Financing Agreement

(Rural Water Supply and Sanitation Project for Low Income States)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 7, 2014
FINANCING AGREEMENT

AGREEMENT dated ___________ 2014, 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 an amount equivalent to three hundred and twenty five million, one hundred thousand Special Drawing Rights (SDR 325,100,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are February 15 and August 15 in each year.
2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is United States Dollars.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause each of the Participating States to carry out its respective part of the Project in accordance with the provisions of Article IV of the General Conditions and the applicable 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, of the Recipient’s Ministry of Finance.

5.02. The Recipient’s Address is:

Secretary to the Government of India
Department of Economic Affairs
Ministry of Finance
New Delhi, India
Facsimile:
91-11-23092387

5.03. The Association’s Address is:

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

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

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

INDIA

By

Authorized Representative

Name: ____________________________

Title: ____________________________

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: ____________________________

Title: ____________________________
SCHEDULE 1

Project Description

This Project’s development objective is to improve piped water supply and sanitation services for selected rural communities in target States through decentralized delivery systems, and to increase the capacity of the Participating States to respond promptly and effectively to an Eligible Crisis or Emergency.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Association may agree upon from time to time to achieve such objectives:

Part A. Capacity Building and Sector Development

Capacity building and sectoral-development support for MoDWS and the Participating States to enable them to carry out the Project.

Part B. RWSS Infrastructure Development

Financing investments for improving water supply and sanitation coverage, including construction of new infrastructure or the rehabilitation and augmentation of existing schemes.

Part C. Project Management Support

Providing Project implementation support for MoDWS and the Participating States.

Part D. Contingency Emergency Response

Providing immediate response to an Eligible Crisis or Emergency, as needed.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall:

   (a) maintain throughout the period of Project implementation a Steering Committee chaired by the Secretary MoDWS and with concerned Secretary from the four Participating States, and senior representatives of MoDWS, and other relevant central ministries to provide overall policy guidance and Project implementation coordination and monitoring;

   (b) constitute by no later than December 1, 2013 and thereafter maintain throughout the period of Project implementation a National Project Management Unit, headed by a Project Director who is a senior officer from MoDWS and with a multi-disciplinary team of suitably qualified personnel and with resources sufficient to carry out the Recipient’s activities under the Project;

   (c) constitute by no later than July 1, 2014 and thereafter maintain throughout the period of Project implementation, the Technical Advisory Group responsible for independently reviewing and guiding Project design and implementation in the Participating States;

   (d) cause each Participating State to maintain State Project Management Units within each Participating State’s State Project Implementing Agencies with qualified sector, financial management, procurement, environment, social, technical, and monitoring and evaluation staff to carry out the Participating State’s activities under the Project; and

   (e) cause each Participating State to constitute by no later than March 31, 2014 and thereafter maintain District Project Management Units in each of their respective Project Districts with qualified sector, financial management, procurement, environment, social, technical, and monitoring and evaluation professionals to carry out the Project District’s activities under the Project.

2. The Recipient shall:

   (a) through MoDWS carry out its activities under the Project in accordance with this Agreement and the Project Implementation Plan;
(b) cause each of the Participating States to carry out their activities under the Project through their respective designated State Project Implementing Agencies in accordance with this Agreement, the applicable Project Agreement, the Project Implementation Plan, the Procurement Plan, the Environmental Management Framework, the Social Management Framework, including, where applicable, Environmental Management Plan(s) and Resettlement Action Plan(s), and the Tribal Development Plan;

(c) cause each of the Participating States to take all necessary steps to ensure that all Project activities are implemented in accordance with the Schedule to the applicable Project Agreement;

(d) provide each of the Participating States with financial and technical assistance necessary for the implementation of Project activities; and

(e) protect the interests of the Recipient and the Association to accomplish the purposes of the Financing.

3. The Recipient shall make available Credit proceeds and counterpart funds to the Participating States for Project activities in a timely manner and in accordance with an initial allocation formula described in the Project Implementation Plan. This allocation formula may be adjusted from time to time, with the Association’s agreement, in accordance with criteria set out in the Project Implementation Plan to reflect the performance of the Participating States in carrying out Project activities.

4. The Recipient shall make available funds for the Recipient's rural water supply and sanitation programs that are part of, or complement the Project activities in a timely manner and in accordance with the Project Implementation Plan.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and those of the Governance and Accountability Action Plan.

C. Implementation of Project

1. The Recipient shall cause MoDWS to carry out the Project in accordance with the provisions of this Agreement and the Project Implementation Plan.

2. The Recipient shall cause the Participating States to carry out the Project in accordance with the provisions of the applicable Project Agreements and the Project Implementation Plan.
3. The Recipient shall cause MoDWS to prepare and furnish to the Association for its review and approval, by no later than December 31 of each calendar year until the Closing Date, an annual work plan and budget for Project implementation in the following fiscal year and, thereafter, cause MoDWS and the Participating States to carry out the approved annual work plan.

D. Safeguards

1. The Recipient shall cause MoDWS and the Participating States to ensure that the Project is carried out in accordance with the environmental and social standards set forth in the Project Implementation Plan, the Environmental Management Framework, the Social Management Framework, including, where applicable, Environmental Management Plan(s) and Resettlement Action Plan(s). Except as the Association shall otherwise agree, the Recipient shall not amend, vary or waive, or cause MoDWS or any Participating State to amend, vary, or waive, any provision of the Project Implementation Plan the Environmental Management Framework, or the Social Management Framework, including, where applicable, Environmental Management Plan(s) and Resettlement Action Plan(s), relating to such environmental and social standards, if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.

2. The Recipient shall cause Jharkhand to ensure that the Project is carried out in accordance with the Tribal Development Plan. Except as the Association shall otherwise agree, the Recipient shall not amend, vary or waive, or cause Jharkhand to amend, vary, or waive, any provision of the Tribal Development Plan, if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and shall cause MoDWS and the Participating States to prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. Each Project Report shall cover the period of one (1) calendar semester (six months), and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.

2. The Recipient shall cause MoDWS and the Participating States to carry out:
(a) a comprehensive mid-term Project review under terms of reference satisfactory to the Association;

(b) an independent assessment of the Project's decentralized institutional arrangements established under Section I.A. of Schedule 2 of this agreement, under terms of reference satisfactory to the Association; and

(c) a beneficiary assessment of rural water supply and sanitation delivery improvements for schemes completed under the Project, under terms of reference satisfactory to the Association,

and furnish to the Association a mid-term Project progress report, satisfactory to the Association by no later than March 31, 2017.

3. By no later than December 31, 2019, the Recipient shall cause MoDWS and the Participating States to carry out:

(a) an independent assessment of the achievements of the Project, under terms of reference satisfactory to the Association; and

(b) a beneficiary assessment of rural water supply and sanitation delivery improvements for schemes completed under the Project, under terms of reference satisfactory to the Association,

and, thereafter within 90 days after the Closing Date, to prepare and furnish to the Association a Project completion report, satisfactory to the Association.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain, and shall cause MoDWS and the Participating States 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 MoDWS and the Participating States to prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall, and shall cause MoDWS and the Participating States to, have their respective 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 (1) fiscal year of the Recipient.
The audited Financial Statements for each such period shall be furnished to the Association not later than nine (9) months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works, and Non-Consulting Services. All goods, works, and non-consulting services required for the Project (other than Part D) and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project (other than Part D) 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 Works

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works, and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding, subject to the additional provisions agreed upon from time to time between the Recipient and the Association.

2. Other Methods of Procurement of Goods, Works, and Non-Consulting Services. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works, and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding subject to the following provisions applicable to Participating States and the additional provisions agreed to from time to time between the Recipient and the Association and referred to in the Procurement Plan:</td>
</tr>
<tr>
<td>The two-part bidding process for goods and works under National</td>
</tr>
</tbody>
</table>
Competitive Bidding may be used in the Participating States if:

(i) the underlying goods and works contracts are procured using bids submitted through standardized e-government procurement system agreed between the Recipient and the Association;

(ii) the first part of the bidding process shall focus on the eligibility and qualification requirements of bidders; and the second part of the process shall focus on technical-financial requirements; and

(iii) only the standard bidding document agreed to between the Recipient and the Association shall be used.

(b) Direct Contracting

(c) Procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association

(d) Shopping - Limited Tendering

(e) Community Driven Procurement through Local Competitive Bidding and Shopping/Force Account

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 table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-based Selection</td>
</tr>
<tr>
<td>(b) Selection based on Consultants' Qualification</td>
</tr>
<tr>
<td>(c) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(d) Least Cost Selection</td>
</tr>
<tr>
<td>(e) Single-source Selection of consulting firms</td>
</tr>
<tr>
<td>(f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultants Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(g) Single-source procedures for selection of Individual Consultants</td>
</tr>
</tbody>
</table>
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.

E. **Procurement of Emergency Expenditures under Part D of the Project**

Notwithstanding any provision to the contrary in this Section, goods, works, non-consulting services, and consultant services required for Part D of the Project shall be procured in accordance with the procurement methods and procedures set forth in the Part D Operations Manuals.

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

A. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

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


<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, consultants' services, training and Operating Costs under Parts A, B, and C of the Project</td>
<td>325,100,000</td>
<td>50%</td>
</tr>
<tr>
<td>(2) Goods, works, consultants' services, training and Operating Costs under Part D of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>325,100,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawals for payments for Eligible Expenditures shall be made:

   (1) prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR8,000,000 equivalent may be made for payments made prior to this date but on or after March 31, 2013, for Eligible Expenditures under Category (1); or

   (2) under Category (2) unless and until the Association is satisfied, and has notified the Recipient and the relevant Participating State(s), that all of the following conditions have been met in respect of such Participating State(s):

   (i) The Recipient and the Participating State(s) have determined that an Eligible Crisis or Emergency has occurred, have furnished to the Association a request to include said activities under Part D of the Project in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request, and notified the Recipient and the Project Implementing Entity thereof;
(ii) the Participating State(s) has prepared and disclosed all safeguard instruments required for said activities, and has implemented any actions which are required to be taken under said instruments all in accordance with the provisions of the applicable Project Agreement(s);

(iii) the Participating State(s) has provided sufficient evidence satisfactory to the Association, that their Coordinating Authority, departments, and agencies have adequate staff and resources for the purposes of said activities; and

(iv) the Participating State(s) has adopted a Part D Operations Manual in form, substance and manner acceptable to the Association.

2. The Closing Date is March 31, 2020.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit Repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 15 and August 15:</td>
<td></td>
</tr>
<tr>
<td>commencing February 15, 2019 to and including August 15, 2028</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing February 15, 2029 to and including August 15, 2038</td>
<td>3.35%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
APPENDIX

Section I. Definitions


2. “Assam” means the Recipient’s State of Assam or any successor(s) thereto.

3. “Bihar” means the Recipient’s State of Bihar or any successor(s) thereto.

4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


6. “Coordinating Authority” means the entity or entities designated by any or each of the Participating States for coordinating their respective Part D activities under the Project.

7. “District Project Management Unit” means the project management unit constituted in each Project District of a Participating State under Part A.1 (e) of Section I in Schedule 2 to this Agreement.

8. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic or social impact to any or all of the Participating States, associated with a natural or man-made crisis or disaster.

9. “Environmental Management Framework” means the framework acceptable to the Association dated February 28, 2013, which describes the principles, objectives, and approaches to be followed in minimizing any adverse environmental and social impacts from carrying out Project activities and includes principles and guidelines for the preparation of any Environmental Management Plan that may be necessary to mitigate those impacts and includes any subsequent amendments made with the Association’s agreement.

10. “Environmental Management Plan” means each plan prepared by a Participating State in a manner satisfactory to the Association and in accordance with the provisions of the Environmental Management Framework and includes any subsequent amendments made with the Association’s agreement.

12. "Governance and Accountability Action Plan" means MoDWS’s Governance and Accountability Action Plan, dated November 18, 2013 satisfactory to the Association, which sets out the key actions to be undertaken by MoDWS and the Participating States to strengthen governance, transparency, and accountability under the Project, as such plan may be amended from time to time by agreement between the Association and MoDWS.

13. "Gram Panchayat" means the basic unit of rural self-government as defined in the applicable laws of each of the Participating States regulating Gram Panchayats.

14. "Jharkhand" means the Recipient’s State of Jharkhand or any successor(s) thereto.

15. "Ministry of Finance" means the Recipient’s Ministry of Finance or any successor(s) thereto.

16. "MoDWS" means the Recipient’s Ministry of Drinking Water and Sanitation or any successor(s) thereto.

17. "National Project Management Unit" means the unit established by the Recipient under Part A.1 (b) of Section I in Schedule 2 to this Agreement.

18. "Operating Costs" means Project incremental operating costs incurred by MoDWS or the Participating States for Project implementation, management and monitoring, including: (i) office expenses and maintenance, including Project office rent; (ii) operation, hiring and maintenance of vehicles, equipment, and other goods purchased under or used for the Project; (iii) salaries and allowances of contractual staff recruited by MoDWS and the Participating States; and (iv) Project-related travel, including per-diem costs.

19. "Part D Operations Manuals" means, collectively, the operations manuals to be adopted by each or any of the Participating States for responding to an Eligible Crisis or Emergency.

20. "Participating States" means the States of Assam, Bihar, Jharkhand, and Uttar Pradesh, and such other State or States, as may be selected by the Recipient from time to time and agreed by the Association, which are responsible as Project Implementing Entities (as such term is defined in the General Conditions) for ensuring the implementation of this Project through their respective State Project Implementing Agencies, provided, however, that no State shall be eligible to become a Participating State unless it has first entered into a Project Agreement with the Association.

22. "Procurement Plan" means MoDWS's procurement plan for the Project, dated July 1, 2013 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.

23. "Project Agreement" means the individual agreement between the Association and each of the Participating States respectively, relating to the carrying out of their respective activities under the Project, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement.

24. "Project District" means each district of a Participating State in which Project activities are carried out.

25. "Project Implementation Plan" means the Project's implementation plan dated July 1, 2013 containing a detailed set of policies, rules, procedures, and protocols necessary for carrying out the Project in accordance with this Agreement, and includes any amendments made by mutual agreement between the Association and MoDWS, and any relevant Participating State whose inputs may be necessary for such amendments.

26. "Resettlement Action Plan" means each plan prepared by a Participating State in a manner satisfactory to the Association and in accordance with the provisions of the Environment Management Framework and the Social Management Framework and includes any subsequent amendments made with the Association's agreement.

27. "Social Management Framework" means the framework acceptable to the Association dated February 28, 2013, which describes the principles, objectives, and approaches to be followed in minimizing any adverse social impacts from carrying out Project activities and includes principles and guidelines for the preparation of any Resettlement Action Plan that may be necessary to mitigate those impacts and includes any subsequent amendments made with the Association's agreement.

28. "State" means any State of the Recipient or any successor(s) thereto.

29. "State Project Director" means the director of each Participating State's State Project Management Unit.
30. "State Project Implementing Agency" means each government department, agency, or entity in a Participating State, which is responsible for either carrying out or monitoring Project implementation activities, and such term shall include each Participating State’s State Water and Sanitation Mission, which is responsible for overall policy guidance for the Participating State’s rural water supply and sanitation program, which facilitates Project coordination and implementation with Project Districts and Gram Panchayats; and the relevant state line or technical departments with responsibility for rural water supply and sanitation services.

31. "State Project Management Unit" means a unit established by each Participating State under Part A.1 (d) of Section 1 in Schedule 2 to this Agreement.

32. "Technical Advisory Group" means an entity constituted under Part A.1.(c) of Section 1 in Schedule 2 to this Agreement.

33. "Training" means non-consultant expenditures incurred in connection with the provision of training and workshops, including training institution fees, logistics, materials, and the reasonable cost of travel and per diem costs of trainers and trainees.

34. "Tribal Development Plan" means Jharkhand’s development plan, dated March 1, 2013, for scheduled tribes who may be impacted by the Project in Jharkhand. For purposes of this definition, scheduled tribes covers a distinct, vulnerable, social and cultural group within the territory of Jharkhand, 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 habitats 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.

35. "Uttar Pradesh" means the Recipient’s State of Uttar Pradesh or any successor(s) thereto.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

   "Section 3.02. Service Charge and Interest Charge"
(a) Service Charge. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge 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. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) 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 shall be computed on the basis of a 360-day year of twelve 30-day months.

2. Paragraph 28 of the Appendix ("Financing Payment") is modified by inserting the words "the Interest Charge" between the words "the Service Charge" and "the Commitment Charge".

3. The Appendix is modified by inserting a new paragraph 32 with the following definition of "Interest Charge", and renumbering the remaining paragraphs accordingly:

   "32. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b)."

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix ("Payment Date") is modified by inserting the words "Interest Charges" between the words "Service Charges" and "Commitment Charges".

5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix ("Service Charge") is modified by replacing the reference to Section 3.02 with Section 3.02 (a).