

**OFFICIAL
DOCUMENTS**

CREDIT NUMBER 5838-IN

Financing Agreement

(Himachal Pradesh Horticulture Development Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated **JUNE 21 , 2016**

CREDIT NUMBER 5838-IN

FINANCING AGREEMENT

AGREEMENT dated JUNE 21, 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 — CREDIT

- 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 one hundred and thirty five million United States Dollars (USD 135,000,000) (“Credit”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Credit 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 Credit Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Interest Charge payable by the Recipient for each Interest Period 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 May 1 and November 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 United States Dollars.

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 HPHD Society's, HPMC's, HPSAMB's and HPNDODM Society's Respective Legal Frameworks have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely, the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of thirty (30) 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: the Secretary, or the Additional Secretary, or the Joint Secretary, or any 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

Facsimile:

+91 (11) 23094075

6.03. The Association's Address is:

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

Telex:

248423 (MCI)

Facsimile:

1-202-477-6391

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

INDIA

By Kumar 21.06.16

Authorized Representative

Name: RAJ KUMAR

Title: JOINT SECRETARY

INTERNATIONAL DEVELOPMENT
ASSOCIATION

By Michael Haney

Authorized Representative

Name: MICHAEL HANEY

Title: ACTING COUNTRY DIRECTOR, INDIA

SCHEDULE 1

Project Description

The objective of the Project is to support small farmers and agro-entrepreneurs in Himachal Pradesh to increase the productivity, quality and market access of selected horticulture commodities.

The Project consists of the following parts:

Component A: Horticulture Production and Diversification

Enhancing horticultural competitiveness at the farm level by supporting access to knowledge, technology and finance in order to increase long term productivity and farm income, through:

1. *Enhancing availability and adoption of Elite Planting Materials and horticulture technology transfers*, by: (a) importing true-to-type, disease-free genetic material (root stock and cultivars); (b) strengthening post-quarantine facilities and pest and disease surveillance; (c) establishing nurseries using modern techniques for propagation; (d) providing training and capacity building to farmers, through study tours, workshops, vocational and academic training and the development of technical advice modules; (e) strengthening the institutional capacity of the HPNDODM Society to support adoption of international operation standards; (f) fostering collaboration with international nurseries/research institutions to establish joint ventures and partnerships; and (g) carrying out research on, development and dissemination of, improved horticultural technologies to be implemented under Sub-Component A.2 below.
2. *Promoting climate resilient technologies and their adoption*, by: (a) developing new orchards using clonal technologies; (b) diversifying the horticulture production base; (c) replanting unproductive orchards by developing soil fumigation systems and introducing integrated soil management practices/services; (d) modernizing farm management practices through the adoption of scientific methods for on-farm integrated crop management; (e) mobilizing communities and setting up Water Users' Associations for planning executing, operating and maintain irrigation systems; (f) building the capacity of Water Users' Associations for self-management, preparation, implementation and monitoring of development plans, and operation and maintenance of irrigation systems and water-sharing/utilization regimes; (g) providing WUA Grants to WUA to develop minor community irrigation systems for storage, delivery and distribution of water, and remodel, improve and/or strengthen existing ones; (h) carrying out post-harvest management demonstration for the promotion of farm-level cleaning, grading, packaging of, and value addition to,

horticulture produce; and (i) establishing centers of excellence in collaboration with international agencies.

3. *Facilitating farmers' access to financial services and building financial capability in the agricultural sector*, by: (a) developing appropriate loan and insurance products catering to farmers in partnership with NABARD and other financial services providers; (b) developing *key fact statements* for new financial products to provide farmers with relevant and easily accessible information for decision making on product take-up; (c) developing mobile-based communication for banking/insurance for farmers; (d) providing financial education and counseling to farmers to facilitate investment decisions and foster savings and prudent borrowing practices; and (e) carrying out analytical and technical studies on financial services demand and sectoral capabilities.

Component B: Value Addition and Agri-Enterprise Development

Enhancing market access for farmers through value addition at farm level by improving post-harvest handling of their produce, through:

1. *Promoting product aggregation and sales through producer associations*, by: (a) mobilizing farmers/producers to set up Farmer Producers Organizations, developing their capacity and skills for produce marketing; and (b) providing FPO Grants to Farmer Producers Organizations for establishing and operating common service centers.
2. *Supporting supply chain infrastructure and piloting negotiable warehouses receipts*, including: (a) modernizing and upgrading HPMC's existing pack houses, controlled atmosphere storages and processing facilities; (b) carrying out feasibility studies, and business and market needs assessments for the expansion of HPMC's facilities and/or ancillary infrastructure; and (c) building new HPMC's pack houses, controlled atmosphere storage and processing capacity.
3. *Establishing an agri-business promotion facility*, by: (a) providing incubation services to Entrepreneurs for the carrying out of market studies and value chain analysis, and the preparation of financial proposals and Business Plans; and (b) providing Entrepreneur Grants to agro-enterprises, commodity associations and/or producer groups for the implementation of selected Business Plans.

Component C: Market Development

Improving farmer access to market information and intelligence, infrastructure and services, and transparency in price discovery, through:

1. *Upgrading and modernizing agricultural wholesale markets*, enhancing efficiency, reducing transaction costs and enabling automation of business

processes by: (a) developing basic infrastructure for the handling of commodities, improved hygiene and price dissemination; (b) implementing electronic auction systems and automating business transaction in the market; and (c) providing capacity building and training to wholesale market operators and stakeholders.

2. *Setting up economic and market information and intelligence cell within HPSAMB* for the dissemination of targeted technical, economic and market information to producers, traders, buyers and transporters through the use of ICT.

Component D: Project Management, Monitoring & Learning

Supporting effective implementation of Project activities, and the monitoring and evaluation thereof, by: (a) establishing and operating a Project Coordination Unit within HPHD Society, and Project Implementation Units within the Implementing Agencies; (b) setting up a monitoring and evaluation systems for the Project; and (c) supporting the DoH's government process re-engineering to enhance operational efficiency and service delivery.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. On-lending

1. To facilitate the Project Implementing Entity's carrying out 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, and cause the Project Implementing Entity to monitor and evaluate, the progress of the Project and 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 semester, 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 to prepare and furnish to the Recipient and 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 satisfactory to the Association.
3. The Recipient shall have, and shall 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 Credit 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 Credit 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; (g) Procurement from UN Agency; (h) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association; and (i) 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) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association; (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. For avoidance of doubt, 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 Credit

A. General

1. The Recipient may withdraw the proceeds of the Credit 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 Credit (“Category”), the allocations of the amounts of the Credit 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, consultants’ services, Entrepreneur Grants, WUA Grants and FPO Grants, Training and Workshops, and Incremental Operating Costs.	135,000,000	80%
TOTAL AMOUNT	135,000,000	

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 twenty seven million United States Dollars (USD 27,000,000) may be made for payments made prior to this date but on or after July 1, 2015, for any Eligible Expenditures.
2. The Closing Date is June 30, 2023.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 1 and November 1 Commencing November 1, 2021 to and including May 1, 2041	2.5%

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

APPENDIX

Section I. Definitions

1. "Annual Action Plans and Budgets" means each annual plan of Project activities, and their respective budgetary allocations, to be prepared by the Implementing Agencies pursuant to Section I.D of the Schedule to the Project Agreement.
2. "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.
3. "Business Plan" means each of the plans prepared by Entrepreneurs for under Sub-Component B.3(a) of the Project proposing a set of investment activities for financing through an Entrepreneurs Grant pursuant to provisions and eligibility criteria set forth in the Project Implementation Plan.
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 manual to be prepared by the Project Implementing Entity, in a manner and substance satisfactory to the Association, pursuant to Section I.C of the Schedule to the Project Agreement, as such manual may be revised, updated or supplemented from time to time with the prior written concurrence of the Association.
6. "Component" means each of the Project components "A" through "D" identified in Schedule 1 to this Agreement.
7. "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).
8. "Credit Currency" means the currency in which the Credit is denominated.
9. "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.
10. "District" means an administrative unit of Himachal Pradesh.

11. "District Coordination Committees" and the acronym "DCCs" mean the committees to be set up by the Project Implementing Entity pursuant to Section I.A.3(c)(i) of the Schedule to the Project Agreement.
12. "District Implementation Units" and the acronym "DIUs" mean the units to be set up by the Project Implementing Entity pursuant to Section I.A.3(c)(ii) of the Schedule to the Project Agreement.
13. "DoH" means the Himachal Pradesh's Department of Horticulture, or any successor thereto.
14. "Elite Planting Materials" means planting material that are true-to-type and disease-free, including both cultivars and root stock.
15. "EMP" means each of the environmental management plans to be prepared by the Implementing Agencies, the WUAs, FPOs and/or Entrepreneurs, as the case may be, pursuant to Section I.G.3 of the 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 (including Sub-Project and Business Plans); (ii) offset them, or reduce them to acceptable levels; (iii) enhance any positive impacts thereof; and/or (iv) ensure the Project Implementing Entity's, WUAs', FPOs' and/or Entrepreneurs' compliance with Recipient's and the Project Implementing Entity's statutory environmental requirements consistent with the ESMF, as each such plan may be revised, updated or supplemented from time to time with the prior written concurrence of the Association.
16. "Entrepreneur" means an agro-enterprise, commodity association and/or producer group mobilized under Sub-Component B.3(a) of the Project, which meet the eligibility criteria set forth in the Project Implementation Plan to be a recipient of an Entrepreneur Grant.
17. "Entrepreneur Grant" means a matching grant (to be) awarded to an Entrepreneur pursuant to the terms and conditions set forth in the Project Implementation Plan for the financing of such Entrepreneur's Business Plan, in accordance with the provisions of Section I.F of the Schedule to the Project Agreement.
18. "ESMF" means the Project Implementing Entity's Environmental and Social Management Framework dated February 1, 2016 and disclosed in the Association's Infoshop on February 3, 2016, setting forth: (a) the procedures for the screening of Project activities, including Sub-Project and Business Plans, and the identification of any adverse or positive social and/or environmental impacts caused, or expected to be caused, on account of their implementation; and, if

needed; (b) the preparation of their prescribed environmental and social impact assessments, EMPs and/or TDPs therefor; as such framework may be revised, updated or supplemented from time to time with the prior written concurrence of the Association.

19. "Executive Body" means the SPHD Society's administrative body referred to in Section I.A.3(a)(ii) of the Schedule to the Program Agreement.
20. "F&PD" means the Project Implementing Entity's Finance and Planning Department, or any successor thereto.
21. "Farmer Producers Organization" and the acronym "FPO" mean a group of individuals (farmers) 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.
22. "Financial Center" means the principal financial center for the United State Dollar.
23. "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.
24. "FM Manual" means Project Implementing Entity's manual dated March 18, 2016, setting forth detailed guidance on delegation of powers and financial management duties, internal control protocols, accounting and record keeping procedures, funds flow arrangements, withdrawal applications procedures, asset management, reporting and auditing arrangements applicable to the Project; as such manual may be revised, updated or supplemented, from time to time, with the prior concurrence of the Association.
25. "FPO Grant" means a grant (to be) awarded to a Farmer Producers Organization pursuant to the terms and conditions set forth in the Project Implementation Plan for the financing of a Sub-Project, in accordance with the provisions of Section I.F of the Schedule to the Program Agreement.
26. "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.
27. "Governing Council" means the HPHD Society's governing body referred to in Section I.A.3(i) of the Schedule to the Program Agreement.

28. "Grant Agreement" means each of the agreements to be entered into by any of the Implementing Entities with a WUA, FPO or Entrepreneur, pursuant to Section I.F.2 of the Schedule to the Project Agreement, for the provision of a WUA Grant, an FPO Grant or an Entrepreneur Grant, respectively.
29. "Himachal Pradesh" means the Recipient's State of Himachal Pradesh.
30. "HPHD Society" means the Himachal Pradesh Horticulture Development Society, a society registered under Himachal Pradesh's Societies Registration Act 2006 (Act No. 25 of 2006) pursuant to Registration No. 934/2016 of January 19, 2016, or any successor thereto.
31. "HPMC" means Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Ltd., a corporation registered under India's Companies Act, 1956 pursuant to Registration No 003457 of June 10, 1974, or any successor thereto.
32. "HPNDODM Society" the Himachal Pradesh Nurseries cum Demonstration Orchards Development & Management Society, a society registered under Himachal Pradesh's Societies Registration Act 2006 (Act No. 25 of 2006) pursuant to Registration No 935/2016 of January 19, 2016, or any successor thereto.
33. "HPSAMB" means the Himachal Pradesh State Agriculture Marketing Board established pursuant to the Project Implementing Entity's Himachal Pradesh Agricultural and Horticultural Produce Marketing (Development and Regulation) Act, 2005 (Act No. 20 of 2005), as the said Act might have been amended and/or supplemented to the date of this Agreement, or any successor thereto.
34. "ICT" means information and communications technology.
35. "Implementing Agencies" means, collectively, the DoH, the HPNDODM Society, HPHD Society, the HPMC, the HPSAMB, or any successor(s) thereto.
36. "Incremental Operating Costs" means the reasonable costs of incremental expenditures incurred by the Implementing Agencies on account of Project implementation, management and monitoring, including, *inter alia*: (i) costs of staff salaries (other than consultants); (ii) dissemination of Project related information; (iii) office rental and leasing operation and maintenance of equipment; (iv) office supplies and utilities; (v) travel and boarding/lodging allowances; (vi) leasing, operation and maintenance of vehicles; (vii) advertising and communication expenses; and (viii) bank charges.
37. "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.

38. “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.
39. “M&E Consultant” means the monitoring and evaluation consultant to be hired by the Project Implementing Entity pursuant to Section II.A.3 of the Schedule to the Project Agreement.
40. “NABARD” means the National Bank for Agriculture and Rural Development, a financial institution established pursuant to the Recipient’s Act 81 of 1981 (the National Bank for Agriculture and Rural Development Act).
41. “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).
42. “Procurement Manual” means Project Implementing Entity’s procurement manual, dated March 18, 2016, 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 Sub-Projects and Business Plans); as such manual may be amended from time to time with the prior written concurrence of the Association.
43. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 18, 2016, 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.
44. “Project Coordination Unit” and the acronym “PCU” mean the coordination unit established within HPHD Society and referred to in Section I.A.3.(a)(iii) of the Schedule to the Project Agreement.
45. “Project Implementation Plan” means the plan dated March 18, 2016, including all annexes thereto, setting forth the detailed implementation and institutional arrangements for the Project, which plan comprises, inter alia, the FM Manual and the Procurement Manual, as such plan may be amended from time to time with prior plan written agreement between the Association.

46. "Project Implementation Units" means the implementation units established within the Implementing Agencies, and referred to in Section I.A.3 (b) of the Schedule to the Project Agreement.
47. "Project Implementing Entity" means the Recipient's State of Himachal Pradesh.
48. "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 Dollar, such other comparable reference rate for the relevant currency as the Association shall reasonably determine.
49. "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).
50. "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.
51. "Respective Legal Frameworks" means: (a) in respect of HPHDP Society, the HPMC and the HPNDODM Society, their respective Memoranda of Establishment, Articles of Agreements and/or By-laws, as the case may be; and

(b) in respect of HPSAMB, the Himachal Pradesh State Agriculture Marketing Board established pursuant to the Project Implementing Entity's Himachal Pradesh Agricultural and Horticultural Produce Marketing (Development and Regulation) Act, 2005 (Act No. 20 of 2005).

52. "Safeguard Documents" means collectively the ESMF, the EMP and the TDPs.
53. "Sub-Component" means each of the Project activities comprising part of a Component and identified numbered paragraphs under each Component in Schedule 1 to this Agreement.
54. "Sub-Project" means: (a) in respect of WUAs, any development of minor community irrigation systems for storage, delivery and distribution of water, or the remodeling, improvement and/or strengthening of existing ones proposed and eligible for financing under a WUA Grant as per the Project Implementation Plan; and (b) in respect of FPOs, the establishment, construction and/or operation of community service centers proposed and eligible for financing under a FPO Grant as per the Project Implementation Plan.
55. "TDP" means each tribal development plan (to be) developed by the Implementing Agencies, WUAs, FPOs or Entrepreneurs, as the case may be, pursuant to Section I.G.3 of the Schedule to the Project Agreement, in accordance with the provisions of the ESMF, in each case setting out 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.
56. "Training and Workshops" means the reasonable costs of trainings, seminars, workshops, conferences and study tours, conducted in India and/or overseas, and undertaken in accordance with the annual training plan agreed with the Association, including: (a) the fees of training institutions and courses; (b) domestic and international travel costs, lodging costs, and subsistence/per diem allowances both for trainers and trainees; (c) the rental of training facilities; and (d) preparation, purchase or reproduction of training materials.
57. "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.

58. "UHF" means Dr. Yashwant Singh Parmar University of Horticulture and Forestry or any successor thereto.
59. "Water Users' Association" and the acronym "WUA" mean an association of water users formed and registered pursuant to Himachal Pradesh Act Number 25 of 2006, or Gram Panchayats and/ or registered societies, subject to an entry level criteria as defined in the Community Operations Manual and Project Implementation Plan.
60. "WUA Grant" means a grant (to be) awarded to a Water Users' Association pursuant to the terms and conditions set forth in the Project Implementation Plan for the financing of a Sub-Project, in accordance with the provisions of Section I.F of the Schedule to the Program Agreement.

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.