with GOI before corresponding with JICA, in case HPFD intends to make a prepayment. HPFD agreed to it.

Front-End Fee

15. The JICA mission explained Front-End Fee which shall be applied to all the projects as follows:
- The President of India (hereinafter referred to as the “the Borrower”) shall pay a fee to JICA at the rate of 0.2% on the maximum amount of the Loan as the Front-End Fee.
 - The Borrower shall pay the Front-End Fee by the date specified in the Loan Agreement.
 - If the Disbursement Period originally stipulated in the Loan Agreement has not been extended and the Completion Date, determined by JICA, has occurred within the Disbursement Period stipulated in the Loan Agreement, the Borrower shall have the right to request JICA to repay the amount equivalent to 0.1% on the maximum amount of the Loan.
 - Unless otherwise agreed between JICA and the Borrower in writing, such repayment shall be made by setting-off, as specified by JICA, against any amount payable by the Borrower to JICA under the Loan Agreement, upon each due date. In any event, no interest or overdue charge shall accrue on the amount to be repaid from JICA to the Borrower.

Eligible Portion and Non Eligible Portion

16. The JICA mission explained that i) Eligible Portion includes the components of “Sustainable Forest Ecosystem Management”, “Biodiversity Conservation”, “Livelihoods Improvement Support” and “Institutional Capacity Strengthening” including consultancy services, and ii) Non Eligible Portion, which should be borne by HPFD, includes general administration costs, all fiscal levies, charges, taxes and duties imposed by GOI or any other departments in central/state governments with regard to any activities of foreign and local contractors and consultants for the Project, purchase/preparation of land and other real property (if any), compensation, and other indirect items. HPFD agreed to it.
17. The JICA mission and HPFD confirmed that Front-End Fee and Interest During Construction shall be excluded from the eligible portion of Japanese ODA Loan to the Project.

18. The JICA mission and HPFD agreed justification for the eligible portion of the Project shall be as per Attachment 22.

Counterpart Fund

19. Additional Chief Secretary, Finance, confirmed in the meeting held during the Fact Finding mission in October, 2017, that INR. 15 crore as budgetary arrangement for counterpart fund, especially for first year activities, has been requested to the GoHP and the same would be provided under the budget for FY 2018.
20. The JICA mission requested Department of Finance (DOF), the GoHP for smooth and timely allocation of necessary fund based on the request from HPFD. Additional Chief Secretary of Finance confirmed that the necessary action shall be taken by DOF in order to ensure smooth implementation of project activities.
21. HPFD agreed to arrange the counterpart fund for Non Eligible Portion as stated above.
22. HPFD also agreed to mobilize additional financial resources in case the actual project cost overruns the original cost estimate when JICA's contribution reaches the Loan amount.
23. The JICA mission pointed out that in the event of adoption of Reimbursement Procedure, any delay in the allocation of the budget and the release of funds, especially in the first year, will cause the delay in the entire Project implementation schedule. HPFD confirmed budget allocation from DOF for payment required for the project operation by Reimbursement procedure. HPFD and DOF agreed to it.

Disbursement Procedure

24. The JICA mission explained the disbursement procedures, namely Reimbursement Procedure and Commitment Procedure. Under the Project, Commitment Procedure will be applied for the payment of foreign currencies, and Reimbursement Procedure will be applied for the payment of local currencies.
- (1) Commitment: After the letter of credit (L/C) is issued by L/C issuing bank in India and Letter of Commitment (L/COM) is issued by JICA, suppliers can receive the fund from JICA passing through only commercial banks (L/C issuing bank and supplier's bank).
- (2) Reimbursement: After HPFD makes payment to suppliers, HPFD requests JICA through Controller of Aid Accounts & Audit (CAAA) to reimburse the fund. In this case, the funds transferred by JICA to the bank account of GOI will pass through GoHP to HPFD.

Disbursement Procedure (available for download at

http://www.jica.go.jp/english/our_work/types_of_assistance/oda_loans/oda_op_info/procedure/index.html)

25. The JICA mission explained that, under Statement of Expenditure (SOE) procedure as per Attachment 23, the records and accounts related to expenditures financed from Japanese ODA Loans shall be audited annually by an auditor appointed by HPFD. HPFD explained that it would engage a chartered accountant in audit and mentioned that it would abide by the provisions of the Loan Agreement.

(C) Procurement Issues

JICA Procurement Guidelines with Japanese ODA Loans

26. Procurement of goods and services covered by Japanese ODA Loans should be implemented in accordance with "Guidelines for Procurement under Japanese ODA Loans", dated April 2012.

Employment of consultants should be implemented in accordance with “Guidelines for Employment of Consultants under Japanese ODA Loans”, dated April 2012. “Principles of Procurement under the Project” is attached for brief explanation of the above Guidelines as Attachment 09. HPFD agreed to it.

27. A copy of the following documents was handed over to HPFD for its reference and appropriate actions at the implementation stage:
- Handbook for Procurement under Japanese ODA Loans (April 2012) (available for download at http://www.jica.go.jp/english/our_work/types_of_assistance/oda_loans/oda_op_info/guide/handbooks/201204.html)
 - Standard Bidding Documents (available for download at http://www.jica.go.jp/english/our_work/types_of_assistance/oda_loans/oda_op_info/guide/tender/)

Necessity of Consulting Services

28. The JICA mission explained about the responsibility and role of consultants and the definition of Pro (A) and (B) as follows;

Pro (A) (International Consultant) should be defined as “Engineer/expert who has appropriate professional experiences in the field of international projects as key staff where he/she assumed the primary responsibility for project management and is capable of making and delivering a fair determination/judgment to the employer and the international contractor.”

Pro (B) (Local Consultant), on the other hand, should be defined as “Engineer/expert who has appropriate professional experiences in domestic investment projects in the Borrower’s country or who has appropriate experiences in the field of international projects where he/she provided services under supervision/control of the International Consultants.”

29. The JICA mission explained that mandate of Project Management Consultant (PMC) under the Project does not include either authorization of disbursement or decision making on project policy. PMC shall extend management support as well as technical advice to Project Management Unit (PMU) based on Terms of Reference as per Attachment 04 in the field, wherein HPFD feels its necessity.

Changes from the Agreement in the Minutes of Discussions

30. The JICA mission stressed that the changes from the agreement in the present Minutes of Discussions will necessarily require the prior concurrence from MoEF&CC and JICA. HPFD agreed to it.

Minimum Age of the Construction Workers

31. HPFD agreed that it shall observe eighteen (18) years old as minimum age for the acceptance of construction workers in reference to the Child Labour (Prohibition & Regulations) Act, 1986 and Rules 1950.

Ex-Post Procurement Audit

32. The JICA mission informed HPFD that, if the Loan for the Project is approved by JICA, an ex-post procurement audit shall be carried out during/after the implementation stage by Comptroller and Auditor General of India in order to ensure the fairness and competitiveness of procurement procedure, in case where JICA considers it necessary. HPFD agreed to it.

(D) Other Issues**Publication of Ex-Ante Project Evaluation Report**

33. The JICA mission notified that JICA would publish the “Ex-Ante Project Evaluation Report” soon after the signing of the Loan Agreement for the Project. The report consists of eight major items; 1) project name, 2) necessity and justification of the Loan, 3) objectives of the Project, 4) project description, 5) operation and effect indicators (performance indicators), 6) risk due to external factors, 7) evaluation results of past similar projects and lessons learned, and 8) evaluation plan. HPFD agreed to it.

Submission of Reports

34. Quarterly Progress Reports (QPR): The QPR for the Project should be submitted by HPFD to JICA India Office and Ministry of Environment, Forest and Climate Change (MoEF&CC) on a quarterly basis, not later than 30 days after the concerned quarter, by updating the Project Status Report (PSR) attached hereto as Annex I. Milestones achieved with respect to Action Plan with Timetable should also be appended to the PSR. In addition, HPFD shall also forward the Monthly Progress Reports prepared by the PMC to JICA India Office and MoEF&CC, on regular basis till completion of the contract.
35. Project Completion Report (PCR): The PCR should be submitted by HPFD to JICA India Office and MoEF&CC, promptly, but in any event not later than six months after completion of the Project, by updating the PSR attached hereto as Annex I.

Ex-Post Evaluation

36. The JICA mission explained that JICA would conduct independent evaluation activities 2 years and 7 years after the project completion so as to review the project’s effectiveness. Additional ex-post monitoring might be further implemented for the same purpose. It is agreed that, upon JICA’s request, HPFD shall be responsible for the submission of performance evaluation result including the indicators, EIRR and the relevant data/assumptions adopted to arrive at the indicators. JICA shall send the copy of the report on the evaluation of the project to MoEF&CC, as and when such evaluations are done. In case the operation and maintenance organization structure changes, the relevant departments/organizations will be responsible for undertaking this task. HPFD agreed to it.

Public Relations

37. HPFD is requested to pay attention to public relations concerning the Project (for example: making a brochure of the Project, putting plates or signboards at the project site, organizing an opening ceremony, etc.) for better support to the cooperation through the Loan by the people of both countries.
38. HPFD confirmed that the logo as Attachment 24 will be put up on at all visible project sites under JICA’s funding in addition to the logo of HPFD.

Record of the Project

39. The JICA mission suggested that HPFD record the detail of the project progress as a “project life history” from the perspective of public relations and future replication. HPFD took note of it.

Disclosure of Project Implementation Schedule

40. The JICA mission explained that the expected implementation schedule with the updated status of the Project may be made public by JICA. HPFD shall make the aforementioned information available for JICA upon request.
41. The JICA mission and HPFD agreed to disclose the following information at the time of signing of the Loan Agreement for the Project: (i) scheduled project completion; (ii) issuing of letters of invitation for consulting services; and (iii) tender announcement of initial procurement package for international competitive bidding.

IV. Project Specific Issues

(A) Cross-cutting Issues

Actions to Be Taken

42. HPFD reiterated its commitment to complete the entire project by March 2028. The implementation schedule of the Project is as per Attachment 05.
43. The JICA mission and HPFD defined the Project Completion Date as the date by when activities of the Project shall be completed in totality.
44. For realizing the Project in a timely manner and enriching the effectiveness, the JICA mission stressed the following issues/principles as keys for smooth implementation of the Project and timely and sustainable realization of the project effects. HPFD agreed to pay adequate attention to the following points throughout the project period and even after completion of the Project.
 - Make an appropriate financing arrangement to cover the entire project
 - Continue with Mr. Alok P Nagar, Chief Conservator of Forests (Projects) as Chief Project Director for initial 2 years at least, unless there is an unforeseen administrative exigency
 - Appoint dedicated exclusive Project Directors/Additional Project Directors and other important staff to work at least for initial 2-3 years, except in case of unforeseen administrative exigency
 - Secure budget allocation from GoHP for payment for project works through Reimbursement Procedure
 - Take all the possible measures to prevent the cost overrun of the Project by maintaining the project implementation timelines and efficiency
 - Enrich the effectiveness of the Project through interactions with other projects and/or technical cooperation project

Scope of the Project

45. The JICA mission and HPFD agreed to the components of the Project as follows. The detailed information of each component of the Project is described in the Detailed Scope of Work as per Attachment 03.
 - (1) Sustainable Forest Ecosystem Management
 - (2) Biodiversity Conservation
 - (3) Livelihoods Improvement Support
 - (4) Strengthening Institutional Capacity

Selection Criteria of Project Target Area

46. The JICA mission and HPFD confirmed that the selection criteria of project Divisions and Ranges shall be as per Attachment 02. As a result of project target area selection, 16 Territorial Divisions,

two Wildlife Divisions and 56 Territorial Ranges and five Wildlife Ranges are identified for the project target.

47. The JICA mission and HPFD agreed that the target Ward selection criteria shall be as per Detailed Scope of Work in Attachment 03. The Ward selection exercise shall be conducted according to the agreed schedule as per Attachment 05.
48. The JICA mission and HPFD confirmed that principally the project target Forest Range shall not be overlapped with any other projects supported by other donors in order to avoid confusion at the field level and duplication of external assistance to the community. Both sides confirmed that target Ranges identified in Attachment 02 are not overlapped with any other donor project target Ranges.

Project Target

49. The JICA mission and HPFD agreed that project activities under non-departmental mode shall be undertaken by Village Forest Development Society (VFDS) that also includes Joint Forest Management Committee (JFMC) based on Participatory Forest Management Regulation and Biodiversity Management Committee (BMC) sub-committee based on Biological Diversity Act, 2002 at Ward level. Both sides also confirmed that any fund for the project activities shall be transferred directly from Divisional Management Unit (DMU) to VFDS/BMC sub-committee.

Focus on Participatory Forest Management Mode

50. HPFD emphasized that the Project should prioritize Participatory Forest Management (PFM) Mode over Departmental Mode, as involvement of communities is a key for sustainability of forest management. The JICA mission and HPFD agreed that PFM mode should be selected on priority.
51. The JICA mission and HPFD agreed that three criteria namely location, needs and willingness, and technical requirement would be suitable criteria for selection of PFM or departmental modes. However, PMU will be required to prepare the selection criteria and obtain the JICA's prior concurrence in the Preparatory Phase.
52. The JICA mission and HPFD agreed that monitoring of project activities has to be accorded the highest priority. Particularly for the works to be executed in the Departmental Mode, a part of the Operation Manual would be dedicated to provide a system of monitoring and evaluation that has adequate checks and balances. It shall require prior concurrence by JICA.

Micro Planning

53. The JICA mission and HPFD agreed that the Forest Ecosystem Management Plan/Community Biodiversity Management Plan and Community Development & Livelihoods Improvement Plan would be parts of one Micro Plan, which would be prepared over a specified period of time in a participatory manner. For the VFDS/ JFMCs and BMCs/EDCs wherever the Micro Plans were already in existence, the same shall be amended incorporating the activities proposed under the project, duly involving all the stakeholders in a participatory and democratic manner as this will ensure strengthening of the existing Micro Plans and avoid duplication of works.

Implementation Schedule

54. The JICA mission and HPFD confirmed that the project period has been divided into three phases consisting of Preparatory Phase (2 years), Implementation Phase (6 years) and Consolidation Phase (2 years). First and second years should be spent for registration of Project Society, setting up PMU and other project units (before the effectuation of the Loan Agreement), selection of PMC,

selection of Subject Matter Specialists and Facilitators, remote sensing and GIS based mapping, orientation for project units, and preparation of all manuals including Operational, Procurement and Micro Planning Manuals, finalization of target villages in batch one, nursery raising, nursery upgrading, procurement of necessary equipment, site preparation, etc. Any works related to plantations and livelihoods improvement in a VFDS/BMC sub-committee can only be implemented after completion and approval of Micro Plans in a participatory manner.

Batch-Wise Selection

55. HPFD stated that it is preferable to keep longer period for maintenance of planted trees after plantation, as many species to be planted require a long maintenance period in the target area of the Project. HPFD also stated the Project area is divided into three areas according to the climate conditions, namely, Sub Tropical, Temperate and Alpine, and therefore, HPFD preferred to implement the Project in three batches. The JICA mission explained its stance that project implementation can be divided into four batches instead of three in order to reduce the burden of each Range and ensure the quality of field operation such as micro planning. Although the JICA mission and HPFD confirmed that target Wards shall be grouped in three batches at the Preparatory Phase; 75, 175 and 150 respectively, both sides agreed that the number of batches and Wards in each batch to be covered shall be reviewed based on project implementation process of batch one.
56. The JICA mission highlighted that HPFD shall have to put a robust monitoring system in place to ensure the quality of project activities of 400 VFDS in three batches as the number of VFDS per batch are relatively large.
57. The JICA mission and HPFD confirmed that seedling raising period of potential major species to be planted by each VFDS should be taken into consideration in grouping target communities into three batches; less than 1.5 years for batch one, ~2.5 years for batch two and ~3.5 years for batch three for smooth and effective implementation.
58. HPFD stated that effort shall be made to include at least one VFDS per Division in the first batch so that all the Divisions can have experiences and lessons learned to be utilized in the following batches. HPFD also stated that Lahaul, Spiti and Kinnaur Division are exceptional from the above criteria due to the fact that the length of required raising period of trees is longer than other areas because of climate conditions. The JICA mission agreed on it.
59. The JICA mission stressed that sufficient manpower should be posted in the project area for smooth project implementation.

Method of Payment

60. The JICA mission and HPFD agreed that all payments at PMU, DMU and FTU levels and VFDS and BMC sub-committee level under the Project, shall be made through cheques/bank draft only. No cash payments shall be made under the Project for any activities under any circumstances. Furthermore, for all works to be executed in each VFDS/BMC sub-committees including forestry, biodiversity conservation, community development and livelihoods improvement, etc., the funds for the same shall be transferred by DMU to VFDS/BMC sub-committee account directly, not through FTU. No direct payment shall be made by PMU/DMU to any individual or entity concerning project activities at Ward level.
61. The JICA mission and HPFD agreed that fund transfer to Self Help Groups/Common Interest Groups shall be made by DMU routing through VFDS/BMC sub-committees.

(B) Procurement Issues**Consultant Selection Procurement**

62. The JICA mission and HPFD agreed that the consultant shall be selected by Quality and Cost Based Selection (QCBS) method, and standard allocation of weights to be given to the quality and cost (80% and 20% respectively) should be applied to ensure the quality of the Project.

Acceleration of Consultant Selection

63. The JICA mission and HPFD shared the view that timely employment of consultant would be quite important for smooth implementation of the Project. In this context, the JICA mission explained that JICA may provide an assistance to HPFD for compliance with “Guidelines for Employment of Consultants under Japanese ODA Loans”, dated April 2012.

TOR of Consultancy Services

64. The JICA mission and HPFD confirmed that consultancy services should be carried out for community based forestry management, soil and water conservation support activities, livelihood support activities, gender consideration and biodiversity conservation. The draft TOR is as per Attachment 04.

(C) Project Cost Issues**Physical Contingency**

65. The JICA mission and HPFD agreed that the physical contingency under the Project is set as 5% so that unforeseen cost escalation shall be covered for the realization of the Project objectives.

Wage Rate

66. The JICA mission and HPFD agreed that applicable base wage rate for the Project shall be calculated based on the schedule rate for unskilled labour of INR. 210 per day plus 10% and common labour in Tribal Area of INR. 263 per day plus 10% shall be applied in order to take care of future inflation. HPFD agreed on it.
67. The JICA mission stated that if the minimum wage rate of schedule rate is revised, the same shall be applicable for the project activities with intimation to JICA India Office. However, no additional funds shall be approved by JICA other than funds allocated under the Loan Agreement to meet the additional cost. For this purpose, the funds allocated under the category of “Contingencies” may be utilized by HPFD after prior approvals both from DEA and JICA.

(D) Institutional Arrangements**Responsible Organization for Implementation**

68. HPFD confirmed to take all necessary measures, required from time to time, in a timely and efficient manner and be fully responsible for the project implementation. The organizational structure of HPFD is as per Attachment 08.
69. The JICA mission and HPFD agreed to the Institutional Arrangement depicted in Attachment 08. The JICA mission and HPFD confirmed that High Powered Committee (HPC) shall be established within the GoHP, outside of the Society, at project initiation stage. HPC shall be headed by Chief Secretary and will act as the policy matter decision making and highest approval body regarding the Project.

70. The JICA mission and HPFD agreed that for smooth implementation of the project operation, PMU shall be established, which assumes full responsibility to implement the Project with the assistance of PMC. The organizational structure of PMU is as per Attachment 08. Members of PMU are:
- Chief Project Director
 - Project Director
 - Finance Officer
 - Additional Project Director
 - Program Manager/Chartered Accountant
 - Program Manager
 - Subject Matter Specialist
 - Technicians
 - Accounts Manager
 - Officer Manager
 - Accountants
 - Supporting Staff
71. The JICA mission and HPFD agreed that for the purpose of smooth coordination and implementation of the Project and to extend the operation arms in remote area such as cold desert area, PMU shall have two regional offices in Rampur and Kullu. Those two offices shall enhance the capacity of field coordination and function. Simultaneously, the Regional Offices shall function as the “community and institutional capacity building” wing in Rampur and as the “monitoring, evaluation and environment/social safeguard” wing in Kullu.
72. The JICA mission and HPFD confirmed that Governing Body of the Society, which shall be chaired by Additional Chief Secretary and co-chaired by Principal Chief Conservator of Forests (HoFF), would be established as the highest decision making body of the Society and responsible for approving annual work plans, budgetary allocation, etc., which have been prepared and approved by the PMU.
73. The JICA mission and HPFD agreed that Executive Committee of PMU shall be set up within PMU for prompt decision making, close supervision, guidance and follow-ups of field operation. Governing Body shall entrust day-to-day responsibilities with the Executive Committee.
74. The JICA mission and HPFD agreed that Forest Circle Coordination Unit (FCCU) shall be created at Circle level where the Project would be implemented, and shall function as support, monitoring and facilitation unit of the PMU for project implementation. The FCCU shall not form a part of the society. The FCCU would be housed within the Circle Office.
75. The JICA mission stressed the need for additional recruitment of appropriate number of staff for HPFD for the Project, to support financial and information technology management and community mobilization. HPFD agreed to appoint/outsourced on contract basis 381 staff immediately after the Loan Agreement is signed.

Deployment of Staff

76. The JICA mission stressed that the entire PMU staff, including core staff, such as Chief Project Director, Additional Project Directors, shall be deployed exclusively for the Project. Further, the contractual staff required at PMU and other project units also needs to be contracted in a timely manner. HPFD agreed to it.

Minimization of Core Staff Transfer

77. Frequent transfers of core staff, such as Chief Project Director, increase the difficulty in efficient and timely implementation of the project components. The JICA mission requested HPFD to minimize the possibility of transfer of the staff in the core positions under the Project. HPFD agreed to it.

Deployment of Field Staff

78. The JICA mission and HPFD agreed that one male and one female Ward Facilitators per each VFDS and one Gram Panchayat (GP) Mobilizer per each BMC shall be deployed for at least three years since the initiation of project activities at each VFDS and BMC for the purpose of enhancement of smooth community mobilization at the Preparatory Phase. In case of necessity of further assistance from facilitators and mobilizers, PMU shall consider continuous support for the community.
79. The JICA mission and HPFD agreed that two Subject Matter Specialist (SMS)s shall be deployed at each Regional Office and DMU by October 2018 in order to support field operation. At Regional Office, SMS shall mainly support the mandates of Programme Manager in 1) Livelihoods & Training and 2) Monitoring, Safeguards and Publication such as annual planning and implementation, designing the formats, developing manuals and guidelines for field operations and monitoring and reporting. At DMU, SMS shall support the activities on 1) Forests & Biodiversity Management and 2) Livelihoods, Rural Financing and Marketing. Forests & Biodiversity Management SMS shall be responsible for extending assistance and guidance and supervision of activities, whereas Livelihoods, Rural Financing and Marketing SMS shall be responsible for guiding and supervising livelihoods initiatives, coordinating with financial institutions, product designing, packaging and marketing and facilitating licensing.

Responsible Organization for Operation and Maintenance

80. HPFD confirmed that, even after the project completion, HPFD would continue to be responsible for the efficient operation and maintenance of the assets created through the Project.
81. The JICA mission stated that to secure sustainability of the Project, an operation and maintenance structure with financial and technical capacity should be in place. HPFD insisted that sustainability of the Project depends upon the interest of the communities; therefore the Project should generate the interest of people through having good participatory methods and creation of assets. The Project shall provide a sustainability fund of INR. one lakh to each VFDS/BMC sub-committee to be kept as fixed deposit and only the accrued interest shall be available for O&M. HPFD stated that assets created in the Project shall be duly maintained through provision in Micro Planning/other relevant manuals and through appropriate government notification from Department of Panchayat Raj and Science Technology and Environment.

Office Location

82. The JICA mission and HPFD agreed that from the view point of project implementation efficiency and closer coordination with Principal Chief Conservator of Forest (PCCF) office, especially with the GIS cell of HPFD, and envisaging effective convergence with head offices of other departments in Shimla, the PMU office shall be set up in Shimla or nearby place which will be accessible in a short time to and from Shimla.

Manuals of the Project

83. The JICA mission and HPFD confirmed that Operation Manual, which provides the detailed guidelines for project implementation, and Procurement Guidelines for the Project, which is crucial for the smooth implementation of the Project. Therefore, HPFD shall commence preparation of Operation Manual after the pledge for the Project is made by the GOJ and submit the same to JICA for its review and comment, after the approval of Governing Body but before the final approval of HPC.
84. The JICA mission and HPFD agreed that any project activities shall be initiated based on Operation Manual and Procurement Guidelines.

(E) Project Scope

Component 1: Sustainable Forest Ecosystem Management

Selection of Species of Trees for Nurseries

85. HPFD stated that identification of species of trees needed to be completed before October 2018 in order to commence planting activities in 2020. HPFD also stated that selection of species should be in accordance with preference of communities in addition to experience and knowledge of HPFD. The JICA mission explained that the first consultation with potential target communities is when activities for Identification and Selection of Target Communities is conducted, which is not before 2019 according to the Implementation Schedule. HPFD suggested that HPFD will seek information on communities' preference on species of trees when they interact with communities in conducting field verification under the activities for "Identification and Selection of Interventions Areas", which is planned to be conducted before October 2018, to obtain adequate information for planning of nurseries. The JICA mission agreed on it.

Operation Plan for Departmental Mode

86. The JICA mission and HPFD agreed that as the activities conducted through both PFM Mode and Departmental Mode such as Drainage Line Treatment (ex-situ SWC work), Improvement/Densification of Moderately Dense Forest, Afforestation/Improvement of Open/Scrub Forest, Improvement of Pastures/Grasslands, Forest Fire Management, should be based on needs and request of the surrounding communities, those should be incorporated in Micro Plans of relevant VFDS. On the other hand, the activities which can be implemented not directly linked with Micro Plans shall be planned and monitored as per Operation Plan for Departmental Mode prepared by DMUs and approved by PMU. Based on the Operation Plan and Micro Plans, DMU also shall prepare Annual Plan which shall be approved by PMU.

Preparation of Maps

87. HPFD stated that although it was useful to prepare Base Maps for consultation with communities, Treatment Area Maps cannot be prepared without consultation with target communities. HPFD suggested that Land Use/Land Cover Map, Forest Density Map, Elevation Contour Map, Vegetation Map and GP and Ward Boundary Map shall be prepared for all the potential target communities when they are shortlisted prior to the first consultation, and utilized for the first consultation with communities, while Treatment Area Map should be prepared during micro planning. The JICA mission agreed on it.

Drones for Monitoring

88. HPFD stated that introduction of drones would enhance monitoring capacity of HPFD for measuring growing stocks, supervision of theft and wildlife behaviors. HPFD also stated that it is sufficient to provide a drone per Division as a pilot activity. However, HPFD suggested that as usage of drones will not be permitted in areas with international borders, therefore Kinnaur and Spiti Division should not have drones. Both parties agreed that 16 Divisions excluding those two Divisions above are to be equipped with drones in the Project. The onus of obtaining the required permissions from the Government of India and its compliance, regarding the operation of drones would lie with HPFD. Before introducing drones, HPFD shall obtain the concurrence of JICA.

Pasture/Grassland Management

89. The JICA mission pointed out that target areas for Pasture/Grassland Management would be differentiated between PFM Mode and Departmental Mode in terms of feasibility considering the rights and mandates of communities and HPFD. HPFD stated that the area where HPFD is able to intervene is restricted to highland pasture, as such place is under supervision of HPFD and HPFD can provide users of the pasture with alternative areas for grazing through negotiation. HPFD also stated that HPFD is not able to intervene in pastures and fallow areas used by nomadic graziers in transit, which is normally negotiated between the communities and the nomadic graziers, therefore PFM Mode should be selected in such areas. The JICA mission agreed on it.

Rehabilitation of Forest Areas Infested with Invasive Species

90. The JICA mission and HPFD confirmed that removal of Lantana under “Rehabilitation of Forest Areas Infested with Invasive Species” shall be conducted in the form of PFM Mode for preparation of afforestation only in limited Wards of Bilaspur and Mandi where its environmental influence on ecosystem is substantial. Target Wards shall be identified throughout micro planning process and selected based on criteria to be formed by PMU at the Preparatory Phase.

Nursery Improvement

91. The JICA mission and HPFD confirmed that the nursery at the target Ranges shall be upgraded for capacity enhancement of nursery raising and efficient operation. In each circle, one Range level nursery shall be selected and improved as a Circle level nursery. The objective of Circle level nursery is to create an example of plant production that can be replicated later as far as possible in the entire state. This assumes special significance in view of recent GoHP policy to use tall plants for afforestation.

Component 2: Biodiversity Conservation

Preparatory Works

92. The JICA mission and HPFD agreed that planning process and implementation structure for Component “Scientific Biodiversity Management” needs to be elaborated. Accordingly, PMU shall prepare an elaborated proposal, which would be presented to JICA for concurrence. As the activities under the component should be jointly implemented by Territorial Forest Wing and Wildlife Warden, HPFD stated that PCCF Wildlife should be fully involved in and aware of activities under the component and such structure should be in place. The JICA mission took a note of it.

93. The JICA mission and HPFD agreed that the activities of “Scientific Biodiversity Management” shall be managed by PMU and supervised by PCCF Wildlife. The details of activities shall be determined based on the initial survey to be conducted in Preparatory Phase of the Project. The ToR of the survey shall be jointly prepared by PMU and PCCF Wildlife. The initial survey shall collect baseline data for each activity under the component and sufficient information for planning. PMU as well as PCCF Wildlife shall prepare Operation Plan based on the results of the initial survey. DMU also prepares Annual Plans with the approval of PMU and conduct monitoring as per the Annual Plan. In the Implementation Phase, institutional arrangements shall be same as Component 1, where the fund is directly transferred from PMU to DMUs which are responsible for implementation of each activity. The Wildlife Circles are responsible for sharing information with as well as obtaining “no objection” from PCCF Wildlife in the process of planning and disbursement.

Human-Wildlife Conflict Mitigation/Management

94. The JICA mission and HPFD confirmed that corpus fund shall be allocated at PMU for the activities on Human-Wildlife Conflict. The activity contributing to mitigation and prevention shall be planned based on the field situation and approved by Chief Wildlife Warden of Himachal Pradesh.
95. The JICA mission and HPFD confirmed that under this component, Rapid Response Teams, which are equipped to rapidly deal with the emergency that arise from Human-Wildlife Conflict, shall be created as a mitigation measure. One Team shall be provided per Territorial Division.
96. HPFD explained that although currently the Government Notification specifies that Rapid Response Team is stationed at the Circle level, for further effectiveness and efficiency of the operation to deal with the emergency, such Team would be ideally stationed at Division level. Therefore, HPFD confirmed that the Government Notification for Rapid Response Team shall be amended accordingly.

Recovery Programmes for Endangered Wildlife

97. HPFD stated that recovery programme for endangered wildlife should not focus on only animals, but also plants. HPFD also stated that adequate studies on endangered species have been conducted and sufficient information for implementation is available. The JICA mission stated that the activities under the component are to be determined in the Preparatory Phase based on the initial survey including selection of target species, therefore plants can be targeted in the component. The JICA mission also stated that the purpose of the initial survey is not to study specific species, but to collect information to determine the priority species and make concrete action plan. HPFD took a note of it.

Awareness-Raising on Eco-System

98. The JICA mission and HPFD confirmed the significance of the awareness-raising on eco-system management at field level. HPFD explained that in the past, street plays have been used to spread this message. Both sides agreed that the agenda of training shall include the said topic in every Ward in the Project.

Component 3: Livelihood Improvement Support

NTFP based Livelihood Improvement

99. The JICA mission and HPFD agreed that for the purpose of differentiation of livelihood activities under component 3, “NTFP-based livelihoods” imply those livelihoods based on medicinal plants extracted from forests or outside. “Non-NTFP based livelihoods” imply livelihoods not based on medicinal plants.

100. The JICA mission and HPFD confirmed that Jadi Buti Cell shall be set up in PMU in order to coordinate activities on NTFPs such as value-chain development, branding and facilitation of marketing. Additionally, the Jadi Buti Cell takes a responsibility of formation and strengthening of Cluster level Him Jadi Buti Cooperative Societies/Producer Groups, which shall be the main stakeholders implementing activities at the field level.

101. HPFD stated that the provision of a procurement fund of INR. one million to the Cluster Societies/ Producer Groups as a revolving fund and a procurement fund of INR. five million for areas where no Cluster Societies/Producer Groups exist would be necessary as physical support for communities and beneficial in terms of sustainable utilization of NTFPs. The JICA mission pointed out that appropriate interventions are prerequisite to enable such Groups to manage and monitor the funds. HPFD stated that the Jadi Buti Cell should equip adequate financial and managerial capacities of these organizations through training and capacity-building programs.

102. Even though the institutional arrangement has been comprehensively dealt with in the detailed scope of work, the JICA mission told HPFD that operational rules of these funds should be further considered during the project implementation stage. The JICA mission asked the HPFD to submit to JICA, after the Jadi Buti Cell has functioned for a period of six months from its establishment, proposal to establish and operationalize the revolving funds (hereinafter called the “Fund Establishment and Operationalization Proposal (FEOP)”) and obtain prior consent of JICA. The JICA mission requested HPFD to clarify the points mentioned below in the FEOP.

- Fund governance structure and management rules
- Fund management, including risk assessment
- Loan eligibility criteria
- Loan size and nature of loans
- Loan appraisal rules and procedures, duly simplified
- Monitoring, Reporting and countermeasures against default
- Exit policy at the time of project
- Possible relationship with financial institutions like NABARD”

HPFD agreed to it.

NTFP Improvement in Non-Forest areas

103. The JICA mission pointed out that activities for NTFP cultivation in non-forest land should have clear stipulation regarding benefit out of the activities and responsibility of operation and maintenance taking sustainability into account. The JICA mission also highlighted that counterpart contribution and selection criteria shall be finalized and concurred by JICA at the start of the activities as per Detailed Implementation Schedule in Attachment 05.

Component 4 Institutional Capacity Strengthening

Gender Inclusive Action Plan

104. HPFD explained that as it is well recognized that women-folk interact intensely with forests for fodder, fuelwood and water provisions in HP, the Gender Inclusive Action Plan would be very important to address gender concerns throughout the duration of the Project and beyond. In the Project, it is required that the plan is completed before the first batch micro planning exercise. Only then would the specific problems of women related to natural resource management be identified and adequately addressed.

Impact Assessment Surveys

105. The JICA mission and HPFD agreed that baseline survey on evaluation parameters of the Project for the purpose of impact assessment shall be conducted at the beginning of each batch in order to obtain the baseline data. For such purpose, the coverage of the survey shall include obtaining the baseline data of the agreed indicators in Annex I. Thereafter, mid-term and end-term survey shall be conducted in the middle and at the end of the project implementation period respectively on the random sampling basis. Those surveys shall be composed of Socio-Economic Gender Surveys and Physical Surveys.

VFDS/BMC Fund (Sustainability and Challenge Fund)

106. The JICA mission and HPFD agreed that in order to maintain the assets created under the Project by VFDS/BMC, the Sustainability Fund, at the rate of INR. one lakh, shall be provided to each VFDS/BMC. This fund would be kept by the VFDS/BMC in the form of fixed deposit; the interest accruals only shall be used by the VFDS/BMC for a minimum duration of five years.

107. In order to build an objective system of rewarding deserving communities, PMU would devise a system to determine the better performers based on clear parameters subject to the maximum of INR. one lakh. This “Challenge Fund” would be disbursed to different categories of VFDS/BMC as per criteria approved by PMU.

(F) Environmental and Social Consideration Issues

Environmental Checklist

108. HPFD confirmed that the environmental considerations for the Project are summarized in the Environmental Checklist as Attachment 11. HPFD assured that they will take necessary measures in accordance with the checklist, and will report to JICA India Office if any major changes affecting the environment occur to the Project.

Environmental Category

109. In light of the “JICA Guidelines for Environmental and Social Considerations” dated April 2010, the JICA mission explained that the Project will be categorized as “FI”.

110. The JICA mission and HPFD agreed to define the target range as “Sub-project” and its range-wise environmental categorization shall be conducted by FTU based on the result of screening and selection of project activities under the sub-project. The result of sub-project categorization shall be evaluated by DMU and approved by FCCU. The categorization results shall be compiled by PMU and be submitted to JICA by filling the Outline of Annual Environmental and Social Performance Report as per Attachment 12.

111. The JICA mission and HPFD confirmed that any project component which would be likely to have significant adverse impact on the environment and society (category A under the JICA Guidelines for Environmental and Social Considerations) and which would require any land acquisition and involuntary resettlement shall not be selected under the Project.
112. For HPFD's convenience for environmental review of Sub-projects, JICA mission handed out to HPFD the Definition of Environmental Categorization as per Attachment 13.

Environmental and Social Impact Assessment

113. For the "Project" itself, neither preparing for Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) nor obtaining an official environmental clearance is necessary, in accordance with the Notification of September 14th, 2006, issued by the Ministry of Environment and Forests, GOI.

Environmental and Social Management System

114. The JICA mission confirmed the Environmental and Social Management System (ESMS) of HPFD needs to be improved, according to ESMS Checklist as per Attachment 14. In order to further enhance its capability for ESMS, the JICA mission and HPFD agreed that capacity development shall be conducted according to "Need of Capacity Development and Improvement Plan" of ESMS Checklist.

Environmental and Social Assessment Frameworks

115. The JICA mission and HPFD confirmed that the Environmental and Social Assessment Framework (ESAF) in Attachment 15 have been prepared because ESMS of HPFD needs some improvements, as mentioned above.
116. The JICA mission and HPFD agreed that Environmental Assessment as well as Social Assessment will be conducted only for the Sub-projects categorized as "Category B" and FCCU determines the necessity of such assessments in accordance with ESAF/Vulnerable Scheduled Tribes Planning Framework (VSTPF) and, in case of Category C Sub-projects, any Environmental and Social Considerations relevant assessment and monitoring will not be required.
117. The JICA mission and HPFD agreed that HPFD shall report to JICA India Office if any major changes are made for ESAF/VSTPF. Furthermore, the JICA mission explained that if ESAF/VSTPF are found out to be not working, HPFD and JICA shall review the framework and the Project shall be executed based on the revised framework. HPFD agreed to it.

Vulnerable Scheduled Tribes Plan

118. In light of the requirement of the "JICA Guidelines for Environmental and Social Considerations" dated April 2010, the JICA mission and HPFD agreed with VSTPF shown in Attachment 16 for Sub-projects. Based on the VSTPF, HPFD shall prepare the Vulnerable Scheduled Tribes Plan (VSTP), which shall be incorporated in the micro plan, in case that the Project has impacts on local customs and traditions of vulnerable ST and Forest Dwellers.

Land Acquisition and Involuntary Resettlement

119. The JICA mission and HPFD agreed that any Sub-projects categorized as "A" and any Sub-projects requiring land acquisition and involuntary resettlement shall be excluded from the

Project target. In case of necessity of land, government land will be utilized for the land required for development of small infrastructure.

Stakeholder Meetings

120. The JICA mission and HPFD agreed that the local stakeholder meetings on the Project with relevant stakeholders and local residents shall be held in order to explain the objective and activities of the Project based on ESAF.
121. The JICA mission and HPFD agreed that Free, Prior and Informed Consultations (FPIC) shall be conducted with the local and their consent shall be obtained in the process of micro planning in project area.
122. The JICA mission and HPFD agreed that HPFD shall report to JICA on the status and progress of stakeholder meetings including implementation of FPIC in an annual report as per Attachment 12.

Monitoring Report of Environmental Management

123. The JICA mission and HPFD agreed that in case Sub-projects are categorized as “B”, those Sub-projects shall be monitored with using the Environmental and Social Compliance Monitoring Form to be submitted to FTU as per Attachment 17. Although the results of monitoring are not required to submit constantly to JICA, PMU shall keep monitoring records and be ready to submit if JICA requests. Additionally, for such Sub-projects categorized as “B”, the Environmental and/or Social assessment/s as well as preparation of mitigation plans against identified impacts (such as Environmental Management Plan and Environmental Monitoring Plan) shall be conducted according to ESAF and VSTPF.
124. HPFD agreed that HPFD shall annually submit JICA the results of environmental and social monitoring as a part of PSR by filling in the Outline of Annual Environmental and Social Performance Report as per Attachment 12 until the completion of the Project. As described in the Attachment 13, in case of Category B Sub-projects, the detail descriptions of project activities (Location, Scope of the Activities, Specific Reasons of Category B, and Executor/Contractor) shall be explained respectively.
125. HPFD also provided that no outstanding environmental issue is expected during operation. HPFD understood that JICA will check if Sub-projects are selected and categorized appropriately by HPFD.

Disclosure of Monitoring Results

126. The JICA mission requested HPFD to disclose the monitoring results to local project stakeholders, and HPFD agreed to disclose monitoring results in their field offices.
127. HPFD also agreed to JICA’s disclosure of provided monitoring results in the monitoring forms and annual reports on JICA's website.

Protected Area

128. HPFD clarified that, even though a National Park and Sanctuaries are included in the project area, all the proposed project activities in such protected areas aim at promoting sustainable biodiversity management that would lead to environmental conservation and are non-invasive in nature.

(G) Other Issues**Area requires Protected Area Permit**

129. The JICA mission and HPFD agreed that when the project operation is conducted in the area, which requires Protected Area Permit (PAP), or when JICA personnel passes through such area, HPFD shall coordinate followings;

- 1) to facilitate the process for relevant JICA personnel to obtain PAP in a timely manner (JICA shall intimate its process at least four working days prior to tour program in case of ordinary passport holders and at least one month in case of official passport holders),
 - 2) to arrange forest officers to accompany with JICA relevant personnel during tour program,
 - 3) to obtain contact information of HPFD's officials who accompany relevant JICA personnel and share them with JICA,
 - 4) to confirm and inform JICA about the location of safe area for emergency evacuation, and
 - 5) to confirm and inform contact information of hospital/health centre near PAP Area, and above 3)
- 4) and 5) shall be made one week prior to commencement of the mission.

HPFD agreed to do so.

Climate Change Effect and Information Disclosure

130. The JICA mission explained that the Project intends to contribute to climate change mitigation, which will be disclosed in line with JICA's Climate Change policy and HPFD agreed to it. The mode of disclosure should be through JICA website after the Loan Agreement is concluded.

Operation and Effect Indicators

131. The JICA mission and HPFD agreed to the Operation and Effect Indicators applied to the Project as Attachment 25. The JICA mission justified that the indicators would not only enable consistent evaluation of the achievements throughout the project cycle but would also promote more effective and efficient project implementation. The JICA mission informed that the indicators would be disclosed on the website of JICA for more accountability to the Japanese people for JICA's operations. HPFD agreed to monitor the indicators and provide the relevant data to JICA in appropriate timings.

132. In case organizational structure changes, the relevant departments will be responsible for undertaking this task. Smooth data collection should be carried out in order to maintain institutional memory for the purpose of continuous monitoring and evaluation of the Project.

133. The JICA mission and HPFD agreed that baseline data of agreed indicators shall be reviewed based on Micro Plan and baseline survey and updated if necessary and reported to JICA along with their target to be set.

Forest Management

134. HPFD stated that change in density by satellite data due to project intervention would not be seen by 2030 except broad leaves planted areas. HPFD suggested setting an effect indicator that target area is brought up to one class higher by block plantation and Artificial Regeneration intervention. The JICA mission took a note of it.

END

Loan Agreement No. ID-P269

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LOAN AGREEMENT

For

Project for Improvement of Himachal Pradesh Forest Ecosystems
Management and Livelihoods

Between

JAPAN INTERNATIONAL COOPERATION AGENCY

And

THE PRESIDENT OF INDIA

Dated March 29 , 2018

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Loan Agreement No. ID-P269, dated March 29, 2018, between the JAPAN INTERNATIONAL COOPERATION AGENCY and THE PRESIDENT OF INDIA

On the basis of the Exchange of Notes between THE GOVERNMENT OF JAPAN and THE GOVERNMENT OF INDIA dated March 29, 2018, concerning a Japanese loan to be extended with a view to promoting the economic stabilization and development efforts of India,

the JAPAN INTERNATIONAL COOPERATION AGENCY (hereinafter referred to as "JICA") and THE PRESIDENT OF INDIA (hereinafter referred to as the "Borrower") herewith conclude the following Loan Agreement (hereinafter referred to as the "Loan Agreement", which includes all agreements supplemental hereto).

Article I

Loan

Section 1. Amount and Purpose of Loan

JICA agrees to lend the Borrower an amount not exceeding ELEVEN BILLION ONE HUNDRED THIRTY SIX MILLION Japanese Yen (¥11,136,000,000) as the principal for the implementation of Project for Improvement of Himachal Pradesh Forest Ecosystems Management and Livelihoods described in Schedule 1 attached hereto (hereinafter referred to as the "Project") on the terms and conditions set forth in the Loan Agreement and in accordance with the relevant laws and regulations of Japan (hereinafter referred to as the "Loan"); provided, however, that when the cumulative total of disbursements under the Loan Agreement reaches the above-mentioned maximum amount of the Loan, JICA shall make no further disbursement.

Section 2. Use of Proceeds of Loan

- (1) The Borrower shall cause the proceeds of the Loan to be used for the purchase of eligible goods and services necessary for the implementation of the Project from suppliers, contractors or consultants (hereinafter collectively referred to as the "Supplier(s)") of the eligible source country(ies) described in Section 2. of Schedule 4 attached hereto (hereinafter referred to as the "Eligible Source Country(ies)") in accordance with the allocation described in Schedule 2 attached hereto.
- (2) The final disbursement under the Loan Agreement shall be made within the period from the Effective Date of the Loan Agreement to the same day and month thirteen (13) years after the effective date of the Loan Agreement unless otherwise agreed upon between JICA and the Borrower (hereinafter referred to as the "Disbursement Period"), and no further disbursement shall be made by JICA after the Disbursement Period has expired.
- (3) Notwithstanding the stipulation in Section 2. (2) above, if the expiry date of the Disbursement Period is not a banking business day in Japan, the immediately succeeding banking business day in Japan shall be deemed the expiry date of the Disbursement Period.

Article II

Repayment, Interest and Front-End Fee

Section 1. Repayment of Principal

The Borrower shall repay the principal of the Loan to JICA in accordance with the Amortization Schedule as set forth in Schedule 3 attached hereto.

Section 2. Interest and Method of Payment thereof

- (1) The Borrower shall pay the interest to JICA semi-annually on March 20 and

September 20 each year (hereinafter each referred to as the "Payment Date") in arrears at the rate of one and three-tenths percent (1.3 %) per annum on the principal corresponding to categories (a) and (b) below disbursed (hereinafter referred to as the "Principal (I)") and outstanding for each Interest Period:

- (a) the principal of the Loan allocated to Category (A) (provided for in Section 1. of Schedule 2 attached hereto); and
- (b) any principal reallocated from Category (C) (provided for in Section 1. of Schedule 2 attached hereto) and disbursed with respect to Section 2. (1) (a) above.

(2) The Borrower shall pay the interest to JICA semi-annually on March 20 and September 20 each year (hereinafter each referred to as the "Payment Date") in arrears at the rate of one-hundredth percent (0.01 %) per annum on the principal corresponding to categories (a) and (b) below disbursed (hereinafter referred to as the "Principal (II)") and outstanding for each Interest Period:

- (a) the principal of the Loan allocated to Category (B) (provided for in Section 1. of Schedule 2 attached hereto); and
- (b) any principal reallocated from Category (C) (provided for in Section 1. of Schedule 2 attached hereto) and disbursed with respect to Section 2. (2) (a) above.

Section 3. Front-End Fee and Method of Payment thereof

The Borrower shall pay the Front-End Fee as stipulated in Section 3.05. of the General Terms and Conditions.

Article III

Particular Covenants

Section 1. General Terms and Conditions

Other terms and conditions generally applicable to the Loan Agreement shall be set forth in JICA's General Terms and Conditions for Japanese ODA Loans, dated November 2014 (hereinafter referred to as the "General Terms and Conditions"), with the following supplemental stipulations:

- (1) The term "principal" wherever mentioned in the General Terms and Conditions shall be replaced by "Principal (I) and Principal (II)".
- (2) Section 2.01. (g) of the General Terms and Conditions shall be read as follows:
 - (g) "Discount Rate" means the zero-coupon yield rate of the Japanese government bonds, as of forty (40) days prior to the Requested Prepayment Date, as set forth in Section 3.02. of the General Terms and Conditions for the term, which is no more than, and the nearest to, the period from but excluding the Requested Prepayment Date to and including the scheduled date of repayment of principal in accordance with the amortization schedule attached to the Loan Agreement or the scheduled date of payment of interest thereof, as applicable; provided, however, the above mentioned period shall be calculated on a monthly basis and a fraction of one (1) month shall be rounded up to one (1) month. Notwithstanding the above, if the foregoing period is less than three (3) months, the term applicable to the zero-coupon yield rate of the Japanese government bonds above, shall be three (3) months, or any other similar rate reasonably decided by JICA.
- (3) Section 3.02. (2) of the General Terms and Conditions shall be read as follows:
 - (2) When all disbursements to be made under the Loan Agreement have been completed:
 - (a) if there has been any reallocation between Categories which caused any changes in the amounts of Principal (I) and Principal (II), the amortization schedule attached to the Loan Agreement shall be recalculated and amended by JICA based on the amounts of Principal

(I) and Principal (II) after such reallocation (hereinafter referred to as the "Recalculated Schedule"); and

- (b) if the cumulative total of all disbursements is less than the full amount of the Loan stipulated therein, the difference between the full amount of the Loan and the cumulative total of all disbursements shall be deducted proportionately from all subsequent installments of repayment of the principal, as indicated in the amortization schedule attached to the Loan Agreement, or the Recalculated Schedule, if any reallocation as stipulated in paragraph (a) above was made, as applicable, excluding the Subsequent Installments;
- (c) provided, however, that all fractions of less than ONE THOUSAND Japanese Yen (¥1,000) of such subsequent installments after the calculations in accordance with paragraph(s) (a) and/or (b) above, shall be added to the first installment of the subsequent installments.

(4) With regard to Section 3.08. (1) of the General Terms and Conditions, the Borrower shall have all repayment and/or prepayment of principal and payment of Refund, interest and Any Other Charges under the Loan Agreement credited to "JICA-Loan" account No. 0207787 with The Bank of Tokyo-Mitsubishi UFJ, Ltd., Head Office, Japan.

(5) Section 6.06. (7) of the General Terms and Conditions shall be read as follows:
(7) The Borrower shall make sure that an ex-post procurement audit be carried out by Comptroller and Auditor General of India in order to ensure fairness and competitiveness of the procurement procedure.

(6) The following shall be substituted for Section 10.03. of the General Terms and Conditions:

The Loan Agreement shall become effective on the date on which JICA declares itself satisfied with the evidence of authority and the specimen signatures referred to in Section 10.01., paragraph (1); the Legal Opinion mentioned in Section 10.02., paragraph (1); the Guarantee, if any; and the notice concerning the L/C Issuing Bank mentioned in the Commitment Brochure. The notice shall be together with the Authorization Letter of No. 1/5/2014-Japan. I, issued by the Ministry of Finance for the L/C Issuing Bank and the Paying Bank on June 23, 2016, which is satisfactory to JICA, in case that the L/C Issuing Bank is not the same as the Paying Bank.

JICA shall immediately notify the Borrower in writing of the effective date of the Loan Agreement.

Section 2. Procurement Procedure

The guidelines for procurement and for the employment of consultants mentioned in Section 4.01. of the General Terms and Conditions shall be as stipulated in the Procurement Procedure attached hereto as Schedule 4.

Section 3. Disbursement Procedure

The disbursement procedure mentioned in Section 5.01. of the General Terms and Conditions shall be Commitment Procedure and Reimbursement Procedure as stipulated in the Schedule(s) attached hereto.

Section 4. Administration of Loan

- (1) The Borrower shall authorize Forest Department, Government of Himachal Pradesh (hereinafter referred to as the "Executing Agency") as the executing agency.
- (2) The Borrower shall cause the Executing Agency to employ consultants for the implementation of the Project.
- (3) Should the funds available from the proceeds of the Loan be insufficient for the implementation of the Project, the Borrower shall make arrangements promptly to provide such funds as shall be needed.
- (4) The Borrower shall cause the Executing Agency to furnish JICA with progress reports for the Project on a quarterly basis (in January, April, July and October of each year) until the Project is completed, in such form and in such detail as JICA may reasonably request.
- (5) Promptly, but in any event not later than six (6) months after completion of the Project, the Borrower shall cause the Executing Agency to furnish JICA

with a project completion report in such form and in such detail as JICA may reasonably request.

(6) The Borrower shall:

- (a) furnish JICA, as soon as possible, with a copy of engagement letter signed by authorized person of auditor acceptable to JICA, in which the said auditor agreed to audit the records and accounts related to the applicable expenditures financed out of the proceeds of the Loan allocated to the Category A and submit to the Borrower a certified copy of the report of such audit;
- (b) maintain, or cause to be maintained, records and accounts adequate to reflect, in accordance with consistently maintained sound accounting practices, the expenditures financed out of the proceeds of the Loan;
- (c) have the records and accounts referred to in Section 4. (6) (a) above for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by the said auditor;
- (d) furnish JICA as soon as available, but in any case not later than nine (9) months after the end of each fiscal year, with a certified copy of the report of such audit by the said auditor, of such scope and in such detail as JICA may reasonably request;
- (e) furnish JICA with such other information concerning said records and accounts, and the audit thereof, as JICA may from time to time reasonably request;
- (f) retain, until at least five (5) years after the Completion Date, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (g) enable JICA's representatives to examine such records;
- (h) ensure that such records and accounts are included in the annual audits referred to in Section 4. (6) (c) above and that the report of such audit contains a separate opinion by the said auditor as to whether the statements of expenditures submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related disbursement; and
- (i) in the event that the use of a specified amount of the Loan is not justifiable according to a certified copy of the report of such audit referred to in Section 4. (6) (c) above, refund to JICA, upon request of JICA, such unjustifiable amount together with the accrued interest

thereon. Notwithstanding the above, if such refund is made before the Disbursement Period expires, the accrued interest thereon shall be paid to JICA on the Payment Date immediately following the date the refund is made.

- (7) When the Borrower, in the opinion of JICA, fails to perform its obligations stated in any of the paragraphs of Section 4. (6) above, JICA may, by notice to the Borrower, suspend in whole or in part the rights of the Borrower under the Loan Agreement until JICA determines that such failure has been fully remedied. However, this stipulation does not impair JICA's further exercise of the rights stated in Section 6.01 of the General Terms and Conditions.

Section 5. Table of Contents and Headings

Table of Contents and the headings of Articles or Sections herein are inserted for convenient reference only, are not part of the Loan Agreement and do not affect the construction of, or be taken into consideration in interpreting the Loan Agreement.

Section 6. Notices and Requests

The following addresses are specified for the purpose of Section 9.03. of the General Terms and Conditions:

For JICA

Postal address:

JAPAN INTERNATIONAL COOPERATION AGENCY

JICA INDIA OFFICE

16th Floor, Hindustan Times House, 18-20, Kasturba Gandhi Marg, New Delhi, 110001, India

Attention: Chief Representative

For the Borrower

Postal address:

**Government of India
Ministry of Finance
Department of Economic Affairs
New Delhi, 110001, India**

Attention: Joint Secretary

For the Executing Agency

Postal address:

**Forest Department, Government of Himachal Pradesh
Forest Headquarters, Talland Shimla, Himachal Pradesh
171002, India**

Attention: Principal Chief Conservator of Forest

If the above addresses and/or names are changed, the party concerned shall immediately notify the other party hereto in writing of the new addresses and/or names.

IN WITNESS WHEREOF, JICA and the Borrower, acting through their duly authorized representatives, have caused the Loan Agreement to be duly executed in their respective names and delivered in Tokyo, Japan, as of the day and year first above written.

For

JAPAN INTERNATIONAL
COOPERATION AGENCY

For

THE PRESIDENT OF INDIA

Original Sign by

Junichi Yamada
Senior Vice President

Original Sign by

Sujan R. Chinoy
Ambassador of India to Japan

Schedule 1

Description of Project

Section 1. Outline of the Project

(1) Objective:

The objective of the Project is to manage and enhance forest area ecosystems in the project area, by sustainable forest ecosystem management, biodiversity conservation, livelihoods improvement support and strengthening institutional capacity, thereby contributing to environmental conservation and sustainable socio-economic development in the project area in the State of Himachal Pradesh.

(2) Location:

State of Himachal Pradesh, India

(3) Executing Agency:

Forest Department, Government of Himachal Pradesh

(4) Scope of the Work:

- (a) Sustainable Forest Ecosystem Management and Biodiversity Conservation
- (b) Livelihoods Improvement Support
- (c) Institutional Capacity Strengthening
- (d) Consulting Services

The proceeds of the Loan are available for the above items (a) through (d).

Any balances remaining on the aforementioned items are to be financed by the Borrower.

Section 2. Limitation of Government Budget

Disbursement of the proceeds of the Loan shall be made in accordance with the limit of the Japanese Government's annual budgetary appropriations for JICA.

Schedule 2

Allocation of Proceeds of Loan

Section 1. Allocation		
Category	Amount of the Loan Allocated (in million Japanese Yen)	% of Expenditure to be Financed
(A) Forest Ecosystem Management, Biodiversity Conservation and Related Activities	10,489	100%
(B) Consulting Services	123	100%
(C) Contingencies	524	-
Total	11,136	

Note: Items not eligible for financing are as shown below.

- (a) General administration expenses
- (b) Taxes and duties
- (c) Purchase of land and other real property
- (d) Compensation
- (e) Other indirect items

With regard to disbursement in any of Categories (A) and (B), the amount to be disbursed shall be calculated from the eligible expenditure by multiplying with the percentage of the respective Category stipulated in this section, unless otherwise agreed upon between JICA and the Borrower.

Section 2. Reallocation upon change in cost estimates

If the estimated cost of items included in any of Categories (A) and (B) shall increase, the amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Loan, will be allocated by JICA, at the request of the Borrower, to such Category from other Categories, subject, however, to the requirements for contingencies, as determined by JICA, in respect of the cost of items in the other Categories.

Schedule 3

Amortization Schedule

1. Repayment of Principal (I)

Due Date

Amount
(in Japanese Yen)

On March 20, 2028

268,640,000

On each September 20 and March 20
beginning September 20, 2028
through March 20, 2048

268,609,000

The loan amount allocated to Category (C) as stipulated in Section 1. of Schedule 2 is tentatively included in the "Principal (I)".

2. Repayment of Principal (II)

Due Date

Amount
(in Japanese Yen)

On March 20, 2028

3,000,000

On each September 20 and March 20
beginning September 20, 2028
through March 20, 2048

3,000,000

Schedule 4

Procurement Procedure

Section 1. Guidelines to be used for procurement under the Loan

- (1) Procurement of all goods and services, except consulting services, to be financed out of the proceeds of the Loan shall be in accordance with the Guidelines for Procurement under Japanese ODA Loans dated April 2012 (hereinafter referred to as the “Procurement Guidelines”).
- (2) Employment of consultants to be financed out of the proceeds of the Loan shall be in accordance with the Guidelines for the Employment of Consultants under Japanese ODA Loans dated April 2012 (hereinafter referred to as the “Consultant Guidelines”).

Section 2. Eligible Source Country(ies)

The Eligible Source Country(ies) for procurement of all goods and services (including consulting services) to be financed out of the proceeds of the Loan are all countries and areas.

Section 3. JICA's review of decisions relating to procurement of goods and services (except consulting services)

In the case of contracts to be financed out of the proceeds of the Loan allocated to Category (A), as specified in Section 1. of Schedule 2 attached hereto, the following procedures shall, in accordance with Section 4.02. of the General Terms and Conditions, be subject to JICA's review and concurrence. For such contracts, the single-stage two-envelope bidding procedure, as provided for in Section 2.03 (1) of the Procurement Guidelines, shall be adopted.

- (1) With regard to any contract the amount of which is estimated to be not less than THREE BILLION Japanese Yen (¥3,000,000,000):
 - (a) If the Borrower wishes to adopt procurement procedures other than

International Competitive Bidding, the Borrower shall submit to JICA a Request for Review of Procurement Procedure(s) (as per Form No. 1 attached hereto). The Borrower shall submit to JICA, for JICA's reference, such other documents related to the procurement procedures as JICA may reasonably request. When JICA has no objection, JICA shall inform the Borrower of its concurrence.

- (b) Before advertisement and/or notification of pre-qualification, the Borrower shall submit to JICA, for JICA's review and concurrence, the pre-qualification documents including a pre-qualification evaluation criteria. The Borrower shall submit to JICA, for JICA's reference, such other documents related to the pre-qualification documents as JICA may reasonably request. When JICA has no objection to the said documents, JICA shall inform the Borrower accordingly. When the Borrower wishes to make an important alteration to any of the said documents, JICA's concurrence shall be obtained before the documents are sent to prospective applicants.
- (c) When the pre-qualified firms have been selected, the Borrower shall submit to JICA, for JICA's review and concurrence, a list of those firms and a report on the selection process, with the reasons for the choice made, attaching all relevant documents, together with a request for review of result of pre-qualification (as per Form No. 2 attached hereto). The Borrower shall submit to JICA, for JICA's reference, such other documents related to the pre-qualification as JICA may reasonably request. When JICA has no objection to the said documents, JICA shall inform the Borrower accordingly.
- (d) Before inviting bids, the Borrower shall submit to JICA, for JICA's review and concurrence, the tender documents such as the notices and instructions to bidders, bid form, bid evaluation criteria, proposed draft contract, specifications, drawings and all other documents related to the bidding. The Borrower shall submit to JICA, for JICA's reference, such other documents related to the tender documents as JICA may reasonably request. When JICA has no objection to the said documents, JICA shall inform the Borrower accordingly. When the Borrower wishes to make an important alteration to any of the said documents, JICA's concurrence shall be obtained before the documents are sent to prospective bidders.
- (e) The Borrower shall, before opening price proposals, submit to JICA, for JICA's review and concurrence, the analysis of technical proposals. The

Borrower shall submit to JICA, for JICA's reference, such relevant documents as JICA may reasonably request. When JICA has no objection, JICA shall inform the Borrower accordingly.

- (f) Before sending a notice of award to the successful bidder, the Borrower shall submit to JICA, for JICA's review and concurrence, the analysis of price proposals and proposal for award, together with a Request for Review of Analysis of Bids and Proposal for Award (as per Form No. 3 attached hereto). The Borrower shall submit to JICA, for JICA's reference, such other documents related to the award, such as tender documents as JICA may reasonably request. When JICA has no objection to the said documents, JICA shall inform the Borrower accordingly.
- (g) When, as provided for in Section 5.10 of the Procurement Guidelines, the Borrower wishes to reject all bids and re-bid or to reject all bids and negotiate with the lowest evaluated bidder (or, failing a satisfactory result of such negotiation, with the next-lowest evaluated bidder) with a view to obtaining a satisfactory contract, the Borrower shall inform JICA of its reasons, requesting prior review and concurrence. When JICA has no objection, JICA shall inform the Borrower of its concurrence. In the case of re-bidding, all subsequent procedures shall be substantially in accordance with the sub-paragraphs (a) through (f).
- (h) Promptly after executing a contract but, in principle, before implementation, the Borrower shall submit to JICA, for JICA's review and concurrence, a duly certified copy of the contract, together with a Request for Review of Contract (as per Form No. 4 attached hereto). The Borrower shall submit to JICA, for JICA's reference, such other documents related to the contract as JICA may reasonably request. When JICA determines the contract to be consistent with the Loan Agreement, JICA shall inform the Borrower accordingly of its concurrence.
- (i) Any modification or cancellation of a contract reviewed by JICA shall require the prior written concurrence of JICA thereto; provided, however, that any change which does not constitute an important modification of the contract and which does not affect the contract amount shall not require such concurrence of JICA.
- (j) Notwithstanding the provision of sub-paragraph (i) above, with respect to the adjustment of the contract amount made in accordance with the provisions of the original contract (including the price escalation

clauses or re-measurement under the original design) which have already been reviewed and concurred by JICA, the Borrower may make an adjustment to the contract amount pursuant to the original contract with submitting to JICA promptly the post-fact notification reporting the adjustment made on the contract amount, instead of obtaining the prior written concurrence of JICA.

(k) In the case of adopting the procurement procedures of Local Competitive Bidding, the procedures stipulated in Section 3. (1)(a) through (j) shall be disregarded and the following items shall be applied:

(i) Promptly after executing a contract but, in principle, before implementation, the Borrower shall submit to JICA a duly certified copy of the contract. The Borrower shall submit to JICA, for JICA's reference, such other documents related to the contract as JICA may reasonably request.

(ii) Any modification or cancellation of a contract shall be submitted to JICA; provided, however, that any change which does not constitute an important modification of the contract and which does not affect the contract amount shall not be submitted to JICA.

(2) With regard to any contract the amount of which is estimated to be not less than ONE BILLION Japanese Yen (¥1,000,000,000) but less than THREE BILLION Japanese Yen (¥3,000,000,000):

(a) The procedures stipulated in Section 3.(1) shall apply.

(b) Notwithstanding the stipulation in Section 3.(2)(a) above, the procedures stipulated in Section 3.(1)(a) through (g) may be disregarded for specific contracts.

(3) With regard to any contract the amount of which is estimated to be less than ONE BILLION Japanese Yen (¥1,000,000,000):

(a) The Borrower shall submit to JICA, for JICA's reference, such documents concerning the procurement as JICA may reasonably request.

(b) Notwithstanding the above paragraphs (a), in the case of adopting the procurement procedure of International Competitive Bidding, the following steps shall be taken:

(i) Promptly after executing a contract but, in principle, before

implementation, the Borrower shall submit to JICA, for JICA's review and concurrence, a duly certified copy of the contract, together with a Request for Review of Contract (as per Form No. 4 attached hereto). The Borrower shall submit to JICA, for JICA's reference, such other documents related to the contract as JICA may reasonably request. When JICA determines the contract to be consistent with the Loan Agreement, JICA shall inform the Borrower of its concurrence.

- (ii) Any modification or cancellation of a contract reviewed by JICA shall require the prior written concurrence of JICA thereto; provided, however, that any change which does not constitute an important modification of the contract and which does not affect the contract amount shall not require such concurrence of JICA.
- (iii) Notwithstanding the provision of sub-paragraph (ii) above, with respect to the adjustment of the contract amount made in accordance with the provisions of the original contract (including the price escalation clauses or re-measurement under the original design) which have already been reviewed and concurred by JICA, the Borrower may make an adjustment to the contract amount pursuant to the original contract with submitting to JICA promptly the post-fact notification reporting the adjustment made on the contract amount, instead of obtaining the prior written concurrence of JICA.

Section 4. JICA's review of decisions relating to employment of consultants

In the case of contracts to be financed out of the proceeds of the Loan allocated to Category (B), as specified in Section 1. of Schedule 2 attached hereto, the following procedures shall, in accordance with Section 4.02. of the General Terms and Conditions, be subject to JICA's review and concurrence.

- (1) Before proposals are invited from consultants, the Borrower shall submit to JICA, for JICA's review and concurrence, a Short List of Consultants and the Request for Proposals including a technical evaluation criteria. The Borrower shall submit to JICA, for JICA's reference, such other documents as JICA may reasonably request. When JICA has no objection to the said documents, JICA shall inform the Borrower accordingly. Any further

modification by the Borrower of the said documents shall require the prior concurrence of JICA.

- (2) Before opening financial proposals, the Borrower shall submit to JICA, for JICA's review and concurrence, the Borrower's evaluation of technical proposals. The Borrower shall submit to JICA, for JICA's reference, such other documents as JICA may reasonably request. When JICA has no objection, JICA shall inform the Borrower accordingly.
- (3) Before initiating contract negotiations with the highest-ranked consultant, the Borrower shall submit to JICA, for JICA's review and concurrence, the results of the Borrower's evaluation of proposals. The Borrower shall submit to JICA, for JICA's reference, such other documents as JICA may reasonably request. When JICA has no objection to the said documents, JICA shall inform the Borrower accordingly.
- (4) If the Borrower wishes, as provided for in Section 3.01(4) of the Consultant Guidelines, to use single-source selection, the Borrower shall inform JICA in writing of its reasons, for JICA's review and concurrence, together with the name of the consultant to be appointed and the terms of reference. After obtaining the concurrence of JICA, the Borrower may send the Request for Proposal to the consultant concerned. If the Borrower finds the proposal of the consultant to be satisfactory, it may then negotiate the contract (including the financial terms).
- (5) Promptly after executing a contract but, in principle, before implementation, the Borrower shall submit to JICA, for JICA's review and concurrence, a duly certified copy of the contract, together with a Request for Review of Contract (as per Form No. 5 attached hereto). The Borrower shall submit to JICA, for JICA's reference, such other documents as JICA may reasonably request. When JICA determines the contract to be consistent with the Loan Agreement, JICA shall inform the Borrower of its concurrence.
- (6) Any modification or cancellation of a contract reviewed by JICA shall require the prior written concurrence of JICA thereto; provided, however, that any change which does not constitute an important modification of the contract and which does not affect the contract amount shall not require such concurrence of JICA. In this regards, a change of the head of the

consultant, regardless of his/her title ("project manager," "team leader" or whatever he/she is called), shall be regarded as an important modification of the contract.

- (7) Notwithstanding the provision of paragraph (6) above, with respect to the adjustment of the contract amount made in accordance with the provisions of the original contract (including the price escalation clauses or re-measurement under the original design) which have already been reviewed and concurred by JICA, the Borrower may make an adjustment to the contract amount pursuant to the original contract with submitting to JICA promptly the post-fact notification reporting the adjustment made on the contract amount, instead of obtaining the prior written concurrence of JICA.

Form No. 1

Date:

Ref. No.:

JAPAN INTERNATIONAL COOPERATION AGENCY
JICA INDIA OFFICE, New Delhi, India

Attention: Chief Representative

Ladies and Gentlemen:

REQUEST FOR REVIEW OF PROCUREMENT PROCEDURE(S)

Reference : Loan Agreement No. ID-P269, dated March 29, 2018, for Project for
Improvement of Himachal Pradesh Forest Ecosystems
Management and Livelihoods

In accordance with the relevant provisions of the Loan Agreement under
reference, we hereby submit for your review the Procurement Procedure as per
attached sheet.

We should be grateful if you would notify us of your concurrence.

Very truly yours,

For: _____
(Name of the Borrower)

By: _____
(Authorized Signature)

1. Name of the Project

2. Procedure for Procurement

- () Limited International (Local) Bidding
- () International (Local) Shopping
- () Direct Contract
- () Others ()

3. Reason for Selection of Procedure for Procurement in Detail

(For example: technical considerations, economic factors, experiences and capabilities)

4. Name and Nationality of the Supplier

(in the cases of Limited International (Local) Bidding and Direct Contracting)

5. Estimated Contract Amount

Foreign Currency

Local Currency

6. Main Items Covered by the Contract

7. Type of Contract

- () Turnkey Contract
- () Design-Build Contract
- () Civil Works Contract
- () Procurement of Goods/Equipment/Materials
- () Procurement of Services
- () Others

8. Schedule

i) Date of Contract

ii) Shipping Date and/or Date for Commencement of Works/Services

iii) Completion Date (for delivery or construction)

Date:

Ref. No.:

JAPAN INTERNATIONAL COOPERATION AGENCY
JICA INDIA OFFICE, New Delhi, India

Attention: Chief Representative

Ladies and Gentlemen:

REQUEST FOR REVIEW OF RESULT OF PRE-QUALIFICATION

Reference: Loan Agreement No. ID-P269, dated March 29, 2018, for Project
for Improvement of Himachal Pradesh Forest Ecosystems
Management and Livelihoods

In accordance with the relevant provisions of the Loan Agreement under reference, we hereby submit for your review a list of pre-qualified firms, a report on the selection process and the reasons for the choice made, together with all relevant documents and a Summary Sheet attached hereto.

We should be grateful if you would notify us of your concurrence by sending a Notice regarding Result of Pre-qualification.

Very truly yours,

For : _____
(Name of the Borrower)

By : _____
(Authorized Signature)

Attached Sheet for Form No. 2

**Summary Sheet
(Result of Pre-qualification)**

1. Description of Goods and/or Services:

2. Date of P/Q Announcement:

3. Closing Date of P/Q Proposal:

4. Evaluation Criteria:

(1)

(2)

(3)

5. Rating of Each Prospective Bidder:

Name of Bidders	Rating			Result	Remarks
	Criteria (1)	(2)	(3)		

Form No. 3

Date:

Ref. No.:

JAPAN INTERNATIONAL COOPERATION AGENCY
JICA INDIA OFFICE, New Delhi, India

Attention: Chief Representative

Ladies and Gentlemen:

REQUEST FOR REVIEW OF ANALYSIS OF BIDS
AND PROPOSAL FOR AWARD

Reference: Loan Agreement No. ID-P269, dated March 29, 2018, for Project
for Improvement of Himachal Pradesh Forest Ecosystems
Management and Livelihoods

In accordance with the relevant provisions of the Loan Agreement under
reference, we hereby submit for your review an analysis of bids and proposal for
award and a Summary Sheet attached hereto.

We should be grateful if you would notify us of your concurrence by
sending a Notice regarding Analysis of Bids and Proposal for Award.

Very truly yours,

For : _____
(Name of the Borrower)

By : _____
(Authorized Signature)

Summary Sheet
(Analysis of Bids and Proposal for Award)

1. Description of Goods and/or Services:
2. Date of Bid Announcement:
3. Date of Bid Opening:
4. Evaluation Criteria:
5. Rating of Each Bidder:

Name of Bidders	Bid Price (A)	Evaluated Price (B)	Ranking	Remarks (Explanation on difference between (A) and (B))

Date:

Ref. No.:

JAPAN INTERNATIONAL COOPERATION AGENCY
JICA INDIA OFFICE, New Delhi, India

Attention: Chief Representative

Ladies and Gentlemen:

REQUEST FOR REVIEW OF CONTRACT

Reference: Loan Agreement No. ID-P269, dated March 29, 2018, for Project
for Improvement of Himachal Pradesh Forest Ecosystems
Management and Livelihoods

In accordance with the relevant provisions of the Loan Agreement under
reference, we hereby submit for your review a certified copy of the Contract
attached hereto. The details of the Contract are as follows:

1. Number and Date of Contract: _____
2. Name and Nationality of the Supplier: _____
3. Address of the Supplier: _____
4. Name of the Purchaser: _____
5. Contract Amount: _____
6. Eligible Expenditure: _____
7. Amount of Financing Applied for: _____
(representing ___ % of eligible expenditure)
8. Description and Origin of the Goods: _____
9. (In case the Supplier is a joint venture) Name, Nationality and Address
of each company of the Joint Venture:
(A company): _____
(B company): _____

We should be grateful if you would notify us of your concurrence to the
Contract.

Very truly yours,

For: _____
(Name of the Borrower)

By: _____
(Authorized Signature)

Summary Sheet
(Contract)

1. Name of the Purchaser:
2. Name of the Supplier:
3. Nationality of the Supplier:
4. Address of the Supplier:
5. Date of Contract:
6. Contract Number:
7. Contract Amount:
(of which Non-eligible Portion: _____)
8. Amount of Financing Applied for:
(representing ___% of eligible expenditure)
9. Category (as specified in Section 1. of Schedule 2 of the Loan Agreement):
10. Description of Goods and/or Services with Breakdown of Contract Price:
11. (In case the Supplier is a Joint Venture) Name, Nationality and Address of each company of the Joint Venture:
(A company) _____
(B company) _____
12. Terms of Payment:
13. Delivery Schedule:
14. Disbursement Procedure Applied for:
15. Major Conditions of Contract:
 - (1) Price Adjustment Clause:
 - (2) Modification Clause:
 - (3) Applicable Law:
 - (4) Others:
16. Remarks:

Form No. 5

Date:

Ref. No.:

JAPAN INTERNATIONAL COOPERATION AGENCY
JICA INDIA OFFICE, New Delhi, India

Attention: Chief Representative

Ladies and Gentlemen:

REQUEST FOR REVIEW OF CONTRACT (for consulting services)

Reference: Loan Agreement No. ID-P269, dated March 29, 2018, for Project
for Improvement of Himachal Pradesh Forest Ecosystems
Management and Livelihoods

In accordance with the relevant provisions of the Loan Agreement under reference, we hereby submit for your review a certified copy of the Contract attached hereto. The details of the Contract are as follows:

1. Number and Date of Contract: _____
2. Name and Nationality of the Consultant: _____
3. Address of the Consultant: _____
4. Name of the Employer: _____
5. Contract Amount: _____
6. Eligible Expenditure: _____
7. Amount of Financing Applied for: _____
(representing ___% of eligible expenditure)
8. (In case the Consultant is a Joint Venture) Name, Nationality and
Address of each company of the Joint Venture:
(A company): _____
(B company): _____

We should be grateful if you would notify us of your concurrence to the Contract.

Very truly yours,

For: _____
(Name of the Borrower)

By: _____
(Authorized Signature)

Schedule 5

Commitment Procedure

Brochure on Commitment Procedure for Japanese ODA Loans dated August 2012, as may be amended from time to time (hereinafter referred to as the “**Commitment Brochure**”) shall be applied with the following supplemental stipulations, for disbursement of the proceeds of the Loan for the purchase of goods and services from the Supplier(s) with respect to the portion of the contract stated in the internationally traded currency other than that of India.

1. The Paying Bank mentioned in the Commitment Brochure shall be Bank of India, Tokyo.
2. The Issuing Bank mentioned in the Commitment Brochure shall be identified in the notice and the Authorization Letters mentioned in Article III, Section 1. (6).

Schedule 6

Reimbursement Procedure

Brochure on Reimbursement Procedure for Japanese ODA Loans dated August 2012, as may be amended from time to time, (hereinafter referred to as the "Reimbursement Brochure") shall be applied with the following supplemental stipulations, for disbursement of the proceeds of the Loan for the payments already made to the Supplier(s).

1. The Paying Bank mentioned in this Schedule, including the Reimbursement Brochure shall be Bank of India, Tokyo.
2. The supporting documents evidencing each payment and its usage, as mentioned in Section 2.01. (b) of the Reimbursement Brochure, shall be as follows:
 - (1) For payments to the supplier(s) for delivery/shipment of goods:
 - (a) the invoice from the supplier(s) specifying the goods, with their quantities and prices, which have been or are being supplied/shipped and, if any, bill of lading or similar document evidencing shipment/delivery of the goods listed on the invoice; and
 - (b) the receipt from the supplier(s) showing the date and amount of payment, bill of exchange or similar document evidencing the date and amount of payment made to the supplier(s).
 - (2) For payments under civil works contracts:
 - (a) the claim, bill or invoice from the contractor(s) showing, in sufficient detail, the work performed by the contractor(s) and amount claimed therefor, certified by the authorized personnel of the Executing Agency assigned to the Project to the effect that the work performed by the contractor(s) is satisfactory and in accordance with the terms of the relevant contract; such certificate can be made separately from the claim, bill or invoice; and
 - (b) the receipt from the contractor(s) showing the date and amount of payment, cancelled bank cheque, demand draft or similar document evidencing the date and amount of payment made to the contractor(s).

- (3) For payments for consulting services:
 - (a) the claim from the consultant(s) indicating, in sufficient details, the services rendered, period covered, and amount payable to them; and
 - (b) the receipt from the consultant(s) showing the date and amount of payment, cancelled bank cheque, demand draft or similar document evidencing the date and amount of payment made to the consultant(s).

- (4) For payments for other services rendered:
 - (a) the claim, bill or invoice from the service provider(s) specifying the nature of services rendered and amounts charged therefor; and
 - (b) the receipt from the service provider(s) showing the date and amount of payment, cancelled bank cheque, demand draft or similar document evidencing the date and amount of payment made.

Note: If such services relate to importation of goods (e.g. freight, insurance payments), adequate references shall be given to enable JICA to relate each of these items to the specific goods, the cost of which has been or is to be financed by JICA.

3. Notwithstanding the provisions of the Section 2. mentioned above, as for the disbursement of the proceeds of the Loan allocated to Category (A) stipulated in section 1. of Schedule 2 attached hereto, in case SOE procedure is applied, submission of supporting documents as per Section 2.01.(b) of the Reimbursement Brochure shall be disregarded and Form SOE substantially in the form attached hereto shall be substituted for Form SSP(R) attached to the Reimbursement Brochure. Furthermore, wherever mentioned as "Summary Sheet of Payments" in the Reimbursement Brochure including the attached Form RFD(R) therein, shall be read as "Statement of Expenditures".

4. Section 2.03. of the Reimbursement Brochure shall be substituted as follows:
 - (1) When the currency used for the actual payments to the Supplier(s) is Indian Rupee, the amount stated in the Request for Reimbursement shall be either in Japanese Yen, converted at the RBI rate quoted by the Reserve Bank of India, Mumbai, one (1) business day prior to the

date on which the Request for Reimbursement is made, or in Indian Rupee. In the former case, the amount paid to the Supplier(s) and the exchange rate used for conversion to Japanese Yen shall be described in the Summary Sheet of Payments. In the latter case, the amount of disbursement in Japanese Yen shall be calculated at the RBI rate quoted by the Reserve Bank of India, Mumbai, informed to JICA through the Paying Bank two (2) business days before the date on which the disbursement is made.

- (2) When the currency used for the actual payments to the Supplier(s) is other than Indian Rupee, the amount stated in the Request for Reimbursement shall be either:
- (a) in Japanese Yen, Indian Rupee or other internationally traded currency acceptable to JICA, converted at the telegraphic transfer buying (TTB) rate quoted by a foreign exchange bank authorized as such by the authority in the territories of the Borrower, one (1) business day prior to the date on which the Request for Reimbursement is made; or
 - (b) in the same currency used for the actual payments, provided that it is Japanese Yen or other internationally traded currency acceptable to JICA.

In case (2) (a) above, the amount paid to the Supplier(s) and exchange rate used for conversion to Japanese Yen, Indian Rupee or other internationally traded currency acceptable to JICA, shall be described in the Summary Sheet of Payments. In case (2) above, if the amount stated in the Request for Reimbursement is other than Japanese Yen, the amount of disbursement in Japanese Yen shall be calculated at the telegraphic transfer selling (TTS) rate quoted by the Paying Bank two (2) business days before the day when the reimbursement is made.

- 5. Section 3.01. and 3.02. of the Reimbursement Brochure shall be disregarded.
- 6. Section 3.03. of the Reimbursement Brochure shall be substituted as follows:
 - 3.03. The Borrower shall make necessary arrangement with the Paying Bank, including but not limited to, the following for this brochure:

- (a) to open a Loan Account with the Paying Bank; and
- (b) to confirm necessary arrangements for transaction of funds after the proceeds of the Loan is credited to the Loan Account.

Statement of Expenditure

L/A No.: ID-P269

Date:

Application Serial No.:

Transaction	2. Purchaser	3. Supplier	4. * Nationality of Supplier	5. Description of Goods and/or Services	6. ** Category	7. Origin	8. Contract Amount, Contract No., and JICA Concurrence No. (if any)	9. Date of Payment	10. *** Amount of Payment (without Tax)	11. **** Nature of Payment	12. ***** Procedure for Procurement	13. Amount Applied for Financing (without Tax)	14. ***** Disbursement Ratio
1													
2													
3													
Total													

The undersigned certifies that the Supplier(s) and goods and / or services stated above are eligible under the Loan Agreement. Exchange rate :

- * Note for 4. Nationality of Supplier: Country in which the Supplier is incorporated and registered.
- ** Note for 6. Category: Category Name described in Section 1 of Schedule 2 of the Loan Agreement.
- *** Note for 10. Amount of Payment: If not in Japanese Yen, state both the amount in the currency in which the payment was made to the Supplier(s), and its converted amount(s) calculated in accordance with the Reimburse Brochure and the Loan Agreement, as well as the conversion rate(s).
- **** Note for 11. Nature of Payment: A down payment, an installment payment or the final payment, etc.
- ***** Note for 12. Procedure for Procurement: Procurement method such as ICB, ICB+PQ, LCB, Direct Contracting, etc.
- ***** Note for 14. Disbursement Ratio: Ratio of Amount Applied for Financing against Amount of Payment in the currency in which the Payment was made to the Supplier(s).

For (Name of the Borrower)

(Authorized Signature)