



LOAN NUMBER 8559-IN

Loan Agreement

(Swachh Bharat Mission Support Operation)

between

INDIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated MARCH 30, 2016

LOAN AGREEMENT

Agreement dated MARCH 30, 2016, between INDIA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank 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 — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of one billion five hundred million Dollars (\$1,500,000,000) ("Loan"), to assist in financing the program and the project as described in Parts I ("Program") and II ("Project") of Schedule 1 to this Agreement ("Program and the Project hereinafter jointly referred to as "Operation").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section V of Schedule 2 to this Agreement. All withdrawals from the Loan Account shall be deposited by the Bank into an account specified by the Borrower and acceptable to the Bank.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.06. The Payment Dates are June 15 and December 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 4 to this Agreement.

- 2.08. (a) If on any given day, the Total Exposure exceeds the Standard Exposure Limit (as said terms are defined in sub-paragraphs (b)(ii) and (b)(iii) of this Section), the Borrower shall pay to the Bank a surcharge at the rate of one half of one percent (0.5%) per annum of the Allocated Excess Exposure Amount (as defined in sub-paragraph (b)(i) of this Section) for each said day ("Exposure Surcharge"). The Exposure Surcharge (if any) shall be payable semi-annually in arrears on each Payment Date.
- (b) For purposes of this Section the following terms have the meanings set forth below:
- (i) "Allocated Excess Exposure Amount" means for each day during which the Total Exposure exceeds the Standard Exposure Limit, the product of: (A) the total amount of said excess; and (B) the ratio of all (or, if the Bank so determines, a portion) of the Loan to the aggregate amount of all (or the equivalent portions) of the loans made by the Bank to the Borrower, and to other borrowers guaranteed by the Borrower that are also subject to an exposure surcharge, as said excess and ratio are reasonably determined from time to time by the Bank.
 - (ii) "Standard Exposure Limit" means the standard limit on the Bank's financial exposure to the Borrower which, if exceeded, would subject the Loan to the Exposure Surcharge, as determined from time to time by the Bank.
 - (iii) "Total Exposure" means for any given day, the Bank's total financial exposure to the Borrower, as reasonably determined by the Bank.

ARTICLE III — OPERATION

- 3.01. The Borrower declares its commitment to the objectives of the Operation. To this end, the Borrower shall carry out the Program, with the assistance of the Participating States, and the Project in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Operation is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following: the SBM-G Guidelines have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Borrower and/or any Participating State to perform its/their obligations under the Program.

- 4.02. The Additional Event of Acceleration consists of the following: the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is any of the following officials: the Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary of the Department of Economic Affairs of the Ministry of Finance of the Borrower.

- 6.02. The Borrower's Address is:

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

Facsimile:

91-11-2309 2247

- 6.03. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Telex:


Facsimile:

248423(MCI) or
64145(MCI)

1-202-477-6391

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


INDIA

By  30.3.16
Authorized Representative

Name: RAJ KUMAR

Title: JOINT SECRETARY

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By 
Authorized Representative

Name: ONNO RUHL

Title: COUNTRY DIRECTOR, INDIA

SCHEDULE 1

Operation Description

The objective of the Operation is to reduce open defecation in rural areas and strengthen MDWS capacity to manage the national SBM-G program.

Part I: The Program

The Program incentivizes performance of Participating States on reducing open defecation, sustaining open defecation free (“ODF”) status and increasing population with solid and liquid waste management (“SLWM”) through the provision of Performance Incentive Grants. To that effect, the Program supports the SBM-G, which consists of, *inter alia*, the following activities as further elaborated in the SBM-G Guidelines:

- (a) Program start-up, information education and communication and capacity building activities: carrying out of (i) Program start-up activities including, *inter alia*, the carrying out of preliminary surveys to assess the status of sanitation and hygienic practices, the preparation of State Annual Implementation Plans and district plans and the provision of training to key personnel at the national, state, district and Gram Panchayat levels; (ii) Program information education and communication activities including, *inter alia*, the carrying out of activities focused on bringing community-wide behavior changes and triggering the demand for sanitation facilities; and (iii) Program capacity building activities including, *inter alia*, the provision of training to key stakeholders and sanitation workers on community mobilization, construction and maintenance of toilets and SLWM.
- (b) Revolving funds: Setting up and operation of revolving funds to provide financing to selected groups to construct individual household latrines (“IHHL”).
- (c) IHHL and community sanitary complexes: Construction and use of safe and functional IHHL, community sanitary complexes, and institutional toilets.
- (d) Administrative charges: Provision of support for administration of the Program including, *inter alia*, the salaries of staff deployed for the implementation of Program activities at the state, district and Gram Panchayat levels and costs associated with site visits, fuel and transportation, monitoring, evaluation and verification activities.
- (e) Solid and liquid waste management: Carrying out of SLWM activities aimed at bringing improvements in the cleanliness, hygiene and life quality of rural population including, *inter alia*, the development and promotion of methods for collecting, segregating and safely disposing household garbage and for collecting and treating household wastewater.

Part II: The Project

The Project consists of the following activities: (a) strengthening of a Project Management Unit; (b) strengthening of the Program's monitoring and evaluation systems; (c) carrying out of National Annual Rural Sanitation Survey(ies); (d) establishment and development of mechanisms for verifying Program's results; (e) provision of training to key staff and stakeholders on Program's thematic areas; (f) strengthening of the Program's governance and accountability systems; (g) carrying out of national level advocacy and behavior change communication activities; and (h) carrying out of learning and knowledge transfer activities.

SCHEDULE 2

Operation Execution

Section I. Implementation Arrangements under the Program

A. Program Fiduciary, Environmental and Social Systems

Without limitation on the provisions of Article V of the General Conditions, the Borrower shall carry out the Program, or cause the Program to be carried out by the Participating States, in accordance with financial management, procurement and environmental and social management systems acceptable to the Bank including those set out in the ESSA, Operational Manual and Program Action Plan (“Program Fiduciary, Environmental and Social Systems”) which are designed to ensure that:

1. The Loan proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and
2. The actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

B. Anti-Corruption

1. The Borrower shall ensure that the Program be carried out in accordance with the provisions of the Bank’s “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing” dated February 1, 2012 and revised July 10, 2015.
2. Notwithstanding the generality of paragraph 1 above, the Bank’s right to investigate allegations regarding the Program’s activities and expenditures, and the related access to needed persons, information, and documents will be observed in accordance with the protocol dated July 30, 2008 between the Borrower and the Bank and certain “mutatis mutandis” adjustments, *inter alia*, outlined below:
 - (a) the term “IDA” and “International Development Association” shall be substituted by “IBRD” and “International Bank for Reconstruction and Development”;
 - (b) in paragraph 3, the term “Joint Secretary (Procurement), Ministry of Health and Family Welfare”, shall be substituted by the representative designated by the Borrower;
 - (c) where applicable, the term “projects” shall be substituted by the term “Program”;
 - (d) where applicable, the term “Financing Agreements” shall be substituted by the term “Loan Agreement”;

- (e) in paragraph 2, the following sentence is added at the paragraph's end: "At the Bank's request, the Borrower shall take all necessary measures to provide the Bank with access to the Program's underlying audit reports, books, and records as well as relevant persons connected with the Program."; and
- (f) in paragraph 3, the expression "central sector projects" shall be substituted by the term "Program".

C. Other Program Institutional and Implementation Arrangements

1. **Program Management Unit.** Without limitation on the generality of Section I. A of this Schedule, by no later than fifteen (15) days after the Effective Date, the Borrower shall maintain, throughout the implementation of the Operation, a Program Management Unit within MDWS, assigned with technical, environmental and social, fiduciary, monitoring and evaluation specialists and other Program related responsibilities for implementing the Program, all with powers, functions, capacity, staffing and resources satisfactory to the Bank to fulfill their respective functions under the Program.
2. **State Annual Implementation Plans.** The Borrower shall cause each Participating State to: (a) prepare a State Annual Implementation Plan meeting the requirements of the SBM-G Guidelines by no later than the first Year in which such Participating State is included in the measurement of Disbursement Linked Result, which shall include, *inter alia*, actions to be complied by the Participating State in accordance with the Program Action Plan; and (ii) thereafter to carry out the Program in accordance with its respective State Annual Implementation Plan.
3. **Operational Manual.** By no later than fifteen (15) days after the Effective Date, the Borrower shall adopt, and thereafter maintain throughout the implementation of the Operation, the Operational Manual.
4. **Performance Grant Scheme Guidelines**
 - (a) By no later than fifteen (15) days after the Effective Date, the Borrower shall adopt Performance Incentive Grant Scheme Guidelines acceptable to the Borrower and the Bank. The Borrower shall thereafter implement and cause each Participating State to implement the Program in accordance with the Performance Incentive Grant Scheme Guidelines.
 - (b) After proceeds of the Loan allocated under category (1) of the table set forth in paragraph 2 of Section V.A of this Schedule 2 have been withdrawn in accordance with the relevant provisions of this Agreement, the Borrower shall make such proceeds available to the Participating States in accordance with the applicable arrangements and procedures set forth in the Performance Incentive Grant Scheme Guidelines.

5. In the event of any inconsistency between: (i) any of the provisions of the Operational Manual, the ESSA, the Program Action Plan and/or the Performance Grant Scheme Guidelines; and (ii) any of the provisions of this Agreement, the provisions of this Agreement shall govern.

D. Excluded Activities

The Borrower shall ensure that the Program excludes any activities which:

1. In the opinion of the Bank, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people, including those that could require the construction or operation of any water supply scheme leading to surface and ground water pollution or incremental abstraction from international waterways; and
2. involve the procurement of: (a) works, estimated to cost fifty million Dollar (\$50,000,000) equivalent or more per contract; (b) goods, estimated to cost thirty million Dollar (\$30,000,000) equivalent or more per contract; (c) non-consulting services, estimated to cost twenty million Dollar (\$20,000,000) equivalent or more per contract; or (d) consultants' services, estimated to cost fifteen million Dollar (\$15,000,000) equivalent or more per contract.

Section II. Implementation Arrangements under the Project

A. Project Implementation

The Borrower shall vest the responsibility of the implementation of the Project's activities in the Program Management Unit referred to in Section I.C.1 of this Schedule 2.

B. Anti-Corruption

The Borrower shall ensure that the Project be carried out in accordance with the provisions of the Bank's "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.

C. Technical, Environmental and Social Requirements for the Project

Activities to be carried out under the Project shall conform to international good practices, technical, environmental and social standards, mutually acceptable to the Borrower and the Bank.

Section III. Operation Monitoring, Reporting and Evaluation; Audits

A. Progress Reports for the Operation

1. The Borrower shall monitor and evaluate the progress of the Operation and prepare Progress Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators to be agreed with the Bank. Without limiting Section 5.08 of the General Conditions, the Progress Reports shall cover the progress achieved by the Borrower in the implementation of the Operation, including the achievement of results and the compliance of the Program Action Plan. Each Program Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.
2. Notwithstanding the provision of paragraph 1 above, the Borrower shall:
 - (a) Prepare, by no later than September 15, 2017 or such later date as the Bank shall request, and furnish to the Bank, a mid-term review report, in form and substance satisfactory to the Bank, integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (1) above on the progress achieved in the carrying out of the Operation and the Program Action Plan during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Operation and the Program Action Plan, and the achievement of the objectives of the Operation, during the period following such date; and
 - (b) review with the Bank, by December 15, 2017 or such later date as the Bank shall request, the mid-term review report referred in sub-paragraph (a) above, and, thereafter, take all measures required to ensure the efficient completion of the Operation and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank's views on the matter.

B. Financial Management and Audits for the Operation

1. The Borrower shall maintain, and shall cause the Participating States to maintain, a financial management system and prepare, and shall cause the Participating States to prepare, financial statements ("Financial Statements") in accordance with consistently applied accounting standards acceptable to the Bank, in a manner to adequately reflect resources and expenditures related to the Operation.
2. Without limitation on the generality of Section III.A of this Schedule 2 and Section 5.09 of the General Conditions, the Borrower shall, and shall cause the Participating States to, have the respective Financial Statements for the Project and the Program audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Project's and the Program's Financial Statements shall cover the period of one fiscal year of the Borrower, commencing with the fiscal year in which the first

withdrawal was made from the Loan under the Program and/or the Project, respectively. The audited Financial Statements for each such period shall be furnished to the Borrower not later than nine (9) months after the end of such period.

C. Verification Protocols for the Program

1. The Borrower shall:
 - (a) by no later than June 30 of each Year, starting from Year 2, undertake a National Annual Rural Sanitation Survey ("NARSS") to certify the fulfillment of the Disbursement Linked Results set out in Schedule 3 to this Agreement in accordance with terms of reference agreed with the Bank. To this end, the Borrower shall ensure that the terms of reference of any agency(ies) to be hired by the Borrower for purposes of carrying out the NARSS have received the no-objection of the Bank irrespective of the source of funding of such contract; and
 - (b) furnish to the Bank the corresponding NARSS, in form and substance agreed with the Bank.
2. The Borrower shall deploy and maintain, throughout the period of implementation of the Operation, staff in sufficient numbers and under terms of reference acceptable to the Bank, with the purpose of supervising the above-mentioned verification survey.

D. Interim Financial Reports for the Project

Without limitation of the provisions of Section III.A of this Schedule 2, the Borrower shall prepare and furnish to the Bank, not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the Eligible Expenditures incurred during the quarter, all in form and substance satisfactory to the Bank.

Section IV. Procurement Activities under the Project (Part II of Schedule 1 to this Agreement)

A. General

1. **Goods and Non-consulting Services.** All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Loan 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 Loan 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 Bank 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 and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following method, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions agreed from time to time in the Procurement Plan; (b) Shopping; and (c) Direct Contracting.

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. Review by the Bank of Procurement Decisions

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

Section V. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank may specify from time to time by notice to the Borrower to finance: (a) the Program Expenditures, on the basis of the results ("Disbursement Linked Results" or

“DLRs”) achieved by the Borrower, as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”); all as set forth in the Category (1) of the table in paragraph 2 of this Section V.A and Schedule 3 of this Agreement; and (b) the Project’s Eligible Expenditures as set forth in Category (2) of the table in paragraph 2 of this Section V.A.

2. The following table specifies each category for the withdrawal of the proceeds of the Loan and allocated amounts for each such Category, as the case maybe: (a) the Program’s Disbursement Linked Indicators that may be financed out of the proceeds of the Financing financed under Category (1); and (b) the Project’s Eligible Expenditures that may be financed out of the proceeds of the Financing under Category (2), as well as the financing percentages thereof. Notwithstanding the foregoing, for purposes of Category (1) of the table below, the actual amounts authorized for disbursement (“Allocated Amount”) and/or the formula for their determination upon the achievement of an individual Disbursement Linked Result for any given DLI financed under such Category are set forth in Schedule 3 to this Agreement:

Category	Amount of the Loan Allocated (expressed in Dollars)	Percentage of Eligible Expenditures to be Financed (inclusive of Taxes)
(1) Disbursement under the Program for: (a) DLI #1: Reduction in the prevalence of open defecation; DLI #2: Sustaining ODF status in villages; and DLI #3: Increase of rural population with SLWM (b) DLI#4: Operationalization of the Performance Incentive Grants by MDWS	1,327,500,000 147,500,000	N/A
(2) Eligible Expenditures under the Project for goods, non-consulting services, consultants’ services, Training and Workshops and Incremental Operating Costs	21,250,000	100%
(3) Front-end Fee	3,750,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
TOTAL AMOUNT	1,500,000,000	

B. Withdrawal Conditions for the Program

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for purposes of Section 2.05 of the General Conditions, for payments for Program Expenditures made prior to the date of this Agreement, on account of results achieved prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$147,500,000 may be made under Category (1)(b) on account of results achieved prior to such date but on or after December 1, 2015;
 - (b) for the payment of the Allocated Amount of any DLR under Category (1) until and unless the Borrower has furnished evidence satisfactory to the Bank that said DLR has been achieved; and/or
 - (c) under Category (1) unless the Borrower shall have conducted a NARSS and disclosed thereafter the results of such NARSS at MDWS's website in a manner satisfactory to the Bank.

2. Notwithstanding the provisions of Section V.B.1(b) of this Schedule, if the Bank is not satisfied that any of the DLR(s) set forth in Schedule 3 of this Agreement has/have been achieved by the end of the respective Period in which said DLR(s) is/are set to be achieved and/or the Allocated Amount(s) of such DLR(s) has/have not been fully withdrawn, the Bank may, at any time, by notice to the Borrower, decide, in its sole discretion, to:
 - (a) authorize the withdrawal of such lesser amount of respective unwithdrawn Allocated Amount(s) then allocated to said DLR(s) which, in the opinion of the Bank, corresponds to the extent of achievement of said DLR(s);
 - (b) withhold all or a portion of the proceeds of the Loan then allocated to said DLR(s) until such DLR(s) is/are satisfactorily met;
 - (c) reallocate all or a portion of the proceeds of the Loan then allocated to said DLR(s) to any other DLR(s); and/or
 - (d) cancel all or a portion of the proceeds of the Loan then allocated to said DLR(s).

C. Withdrawal Conditions for the Project

Notwithstanding the provisions of Part A of this section, no withdrawal shall be made for payments made in respect of the Project prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$4,250,000 may be made for payments made prior to this date but on or after August 3, 2015, for Eligible Expenditures under Category (2).

D. Withdrawal Conditions Applicable to the Operation; Withdrawal Period

1. Notwithstanding the foregoing provisions of this Section V, if at any time after the Closing Date the Borrower has failed to provide evidence satisfactory to the Bank that the Withdrawn Loan Balance does not exceed the aggregate of the total amount of Program Expenditures and Eligible Expenditures paid by the Borrower on account of implementation of this Operation (exclusive of any such expenditures financed by any other financier or by the Bank under any other loan, credit or grant), the Borrower shall, promptly upon notice from the Bank, refund to the Bank such excess amount of the Withdrawn Loan Balance. The Bank thereafter shall cancel the refunded amount of the Withdrawn Loan Balance.
2. The Closing Date is January 31, 2021.

Schedule 3

Disbursement-Linked Indicators, Disbursement-Linked Results and Allocated Amounts Applicable to the Program

DISBURSEMENT-LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS				
	RESULTS TO BE ACHIEVED IN YEAR 1	RESULTS TO BE ACHIEVED IN YEAR 2	RESULTS TO BE ACHIEVED IN YEAR 3	RESULTS TO BE ACHIEVED IN YEAR 4	RESULTS TO BE ACHIEVED IN YEAR 5
1. Reduction in prevalence of open defecation	N/A	Reduction in rural population practicing open defecation in any Participating State (\$6 per person in a Participating State with an annual positive reduction of 0-3%; and/or \$9 per person in a Participating State with an annual reduction of more than 3%)	Reduction in rural population practicing open defecation in any Participating State (\$6 per person in a Participating State with an annual positive reduction of 0-3%; and/or \$9 per person in a Participating State with an annual reduction of more than 3%)	Reduction in rural population practicing open defecation in any Participating State (\$6 per person in a Participating State with an annual positive reduction of 0-3%; and/or \$9 per person in a Participating State with an annual reduction of more than 3%)	Reduction in rural population practicing open defecation in any Participating State (\$6 per person in a Participating State with an annual positive reduction of 0-3%; and/or \$9 per person in a Participating State with an annual reduction of more than 3%)
<i>Allocated Amounts (indicative and as per actual performance)</i>	N/A	182,530,000	182,530,000	182,530,000	182,530,000

DISBURSEMENT-LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS				
	RESULTS TO BE ACHIEVED IN YEAR 1	RESULTS TO BE ACHIEVED IN YEAR 2	RESULTS TO BE ACHIEVED IN YEAR 3	RESULTS TO BE ACHIEVED IN YEAR 4	RESULTS TO BE ACHIEVED IN YEAR 5
2. Sustaining ODF status in ODF villages	N/A	Rural population of ODF villages showing sustained ODF status in any Participating State (\$4 per person)	Rural population of ODF villages showing sustained ODF status in any Participating State (\$4 per person)	Rural population of ODF villages showing sustained ODF status in any Participating State (\$4 per person)	Rural population of ODF villages showing sustained ODF status in any Participating State (\$4 per person)
<i>Allocated Amounts (indicative and as per actual performance)</i>	N/A	32,040,000	64,090,000	128,170,000	240,320,000
3. Increase in rural population with SLWM	N/A	Rural population with SLWM in any Participating State (\$0.50 per person)	Rural population with SLWM in any Participating State (\$0.50 per person)	Rural population with SLWM in any Participating State (\$0.50 per person)	Rural population with SLWM in any Participating State (\$0.50 per person)
<i>Allocated Amounts (indicative and as per actual performance)</i>	N/A	15,210,000	21,920,000	37,750,000	57,860,000
4. Operationalization of the Performance Incentive	(i) Performance Incentive Grant Scheme Guidelines	N/A	N/A	N/A	N/A

DISBURSEMENT-LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS				
	RESULTS TO BE ACHIEVED IN YEAR 1	RESULTS TO BE ACHIEVED IN YEAR 2	RESULTS TO BE ACHIEVED IN YEAR 3	RESULTS TO BE ACHIEVED IN YEAR 4	RESULTS TO BE ACHIEVED IN YEAR 5
Grants by MDWS	issued; and (ii) NARSS' protocol issued and communicated to Participating States				
<i>Allocated Amount (indicative)</i>	147,500,000	N/A	N/A	N/A	N/A

SCHEDULE 4

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each June 15 and December 15 Beginning June 15, 2021 through June 15, 2038	2.78%
On December 15, 2038	2.7%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
- (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
 - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date.
3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued

on or after the respective Principal Payment Date, the provisions of such subparagraph shall no longer apply to any withdrawals made after the adoption of such billing system.

APPENDIX

Section I. Definitions

1. "Allocated Amounts" means the amount in Dollars allocated to each individual DLR, or determined for each DLR pursuant to the formula detailed, in Schedule 3 to this Agreement, as such amount might be increased, reallocated and/or cancelled (whether partially or in its entirety) by the Bank, from time to time as the case may be, in accordance with the provisions of Section V.B.2 of Schedule 2 to this Agreement.
2. "Category" means a category set forth in the table in Section V.A.2 of Schedule 2 to this Agreement.
3. "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).
4. "Disbursement Linked Indicator" or "DLI" means each disbursement-linked indicator set forth in the first column of the matrix set forth in Schedule 3 to this Agreement.
5. "Disbursement Linked Result" or "DLR" means each of the disbursement-linked results set forth in Schedule 3 to this Agreement in the columns entitled "Results to be Achieved in Year 1", "Results to be Achieved in Year 2", "Results to be Achieved in Year 3", "Results to be Achieved in Year 4" or "Results to be Achieved in Year 5", as applicable.
6. "ESSA" means the Environmental and Social Systems Assessment, dated September 28, 2015, and applicable to the Program setting forth the description of the Program's activities, assessing the Borrower's environmental and social management systems, detailing the Program's environmental and social benefits, risks and impacts, and recommending remedial measures to strengthen the social and environmental systems performance.
7. "General Conditions" means:
 - (a) For the Program, the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012, with the modifications set forth in Sections II and III of this Appendix; and
 - (b) For the Project, the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012, with the modifications set forth in Section III of this Appendix.
8. "Gram Panchayat" means the basic unit of rural local self-government as defined in the applicable laws of each of the Participating States.
9. "IHHL" means individual household latrines.

10. "Incremental Operating Costs" means the incremental expenditures for salaries of contractual staff (other than consultants); per diems; office rental; office supplies; utilities; conveyance; travel and boarding/lodging allowances; operation and maintenance of office equipment and vehicles; advertising expenses and bank charges; insurance; media broadcastings; newspaper subscriptions; periodicals; printing and stationery costs; all in connection with the management, coordination and implementation of Project activities, which expenditures would not have been incurred absent the Project, but excluding salaries of the Borrower's civil servants.
11. "MDWS" means the Borrower's Ministry of Drinking Water and Sanitation, or any successor thereto.
12. "National Annual Rural Sanitation Survey" or "NARSS" means the verification process referred to in Section III.C.1(a) of Schedule 2 to this Agreement.
13. "ODF" means open defecation free and refers to the termination of faecal-oral transmission evidenced by: (a) no visible faeces found in the village and/or environment; and (b) use of safe technology options for disposal of faeces by every household and public or community institutions.
14. "Operation" means, collectively, all activities described under the Program and the Project in Schedule 1 to this Agreement.
15. "Operational Manual" means the manual acceptable to the Bank and referred to in Section I.C.3 of Schedule 2 of this Agreement, as the same may be amended from time to time with the prior written concurrence of the Bank.
16. "Participating States" means the states and union territories acknowledged in the Constitution of India, participating in the implementation of the Program; and "Participating State" means any state or union territory.
17. "Performance Incentive Grants" means the proceeds of the Loan to be provided by the Borrower, through MDWS, through an identified budget line for which expenditures are separately tracked and recorded, to the Participating State(s) based on its/their performance with the purpose of financing any of the activities set forth in the Performance Incentive Grant Scheme Guidelines.
18. "Performance Incentive Grant Scheme Guidelines" means the guidelines to be issued by the Borrower, through MDWS, acceptable to the Bank and referred to in Section I.C.4(a) of Schedule 2 of this Agreement, setting out the rules, principles, procedures and formula for the release of the Performance Incentive Grants, as the same may be amended from time to time with the prior written concurrence of the Bank.
19. "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).

20. "Procurement Plan" means the Borrower's procurement plan for the Project, dated November 3, 2015, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same may be amended from time to time in accordance with the provisions of said paragraphs.
21. "Program" means the activities described in Part I of Schedule 1 to this Agreement which are financed by the Performance Incentive Grants.
22. "Program Action Plan" means the plan dated November 4, 2015, agreed by Borrower and the Bank for the strengthening of the Borrower and Participating States' sectoral and institutional frameworks, and referred to in Section I.A of the Schedule 2 of this Agreement, as the same may be amended from time to time with the prior written concurrence of the Bank.
23. "Program Fiduciary, Environmental and Social Systems" means the Borrower's systems, plans and manuals for the Operation referred to in Section I.A of Schedule 2 to this Agreement.
24. "SBM-G" means Swachh Bharat Mission (Gramin), the Borrower's national program which aims to improve levels of cleanliness in rural areas through SLWM and make Gram Panchayats ODF, clean and sanitized.
25. "SBM-G Guidelines" means the guidelines No. W-11013/16/2014-SBM(G) issued by MDWS on December 18, 2014, as amended from time to time, setting out, *inter alia*, the objectives, components, and implementation arrangements for the SBM-G.
26. "Program Management Unit" means the unit referred to in Section I.C.1 of Schedule 2 to this Agreement.
27. "Project" means the activities described in Part II of the Schedule 1 to this Agreement.
28. "SLWM" means solid and liquid waste management.
29. "State Annual Implementation Plan" means each plan to be prepared by each Participating State as per the SBM-G Guidelines and thereafter implemented by each Participating State; and "State Annual Implementation Plans" means collectively every State Annual Implementation Plan.
30. "Training and Workshops" means the training, study tours, conferences and workshops conducted and/or attended by staff from MDWS and/or other stakeholders in the territory of the Borrower subject to the Bank's prior no objection, overseas, including the purchase and publication of materials, rental of facilities, course fees, and lodging, travel expenses and per diems for trainers and/or trainees.
31. "Year" means any of the Years 1 through 5 of Program implementation, and the context shall determine.

32. "Year 1" means the first year of implementation of Program activities, expected to take place between December 1, 2015 and June 30, 2016 in order to achieve the results shown in the first column of the table in Schedule 3 to this Agreement.
33. "Year 2" means the second year of implementation of Program activities, expected to take place between July 1, 2016 and June 30, 2017 in order to achieve the results shown in the second column of the table in Schedule 3 to this Agreement.
34. "Year 3" means the third year of implementation of Program activities, expected to take place between July 1, 2017 and June 30, 2018 in order to achieve the results shown in the third column of the table in Schedule 3 to this Agreement.
35. "Year 4" means the fourth year of implementation of Program activities, expected to take place between July 1, 2018 and June 30, 2019 in order to achieve the results shown in the fourth column of the table in Schedule 3 to this Agreement.
36. "Year 5" means the fifth year of implementation of Program activities, expected to take place between July 1, 2019 and June 30, 2020 in order to achieve the results shown in the fifth column of the table in Schedule 3 to this Agreement.

Section II. Modifications to the General Conditions for purposes of Project and Program Implementation

The modifications of the General Conditions for the Project and Program are as follows:

1. Whenever used throughout the General Conditions, the term "Project Report" is modified to read "Progress Report."
2. Section 3.01. (*Front-end Fee*) is modified to read as follows:
"Section 3.01. *Front-end Fee; Commitment Charge*
 - (a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").
 - (b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."
3. In the Appendix, **Definitions**, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.
4. The Appendix is modified by inserting a new paragraph 19 with the following definition of "Commitment Charge", and renumbering the subsequent paragraphs accordingly:

“19. “Commitment Charge” means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b).”

5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of “Front-end Fee” is modified by replacing the reference to Section 3.01 with Section 3.01 (a).

6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term “Loan Payment” is modified to read as follows:

“68. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, interest at the Default Interest Rate (if any), the Commitment Charge, any surcharge and any prepayment premium payable by the Borrower.”

7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest”.

Section III. Modifications to the General Conditions and Section II above for purposes of Program Implementation.

The modifications to the General Conditions for the Program are as follows:

1. Wherever used throughout the General Conditions, the term “the Project” is modified to read “the Program”, the term “the Project Agreement” is modified to read “the Program Agreement”, the term “Project Implementing Entity” is modified to read “the Program Implementing Entity” and the term “Eligible Expenditures” is modified to read “Program Expenditures”.
2. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the amendments set forth below.
3. Section 2.02, *Special Commitment by the Bank*, is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.
4. In Section 2.02 (originally numbered as Section 2.03), the heading “*Applications for Withdrawal or for Special Commitment*” is replaced with “*Applications for Withdrawal*”, and the phrase “or to request the Bank to enter into a Special Commitment” is deleted.
5. The section originally numbered as Section 2.04, *Designated Accounts* is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.
6. Paragraph (a) of Section 2.03 (originally numbered as Section 2.05), *Eligible Expenditures* (renamed “Program Expenditures” in accordance with paragraph 1 of this Section II), is modified to read: “(a) the payment is for the financing of the reasonable

cost of expenditures required for the Program and to be financed out of the proceeds of the Loan in accordance with the provisions of the Legal Agreements;”.

7. The last sentence of Section 2.04 (originally numbered as Section 2.06), *Financing Taxes*, is modified to read: “To that end, if the Bank at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Bank may, by notice to the Borrower, exclude such amount or such Tax from the Program Expenditures to be financed out of the proceeds of the Loan, as required to ensure consistency with such policy of the Bank.”
8. Section 2.06 (originally numbered as Section 2.08), *Reallocation*, is modified to read:

“Notwithstanding any allocation of an amount of the Loan to a withdrawal category under the Loan Agreement, the Bank may, by notice to the Borrower, reallocate any other amount of the Loan to such category if the Bank reasonably determines at any time that such reallocation is appropriate for the purposes of the Program.
9. Section 7.01, *Cancellation by the Borrower*, is modified to read: “The Borrower may, by notice to the Bank, cancel any amount of the Unwithdrawn Loan Balance.”
10. Paragraph (d) of Section 7.03, *Cancellation by the Bank*, entitled “*Misprocurement*”, is deleted, and subsequent paragraphs are relettered accordingly.
11. Section 7.04, *Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Bank*, is deleted in its entirety, and subsequent Sections in Article VII and references to such Sections are renumbered accordingly.
12. In the Appendix, **Definitions**, all references to Section numbers and paragraphs are modified, as necessary, to reflect the modifications set forth above.
13. Renumbered paragraph 88 (originally paragraph 87) of the Appendix, setting forth the definition of “Special Commitment” is deleted in its entirety, and all subsequent paragraphs are renumbered accordingly.