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CREDIT NUMBER 5573-IN

# Financing Agreement

(Telangana Rural Inclusive Growth Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated *JANUARY 27*, 2016

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**FINANCING AGREEMENT**

AGREEMENT dated JANUARY 27, 2016, entered into between INDIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

**ARTICLE II — FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to seventy five million United States Dollars (USD 75,000,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be at a rate equal to the Reference Rate for the Credit Currency plus the Fixed Spread; provided, however, that the Interest Charge payable shall in no event be less than zero percent (0%) per annum.
- 2.05. The Payment Dates are June 15 and December 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollar.

### **ARTICLE III — PROJECT**

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV — REMEDIES OF THE ASSOCIATION**

4.01. The Additional Event of Suspension consists of the following, namely, that the T-SERP's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of T-SERP to perform any of the Project Implementing Entity's obligations under the Project Agreement.

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

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

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

5.02. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient's Representative is the Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary of the Department of Economic Affairs in the Recipient's Ministry of Finance.

6.02. The Recipient's Address is:

Secretary  
Department of Economic Affairs  
Ministry of Finance, Government of India  
North Block  
New Delhi 110001, India

Facsimile:

91-11-23092883

6.03. The Association's Address is:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable:

Telex:

Facsimile:

INDEVAS  
Washington, D.C.

248423 (MCI)

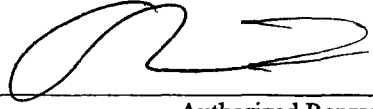
1-202-477-6391

AGREED at NEW DELHI, India, as of the day and year first above written.

INDIA

By Amma 27.1.2016  
Authorized Representative  
Name: RAJ KUMAR  
Title: JOINT SECRETARY

INTERNATIONAL DEVELOPMENT  
ASSOCIATION

By   
Authorized Representative  
Name: ONNO RUHL  
Title: COUNTRY DIRECTOR, INDIA

## SCHEDULE 1

### Project Description

The objective of the Project is to enable selected poor households to enhance agricultural incomes and increase access to human development services and social entitlements.

The Project consists of the following parts:

#### Component 1: Value Chain Development

1. *Rural Value Chains:* (a) Facilitating the establishment/set-up of producer groups and Producer Organizations to serve as platforms for the provision of technical assistance and access to markets to small and marginal farmers; (b) establishing farmer field schools for disseminating new agricultural practices/techniques, setting up demonstration plots, and developing a cadre of community extension workers; (c) coordinating Producer Organizations to establish seed villages, community nurseries, livestock development centers and production/trading enterprises for bio-fertilizers and bio-pesticides, to ensure supply of good quality seed, planting materials, and breed improvement and para-vet services to the poorest producers; (d) creating small scale productive infrastructure and provision of equipment for improved labor productivity and local value addition; (e) building linkages between Producer Organization and the financial sectors; and (f) carrying out investor forums, value chain workshops, and other promotional activities to build backward and forward linkages between Producer Organizations and private sector agribusiness companies.
  
2. *Rural Retail Chains:* (a) Transforming traditional rural retail stores into a network of rural retail outlets, under a common brand, providing affordable and good quality products; (b) promoting clusters of home-based enterprises with particular emphasis on processing and value addition of agriculture produce, and manufacturing of nutrition and personal hygiene products; (c) providing training to retail outlets and home-based enterprises on entrepreneurship, business development and retail management; (d) facilitating the association of retail outlets to benefit from economies of scale; (e) expanding retail outlets' offer of nutritious food items and personal hygiene products; (f) developing and utilizing technology platforms to source aggregate and execute orders of home-based enterprises and rural retail outlets; and (g) providing technical assistance to home-based enterprises for product improvement and standardization, and the development of business models.

Component 2: Human Development

1. *Strengthening the Demand for Quality Nutrition, Health, Sanitation and Pre-School Education Services:* (a) Providing technical and financial support to Village Level Convergence Committees and Village Organizations for preparing and implementing Village Human Development Plans; (b) designing and implementing a behavioral and social change communication campaign to sensitize village communities on critical health, nutrition and sanitation issues, including the carrying out of home visits and counselling sessions; and (c) developing and testing community score cards and feedback/monitoring tools, to create awareness and generate demand for quality nutrition, health, water and sanitation, and education services.
2. *Strengthening the Supply of Key Nutrition, Health and Pre-School Education Services:* (a) Strengthening the training architecture of the Department of Women Development, Child Welfare and Disabled Welfare, Department of Panchayat Raj and Rural Development and Department of Health, Medical and Family Welfare for community mobilization, early childhood education, and personal health and growth monitoring/promotion; and (b) developing an integrated management information system including indicators on health, nutrition, sanitation and education to facilitate the monitoring of human development of vulnerable groups.
3. *Linkage with Value Chains:* (a) Ensuring that nutrient-rich snacks are available to the community through nutri-shops in Project-targeted Mandals; and (b) encouraging farmers to grow and consume diversified foods crops through counseling and training.

Component 3: Digital Local Government

1. *Improved Delivery of Service and Entitlement at the Gram Panchayat Level:* (a) Establishing one-stop shop (“OSS”) services points to improve access to selected services and social protection entitlements for all households, with emphasis on members of scheduled castes and/or scheduled tribes and the most vulnerable communities; (b) enabling PRI offices to facilitate convergence of local services, through the development of software solutions and integration of IT systems for the delivery of services offered in the OSS service points; (c) establishing an entitlement cell at state level for coordination of key stakeholders in “last mile” service provision, including a dedicated call center for accountability and the handling of grievances for services offered at the OSS service points; and (d) providing training to community institutions, community professionals, civil servants and Project staff in service facilitation and counseling.
2. *Pilots on Improved Access to Specialized Services on Gender and Persons with Disabilities:* Improving access to gender-related services or specialized services

for persons with disabilities on a pilot bases, through: (a) enhancing disability assessment and certification to cover the entire population in pilot villages; (b) expanding the coverage of therapy services; (c) creating a cadre of professionals for the detection, treatment, and provision of support to persons with disabilities; (d) setting up a grievance redress mechanism, including counseling services for gender related and/or disability issues; (e) strengthening the institutional capacity of Social Action Committees; and (f) identification of female-headed vulnerable families to ensure their access to social entitlements.

**Component 4: ICT, Technical Assistance and Partnerships**

1. *Information and Communication Technologies:* (a) Promoting extensive use of IT devices and enabling software solutions for the improvement of last steps in service delivery including providing an IT architecture for the OSS under Component 3; (b) developing applications and dedicated portals for the capturing of data for management information systems, as well the dissemination of knowledge and/or market information, and execution of business transactions; (c) developing a data warehouse and open data systems by reengineering and integrating existing software applications and enhancing their analytical capabilities; (d) providing business intelligence services and data analytics support through dashboards, score cards and/or other IT solutions; (e) designing new applications/modules to support Producer Organization's activities planning, productivity enhancement, provision of crop, weather and marketing information, and improvement of procurement efficiency; and (f) developing and implementing portals/websites for market information, e-trading, commodity exchange, and business knowledge dissemination.
2. *Partnerships:* (a) Coordinating solutions and innovations marketplaces for identifying high impact innovations and developing productive alliances between small and marginal producers and the enterprise sector for technical service provision and market linkages; and (b) encouraging public-private-community partnerships to increase the integration of the poor in remunerative value chains.
3. *Technical Assistance to Line Departments:* Improving the institutional capacity of Line Departments for Project implementation and monitoring, including: (a) strengthening human resources and providing training thereto for the improvement of service delivery; (b) enhancing the management information systems and data analysis capabilities through the creation of analytic cells; and (c) undertaking periodic tracking of quality in service delivery and gathering feedback from service users/beneficiaries.
4. *Center of Excellence and Knowledge Management:* Establishing a center for excellence and knowledge management to share the Project's lessons with other States, including: (a) holding knowledge events; (b) training staff/community professionals; (c) developing knowledge management, learning systems and best



practice sites; and (d) facilitating the secondment of staff for Project related activities.

Component 5: Project Implementation Support

Strengthening the institutional capacity of T-SERP and the Line Departments for the implementation of Project activities, including compliance with financial management, safeguard, procurement, monitoring and evaluation, and reporting requirements under the Project.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. On-lending

1. To facilitate the Project Implementing Entities' carrying out of the Project, the Recipient shall make part of the proceeds of the Financing available to the Project Implementing Entity in accordance with the Recipient's standard arrangements for development assistance to the States of India.
2. Notwithstanding paragraph 1 above, in the event that any provision of this Agreement, including the instructions that the Association shall have specified by notice to the Recipient pursuant to Section IV.A.1 of this Schedule, were to be found inconsistent with the Recipient's standard arrangements for development assistance to the States of India, the provisions of this Agreement and related instructions shall govern.
3. The Recipient shall at all times protect its own interests and the interests of the Association to accomplish the purposes of the Financing.

##### B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

#### Section II. Project Monitoring, Reporting and Evaluation

##### A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare, or cause the Project Implementing Entity through T-SERP to prepare, Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association. Each Project Report shall cover the period of ~~one~~ one calendar quarter, and shall be furnished to the Association not later than forty five (45) days after the end of the period covered by such report.

##### B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall cause the Project Implementing Entity through T-SERP to prepare and furnish to the Association not later than forty five (45) days after the end of each calendar quarter, interim financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have, and cause the Project Implementing Entity through T-SERP to have, the Project's Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Project's Financial Statements shall cover the period of one fiscal year of the Recipient, the Project Implementing Entity and T-SERP, commencing with the fiscal year in which the first withdrawal was made under the Credit. The audited Financial Statements for each such period shall be furnished to the Association not later than nine (9) months after the end of such period.

### **Section III. Procurement**

#### **A. General**

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

#### **B. Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding,

may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding, subject to the additional provisions agreed upon from time to time between the Recipient and the Association and set forth in the Procurement Plan; (c) Shopping; (d) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association; (e) Direct Contracting; (f) Force Account; and (g) Community Participation procedures which have been found acceptable to the Association. The Procurement Plan shall specify the circumstances under which such methods may be used.

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants. The Procurement Plan shall specify the circumstances under which such methods may be used.

**D. Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

**Section IV. Withdrawal of the Proceeds of the Financing**

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consultants' services, Operating Costs, Training and Workshops for the Project	60,000,000	70%
(2) VHDP Grants, and BP Grants	15,000,000	70%
<b>TOTAL AMOUNT</b>	<b>75,000,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed USD 7,500,000 may be made for payments made prior to this date but on or after April 1, 2014, for any Eligible Expenditures.
2. The Closing Date is June 30, 2020.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each June 15 and December 15  Commencing on June 15, 2020 to and including December 15, 2039	2.5%

\* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

## APPENDIX

### Section I. Definitions

1. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011.
2. "BP Grant" means each grant provided by T-SERP to a Producer Organization pursuant to a Sub-financing Agreement, in the amounts and under terms and conditions established in the Community Operations Manual (including the terms and conditions set forth in Section I.D.2 of the Schedule to the Project Agreement), in order for the grantee to implement a Business Plan.
3. "Business Plan" means the plans prepared by Producer Organization under sub-Components 1.1(a) and 1.1(e) of the Project.
4. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. "Community Operations Manual" means the operations manual dated November 17, 2014 adopted by the Project Implementing Entity and T-SERP for purposes of the Project, which sets forth, inter alia: (i) the guidelines, procedures and criteria for the preparation, assessment, selection of Business Plans and VHDP; (ii) the selection criteria and minimum requirements for Village Organizations and Producer Organizations to be eligible for VHDP Grants and BP Grants; (iii) the terms and conditions applicable to BP Grants and VHDP Grants (including safeguards and fiduciary requirements); and (iv) the protocols for monitoring and evaluating of the implementation of VHDPs and Business Plans, and reporting requirements thereunder; as such manual may be amended from time to time with the prior written concurrence of the Association.
6. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
7. "Credit Currency" means the currency in which the Credit is denominated.
8. "Department of Health, Medical and Family Welfare" means the Project Implementing Entity's Department of Health, Medical and Family Welfare, or any successor thereto.
9. "Department of Panchayat Raj and Rural Development" means the Project Implementing Entity's Department of Panchayat Raj and Rural Development or any successor thereto.

10. "Department of Women Development, Child Welfare and Disabled Welfare Senior Citizens" means the Project Implementing Entity's Department of Women Development, Child Welfare and Disabled Welfare, or any successor thereto.
11. "Displaced Persons" means persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impact on the livelihoods of such persons.
12. "EMF" means the Project Implementing Entity's/T-SERP's environmental management framework, dated October 28, 2014, setting for the guiding principles, acceptable standards and procedures for: (a) the screening of Project activities, Business Plans and VHDPs, and the identification of any adverse or positive environmental impacts caused, or expected to be caused, on account of their implementation; and (b) for the preparation of their prescribed EMPs; as such framework may be amended from time to time with the prior concurrence of the Association.
13. "EMP" means T-SERP's, the Village Organizations' and/or Producer Organization's environmental management plans, as the case may be, (to be) prepared pursuant to Sub-Section I.E.2 of the Schedule to the Project Agreement, in accordance with the provisions of the EMF, in each case setting out mitigation, enhancement, monitoring and institutional measures, including capacity building through training, required to: (i) eliminate adverse environmental impacts of activities to be implemented under the Project; (ii) offset them, or reduce them to acceptable levels; (iii) enhance any positive impacts thereof; as such plans may be revised, updated or supplemented from time to time with the prior written mutual consent of the Association; and/or (iv) ensure compliance with the Recipient's statutory environmental requirement, as such plans may be amended, from time to time, with the prior written mutual concurrence of the Association.
14. "Financial Center" means the principal financial center for the United States Dollars.
15. "Fixed Spread" means the Association's fixed spread for the Credit Currency in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of this Agreement and expressed as a percentage per annum.
16. "FM Manual" means the manual dated November 18, 2014 adopted by the Project Implementing Entity and T-SERP for purposes of the Project, which sets out the overall Project financial management arrangements in respect of the



Project's flow of funds, accounting policies and procedures, chart/books of accounts, financial reporting and internal controls, as the same may be revised from time to time with the prior written concurrence the Association.

17. "GAC Framework" means Project Implementing Entity's/T-SERP's governance and accountability framework included in the Project Implementation Plan, which framework sets out the key actions to be undertaken by the Project Implementing Entity/T-SERP to strengthen governance, transparency and accountability under the Project, as such framework may be amended from time to time with the prior written concurrence of the Association.
18. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
19. "Gram Panchayat" means each of the town/village self-government bodies established pursuant to Part II of the Andhra Pradesh Panchayat Raj Act, 1994.
20. "HR Guidelines & Manual" means the human resources manual, dated February 26, 2015, adopted by the Project Implementing Entity and T-SERP for purposes of the Project, which sets out the human resource policies and procedures to be followed by T-SERP for the recruitment, performance management and assessment, and payment of compensation and benefits for its staff.
21. "ICT" means information and communication technology.
22. "Interest Period" means the initial period from and including the date of this Agreement to but excluding the first Payment Date occurring thereafter, and after the initial period, each period from and including a Payment Date to but excluding the next following Payment Date.
23. "IT" means information technology.
24. "LIBOR" means for any Interest Period, the London interbank offered rate for deposits in the relevant Credit Currency for six months, expressed as a percentage per annum, that appears on the Relevant Rate Page as of 11:00 a.m. London time on the Reference Rate Reset Date for the Interest Period.
25. "Line Departments" means, collectively, Departments of Panchayat Raj and Rural Development; Medical, Health and Family Welfare; Women, Children, Disabled and Senior Citizens; Social Welfare; School Education; and/or any other Departments of the Project Implementing Entity agreed from time to time between the Association and the Project Implementing Entity.

26. "Mandal" means an administrative unit below the district level and consisting of a group of villages and/or panchayats.
27. "Operating Costs" means the reasonable costs of incremental expenditures incurred by the Project Implementing Entity/T-SERP on account of implementation, management and monitoring of the Project, including, *inter alia*: (i) costs of incremental staff salaries (other than consultants); (ii) dissemination of Project related information; (iii) office rental and leasing; (iv) operation and maintenance of equipment; (v) office supplies and utilities; (vi) travel and boarding/lodging allowances; (vii) leasing, operation and maintenance of vehicles; (viii) advertising and communication expenses; and (ix) bank charges and office/equipment insurance.
28. "OSS" means the one-stop shop service point to be established at Gram Panchayat level pursuant to Sub-Component 3.1(a) of the Project.
29. "PRI" means Panchayat Raj Institutions; i.e. local government institutions elected under the Andhra Pradesh Panchayat Raj Act, 1994.
30. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
31. "Procurement Manual" means Project Implementing Entity's/T-SERP's procurement manual, dated July 2014, setting forth the guiding principles and policies of procurement, the implementation arrangements and allocation of responsibilities therefor, the public disclosure and reporting requirements, and the appeal/grievance mechanism applicable to procurement activities carried out under the Project (including procurement under VHDPs or Business Plans); as such manual may be amended from time to time with the prior written concurrence of the Association.
32. "Procurement Plan" means the Project Implementing Entity's procurement plan for the Project, dated November 17, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
33. "Producer Organization" means a group of individuals organized around a common economic activity, a cooperative thereof and/or a registered company operating under the laws of the Recipient and the Project Implementing Entity, formed or established for purposes of enhancing sustainable agri-business production and access to services and markets.

34. "Project Documents" means, collectively, the Project Implementation Plan, the HR Guidelines and Manual, the FM Manual, the Procurement Manual, the Community Operations Manual, and the GAC Framework.
35. "Project Implementation and Review Committee" means the committee to be established pursuant to Section I.A.1(b) of the Schedule to the Project Agreement.
36. "Project Implementation Plan" means the Project implementation manual, dated November 17, 2014, establishing the Project objectives, detailing the scope of Project components, and setting forth the Project's implementation arrangements, including allocation of functional responsibilities; the Project's monitoring, evaluation and learning framework; the GAC Framework; and the terms of reference for various Project activities and Project implementation goods and consultancy contracts; as such plan may be amended from time to time with the prior written concurrence of the Association.
37. "Project Implementing Entity" means the Recipient's State of Telangana.
38. "Project Management Unit" means the project implementation unit established within T-SERP for the carrying out of the day-to-day administration of Project activities, referred to in Section I.A.1(c) of the Schedule to the Project Agreement.
39. "Reference Rate" means, for any Interest Period:
  - (a) LIBOR. If such rate does not appear on the Relevant Rate Page, the Association shall request the principal London office of each of four major banks to provide a quotation of the rate at which it offers six-month deposits in Dollar to leading banks in the London interbank market at approximately 11:00 a.m. London time on the Reference Rate Reset Date for the Interest Period. If at least two such quotations are provided, the rate for the Interest Period shall be the arithmetic mean (as determined by the Association) of the quotations. If less than two quotations are provided as requested, the rate for the Interest Period shall be the arithmetic mean (as determined by the Association) of the rates quoted by four major banks selected by the Association in the relevant Financial Center, at approximately 11:00 a.m. in the Financial Center, on the Reference Rate Reset Date for the Interest Period for loans in Dollar to leading banks for six months. If less than two of the banks so selected are quoting such rates, the Reference Rate for Dollar for the Interest Period shall be equal to the Reference Rate in effect for the Interest Period immediately preceding it; and

- (b) if the Association determines that LIBOR has permanently ceased to be quoted for the United States Dollars, such other comparable reference rate for the relevant currency as the Association shall reasonably determine.
- 40. "Reference Rate Reset Date" means the day two London Banking Days prior to the first day of the relevant Interest Period (or in the case of the initial Interest Period, the day two London Banking Days prior to the first or fifteenth day of the month in which this Agreement is signed, whichever day immediately precedes the date of this Agreement; provided that if the date of this Agreement falls on the first or fifteenth day of such month, the Reference Rate Reset Date shall be the day two London Banking Days prior to the date of this Agreement).
- 41. "Relevant Rate Page" means the display page designated by an established financial market data provider selected by the Association as the page for the purpose of displaying the Reference Rate for deposits in the Credit Currency.
- 42. "Safeguard Documents" means, collectively, the EMF, EMP(s) and SM/TDP.
- 43. "SM/TDP" means Project Implementing Entity's/T-SERP's social management and tribal development plan, dated October 31, 2014, which sets forth the principles and procedures, including mitigation and adaptive measures to offset, reduce to acceptable levels, or eliminate, any adverse social impact under the Project, including measures designed to ensure meaningful consultation with, and informed participation of, Tribal Groups and their communities in the design and implementation of the Project activities, as well as their participation in the envisioned culturally appropriate and socially inclusive benefits thereof; as such plan may be amended from time to time with the prior written concurrence of the Association.
- 44. "Social Action Committees" means collectively the women committees set up within Village Organizations or federations thereof, for purposes of implementing and/or monitoring gender related activities undertaken at village level.
- 45. "State" means any of the states and/or union territories of the Recipient.
- 46. "Steering Committee" means the committee to be established pursuant to Section I.A.1(a) of the Schedule to the Project Agreement.
- 47. "Sub-financing Agreement" means each of the agreements to be entered between the T-SERP and a selected Village Organization, or the T-SERP and a selected Producer Organization, as the case may be, in accordance with Section I.D.2 of the Schedule to the Project Agreement, for financing the implementation of a VHDP or a Business Plan.

48. "T-SERP" means the Project Implementing Entity's Society for Elimination of Rural Poverty, a society established and registered under the Andhra Pradesh (Telangana areas), Public Societies Registration Act, 1350 F (1940), as amended to the date of this Agreement, and operating according to its Memorandum and Articles of Association, and Bylaws dated February 11, 2000, as amended on May 24, 2014.
49. "T-SERP's Legislation" means T-SERP's Memorandum and Articles of Association, and Bylaws dated February 11, 2000, as amended on May 24, 2014, as well as the Project Implementing Entity's enabling legislation.
50. "Training and Workshops" means the reasonable costs of training and workshops incurred by the Project Implementing Entity/T-SERP on account of implementation of the Project, including inter alia, the study tours, courses, conferences and workshops conducted and/or attended by staff of the Project Implementing Entities/T-SERP and/or stakeholders, in the territory of the Recipient, or, subject to the prior no-objection of the Association, overseas, including: (i) the purchase and publication of materials; (ii) the rental of facilities; (iii) payment for course fees; and (iv) lodging, travel expenses and per diems for trainers and/or trainees.
51. "Tribal Groups" means any distinct, vulnerable, social and cultural group within the territory of the Project Implementing Entity, that: (i) self-identifies as such and claims, and is recognized by others as, having a distinguishable cultural identity; (ii) has collective attachment to geographically distinct habitats or ancestral territories in the Project area, and to the natural resources in these habitat and territories; (iii) has customary cultural, economic, social and political institutions that are separate from those of the dominant society and culture; and (iv) has an indigenous language, often different from the official language of the Recipient and/or the Project Implementing Entity.
52. "VHDP Grants" means each grant provided by T-SERP to a Village Organization pursuant to a Sub-financing Agreement, in the amounts and under terms and conditions established in the Community Operations Manual (including the terms and conditions set forth in Section I.D.2 of the Schedule to the Project Agreement), in order for the grantee to implement a Village Human Development Plan.
53. "Village Human Development Plan" and the acronym "VHDP" mean the plan of activities developed and implemented by Village Level Convergence Committees and Village Organization under Sub-Component 2.1(a) of the Project, including, *inter alia*, information campaigns by nutrition counselors, the provision of toilets to poor households, the promotion of improved nutrition, health, hygiene and

sanitation practices, the construction and/or rehabilitation of water and sanitation facilities in schools and health facilities, etc.

54. "Village Level Convergence Committee" means a village level committee established pursuant to paragraph 13(4) of Government Order Ms. No. 249, HM&FW(D2), dated September 24, 2012, and comprised of representatives from the Gram Panchayat, the Line Departments and Village Organizations.
55. "Village Organization" means a self-managed organization of common interest groups and/or self-help groups at habitations/village level with legal personality and standing pursuant to the laws of the Project Implementing Entity.

## **Section II. Modifications to the General Conditions**

The General Conditions are hereby modified as follows:

1. The last sentence of Section 3.01 (b) is modified to read as follows:  
  
"The Commitment Charge shall be computed using a day-count convention reasonably determined by the Association".
2. Section 3.02 is modified to read as follows:  
  
"Section 3.02. *Interest Charge*  
  
The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest Charges shall be computed using a day count convention reasonably determined by the Association."
3. Section 3.03 is modified by deleting paragraph (b) in its entirety and amending the remaining provision to read as follows:  
  
"Section 3.03. *Repayment of the Credit*  
  
The Recipient shall repay the Withdrawn Credit Balance to the Association in installments as provided in the Financing Agreement."
4. Section 3.04 is modified to read as follows:  
  
"Section 3.04. *Prepayment*  
  
(a) After giving not less than forty-five days' notice to the Association, the

Recipient may repay the Association in advance of maturity, as of a date acceptable to the Association, all or any part of the principal amount of one or more maturities of the Credit specified by the Recipient, provided the Recipient has made payments due on the Credit as at such date, including any prepayment premium calculated pursuant to paragraph (b) of this Section.

- (b) The prepayment premium payable under paragraph (a) of this Section shall be an amount reasonably determined by the Association to represent any gains or losses to the Association arising from the termination of any interest rate risk management transactions undertaken by the Association with respect to the Credit.”

5. A new Section 3.11 is added to read as follows:

*“Section 3.11. Cancellation Premia on Payment Failure, Cancellation, Suspension, Acceleration or Refund of the Credit*

The Recipient shall pay to, or be entitled to receive from, the Association a cancellation premium that the Association shall reasonably determine represents any losses or gains to the Association arising from the termination of any interest rate risk management transactions undertaken by the Association with respect to the Credit as a result of: (i) the Recipient’s failure to make payment (notwithstanding the fact that such payment may have been made by a third party) of principal, interest, service charges or any other amount due to the Association under this Agreement; (ii) any cancellation, suspension or acceleration of the Credit under Article VI of these General Conditions; or (iii) any refund of the Credit. The Recipient shall pay any cancellation premium due to the Association not later than sixty days after notice shall have been given by the Association.”

6. Paragraph 28 of the Appendix (“Financing Payment”) is modified by substituting the words “the Service Charge” with the words “the Interest Charge”.
7. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the remaining paragraphs accordingly:
- “32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02.”
8. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by substituting the words “Service Charges” with the words “Interest Charges”.

9. Renumbered paragraph 50 (originally paragraph 49) of the Appendix ("Service Charge") is deleted in its entirety.