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CREDIT NUMBER 5696-IN

# Financing Agreement

(Bihar Kosi Basin Development Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated *JANUARY 20*, 201*6*

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**FINANCING AGREEMENT**

AGREEMENT dated JANUARY 20, 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 the amount of two hundred fifty million United States Dollars (USD 250,000,000) (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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be at a rate equal to the Reference Rate for the Credit Currency plus the Fixed Spread; provided, however, that the Interest Charge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 1 and December 1 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, acting through BAPEPS and the Implementing Agencies, 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 any change shall have been made to the Memorandum and Articles of Association of BAPEPS and/or BRPNNL, so as to materially and adversely affect the ability of BAPEPS and/or BRPNNL to perform any of their respective responsibilities under the Project Agreement and/or the Operations Manual.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 above occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient and the Project Implementing Entity.

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

6.02. The Recipient's Address is:

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

6.03. The Association's Address is:

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

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

INDIA

By Kumar 20.1.16.  
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 enhance resilience to floods and increase agricultural production and productivity in the Targeted Districts in the Kosi River Basin, and to enhance Bihar's capacity to respond promptly and effectively to an Eligible Crisis or Emergency.

The Project consists of the following parts:

#### Component 1: Improving Flood Risk Management

Increase the Water Resources Department's capabilities to manage flood risks and to decrease vulnerability to floods in the Kosi River Basin, through:

1. *Reinforcement of Flood Control Infrastructure:* (a) Restoring/strengthening critical stretches of the Eastern and Western Kosi embankments; (b) strengthening existing spurs that are severely damaged and protecting critical stretches of erosion-prone river banks; and (c) acquiring dredgers for the management of silt deposits in the river systems.
2. *Strengthening of Institutional Capacity to Manage Flood Risk:* (a) Strengthening capacity of the WRD's staff to understand, manage and communicate flood risks; and (b) acquiring and setting up instrumentation and systems to improve flood forecasting and early warning activities, produce a flood forecasting model, and conduct field assessments and real-time data collection.

#### Component 2: Enhancing Agricultural Productivity and Competitiveness

Increase the agricultural production and productivity by expanding farmers' access to, and adoption of, innovative farm technologies and practices, and extending their linkages to market infrastructure, through:

1. *Intensification and Diversification of Agricultural Production Systems:* Providing Matching Grants to Farmer Interest Groups for financing their Business Plans for increased agricultural productivity, intensification, diversification and competitiveness, through: (a) demonstration and dissemination of use of new technologies; (b) increased water availability, and efficiency in use, through expanded/improved irrigation schemes; and (c) improved agricultural inputs and practices.
2. *Strengthening of Agricultural Value Chain:* (a) Mobilizing Farmer Interest Groups to form Producer Organizations; and (b) providing Matching Grants to Producer Organizations for establishing Agricultural Business Centers, including

financing the respective ABC Business Plans for produce aggregation and the development of value-added activities.

3. *Institutional Development and Market-led Extension:* Strengthening the institutional capacity of the Agricultural Technology Management Agency in the Targeted Districts in order to promote the: (a) convergence among state- and centrally-sponsored interventions in the agricultural sector; (b) inter-departmental coordination at district, block and village levels; (c) sectoral transformations from production-centered extension systems to market-oriented ones; (d) field-tests and scale-up of climate-resilient agricultural practices; (e) analysis of value chains, market conducts and farmers' commercial options; and (f) establishment of partnerships with allied services such as financial institutions and insurance providers.

Component 3: Augmenting Connectivity

Improve farmers' access to markets by expanding the local transport network connecting rural roads to the main road network, through:

1. *Construction of Roads:* Constructing and/or upgrading of rural roads, serving small villages in the Targeted Districts.
2. *Institutional Strengthening Activities at RWD:* (i) Developing the Rural Works Department's asset management and maintenance systems, and a road maintenance strategy; and (ii) strengthening the technical skills of RWD's staff, including the operation/use of management information systems.
3. *Construction of Bridges:* Constructing small and medium earthquake-proof bridges, including new cross drainage structures in the Targeted Districts.

Component 4: Contingent Emergency Response

Provide immediate response to an Eligible Crisis or Emergency, as needed.

Component 5: Implementation Support

Provide support to BAPEPS and the Implementing Agencies in the carrying out of Project management activities.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. On-lending Arrangements

1. To facilitate carrying out the Project, the Recipient shall make 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 prevail.
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.

##### C. CER Component

The Recipient shall ensure that the following have occurred prior to the commencement of any activities under the CER Component: (i) the Recipient and the Project Implementing Entity have determined that an Eligible Crisis or Emergency has occurred; (ii) the Recipient and the Project Implementing Entity have furnished to the Association a request to include said activities in the CER Component in order to respond to said Eligible Crisis or Emergency; (iii) the Association has agreed with such determination, accepted said request and notified the Recipient and the Project Implementation Entity thereof; and (iv) the Project Implementing Entity has prepared and disclosed all safeguards instruments required for said activities in accordance with Section I.E of the Schedule to the Project Agreement.



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

**A. Project Reports**

1. The Recipient shall monitor and evaluate the progress of the Project and cause the Project Implementing Entity 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 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 prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance agreed with the Association.
3. The Recipient shall have, and cause the Project Implementing Entity 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 Financial Statements shall cover the period of one fiscal year of the Recipient and the Project Implementing Entity, commencing with the fiscal year in which the first withdrawal was made. 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 procedures 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 that have been found acceptable to the Association.
- 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.

**D. Procurement of Emergency Expenditures under the CER Component of the Project**

Notwithstanding any provision to the contrary in this Section, Emergency Expenditures required for the CER Component of the Project shall be procured in accordance with the procurement methods and procedures set forth in the CER Operations Manual.

**E. 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. For avoidance of doubts, the Association, shall be entitled to conduct, at any time, independent procurement reviews of all the contracts financed under the Financing.

**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:

Category	Amount of the Credit Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, and consultants' services, Matching Grants, Operating Costs and Training for Components 1, 2, 3 and 5 of the Project	250,000,000	67%
(2) Emergency Expenditures under Component 4 of the Project	0	100%
<b>TOTAL AMOUNT</b>	<b>250,000,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed fifty million United States Dollars (USD 50,000,000) may be made for payments made prior to this date but on or after August 1, 2014, for Eligible Expenditures under Category (1); or
  - (b) under Category (2), for Emergency Expenditures under the CER Component of the Project, unless and until the Association is satisfied, and has notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said activities:
    - (i) the Recipient and the Project Implementing Entity have determined that an Eligible Crisis or Emergency has occurred, have furnished to the Association a request to include certain activities in the CER Component in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request, and notified the Recipient and the Project Implementing Entity thereof;

- (ii) the Project Implementing Entity has prepared and disclosed all safeguard instruments, as agreed with the Association, required for said activities, and has implemented any actions which are required to be taken under said instruments all in accordance with the provisions of Section I.F.3(b) of the Schedule to the Project Agreement;
  - (iii) the Project Implementing Entity has provided sufficient evidence agreed with the Association, that the Coordinating Authority has adequate staff and resources in accordance with the provision of Section I.F.2 of the Schedule to the Project Agreement, for the purposes of said activities; and
  - (iv) the Project Implementing Entity has adopted an CER Operations Manual in form, substance and manner agreed with the Association and the provisions of the CER Operations Manual remain –or have been updated in accordance with the provisions of Section I.F.1 of the Schedule to the Project Agreement so as to be– appropriate for the inclusion and implementation of said activities under the CER Component.
2. The Closing Date is March 31, 2023.

**SCHEDULE 3**  
**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit Repayable (expressed as a percentage)*</b>
On each June 1 and December 1  Commencing on June 1, 2021 to and including December 1, 2040	2.5%

\* The percentages represent the percentage of the principal amount of the Credit to be repaid.

## APPENDIX

### Section I. Definitions

1. "ABC Business Plans" means, collectively, the Agricultural Business Centers' development/investment plans to be prepared by POs under Sub-Component 2.2 of the Project, and in accordance with the guidelines set forth in the Operations Manual.
2. "AFRD" means the Project Implementing Entity's Animal and Fisheries Resources Department or any successor thereto.
3. "Agricultural Business Centers" and the acronym "ABC" mean small scale commercially viable entities managed by, and benefiting, Producer Organizations that deliver basic value-added activities including inter alia, input procurement and aggregation, cleaning, grading and marketing of produce.
4. "Agricultural Technology Management Agency" and the acronym "ATMA" mean entities established/maintained by the DOA, in the Targeted Districts pursuant to Section I.A.3(c)(ii) of the Schedule to the Project Agreement, responsible, inter alia, for the coordination and management of technology dissemination to FIGs and POs.
5. "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.
6. "BAPEPS" means the Bihar Aapada Punarwas Evam Punarnirman Society, a society established and registered on July 7, 2010 under the Recipient's Societies Registration Act (1860), as amended to date, and operating according to its Memorandum and Articles of Association.
7. "Bihar" means the State of Bihar.
8. "BRPNL" means the Bihar Rajya Pul Nirman Nigam Limited, a government company established and registered on June 11, 1975 under the Indian Company Act (1956), as amended to date, and operating according to its Memorandum and Articles of Association.
9. "Business Plans" means, collectively, the development/investment plans prepared by FIGs under Sub-Component 2.1 of the Project, and in accordance with the guidelines set forth in the Operations Manual.
10. "CER Component" means the Component 4 of the Project.

11. "CER Operations Manual" means the immediate response mechanism operations manual referred to in Section I.F.1 of the Schedule to the Project Agreement, to be adopted by the Project Implementing Entity for the CER Component of the Project, in accordance with the provision of said Section.
12. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
13. "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).
14. "Coordinating Authority" means the entity or entities designated by the Project Implementing Entity in the CER Operations Manual and approved by the Association pursuant to Section I.F.2 of the Schedule to the Project Agreement, to be responsible for coordinating the CER Component of the Project.
15. "Credit Currency" means the currency in which the Credit is denominated.
16. "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.
17. "District Project Implementation Units" and the acronym "DPIUs" mean, collectively, the Implementing Agencies' units to be established at district-level and referred to in Section I.A.3.(c)(ii) of the Schedule to the Project Agreement.
18. "District Project Management Units" and the acronym "DPMUs" mean, collectively, the BAPEPS' management units to be established at district-level and referred to in Section I.A.3.(b) of the Schedule to the Project Agreement.
19. "DOA" means the Project Implementing Entity's Department of Agriculture or any successor thereto.
20. "Eligible Crisis or Emergency" means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient and/or Project Implementing Entity, associated with a natural or man-made crisis or disaster.
21. "Emergency Expenditures" means any of the eligible expenditures set forth in the CER Operations Manual in accordance with the provision of Section I.F.1 of the



Schedule to the Project Agreement, and required for the activities to be financed under the CER Component of the Project.

22. "EMP(s)" means the environmental management plans to be prepared by the BAPEPS, the Implementing Agencies, FIGs and/or POs pursuant to Section I.E.3 of Schedule to the Project Agreement, in accordance with the provisions of the ESMF, 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; and/or (iv) ensure compliance with the Recipient's and/or the Project Implementing Entity's statutory environmental requirement, as such plans may be amended, from time to time, with the prior written mutual concurrence of the Association.
23. "ESMF" means the Project Implementing Entity's environmental and social management framework disclosed on April 30, 2015, setting forth the guiding principles, standards and procedures for: (a) the screening of Project activities by BAPEPS, the Project Implementing Entities, FIGs and/or POs, and the identification and assessment of any adverse or positive environmental and social impacts caused, or expected to be caused, on account of their implementation including the procedures for the consultation with Displaced Persons; and (b) the preparation of their prescribed EMP(s) and/or RAP(s), including the cultural properties management plans and protocols for '*chance findings*'; which framework may be revised, updated or supplemented from time to time with the prior written concurrence of the Association.
24. "FIG" means a farmer interest group, i.e. 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.
25. "Financial Center" means the principal financial center for the Dollar.
26. "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.
27. "Fiscal Year" means the Recipient's and the Project Implementing Entity's fiscal year which begins on April 1 of each calendar year and ends on March 31 of the next calendar year.

28. "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.
29. "Implementing Agencies" means, collectively, the AFRD, BRPNNL, DOA, RWD and WRD, and/or their respective successors.
30. "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.
31. "Kosi" means the Kosi River, a tributary of the Ganges, which drains its waters from the Northern slopes of the Himalayas through Nepal and into the territory of the Recipient.
32. "Kosi River Basin" means the basin of the Kosi River located in the territory of the Recipient.
33. "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.
34. "Madhepura" means the District of Madhepura in the State of Bihar.
35. "Matching Grant Agreement" means the written agreement to be entered into by the ATMAs (acting on behalf of the DOA and AFRD) and the individual FIGs or POs, as the case may be, for the provision of a Matching Grant for the financing of a Business Plan or an ABC Business Plan, pursuant to Section I.D.2 of the Schedule to the Project Agreement and the Operations Manual.
36. "Matching Grants" means, collectively, the grants to be made out of the proceeds of the Credit to: (a) FIGs for the co-financing of Business Plans; or (b) to POs for the co-financing of ABC Business Plans; all in accordance with the terms and conditions, selection criteria and procedures set forth in the Operations Manual.
37. "Memorandum and Articles of Association" means in respect of:
  - (a) BAPEPS: the Memorandum and Articles of Association dated July 7, 2010, as amended to the date of this Agreement; and
  - (b) BRPNNL: the Memorandum and Articles of Association dated June 11, 1975, as amended to the date of this Agreement.

38. "Operating Costs" means the reasonable costs of incremental expenditures incurred by BAPEPS and/or the Implementing Agencies in the implementation of the Project, which expenditures would not have been incurred absent the Project, including, *inter alia*: office space rental and utilities; office maintenance and repair; office consumables, vehicles rental, operation and maintenance; communication, printing and/or publication expenses; staff per diems, field allowances, travel expenses; bank charges; insurance premia; and salaries of civil servants on full-time deputation to BAPEPS.
39. "Operations Manual" means the Project Implementing Entity's operations manual for the Project dated May 20, 2015, as agreed with the Association, which sets out the allocation of responsibilities, protocols and procedures for Project implementation, including the eligibility criteria for FIGs and POs, the terms and conditions of the Matching Grants, and the protocols for the preparation, screening and selection of ABC Business Plans and/or Business Plans; as such manual may be revised from time to time with the prior written concurrence of the Association.
40. "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).
41. "Procurement Plan" means the Recipient's procurement plan for the Project, dated December 10, 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.
42. "Producer Organization" and the acronym "PO" mean a producer organization, i.e. federation of FIGs organized around a common economic activity formed or established for purposes of enhancing sustainable agri-business production and access to services and markets.
43. "Project Implementing Entity" means the Recipient's State of Bihar.
44. "Project Implementation Units" and the acronym "PIUs" mean, collectively, the Implementing Agencies' implementation units to be established at district-level and referred to in Section I.A.3.(c)(i) of the Schedule to the Project Agreement.
45. "RAPs" means the resettlement action plans to be prepared by the BAPEPS and/or the Implementing Agencies pursuant to Section I.E.3 of Schedule to the Project Agreement, in accordance with the provisions of the ESMF in each case setting forth the compensation, rehabilitation and resettlement assistance to Displaced Persons, in a manner and substance agreed with the Association, as such plan(s) may be revised, updated or supplemented from time to time with the prior written concurrence of the Association.

46. "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 United States Dollar, such other comparable reference rate for the relevant currency as the Association shall reasonably determine.
47. "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).
48. "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.
49. "RCD" means the Project Implementing Entity's Road Construction Department or any successor thereto.
50. "Rural Works Department" and the acronym "RWD" mean the Project Implementing Entity's Rural Works Department or any successor thereto.

51. "Safeguards Documents" means, collectively, the ESMF, EMP(s) and RAP(s), and all other documents (to be) prepared, disclosed and implemented pursuant to Section I.E of the Schedule to the Project Agreement.
52. "Saharsa" means the District of Saharsa in the State of Bihar.
53. "Sub-Component" means each of the sub-sections of the Project Components detailed in Schedule 1 to this Agreement.
54. "Supaul" means the District of Supaul in the State of Bihar.
55. "Targeted Districts" means the Project Implementing Entity's districts of Araria, Madhepura, Purnea, Saharsa and Supaul; and/or any other districts that the Project Implementing Entity may include under the Project, from time to time, with the prior written concurrence of the Association and the Recipient.
56. "Training" means the reasonable costs of training, workshops and conferences conducted in the territory of the Recipient and, subject to the Association's/Bank's prior approval, overseas, including training institutions and course fees, logistics expenses, rental of training facilities, purchase and publication of training materials, and travel and subsistence allowances for trainers and/or trainees.
57. "Water Resources Department" and the acronym "WRD" mean the Project Implementing Entity's Water Resources Department or any successor thereto.

## **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 subsequent paragraphs accordingly:  
  
"32. "Interest Charge" means the 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.