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CREDIT NUMBER 5703-IN

# Financing Agreement

(Madhya Pradesh Higher Education Quality Improvement Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated MARCH 1, 2016

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**CREDIT NUMBER 5703-IN**

**FINANCING AGREEMENT**

AGREEMENT dated MARCH 1, 2016, entered into between INDIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

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

**ARTICLE II — FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in the amount of three hundred million Dollars (US\$ 300,000,000) (variously, “Credit” and “Financing”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be at a rate equal to the Reference Rate for the Credit Currency plus the Fixed Spread; provided, however, that the Interest Charge payable shall in no event be less than zero percent (0 %) per annum.
- 2.05. The Payment Dates are June 15 and December 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollar.

### **ARTICLE III — PROJECT**

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project Implementing Entity to carry out the Project 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 — EFFECTIVENESS; TERMINATION**

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

4.02. 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 V — REPRESENTATIVE; ADDRESSES**

5.01. The Recipient's Representative is any of the following officials acting severally: the Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary of the Department of Economic Affairs in the Recipient's Ministry of Finance.

5.02. The Recipient's Address is:

Secretary  
Department of Economic Affairs  
Ministry of Finance  
Government of India  
North Block  
New Delhi 110 001, India

Facsimile:

+91-11-23095071


5.03. The Association's Address is:

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

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

INDIA

By  1/03/2016  
\_\_\_\_\_  
Authorized Representative

Name: RAJ KUMAR  
Title: JOINT SECRETARY

INTERNATIONAL DEVELOPMENT  
ASSOCIATION

By   
\_\_\_\_\_  
Authorized Representative

Name: ONNO RUHL  
Title: COUNTRY DIRECTOR, INDIA

## SCHEDULE 1

### Project Description

The objective of the Project is to improve student outcomes especially of disadvantaged groups in selected higher education institutions and to increase the effectiveness of the higher education system in Madhya Pradesh.

The Project consists of the following parts:

#### **Part A: Grants Support to Higher Education Institutions**

1. Provision of support to selected Government Higher Education Institutions to develop and implement Institutional Strategic Plans designed to improve, *inter alia*, their institutional performance, equitable access, capacity utilization, quality assurance, infrastructure, teaching-learning resources, students' employability, and institutional mechanisms for governance, accountability and management, and their faculty and students' skills and qualifications.
2. Establishment of Centers of Excellence at selected Government Higher Education Institutions.

#### **Part B: State Level Initiatives**

1. Improvement of the Department of Higher Education schemes for the provision of financial support through scholarships to selected students to assist with the costs of attending Higher Education Institutions.
2. Provision of support to selected Higher Education Institutions for the improvement of qualifications, skills and research capacity of selected academic faculty.
3. Establishment of a State Institute of Higher Education Training and Research.
4. Provision of support and technical assistance to Higher Education Institutions for strategic planning and to obtain National Assessment and Accreditation Council accreditation.
5. Provision of support to selected Higher Education Institutions for the improvement and digitization of curricula.

#### **Part C: Improving System Management**

1. Provision of technical assistance to the Department of Higher Education, State Higher Education Council, Project Directorate and Higher Education Institutions to strengthen governance, management and accountability structures and practices at the state and institutional levels, including through, *inter alia*, the: (a) development and implementation of Department of Higher Education guidelines

for the financial, managerial and administrative autonomy of Higher Education Institutions; (b) provision of support to Higher Education Institutions to obtain academic autonomy from the University Grants Commission; (c) development and implementation of Department of Higher Education guidelines for improving the governance and accountability of Government Higher Education Institutions; (d) preparation and publication of annual reports of Higher Education Institutions; (e) development and implementation of Department of Higher Education guidelines for appointment of guest faculty at Government Higher Education Institutions; and (f) strengthening of the fiduciary systems and management of Higher Education Institutions.

2. Provision of technical and operational assistance to the State Higher Education Council, Project Directorate and Higher Education Institutions for day-to-day administration, procurement, financial management, and monitoring and evaluation of the Project, including the conduct of third-party verifications of Disbursement Linked Indicators, the preparation of Institutional Strategic Plans, and the carrying out of studies and surveys necessary to inform the implementation of Project activities.
3. Establishment of a Department of Higher Education management information system and the provision of training in the use of such system.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. **On-lending**

1. To facilitate the Project Implementing Entity's carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity in accordance with the Recipient's standard arrangements for development assistance to the States of India.
2. Notwithstanding paragraph 1 above, in the event that any provision of this Agreement, including the instructions that the Association shall have specified by notice to the Recipient pursuant to Section IV.A.1 of this Schedule, were to be found inconsistent with the Recipient's standard arrangements for development assistance to the States of India, the provisions of this Agreement and related instructions shall 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, and cause the Project Implementing Entity to ensure, that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

##### C. **Project Implementation Plan**

1. The Recipient shall cause the Project Implementing Entity to, by not later than within one (1) week of the Effective Date, prepare and adopt the Project Implementation Plan, in form and substance satisfactory to the Association, and thereafter ensure that the Project is carried out in accordance with the Project Implementation Plan as agreed with the Association.
2. The Recipient shall ensure that the Project Implementing Entity shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, any provision of the Project Implementation Plan without the prior written agreement of the Association.
3. In the case of any conflict between the provisions of the Project Implementation Plan and the provisions of this Agreement and/or the Project Agreement, the provisions of this Agreement and/or the Project Agreement (as the case may be) shall prevail.

**D. Safeguards**

1. The Recipient shall cause the Project Implementing Entity to carry out the Project in accordance with the provisions of the Safeguard Instruments.
2. The Recipient shall ensure that the Project Implementing Entity shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, any provision of the Safeguard Instruments, whether in whole or in part, unless the Association has provided its prior approval thereof in writing, and the Project Implementing Entity has complied with the same consultation and disclosure requirements as applicable to the original adoption of the Safeguard Instruments.
3. In the case of any conflict between the provisions of any of the Safeguard Instruments and the provisions of this Agreement and/or the Project Agreement, the provisions of this Agreement and/or the Project Agreement (as the case may be) shall prevail.
4. No Financing proceeds shall be utilized for any land or other land associated asset acquisition nor shall any Financing proceeds be utilized for involuntary resettlement as the Project shall not support either the purchase or acquisition of any land or involuntary resettlement.

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

**A. Project Reports**

1. The Recipient shall 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 acceptable to the Association. Each Project Report shall cover the period of six (6) months of the Fiscal Year, and shall be furnished to the Association not later than forty five (45 days) after the end of the period covered by such report. Without limiting the foregoing, each Project Report shall include a work plan and budget covering the activities and expenditures proposed for the subsequent six (6) month period of Project implementation, and the source(s) of financing of such activities and expenditures.
2. The Recipient shall cause the Project Implementing Entity to: (a) on or about the date thirty-six (36) months after the Effective Date, prepare and furnish to the Association a mid-term report, in such detail as the Association shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to paragraph 1 of this Part A, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objectives during the period following such date; and (b) review with the Association such mid-term report, on or about



the date forty-five (45) days after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objectives, based on the conclusions and recommendations of the mid-term report and the Association's views on the matter.

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

1. The Recipient shall cause the Project Implementing Entity to maintain 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 Association not later than forty five (45) days after the end of each six (6) months of the Fiscal Year, interim unaudited financial reports for the Project covering that period, in form and substance satisfactory to the Association.
3. The Recipient shall cause the Project Implementing Entity to have its 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. 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 and Non-consulting Services.** All goods and non-consulting services required for Part C of the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for Part C of the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

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

1. **National 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 National Competitive Bidding, subject to the additional provisions agreed to, from time to time, between the Recipient and the Association and referred to in the Procurement Plan.
2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than National Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) International Competitive Bidding; (b) Limited International Bidding; (c) Shopping; (d) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association; (e) Direct Contracting; (f) Force Account; and (g) Procurement from UN Agencies.

**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; and (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants.

**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. Notwithstanding the foregoing, the Association shall be entitled to conduct, at any time, independent procurement reviews of any contract to be financed out of the proceeds of the Financing.

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

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including

the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), in order to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

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

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Eligible Expenditure Program (“EEP”) under Parts A and B of the Project	285,000,000	70%
(2) Goods, non-consulting services, consultants’ services, Incremental Operating Costs, Training and Workshops under Part C of the Project	15,000,000	70%
<b>TOTAL AMOUNT</b>	<b>300,000,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$60 million may be made for payments made prior to this date but on or after April 1, 2015, for EEP expenditures under Category (1) subject to the requirements referred to in paragraph (b) below or for Eligible Expenditures under Category (2); or
  - (b) for EEP expenditures under Category (1), unless and until the Recipient and/or the Project Implementing Entity, has:

- (i) adopted the Project Implementation Plan, in form and substance satisfactory to the Association;
  - (ii) furnished evidence satisfactory to the Association in accordance with the verification protocol set forth in the Project Implementation Plan that the Project Implementing Entity has achieved the respective DLI Targets set forth in Schedule 4 to this Agreement against which withdrawal is requested; and
  - (iii) complied with the additional instructions referred to in Section IV.A of this Schedule, including furnished to the Association the applicable interim unaudited financial reports documenting the incurrence of EEP expenditures during the respective Fiscal Year up to the date against which withdrawal is requested.
- 2. Notwithstanding the provisions of Parts A and B.1 (b) of this Section, the amount of the Financing to be withdrawn upon the verified achievement of any DLI Target shall correspond to the DLI Value of such DLI Target as set forth in Schedule 4 to this Agreement.
- 3. Notwithstanding the provisions of Part B.1 (b) of this Section, if the Association shall determine, based on the evidence furnished by the Recipient and/or the Project Implementing Entity under Part B.1 of this Section, that any DLI Target has not been fully achieved by its DLI Target Achievement Date and/or the DLI Value of such DLI Target has not been fully withdrawn, the Association may in its sole discretion, by notice to the Recipient and the Project Implementing Entity:
  - (a) authorize the withdrawal of such lesser amount of the respective DLI Value allocated to said DLI Target which, in the opinion of the Association, corresponds to the extent of achievement of said DLI Target;
  - (b) (i) withhold in whole or in part the proceeds of the Financing then allocated to said DLI Target until such DLI Target is satisfactorily met; and/or (ii) authorize, at a later date, the full release of the amounts so withheld, if and when the Association is satisfied that the respective DLI Target been satisfactorily met;
  - (c) reallocate in whole or in part the proceeds of the Financing then allocated to said DLI Target to any other DLI Target(s); and/or
  - (d) cancel in whole or in part the proceeds of the Financing then allocated to said DLI Target.
- 4. The Closing Date is August 31, 2021.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit Repayable (expressed as a percentage)*</b>
On each June 15 and December 15  Commencing December 15, 2020 to and including June 15, 2040	2.5%

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

**SCHEDULE 4**

DISBURSEMENT-LINKED INDICATORS		DISBURSEMENT-LINKED TARGETS					
		TARGETS TO BE ACHIEVED IN FY2015/16 (YEAR 1)	TARGETS TO BE ACHIEVED IN FY2016/17 (YEAR 2)	TARGETS TO BE ACHIEVED IN FY2017/18 (YEAR 3)	TARGETS TO BE ACHIEVED IN FY2018/19 (YEAR 4)	TARGETS TO BE ACHIEVED IN FY2019/20 (YEAR 5)	TARGETS TO BE ACHIEVED IN FY2020/21 (YEAR 6)
1. Increase in enrolment of full-time first year undergraduate students in degree programs in HEIs		None	10,000 students over the baseline	10,000 students over Year 2	10,000 students over Year 3	10,000 students over Year 4	10,000 students over Year 5
<i>DLI Values</i>		None	\$1,500,000 per batch of 2,500 students up to a maximum of \$6,000,000	\$1,500,000 per batch of 2,500 students up to a maximum of \$6,000,000	\$1,500,000 per batch of 2,500 students up to a maximum of \$6,000,000	\$1,500,000 per batch of 2,500 students up to a maximum of \$6,000,000	\$1,500,000 per batch of 2,500 students up to a maximum of \$6,000,000
2. Improving equity in higher education	2(a) Support to disadvantaged students to complete degree programs at HEIs	Consultancy contract signed for a review of the existing DHE scheme for the provision of financial support to students to assist with the costs of attending HEIs	3,000 Financial Support Benefits granted to disadvantaged students over the baseline in accordance with the revised DHE scheme	3,000 Financial Support Benefits granted to disadvantaged students over Year 2 in accordance with the revised DHE scheme	None	None	None
<i>DLI Values</i>		\$4,000,000	(i) \$4,000,000 for the first 2,000 Financial Support Benefits; and (ii) thereafter \$1,000,000 per batch of 500	(i) \$4,000,000 for the first 2,000 Financial Support Benefits; and (ii) thereafter \$1,000,000 per batch of 500	None	None	None

DISBURSEMENT-LINKED INDICATORS		DISBURSEMENT-LINKED TARGETS					
		TARGETS TO BE ACHIEVED IN FY2015/16 (YEAR 1)	TARGETS TO BE ACHIEVED IN FY2016/17 (YEAR 2)	TARGETS TO BE ACHIEVED IN FY2017/18 (YEAR 3)	TARGETS TO BE ACHIEVED IN FY2018/19 (YEAR 4)	TARGETS TO BE ACHIEVED IN FY2019/20 (YEAR 5)	TARGETS TO BE ACHIEVED IN FY2020/21 (YEAR 6)
			Financial Support Benefits, up to a maximum of \$6,000,000	Financial Support Benefits, up to a maximum of \$6,000,000			
	2(b) Increase in Transition Rate of disadvantaged students	None	None	Increase of 3 percentage points over baseline	Increase of 3 percentage points over Year 3	Increase of 3 percentage points over Year 4	Increase of 3 percentage points over Year 5
<i>DLI Values</i>		None	None	(i) \$6,000,000 for an increase of 2 percentage points; and (ii) thereafter \$1,000,000 per increase of 0.5 percentage points, up to a maximum of \$8,000,000	(i) \$6,000,000 for an increase of 2 percentage points; and (ii) thereafter \$1,000,000 per increase of 0.5 percentage points, up to a maximum of \$8,000,000	(i) \$6,000,000 for an increase of 2 percentage points; and (ii) thereafter \$1,000,000 per increase of 0.5 percentage points, up to a maximum of \$8,000,000	(i) \$6,000,000 for an increase of 2 percentage points; and (ii) thereafter \$1,000,000 per increase of 0.5 percentage points, up to a maximum of \$8,000,000
	2(c) Occupancy of Hostels	None	None	None	At least 20% of student residents of Hostels at Government HEIs are Scheduled Tribe, and at least 15% of student residents of Hostels at Government HEIs are Scheduled Caste	Occupancy Rate is 75% on average across all new female-only Hostels at Government HEIs opened since baseline established	None

DISBURSEMENT-LINKED INDICATORS		DISBURSEMENT-LINKED TARGETS					
		TARGETS TO BE ACHIEVED IN FY2015/16 (YEAR 1)	TARGETS TO BE ACHIEVED IN FY2016/17 (YEAR 2)	TARGETS TO BE ACHIEVED IN FY2017/18 (YEAR 3)	TARGETS TO BE ACHIEVED IN FY2018/19 (YEAR 4)	TARGETS TO BE ACHIEVED IN FY2019/20 (YEAR 5)	TARGETS TO BE ACHIEVED IN FY2020/21 (YEAR 6)
<i>DLI Values</i>		None	None	None	\$9,000,000	\$3,000,000	None
3. Excellence and quality assurance	3(a) Improved institutional performance of selected HEIs	(i) 150 Memoranda of Understanding signed with Government HEIs for Strategic Plan Grants  (ii) Approval received from DHE and the Association of final design and specifications for major civil works for new infrastructure at Government HEIs in accordance with Project Implementation Plan	Contract signed for at least 70% of major civil works contracts for infrastructure at Government HEIs in accordance with Project Implementation Plan	Funds only provided to HEIs for Strategic Plan Grants if the HEIs have received satisfactory performance assessments in accordance with Project Implementation Plan	Completion certificate received from third party quality assurance engineer for at least 70% of major civil works contracts for infrastructure at Government HEIs in accordance with Project Implementation Plan	Funds only provided to HEIs for Strategic Plan Grants if the HEIs have received satisfactory performance assessments in accordance with Project Implementation Plan	None
<i>DLI Values</i>		For (i): (1) \$20,000,000 for 100 signed Memoranda of Understanding;	\$3,000,000	\$14,000,000	\$14,000,000	\$14,000,000	None



DISBURSEMENT-LINKED INDICATORS		DISBURSEMENT-LINKED TARGETS					
		TARGETS TO BE ACHIEVED IN FY2015/16 (YEAR 1)	TARGETS TO BE ACHIEVED IN FY2016/17 (YEAR 2)	TARGETS TO BE ACHIEVED IN FY2017/18 (YEAR 3)	TARGETS TO BE ACHIEVED IN FY2018/19 (YEAR 4)	TARGETS TO BE ACHIEVED IN FY2019/20 (YEAR 5)	TARGETS TO BE ACHIEVED IN FY2020/21 (YEAR 6)
		and (2) thereafter \$2,000,000 per batch of 10 signed Memoranda of Understanding, up to a maximum of \$30,000,000  For (ii): \$3,000,000					
	3(b) Faculty		Faculty In-Position Rate in Government HEIs is on average greater than 75%	Faculty In-Position Rate in Government HEIs is on average greater than 85%	None	None	None
<i>DLI Values</i>			\$15,000,000	\$15,000,000	None	None	None
	3(c) NAAC accreditation	None	At least 40 Government HEIs send a letter of intent and a self-study report to UGC/NAAC for NAAC accreditation, of which at least 30 are First Cycle Applications	None	At least an additional 80 Government HEIs over Year 2 send a letter of intent and a self-study report to UGC/NAAC for NAAC accreditation, of which at least 70 are First Cycle Applications	None	None

DISBURSEMENT-LINKED INDICATORS		DISBURSEMENT-LINKED TARGETS					
		TARGETS TO BE ACHIEVED IN FY2015/16 (YEAR 1)	TARGETS TO BE ACHIEVED IN FY2016/17 (YEAR 2)	TARGETS TO BE ACHIEVED IN FY2017/18 (YEAR 3)	TARGETS TO BE ACHIEVED IN FY2018/19 (YEAR 4)	TARGETS TO BE ACHIEVED IN FY2019/20 (YEAR 5)	TARGETS TO BE ACHIEVED IN FY2020/21 (YEAR 6)
<i>DLI Values</i>		None	\$13,000,000	None	\$13,000,000	None	None
4. Improving employability of higher education students		None	50 HEIs receiving Strategic Plan Grants record Tracking Information for at least 70% of graduating undergraduate and post-graduate students for at least 6 months following the date of completion of their course of study	None	An additional 80 HEIs over Year 2 receiving Strategic Plan Grants record Tracking Information for at least 70% of undergraduate and post-graduate graduating students for at least 6 months following the date of completion of their course of study	None	None
<i>DLI Values</i>		None	(i) \$3,000,000 for the first 30 HEIs; and (ii) thereafter \$1,000,000 per batch of 10 HEIs, up to a maximum of \$5,000,000	None	(i) \$3,000,000 for 60 additional HEIs; and (ii) thereafter \$1,000,000 per batch of 10 HEIs, up to a maximum of \$5,000,000	None	None
5. Strengthening sector governance	5(a) Improving sector-wide governance	Government Order issued by DHE for the delegation of powers from DHE	None	None	None	None	None

DISBURSEMENT-LINKED INDICATORS		DISBURSEMENT-LINKED TARGETS					
		TARGETS TO BE ACHIEVED IN FY2015/16 (YEAR 1)	TARGETS TO BE ACHIEVED IN FY2016/17 (YEAR 2)	TARGETS TO BE ACHIEVED IN FY2017/18 (YEAR 3)	TARGETS TO BE ACHIEVED IN FY2018/19 (YEAR 4)	TARGETS TO BE ACHIEVED IN FY2019/20 (YEAR 5)	TARGETS TO BE ACHIEVED IN FY2020/21 (YEAR 6)
	and management	to principals of Government HEIs					
<i>DLI Values</i>		\$9,000,000	None	None	None	None	None
	5(b) Publication of Government HEI annual reports	None	20 Government HEIs publish an annual report in accordance with DHE guidelines	None	300 Government HEIs publish an annual report in accordance with DHE guidelines	None	300 Government HEIs publish an annual report in accordance with DHE guidelines
<i>DLI Values</i>		None	\$3,000,000	None	(i) \$2,000,000 for the first 200 Government HEIs; and (ii) thereafter \$1,000,000 per batch of 100 Government HEIs, up to a maximum of \$3,000,000	None	(i) \$2,000,000 for the first 200 Government HEIs; and (ii) thereafter \$1,000,000 per batch of 100 Government HEIs, up to a maximum of \$3,000,000
	5(c) Strengthening of governance structure of government colleges	Government Order issued by DHE regarding strengthening the governance structure of government colleges	None	Governance structure of 60 government colleges is strengthened in accordance with Government Order	None	Governance structure of 75% of government colleges is strengthened in accordance with Government Order	None
<i>DLI Values</i>		\$9,000,000	None	\$9,000,000	None	(i) \$6,000,000 for 60% of government	None

DISBURSEMENT-LINKED INDICATORS	DISBURSEMENT-LINKED TARGETS					
	TARGETS TO BE ACHIEVED IN FY2015/16 (YEAR 1)	TARGETS TO BE ACHIEVED IN FY2016/17 (YEAR 2)	TARGETS TO BE ACHIEVED IN FY2017/18 (YEAR 3)	TARGETS TO BE ACHIEVED IN FY2018/19 (YEAR 4)	TARGETS TO BE ACHIEVED IN FY2019/20 (YEAR 5)	TARGETS TO BE ACHIEVED IN FY2020/21 (YEAR 6)
					colleges; and (ii) thereafter \$1,000,000 per additional 5 percentage points, up to a maximum of \$9,000,000	
6. Fiduciary strengthening of Government HEIs	None	None	At least 100 Government HEIs upgrade their financial management system in accordance with guidelines set forth in the Project Implementation Plan	95% of Government HEIs upgrade their financial management system in accordance with guidelines set forth in the Project Implementation Plan	None	None
<i>DLI Values</i>	None	None	\$3,000,000	\$3,000,000	None	None

## APPENDIX

### Section I. Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
2. “Association’s Policies” means, to the extent that they are applicable to the Project activities, the operational policies and procedures OP/BP 4.01 (Environmental Assessment), OP/BP 4.04 (Natural Habitats), OP/BP 4.07 (Water Resources Management), OP/BP 4.09 (Pest Management), OP/BP 4.10 (Indigenous Peoples), OP/BP 4.11 (Physical Cultural Resources), OP/BP 4.12 (Involuntary Resettlement), OP/BP 4.36 (Forests), and OP/BP 4.37 (Safety of Dams) contained in the Association’s Operational Manual which can be found on the Association’s website at [www.worldbank.org](http://www.worldbank.org).
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Center of Excellence” means, individually, a center for establishing best practice higher education teaching-learning and research in a focus area, to be established under Part A of the Project at selected Government Higher Education Institutions which meet the eligibility criteria and are selected to receive financing for the establishment of such a center in accordance with the terms and conditions set forth in the Project Implementation Plan; and “Centers of Excellence” means, collectively, more than one such center.
5. “Credit Currency” means the currency in which the Credit is denominated.
6. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
7. “Department of Higher Education” and the acronym “DHE” mean the Department of Higher Education of Madhya Pradesh; or any successor(s) thereto.
8. “Disbursement Linked Indicator” and the acronym “DLI” mean any one of the indicators set out in the table in Schedule 4 to this Agreement; and “DLIs” means, collectively, all such DLIs.
9. “DLI Target” means the annual target set to be achieved under each DLI as set forth in the table in Schedule 4 to this Agreement.

10. “DLI Target Achievement Date” means, with regard to each DLI Target, the end of the Fiscal Year during which the relevant DLI Target is set to be achieved as set forth in the table in Schedule 4 to this Agreement.
11. “DLI Value” means the total amount of the Financing allocated to each DLI Target as set forth in the table in Schedule 4 to this Agreement, as such amount may be reallocated in whole or in part among the DLI Targets or among the Categories by notice from the Association from time to time.
12. “Eligible Expenditure Program” and the acronym “EEP” mean the reasonable costs required for the implementation of Parts A and B of the Project and included in the DHE’s budget lines consisting of Direction and Administration, Assistance to Universities, and Assistance to Government Colleges and Institutions, as set forth in the Project Implementation Plan.
13. “Environmental Management Framework” and the acronym “EMF” mean the Project Implementing Entity’s environmental management framework dated April 10, 2015, satisfactory to the Association, which describes the environmental safeguards, policies, procedures and institutional framework applicable to the Project, including for identification, assessment and mitigation of potential environmental impacts arising from the Project; site selection, design, construction and maintenance; measures to protect cultural property; carrying out consultations; processing and redressing grievances; and monitoring related impacts; as such framework may be revised from time to time with the prior written agreement of the Association.
14. “Faculty In-Position Rate” means the percentage of sanctioned positions for full-time faculty of Government Higher Education Institutions that are filled.
15. “Financial Center” means the principal financial center for Dollar.
16. “Financial Support Benefit” means a financial benefit provided by DHE to a student enrolled in a degree program at a Higher Education Institution for the purpose of reducing the student’s costs of attending the Higher Education Institution, including, *inter alia*, scholarships and reduced costs of housing at Hostels.
17. “First Cycle Application” means an HEI’s first application for NAAC accreditation.
18. “Fiscal Year” and the acronym “FY” mean the Project Implementing Entity’s fiscal year, which commences on April 1 in a given calendar year and closes on March 31 of the following calendar year.

19. “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.
20. “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.
21. “Government Higher Education Institutions” means government Higher Education Institutions, being universities established pursuant to an Act of the State Legislature of Madhya Pradesh and colleges established pursuant to an order of the government of Madhya Pradesh.
22. “Higher Education Institutions” and the acronym “HEIs” mean, collectively, government and private higher education institutions registered and located in Madhya Pradesh, including universities and colleges; and “Higher Education Institution” and the acronym “HEI” mean, individually, one such institution.
23. “Hostel” means a facility of a Higher Education Institution for student residence.
24. “Incremental Operating Costs” means the reasonable costs incurred by the Project Implementing Entity, based on works plans and budgets approved by the Association, for the day-to-day coordination, administration and supervision of Project activities, including leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises, fuel, office supplies, utilities, consumables, communication expenses (including postage, telephone and internet costs), translation, printing and photocopying expenses, bank charges, publications and advertising expenses, insurance, Project-related meeting expenses, Project-related travel, subsistence and lodging expenses, and other administrative costs directly related to the Project, but excluding salaries, bonuses, fees and honoraria or equivalent payments of members of the Recipient’s or the Project Implementing Entity’s civil service.
25. “Institutional Strategic Plan” means, individually, a strategic plan to be developed by a Government Higher Education Institution under Part A of the Project, setting out the institution’s strategic goals (including measurable targets) and a set of actions necessary to achieve those goals over the short to medium term, prepared in accordance with the guidelines and processing and approval requirements set forth in the Project Implementation Plan; and “Institutional Strategic Plans” means, collectively, more than one such plan.
26. “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.

27. “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.
28. “Madhya Pradesh” means the State of Madhya Pradesh of the Recipient; or any successor(s) thereto.
29. “Memorandum of Understanding” means a memorandum of understanding to be entered into between a Government Higher Education Institution and the Project Implementing Entity setting out the terms and conditions, satisfactory to the Association, for the provision of a Strategic Plan Grant to the respective Government Higher Education Institution for the implementation of its Institutional Strategic Plan; and “Memoranda of Understanding” means, collectively, more than one such memorandum of understanding.
30. “National Assessment and Accreditation Council” and the acronym “NAAC” mean the autonomous national body established in 1994 by the University Grants Commission to assess and accredit higher education institutions in the Recipient’s territory; or any successor thereto.
31. “Occupancy Rate” means the percentage of existing capacity of a Hostel that is used by students enrolled in full-time undergraduate or post-graduate degree programs at Government HEIs.
32. “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).
33. “Procurement Plan” means the Project Implementing Entity’s procurement plan for Part C of the Project, dated June 9, 2015 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.
34. “Project Directorate” means the Project Directorate that is the executive arm of the State Higher Education Council, referred to in Section I.A.2 of the Schedule to the Project Agreement, and established pursuant to an order of the government of Madhya Pradesh.
35. “Project Implementation Plan” means the Project Implementing Entity’s plan, referred to in Section I.C. of the Schedule to the Project Agreement, in form and substance satisfactory to the Association, containing detailed arrangements and procedures for: (i) disbursement and financial management, including the financial management manual developed under the Project for use by Higher Education



Institutions for their respective implementation of Project activities and achievement of DLIs; (ii) procurement, including a procurement manual developed under the Project for use by Higher Education Institutions for their respective implementation of Project activities; (iii) environmental and social safeguards management; (iv) monitoring, evaluation, reporting and communication; (v) a verification protocol containing the technical standards and arrangements and procedures for the monitoring, reporting and verification of DLIs; (vi) details of the Eligible Expenditure Program, including eligible DHE budget lines; (vii) guidelines for the preparation of, and processing and approval requirements for, Institutional Strategic Plans; (viii) guidelines for the administration of Strategic Plan Grants, including terms and conditions for releasing grant installments; (ix) eligibility criteria and terms and conditions for the provision of financing for the establishment of Centers of Excellence; and (x) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project, as said plan may be modified from time to time with the prior written approval of the Association, and such term includes any schedules, annexes and attachments to the Project Implementation Plan.

36. “Project Implementing Entity” means Madhya Pradesh.

37. “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 Dollar, such other comparable reference rate for the relevant currency as the Association shall reasonably determine.

38. “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).
39. “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.
40. “Safeguard Instruments” means the EMF, SMF and Tribal Development Plan.
41. “Social Management Framework” and the acronym “SMF” mean the Project Implementing Entity’s social management framework dated April 15, 2015, satisfactory to the Association, which describes the social safeguards, policies, procedures and institutional framework applicable to the Project, including for identification, assessment and mitigation of potential social impacts arising from the Project; gender equity and social inclusion; carrying out consultations; processing and redressing grievances; monitoring related impacts; and which includes the Tribal Development Plan; as such framework may be revised from time to time with the prior written agreement of the Association.
42. “State Higher Education Council and the acronym “SHEC” mean the State Higher Education Council of Madhya Pradesh, referred to in Section I.A.1 of the Schedule to the Project Agreement, established pursuant to an order of the government of Madhya Pradesh, which has overall responsibility for policy making in higher education in Madhya Pradesh; or any successor(s) thereto.
43. “State Institute of Higher Education Training and Research” means a government institute to be established under Part B of the Project for the development of higher education in Madhya Pradesh, including through, *inter alia*, training, research and development, curriculum development and consultancy activities.
44. “Strategic Plan Grant” means, individually, a grant provided by the Project Implementing Entity to a selected Government Higher Education Institution for the purpose of implementing its Institutional Strategic Plan and achieving the goals set forth therein, on the terms and conditions set out in the Memorandum of Understanding between the respective Higher Education Institution and the Project Implementing Entity; and “Strategic Plan Grants” means, collectively, more than one such grant.

45. “Tracking Information” means up-to-date information regarding an alumnus of a Higher Education Institution comprising, *inter alia*, contact information and information concerning his/her employment/labor market status.
46. “Training and Workshops” means the reasonable costs incurred by the Project Implementing Entity for training and workshops under the Project, based on work plans and budgets approved by the Association, and directly attributable to seminars, workshops and study tours, along with travel and subsistence allowances for training participants, course fees, services of trainers, rental of training facilities, preparation, acquisition, distribution and reproduction of training materials, and other activities directly related to course preparation and implementation.
47. “Transition Rate” means the percentage of full-time students enrolled in the first year of undergraduate studies in degree programs at HEIs receiving Strategic Plan Grants in year (t-1) that are enrolled in the second year of the same degree program in year (t) who pass all courses in year (t-1) on their first attempt.
48. “Tribal Development Plan” means the Project Implementing Entity’s tribal development plan, incorporated in the Social Management Framework, satisfactory to the Association, which sets forth, *inter alia*, the protocols for screening Project activities and identifying, assessing and mitigating any potential Project-related social impact on Tribal Groups, as well as the monitoring and reporting requirements in relation thereto, as such plan may be revised from time to time with the prior written agreement of the Association.
49. “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 or the Project Implementing Entity.
50. “University Grants Commission” and the acronym “UGC” mean the national statutory body established pursuant to the University Grants Commission Act of 1956 and responsible for, *inter alia*, the coordination, determination and maintenance of standards of higher education in the Recipient’s territory.

## 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. In Section 3.03, paragraph (b) is deleted in its entirety and the resulting paragraph (a) is modified 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 interest charge specified in the Financing Agreement for the purpose of Section 3.02.”

8. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by substituting the words “Service Charges” with the words “Interest Charges”.

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