Loan Agreement

(Odisha Higher Education Program for Excellence and Equity)

between

INDIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated November 7, 2017
LOAN AGREEMENT

Agreement dated November 20, 2017, 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 hundred and nineteen million Dollars (USD 119,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan"), to assist in financing the program and the project as described in Parts I (the "Program") and II (the "Project") of Schedule I to this Agreement (the Program and the Project hereinafter jointly referred to as the "Operation").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV 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; provided, however, that the interest payable shall in no event be less than zero percent (0%) per annum; and provided furthermore that, upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 February 1 and August 1 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) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

2.09. (a) If on any given day, the Total Exposure exceeds the Standard Exposure Limit (as said terms are defined in sub-paragraphs (b)(i)(b) 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 cause the Operation to be carried out by the State of Odisha (hereinafter called "the Implementing Entity") in accordance with the provisions of Article IV of the General Conditions and the Implementing Entity Agreement.

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—EFFECTIVENESS; TERMINATION

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

ARTICLE V—REPRESENTATIVE; ADDRESSES

5.01. The Borrower'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 of the Borrower's Ministry of Finance.

5.02. The Borrower's Address is:

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

Facsimile:
+91-11-2309 4075
5.03. The Bank's Address is:

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

Facsimile:
1-202-477-6391

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

INDIA

By

Authorized Representative

Name: SAMEER KUMAR KHARE
Title: JOINT SECRETARY, DEA

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: HISAMUAD: ABDUR RAHIM
Title: ACTING, COUNTRY DIRECTOR
SCHEDULE I

Operation Description

The objective of the Operation is to improve the quality of and students' equitable access to, selected institutions, and enhance governance of the higher education system in Odisha.

Part I: The Program consists of the following activities:

Results Area 1: Improved quality of and students' equitable access to selected institutions

1. (a) Institutional Development Plan (IDP) Grants (Performance-based Financing)

(i) Providing support to IDG Colleges through the provision of performance-based grants for the implementation of their Institutional Development Plan (IDP) to deliver sustainable quality education matched to the needs of students, through, inter alia: enhancing equity through remedial classes/consultations; induction classes for ST and SC students; short-term faculty training; hiring of contractual teachers; starting new degree, diploma and/or certificate programs; Wi-Fi/smart campus; language labs; designing and offering of courses under the choice-based credit system; curriculum development (for autonomous colleges); establishment of libraries/e-resource centers; community outreach activities; employment-oriented skills development courses; entrepreneurship programs; college-industry partnerships; career and counselling centers; academic exchange; enhancing of capacity for research and development (R&D) activities including laboratories; minor civil works; and furniture and equipment.

(ii) Providing support to IDG Universities through the provision of performance-based grants for the implementation of their Institutional Development Plan (IDP) to undertake activities for, inter alia: providing support to affiliated colleges in achieving autonomous status; curriculum delivery innovations; teacher training; improving of the examination system; establishing of Resource Support Centre for Affiliated Colleges in tribal-dominated districts; and establishing and strengthening centers of excellence.

(iii) Supporting short-term training programs for administrative staff and faculty of colleges and universities and provision of training by IDG Universities to non-IDG Colleges.

Results Area 2: Enhanced governance of the higher education system

2. (a) Improvement of governance in colleges

(i) Strengthening of GBs in all government-aided and block grant colleges, through, inter alia: development and issuance by HED of regulations and guidelines on composition and functioning of GBs, and development of mechanisms to monitor the implementation of such guidelines.
Designing and implementing a tool for governance benchmarking in selected colleges, in order to benchmark institutional performance and enable institutions to assess their governance practices, monitor their progress, and compare with other institutions.

Developing a management information system (MIS) to monitor performance indicators and annual disbursement to all higher educational institutions under the Program, and to streamline the Student Admission Management System (SAMS) database with the All India Survey of Higher Education (AISHE).

Developing an online system to publish HED's guidelines on the licensing/recognition of new colleges and expansion of existing colleges, and the results of such licensing/recognition process.

2. (b) Improvement of financial and procurement management and accounting in all government and government-aided colleges

(i) Developing a strategy for the effective implementation of an online financial management system in all government-aided colleges.

(ii) Strengthening of procurement management in colleges through capacity building and adoption and use of Procurement Manual to be prepared by the Government of Odisha.

Part II: The Project consists of the following activities:

Capacity building and institutional strengthening

Providing technical assistance and institutional strengthening through, inter alia: (a) capacity building for the PMU on areas of financial management and procurement, with particular focus on building clusters of capacity in remote districts; (b) development of partnerships with national capacity building institutions approved by MHRD and/or international higher education institutions for faculty and leadership development at all the colleges and universities in Odisha; (c) supporting the governance and management benchmarking exercise through international experts; (d) conducting of studies to inform and strengthen curriculum and implementation in higher education institutions; (e) supporting the understanding of learning outcomes, creativity and critical thinking skills among students; and (f) supporting the independent verification of the DLRs.
SCHEDULE 2
Operation Execution

Section 1. Implementation Arrangements

A. Institutional Arrangements

1. To facilitate the carrying out of the Operation, the Borrower shall make the proceeds of the Loan available to the Implementing Entity in accordance with the Borrower’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 Bank shall have specified by notice to the Borrower pursuant to Section V.A.1 of this Schedule, were to be found inconsistent with the Borrower's standard arrangements for development assistance to the States of India, the provisions of this Agreement and related instructions shall govern.

3. The Borrower shall protect the interests of the Bank to accomplish the purposes of the Loan.

B. Anti-Corruption Guidelines for the Program

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.

C. Anti-Corruption Guidelines for the Project

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, and July 1, 2016.

D. Safeguards for the Project

The Borrower shall ensure or cause to be ensured, that any consultants' services including studies to be supported under the Project, are carried out under terms of reference satisfactory to the Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the Bank’s Safeguards Policies and be disclosed and consulted upon in accordance with the Bank’s Safeguard Policies.

E. Program Action Plan

1. The Borrower shall cause the Implementing Entity to:

   (a) implement the Program Action Plan agreed with the Bank, in a manner and substance satisfactory to the Bank; and
(b) refrain from amending, revising, waiving, voiding, suspending or abrogating, any provision of the Program Action Plan, whether in whole or in part, without the prior written concurrence of the Bank.

2. In the event of any inconsistency between the provision of the Program Action Plan and those of this Agreement and/or the Implementing Entity Agreement, the provision of the latter agreement shall govern.

F. Fiduciary, Environmental and Social Systems for the Program

Without limitation on the provisions of Article V of the General Conditions, the Borrower shall cause the Program to be carried out in accordance with financial management, procurement and environmental and social management systems acceptable to the Bank, including those set out in the ESSA, the PIM, the Operations Manual for IDG Grant for Colleges, the Operations Manual for IDG Grant for Universities, and the Program Action Plan ("Program Fiduciary, Environmental and Social Systems") which are designed to ensure that:

(a) the Loan proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and

(b) 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.

Section II. Excluded Activities under the Operation

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

(a) 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; or

(b) involve the procurement of: (1) works, estimated to cost fifty million United States Dollars (USD 50,000,000) equivalent or more per contract; (2) goods, estimated to cost thirty million United States Dollars (USD 30,000,000) equivalent or more per contract; (3) non-consulting services, estimated to cost twenty million United States Dollars (USD 20,000,000) equivalent or more per contract; or (4) consultants’ services, estimated to cost fifteen million United States Dollars (USD 15,000,000) equivalent or more per contract.

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

(c) involve land acquisition and/or involuntary resettlement (as defined in the Bank’s Operational Policy 4.12).
Section III. Operation Monitoring, Reporting and Evaluation; Audits

A. Progress Reports for the Operation

The Borrower shall, and shall cause the Implementing Entity to, 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 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 Program Action Plan. Each Progress Report shall cover the period of one 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.

B. Financial Management and Audits for the Operation

1. The Borrower shall maintain, and cause the Implementing Entity to maintain, financial management systems and prepare, and cause the Implementing Entity, 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 1.D. of this Schedule 2 and Section 5.09 of the General Conditions, the Borrower shall, and shall cause the Implementing Entity to, have the Financial Statements for the Program audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Program's Financial Statements shall cover the period of one fiscal year of the Borrower or the Implementing Entity, as the case may be, commencing with the fiscal year in which the first withdrawal was made from the Loan under the Program. Unless otherwise agreed with the Bank, the Borrower’s and the Implementing Entity’s audited Financial Statements for each such period shall be furnished to the Bank not later than twelve (12) months after the end of such period.

3. Without limitation on the generality of Section 1.D. of this Schedule 2 and Section 5.09 of the General Conditions, the Borrower shall, and shall cause the Implementing Entity to, have the Financial Statements for the Project audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Project's Financial Statements shall cover the period of one fiscal year of the Borrower or the Implementing Entity, as the case may be, commencing with the fiscal year in which the first withdrawal was made from the Loan under the Project, respectively. Unless otherwise agreed with the Bank, the Borrower’s and the Implementing Entity’s audited Financial Statements for each such period shall be furnished to the Bank not later than nine (9) months after the end of such period.

C. Verification Protocols for the Program

The Borrower shall cause the Project Implementing Entity to:
(a) undertake a verification process, in accordance with the terms of reference agreed with the Bank, to certify the fulfillment of the Disbursement Linked Results set out in Schedule 3 to this Agreement; and 

(b) furnish to the Bank corresponding verification report(s), in form and substance agreed with the Bank.

D. Interim Financial Report for the Project

Without limitation of the provisions of sub-Sections III.A and III.B of this Schedule 2, the Borrower shall cause the Implementing Entity to prepare and furnish to the Bank, not later than forty-five (45) days after the end of each fiscal year, interim unaudited financial reports ("IUFRs") for the Project covering the Eligible Expenditures incurred during the fiscal year, all in form and substance satisfactory to the Bank.

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

All goods, works, non-consulting services and 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 the Procurement Regulations and the provisions of the Procurement Plan.

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 in order to finance:

(a) the Program Expenditures on the basis of the results ("Disbursement Linked Results" or "DLRs") achieved by the Implementing Entity, as measured against specific indicators ("Disbursement Linked Indicators" or "DLIs"), all as set forth in Category (1) of the table in paragraph 2 (below) of this sub-Section V.A and Schedule 3 to this Agreement;

(b) the Project’s Eligible Expenditures as set forth in Category (2) of the table in paragraph 2 (below) of this sub-Section V.A;

(c) the Front-end Fee; and/or

(d) each Interest Rate Cap or Interest Rate Collar premium, if applicable, upon the Borrower’s exercising the respective options set forth in Section 2.08 of this Agreement.

2. The following table specifies the categories for the withdrawal of the proceeds of the Loan, and allocated amounts for each such Category, including, as the case may be: (a) the Program’s Disbursement Linked Indicators that may be financed out of the proceeds of the
Loan under Category (1): and (b) the Project’s Eligible Expenditures that may be financed out of the proceeds of the Loan under Category (2) and 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 DLR for any given DLI financed under such Category, are set forth in Schedule 3 to this Agreement:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Eligible Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Disbursements under the Program for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. DLI #1: Improved quality of Selected Institutions</td>
<td>18,000,000</td>
<td></td>
</tr>
<tr>
<td>2. DLI #2: Improved student performance</td>
<td>20,000,000</td>
<td></td>
</tr>
<tr>
<td>3. DLI #3: Annual performance milestones met by the HED and Selected Institutions</td>
<td>38,000,000</td>
<td>N/A</td>
</tr>
<tr>
<td>4. DLI #4: Revised regulations on the creation/composition of GBs and their functioning issued by the HED and percentage of affiliated government-aided colleges that implement the regulations</td>
<td>18,000,000</td>
<td></td>
</tr>
<tr>
<td>5. DLI #5: Improved fiduciary management in Selected Institutions</td>
<td>20,000,000</td>
<td></td>
</tr>
<tr>
<td>(2) Eligible Expenditures for goods, non-consulting services, consulting services, Technical Assistance, Training and Workshops and Incremental Operating Costs for the Project</td>
<td>4,702,500</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Front-end Fee</td>
<td>297,500</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Loan Allocated (expressed in USD)</td>
<td>Percentage of Eligible Expenditures to be Financed (inclusive of Taxes)</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-------------------------------------------------</td>
<td>---------------------------------------------------------------------</td>
</tr>
<tr>
<td>(4) Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
<td>Amount due pursuant to Section 2.08 (c) of this Agreement</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>119,000,000</td>
<td></td>
</tr>
</tbody>
</table>

**B. Withdrawal Conditions for the Program**

1. Notwithstanding the provisions of Part A of this Section V, no withdrawal shall be made:
   
   (a) for purposes of Section 2.03 of the General Conditions, for DLIs achieved prior to the date of this Agreement, except that withdrawals may be made on account of results under DLR # 3.1 (Category I (c)) achieved prior to the date of signature of this Agreement, and not later than September 30, 2017; and
   
   (b) for any DLR under any subcategory in Category (1), until and unless the Borrower has furnished evidence satisfactory to the Bank that said DLR has been achieved.

2. Notwithstanding the provisions of Part B.I(b) of this Section, if the Bank is not satisfied that any of the DLR(s) set forth in Schedule 3 to this Agreement has/have been achieved by the end of the respective Year(s) 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 the respective Loan amount 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; or
   
   (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 V, 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 one million United States Dollars (USD 1,000,000) may be made for payments made prior up to twelve months prior to the signature of this Agreement, 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 the 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 shall cancel the refunded amount of the Withdrawn Loan Balance.

2. The Closing Date is November 30, 2022.
SCHEDULE 3
Disbursement Linked Indicators, Disbursement Linked Results and Allocated Amounts Applicable to the Program

<table>
<thead>
<tr>
<th>DISBURSEMENT LINKED INDICATORS</th>
<th>BASELINE</th>
<th>RESULTS TO BE ACHIEVED IN FY2017/18 (YEAR 1)</th>
<th>RESULTS TO BE ACHIEVED IN FY2018/19 (YEAR 2)</th>
<th>RESULTS TO BE ACHIEVED IN FY2019/20 (YEAR 3)</th>
<th>RESULTS TO BE ACHIEVED IN FY2020/21 (YEAR 4)</th>
<th>RESULTS TO BE ACHIEVED IN FY2021/22 (YEAR 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Improved quality of Selected Institutions (Percentage of selected colleges that have improved their NAAC grade from the previous cycle of accreditation)</td>
<td>20%</td>
<td>DLR 1.1 25% of colleges</td>
<td>DLR 1.2 30% of colleges</td>
<td>DLR 1.3 35% of colleges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocated Amount</td>
<td>US$ 18,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*These DLRs are not time-bound, except for DLRs 3.1, 3.2 (a), and 5.1 (a), 5.2(a), 5.3 (a), 5.2 (b), 5.3 (b), and 5.4 (b) (to be met not later than specific deadlines). The Fiscal Years in which they are expected to be achieved as per this Schedule are strictly for indicative purposes. These DLRs should be met and verified up and until the Closing Date.
2. **Improved student performance**  
   Increased on-time graduation rate of students in undergraduate degree programs in Selected Institutions (disaggregated by women, ST, SC, and total students)

<table>
<thead>
<tr>
<th>Disbursement Linked Indicators</th>
<th>Baseline</th>
<th>Results to be Achieved in FY2017/18 (Year 1)</th>
<th>Results to be Achieved in FY2018/19 (Year 2)</th>
<th>Results to be Achieved in FY2019/20 (Year 3)</th>
<th>Results to be Achieved in FY2020/21 (Year 4)</th>
<th>Results to be Achieved in FY2021/22 (Year 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total:</strong> 60</td>
<td></td>
<td>DLR 2.1 (a):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SC:</strong> 51</td>
<td></td>
<td>(a)Total: 5% points over baseline</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ST:</strong> 42</td>
<td></td>
<td>DLR 2.1 (b):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Women:</strong> 67</td>
<td></td>
<td>(b)SC: 5% points over baseline</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DLR 2.1 (c):</strong></td>
<td></td>
<td>(c)ST: 5% points over baseline</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DLR 2.1 (d):</strong></td>
<td></td>
<td>(d)Women: 5% points over baseline</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DLR 2.1 (a):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DLR 2.1 (b):</strong></td>
<td></td>
<td>US$2.5 million</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DLR 2.1 (c):</strong></td>
<td></td>
<td>US$2.5 million</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DLR 2.1 (d):</strong></td>
<td></td>
<td>US$2.5 million</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Disbursement prorated for each additional percentage point achieved over the baseline, US$ 0.5 million will be disbursed</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Allocated Amounts  
US$ 20,000,000

United States government funds allocated to the country to support the improvement in student performance. The funds are disbursed based on the achievement of the targets set for each year.
<table>
<thead>
<tr>
<th>Disbursement Linked Indicator</th>
<th>Baseline</th>
<th>Results to be Achieved in FY2017/18 (Year 1)</th>
<th>Results to be Achieved in FY2018/19 (Year 2)</th>
<th>Results to be Achieved in FY2019/20 (Year 3)</th>
<th>Results to be Achieved in FY2020/21 (Year 4)</th>
<th>Results to be Achieved in FY2021/22 (Year 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0% of institutions achieving annual performance milestones</td>
<td>DLR 3.1: HED has selected IDG Colleges and IDG Universities for Round 1 Deadline: September 30, 2017</td>
<td>DLR 3.2(a): HED has selected IDG Colleges and IDG Universities for Round 2</td>
<td>DLR 3.3(a): PMU achieves annual milestones</td>
<td>DLR 3.4(a): PMU achieves annual milestones</td>
<td>DLR 3.5(a): PMU achieves annual milestones</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DLR 3.2(b): HED-PMU achieves annual milestones</td>
<td>DLR 3.2(c): 75% of the selected institutions achieve at least 40% of institution-based annual milestones</td>
<td>DLR 3.3(b): 75% of the Selected Institutions achieve at least 60% of institution-based annual milestones</td>
<td>DLR 3.4(b): 75% of the Selected Institutions achieve at least 80% of institution-based annual milestones</td>
<td>DLR 3.5(b): 75% of the Selected Institutions achieve at least 80% of institution-based annual milestones</td>
</tr>
<tr>
<td>Amount Allocated</td>
<td>US$38,000,000</td>
<td>DLR 3.2(d): US$5 million</td>
<td>DLR 3.2(e): US$8 million</td>
<td>DLR 3.2(f): US$3 million Disbursement prorated based on increase in percentage of institutions achieving 40% of institution-based annual milestones: For each 25 percentage points achieved over baseline of 0, US$1 million will be disbursed</td>
<td>DLR 3.2(g): US$3 million</td>
<td>DLR 3.2(h): US$3 million Disbursement prorated based on increase in percentage of institutions achieving 60% of institution-based annual milestones: For each 25 percentage points achieved over baseline of 0, US$1 million will be disbursed</td>
</tr>
</tbody>
</table>

**Note:** Disbursement prorated based on increase in percentage of institutions achieving 80% of institution-based annual milestones: For each 25 percentage points achieved over baseline of 0, US$1 million will be disbursed.
<table>
<thead>
<tr>
<th>DISBURSEMENT LINKED INDICATORS</th>
<th>BASELINE</th>
<th>RESULTS TO BE ACHIEVED IN FY 2017/18 (YEAR 1)</th>
<th>RESULTS TO BE ACHIEVED IN FY 2018/19 (YEAR 2)</th>
<th>RESULTS TO BE ACHIEVED IN FY 2019/20 (YEAR 3)</th>
<th>RESULTS TO BE ACHIEVED IN FY 2020/21 (YEAR 4)</th>
<th>RESULTS TO BE ACHIEVED IN FY 2021/22 (YEAR 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Revised regulations on the creation/composition of GBs and their functioning issued by the HED and percentage of affiliated government-aided colleges that implement the regulations</td>
<td>0% of colleges implement the revised guidelines</td>
<td>DLR 4.1 HED has revised and issued the guidelines for creation/composition of GBs in colleges</td>
<td>DLR 4.2 50% of colleges implement the revised guidelines</td>
<td>DLR 4.3 90% of colleges implement the revised guidelines</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocated Amount</td>
<td>US$ 18,000,000</td>
<td>US$6,000,000</td>
<td>US$6,000,000</td>
<td>US$6,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Improved fiduciary management in Selected Institutions</td>
<td>5(i) 0% of selected aided colleges completed data entry using online FM system</td>
<td>DLR 5.1(a) HED issued an executive office order mandating the use of online FM system in government-aided colleges in Odisha</td>
<td>DLR 5.2(a) 60% of Selected institutions completed data entry using online FM system</td>
<td>DLR 5.3(a) 90% of Selected institutions completed data entry using online FM system</td>
<td>DLR 5.4(b) 60% of all contracts awarded by Selected Institutions awarded by Selected Institutions are within original validity period</td>
<td></td>
</tr>
<tr>
<td>(i) Percentage of Selected Institutions that completed data entry using online financial management (FM) system (online accounting system)</td>
<td>5(ii) 0% of contracts awarded within original validity period</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii) Enhanced procurement management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disbursement Linked Indicator</td>
<td>Baseline</td>
<td>Results to be Achieved in FY2017/18 (Year 1)</td>
<td>Results to be Achieved in FY2018/19 (Year 2)</td>
<td>Results to be Achieved in FY2019/20 (Year 3)</td>
<td>Results to be Achieved in FY 2020/21 (Year 4)</td>
<td>Results to be Achieved in FY 2021/22 (Year 5)</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>----------</td>
<td>---------------------------------------------</td>
<td>---------------------------------------------</td>
<td>---------------------------------------------</td>
<td>---------------------------------------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>Adoption of HED Procurement Manual</td>
<td></td>
<td>Institutions are within original validity period</td>
<td>Institutions are within original validity period</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Allocated Amounts**
US$ 20,000,000

**DLR 5.1(a):**
US$4 million
Deadline: September 30, 2017

**DLR 5.1(b):**
US$4 million
Deadline: October 31, 2017

**DLR 5.2(a):**
US$3 million
Disbursement pro-rated for each 10 percentage points achieved over the baseline of 0, US$ 0.5 million will be disbursed

**DLR 5.2(b):**
US$2 million
Disbursement pro-rated for each 10 percentage points achieved over the baseline of 0, US$ 0.5 million will be disbursed

**DLR 5.3(a):**
US$3 million
Disbursement pro-rated for each 15 percentage points achieved over baseline of 0, US$ 0.5 million will be disbursed

**DLR 5.3(b):**
US$2 million
Disbursement pro-rated for each 12.5 percentage points achieved over baseline of 0, US$ 0.5 million will be disbursed

**DLR 5.4(b):**
US$2 million
Disbursement pro-rated for each 15 percentage points achieved over baseline of 0, US$ 0.5 million will be disbursed
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, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 1, and August 1</td>
<td></td>
</tr>
<tr>
<td>Beginning August 1, 2023 through August 1, 2035</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

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, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

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 sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
APPENDIX

Section I. Definitions

1. "Allocated Amounts" means the amount in United States 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. "Disbursement Linked Indicator" or "DLI" means each of the disbursement linked indicators listed in the first column of the table set forth in Schedule 3 to this Agreement.

4. "Disbursement Linked Result" or "DLR" means each of the disbursement linked targets/results set forth in Schedule 3 to this Agreement in the columns entitled "Results to be Achieved in FY2017/18 (Year 1)", "Results to be Achieved in FY2018/19 (Year 2)", "Results to be Achieved in FY2019/20 (Year 3)", Results to be Achieved in FY2020/21 (Year 4)", or "Results to be Achieved in FY2021/22 (Year 5)", as applicable.

5. "ESSA" means the Environmental and Social Systems Assessment, dated July 24, 2017 and published in Infoshop on August 7, 2017 applicable to the Program, setting forth the description of the Program’s activities, assessing the Borrower’s and Implementing Entity'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.

6. "Fiscal Year" or "FY" means the Borrower’s and Implementing Entity’s fiscal year, as the case may be. For purposes of Schedule 3 to this Agreement, FY means the Borrower’s fiscal year which begins on April 1 of each calendar year and ends on March 31 of the next calendar year.

7. "GB" means the governing board of a college or university within the State of Odisha.

8. "General Conditions" means:

(a) 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 II of this Appendix; and

(b) For the Program: the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012, with the modifications set forth in Section II and III of this Appendix.

9. "HED" means the State of Odisha’s Higher Education Department, or any successor thereto.
10. "IDG" means the Institutional Development Grant and refers to the IDG Grant for Colleges and the IDG Grant for Universities collectively.

11. "IDG College" means a college within Odisha that has been selected to receive financing under the IDG Grant for Colleges in accordance with the eligibility criteria, selection process, and other requirements set forth in the Operations Manual for IDG Grant for Colleges, and in accordance with Section I.J of the Schedule to the Implementing Entity Agreement.

12. "IDG College Grant Agreement" means the agreement to be entered into by and between the Implementing Entity and an IDG College, pursuant to Section I.J.2 of the Schedule to the Implementing Entity Agreement, and in accordance with the Operations Manual for IDG Grant for Colleges.

13. "IDG Grant for Colleges" means the grant to be awarded by the Implementing Entity to colleges within Odisha, under the terms of the IDG College Grant Agreement and on the basis of the procedure and criteria stipulated in the Operations Manual for IDG Grant for Colleges.

14. "IDG Grant for Universities" means the grant to be awarded by the Implementing Entity to universities within Odisha, under the terms of the IDG University Grant Agreement and on the basis of the procedure and criteria stipulated in the Operations Manual for IDG Grant for Universities.

15. "IDG University" means a university within Odisha that has been selected to receive financing under the IDG Grant for Universities in accordance with the eligibility criteria, selection process, and other requirements set forth in the Operations Manual for IDG Grant for Universities, and in accordance with Section I.K of the Schedule to the Implementing Entity Agreement.

16. "IDG University Grant Agreement" means the agreement to be entered into by and between the Implementing Entity and an IDG University, pursuant to Section I.K.2 of the Schedule to the Implementing Entity Agreement, and in accordance with the Operations Manual for IDG Grant for Universities.

17. "IDP" means Institutional Development Plan to be prepared and submitted by a college or a university in order to apply for the IDG Grant for Colleges or the IDG Grant for Universities, as applicable, and shall include, inter alia, plan for utilization of IDG grant, annual targets, budget, and monitoring indicators, as amended from time to time in accordance with the Operations Manual for IDG Grant for Colleges or the Operations Manual for IDG Grant for Universities, as applicable.

18. "Implementing Entity" means the Borrower's State of Odisha.

19. "Implementing Entity Agreement" means the agreement between the Bank and the Implementing Entity relating to the implementation of the Operation, as such agreement may be amended from time to time with the prior written concurrence of the Bank. The "Implementing Entity Agreement" includes the General Conditions as applied to the
20. "IUFRs" means the interim unaudited financial reports referred to in Section III.D of Schedule 2 to this Agreement.

21. "Incremental Operating Costs" means the incremental expenditures which include the normal expenditures of the Operation, such as reasonable costs of goods and services required for the day-to-day implementation of the Operation, including operating and maintenance cost of vehicles and equipment; office supplies, utilities, consumables (office rental) and maintenance; bank charges; advertising expenses; consultant fees; communications; travel of staff (including per diems and accommodation); and salaries, allowances, and benefits of selected contracted support staff, but excluding salaries and salary top-ups of civil servants of the Government.

22. "IVA" means the Independent Verification Agent to be appointed by the Implementing Entity for the purpose of verifying DLRs in accordance with Section III.C(a) of the Schedule 2 to the Implementing Entity Agreement.

23. "NAAC" means the Borrower's National Assessment and Accreditation Council, or any successor thereto.

24. "Odisha" means the Implementing Entity, i.e. the Borrower's State of Odisha.

25. "Operation" means, collectively, all activities described under the Program and the Project in Schedule 1 to this Agreement.

26. "Operations Manual for IDG Grant for Colleges" means the manual to be prepared by the PMU to lay down the arrangements, policies, and procedures to guide the implementation of the IDG Grant for Colleges in a manner and substance satisfactory to the Bank for purposes of carrying out the Operation, which manual shall include, inter alia: (i) the eligible activities to be included in the IDP by colleges; (ii) the financial modalities of the IDP; and (iii) the procedures and criteria for the evaluation of the IDP proposals submitted by colleges, as the same might be amended from time to time with the prior concurrence of the Bank.

27. "Operations Manual for IDG Grant for Universities" means the manual to be prepared by the PMU to lay down the arrangements, policies, and procedures to guide the implementation of the IDG Grant for Universities, in a manner and substance satisfactory to the Bank for purposes of carrying out the Operation, which manual shall include, inter alia: (i) the eligible activities to be included in the IDP by universities; (ii) the financial modalities of the IDP; (iii) the procedures and criteria for the evaluation of the IDP proposals submitted by universities; and (iv) the eligibility criteria for Centers of Excellence proposals and the procedures and criteria for their selection, as the same might be amended from time to time with the prior concurrence of the Bank.

28. "PIM" means the Program Implementation Manual to be prepared by the PMU to provide the arrangements, policies, and procedures to guide the implementation of the Operation on a day-to-day basis, in a manner and substance satisfactory to the Bank for purposes of
carrying out the Operation, which manual shall include, *inter alia*: (i) the Program and Project description; (ii) the implementation arrangements and plan for the Program and Project; (iii) the results framework and monitoring arrangements; (iv) planned technical support and capacity building activities; (v) timeline of key actions to be taken under the Program; and (vi) budgets, as the same might be amended from time to time with the prior concurrence of the Bank.

29. "PMU" means HED's Program Management Unit, to be maintained by the Implementing Entity pursuant to sub-paragraph (1) of Section I.A of the Schedule to the Implementing Entity Agreement.

30. “Procurement Plan” means the Implementing Entity’s procurement plan for the Project, dated August 1, 2017, and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Bank.


32. “Program” means, collectively, the activities described in Part I of the Schedule 1 to this Agreement.

33. “Program Action Plan” means the set of priority actions agreed by the Borrower and the Bank for the strengthening of the Borrower’s and the Implementing Entity’s, sectoral and institutional frameworks (including the Program Fiduciary and Environmental and Social Systems), dated August 1, 2017, and referred to in Section I.B of the Schedule to the Implementing Entity Agreement, as may be amended from time to time with the written agreement of the Bank.

34. “Program Fiduciary, Environmental and Social Systems” means the Borrower’s and Implementing Entity’s systems for the Program referred to in Section I.F of Schedule 2 to this Agreement.

35. “Project” means the activities described in Part II of the Schedule 1 to this Agreement.

36. “SC” means a scheduled caste set out in the Constitution of India and as amended from time to time.

37. “Selected Institutions” means IDG Colleges and IDG Universities collectively.

38. “ST” means a scheduled tribe set out in the Constitution of India and as amended from time to time.

39. “Training and Workshops” means the training, study tours, conferences and workshops conducted and/or attended by staff from the Implementing Entity and/or other stakeholders, in the territory of the Borrower or, subject to the Banks’ prior no objection, overseas, including the purchase and publication of materials, rental of facilities, course fees, and lodging, travel expenses and per diem for trainers and/or trainees.
40. “Year” means any of the Years 1 through 5 of the implementation of the Operation, and the context shall determine.

41. “Year 1” means the first year of implementation of Operation activities, which have taken place in the Borrower’s Fiscal Year 2017/18 in order to achieve the results shown in the third column of the table in Schedule 3 to this Agreement.

42. “Year 2” means the second year of implementation of Operation activities, expected to take place in the Borrower’s Fiscal Year 2018/19 in order to achieve the results shown in the fourth column of the table in Schedule 3 to this Agreement.

43. “Year 3” means the third year of implementation of Operation activities, expected to take place in the Borrower’s Fiscal Year 2019/20 in order to achieve the results shown in the fifth column of the table in Schedule 3 to this Agreement.

44. “Year 4” means the fourth year of implementation of Operation activities, expected to take place in the Borrower’s Fiscal Year 2020/21 in order to achieve the results shown in the sixth column of the table in Schedule 3 to this Agreement.

45. “Year 5” means the fifth year of implementation of Operation activities, expected to take place in the Borrower’s Fiscal Year 2021/22 in order to achieve the results shown in the seventh 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. Whenever used throughout the General Conditions, the term “the Project Agreement” is modified to read “the Implementing Entity Agreement”, and the term “Project Implementing Entity” is modified to read “the Implementing Entity”.

3. 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.”
4. 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.

5. 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)."

6. 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).

7. 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, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower."

8. 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 modification 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 "Project Report" is modified to read "Program Report", 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), Reallocations, 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.