Financing Agreement

(Secondary Education Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 5, 2012
FINANCING AGREEMENT

AGREEMENT dated October 5, 2012, entered into between INDIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS:

(a) The Recipient intends to obtain from the United Kingdom Department for International Development ("DFID") assistance to support the RMSA Framework, and by a separate agreement to be entered into between DFID and the Recipient (the "DFID Grant Agreement"), DFID intends to provide a grant (the "DFID Grant") in a principal amount of sixty million Pound Sterling (£60,000,000) to assist in financing, on a parallel basis, certain activities under the Program on terms and conditions to be set forth in the DFID Grant Agreement.

(b) DFID, the Association (collectively referred to as the "Development Partners") and the Recipient intend to enter into a Memorandum of Understanding ("MOU") that shall provide for, inter alia, matters of technical, operational and financial co-operation amongst the Development Partners and the Recipient on the terms and conditions set forth in said MOU.

NOW THEREFORE, 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 twenty two million four hundred thousand Special Drawing Rights (SDR 322,400,000) (variously, "Credit" and "Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project").
2.02. The Recipient, through MHRD, 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 March 1 and September 1 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 Dollars.

**ARTICLE III — PROJECT**

3.01. The Recipient declares its commitment to the objective and implementation of the Project. To this end, the Recipient shall, through MHRD, carry out the Project in accordance with the provisions of Article IV of the General Conditions.

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, through MHRD, shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**ARTICLE IV — REMEDIES OF THE ASSOCIATION**

4.01. The Additional Events of Suspension consist of the following:

(a) the RMSA Framework shall have been amended, suspended, waived or abrogated so as to adversely affect the implementation of the Project or the achievement of the objectives thereof;

(b) any of the provisions of any Letter of Undertaking, the Planning and Appraisal Manual and/or the Innovation Guidelines shall have been amended, suspended, waived or abrogated so as to adversely affect the implementation of the Project or the achievement of the objectives thereof;
(c) as a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that any Project State or SIS will be able to perform its obligations under its respective Letter of Undertaking; and

(d) the Financial Management and Procurement Manual shall have been amended, suspended, waived or abrogated so as to adversely affect the achievement of the objectives of efficiency, economy and transparency of procurement methods and procedures, and/or adversely affect the objective of reporting timely and accurate financial information on the Project.

4.02. The Additional Event of Acceleration consists, namely, of any event specified in paragraphs (a) through (d) of Section 4.01 of this Agreement that occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — TERMINATION

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

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is any Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary of the Department of Economic Affairs in the Ministry of Finance of the Recipient.

6.02. The Recipient’s Address is:

Secretary to the Government of India
Department of Economic Affairs
Ministry of Finance, North Block
New Delhi - 110024, India

Cable: ECOFAIRS
Telex: 953-31-66175
Facsimile: 91-11-3092477

New Delhi FINE IN
6.03. 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 New Delhi, India, as of the day and year first above written.

INDIA

By

AUTHORIZED REPRESENTATIVE

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

AUTHORIZED REPRESENTATIVE
SCHEDULE 1

Project Description

The objective the Project is to assist the Recipient in achieving increased and more equitable access to good quality secondary education by supporting its ongoing program for secondary education.

The Project is part of the RMSA Framework and consists of the following parts:

Part 1: Improving the Quality of Secondary Education

Carrying out of activities, identified from among the RMSA Framework activities listed below, and included in AWP&Bs:

1. Recruitment and appointment of additional teachers.
2. In-service teacher professional development.
3. Building the capacity of relevant local institutions to support quality improvement in secondary schools and building professional development networks at the local level.
4. Provision of libraries and books, science laboratories, laboratory consumables, computer laboratories and other needed school supplies.
5. Carrying out of assessments of student learning outcomes, and monitoring educational outcomes through secondary education management information systems, Project management information systems, quality monitoring tools of the National Council for Education Research and Training, national assessment surveys, and third party research and evaluation studies.

Part 2: Improving Equitable Access to Secondary Education

Carrying out of activities, identified from among the RMSA Framework activities listed below, and included in AWP&Bs:

1. Expansion, repair and renovation of existing government secondary schools, upgrading upper primary schools into secondary schools, and opening new secondary schools, mainly in underserved areas.
2. Provision of relevant learning materials, employment of qualified teachers and support of outreach activities to communities.
Part 3: Improving Accountability of Secondary Education

Carrying out of activities, identified from among the RMSA Framework activities, and included in AWP&Bs whose objective is to strengthen existing school management mechanisms and develop new mechanisms, including, *inter alia*, strengthening the capacity of School Management and Development Committees established in Participating Schools.

Part 4: Developing Innovative Approaches to Secondary Education

Carrying out of activities, identified from among the RMSA Framework activities, and included in AWP&Bs whose objective is to support innovation in secondary education through, *inter alia*, the financing of pilot innovation Sub-projects at State and/or sub-State level, and the scaling up of such Sub-projects at the national, State or sub-State level, as the case may be.
SCHEDULE 2

Project Execution

Section I. **Implementation Arrangements**

A. **Institutional Arrangements**

1. The Recipient, through MHRD, shall carry out the Project at the national level through: (i) the National Mission for RMSA, which shall set overall policy and exercise oversight over the Program; (ii) the Project Approval Board, which shall review and approve AWP&Bs; (iii) DSEL, which shall assist Project States in preparing their respective AWP&Bs and ensure their conformity with the RMSA Framework, review proposals for innovation Sub-projects through its external review panel and be vested with the responsibility for the day-to-day implementation of the Project.

2. The Recipient, through MHRD, shall cause each Project State to carry out the Project at the State level through: (i) the Project State’s respective SIS, which shall provide overall direction and Project implementation oversight; and (ii) the Project State’s respective State Project Office whose main responsibilities shall be to: (a) coordinate with District and sub-District level organizations; (b) provide support to Project Districts in preparing AWP&Bs; (c) carry out State-level procurement and contracting; (d) carry out monitoring and evaluation activities; (e) serve as funding channel to lower level Project fund recipients; (f) manage the financial management and audit aspects of the Project; (g) contribute to the preparation of reports on progress in Project implementation; and (h) finalize and submit the consolidated AWP&Bs to PAB for approval.

3. The Recipient, through MHRD, shall cause each Project State to carry out its district level Project implementation and oversight functions through its respective District Program Coordinator.

4. The Recipient, through MHRD, shall cause each Project State to ensure that each Participating School shall establish and maintain a School Management and Development Committee with composition, resources and powers sufficient and appropriate to enable said committee to carry out all Project-related activities at the school level, including, *inter alia*, annual work planning, procurement of small civil works, record-keeping, financial management, auditing and monitoring.

5. The Recipient, through MHRD shall, and shall cause the Project States to maintain, until completion of the Project, financial management staff employed to operate under the Project, all in accordance with the provisions set out in the Financial Management and Procurement Manual.
B. Implementation Arrangements between the Recipient and Project States

The Recipient, through MHRD, shall cause each Project State to: (a) execute, through its respective SIS, and thereafter furnish to MHRD, a Letter of Undertaking satisfactory to the Association; and thereafter (b) carry out its part of the Project through its respective SIS and in accordance with the provisions of its respective Letter of Undertaking.

C. Project Documents

1. The Recipient, through MHRD, shall, and shall cause the Project Executing Agencies to, carry out the Project in accordance with the RMSA Framework, the Financial Management and Procurement Manual, the Planning and Appraisal Manual and the Innovation Guidelines.

2. The Recipient, through MHRD, shall promptly inform the Association of any amendment, waiver, suspension or abrogation of any provision of the RMSA Framework, the Financial Management and Procurement Manual, the Planning and Appraisal Manual and the Innovation Guidelines.

3. In the event of a conflict between the provisions of the Financial Management and Procurement Manual and those of this Agreement, the provisions of the latter shall prevail.

D. Social and Environmental Safeguards

The Recipient, through MHRD, shall, and shall cause the Project Executing Agencies to, carry out the Project, in accordance with the Environmental Management Framework, the Equity Action Plan and all plans prepared under said framework and plan, and shall ensure that no action is taken which would prevent or interfere with such implementation.

E. Land and Involuntary Resettlement

The Recipient, through MHRD, and the Association hereby agree that no acquisition of land or other associated asset, and no involuntary resettlement of local population, shall take place under the Program, nor shall any Credit proceeds be utilized to finance any such activity under the Project.

F. Anti-Corruption and the GAAP

The Recipient, through MHRD, shall, and shall cause the Project Executing Agencies to, carry out the Project in accordance with the provisions of the Anti-Corruption Guidelines and those of the GAAP.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient, through MHRD, shall, and shall cause the Project States to, monitor and evaluate progress in the implementation of the Project, and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association. Each Project Report shall cover the period of six (6) months, and shall be furnished to the Association not later than two weeks prior to a joint review among the Recipient, through MHRD, and the Development Partners.

2. Unless the Association shall otherwise request, the Recipient, through MHRD, shall review with the Association, at least in the months of December/January and June/July of each year, until completion of the Project, progress made in carrying out the Project and the attainment of the objectives thereof; such reviews to be based on the Project Reports referred to in paragraph A.1 above and other relevant evaluation reports, if any, prepared or commissioned by the Recipient, through MHRD, and/or the Association; and thereafter take, or cause to be taken, all such action as agreed upon by the Recipient, through MHRD, and Association during such reviews as necessary for the efficient execution of the Project and the achievement of the objectives thereof.

3. The joint review to be held in December 2014 - January 2015 shall constitute the Project’s mid-term review whose main focus shall be to assess progress made in carrying out the Project and attaining the objectives thereof. Such mid-term review shall be carried out in accordance with terms of reference acceptable to the Recipient, through MHRD, and the Association and on the basis of mid-term report prepared or commissioned by the Recipient, through MHRD, and/or the Association.

4. For purposes of Section 4.08(c) of the General Conditions, and without limitation thereto, the Recipient, through MHRD, shall:

(a) prepare and furnish to the Association, not later than six (6) months after the Closing Date, a report on the implementation of the Project in the context of the overall implementation of the Program; and

(b) afford the Association a reasonable opportunity to exchange views with the Recipient, through MHRD, on said report.
B. Financial Management, Financial Reports and Audits

1. The Recipient, through MHRD, shall maintain, and shall cause each Project State and its respective SIS to maintain, a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. The Recipient, through MHRD, shall prepare and furnish to the Association as part of the relevant Project Report and not later than ninety (90) days after the end of each calendar semester, interim unaudited financial reports ("Interim Financial Reports") for the Project covering the semester, including Interim Financial Reports prepared by each Project State and its respective SIS, in form and substance satisfactory to the Association.

3. The Recipient, through MHRD, shall have its Financial Statements audited, and shall cause each Project State and its respective SIS to have its Financial Statements audited, all 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.

4. The Recipient, through MHRD, shall cause each Project State and its respective SIS to: (a) have the Project State's and SIS' Financial Statements for each Fiscal Year audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association; (b) upon request, furnish to the Association certified copies of the Financial Statements referred to in this paragraph 4(a); and (c) furnish to the Association such other information concerning the Project State's and SIS' Financial Statements and such auditors, as the Association may from time to time reasonably request.

5. The Recipient, through MHRD, shall: (a) furnish to the Association, no later than nine (9) months after the end of each Fiscal Year, a Consolidated Report on Audits containing an opinion on the Project State's and SIS' Financial Statements referred to in paragraph B.4 of this Section II, of such scope and in such detail as the Association shall have reasonably requested; and (b) furnish to the Association such other information concerning such Consolidated Report on Audits as the Association may from time to time reasonably request.
Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the 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 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, Works and Non-consulting Services

Methods of Procurement of Goods, Works and Non-consulting Services. The following table specifies the methods of procurement which may be used for goods, works and non-consulting services. The Procurement Plans 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 additional provisions agreed upon from time to time between the Recipient, through MHRD, and the Association and referred to in the Financial Management and Procurement Manual) (open tendering)</td>
</tr>
<tr>
<td>(b) Shopping (limited tendering/three quotations)</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
</tbody>
</table>

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.
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 under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Least Cost Selection</td>
</tr>
<tr>
<td>(d) Selection Based on the Consultants' Qualifications</td>
</tr>
<tr>
<td>(e) Single-Source Selection</td>
</tr>
<tr>
<td>(f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(g) Sole Source Procedures for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(h) Use of Nongovernmental Organizations (NGOs)</td>
</tr>
</tbody>
</table>

D. Review by the Association of Procurement Decisions

All contracts shall be subject to Post Review by the Association.

E. Other Procurement Undertakings

1. The Recipient, through MHRD, shall: (i) carry out, not later than September 30 of each year and on the basis of terms of reference agreed with the Development Partners, an independent procurement Post Review, financed out of the Recipient's own resources, of sample civil works, goods and consultants' services contracts equivalent to twenty (20%) of the aggregate value of all contracts in a given Fiscal Year in a Project State; and (ii) perform said independent procurement Post Review in all Project States over a three-year period commencing on April 1, 2012.

2. No contracts estimated to cost: (i) US$10,000,000 and above for civil works; (ii) US$500,000 and above for goods; (iii) US$300,000 and above for consulting firms; and (iv) US$100,000 and above for individual consultants shall be procured using the proceeds of the Financing.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient, through MHRD, 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, through MHRD, (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, non-consulting services, consultants' services, Teacher Salaries, Training and Workshops, Operating Costs, and Sub-grants under the Program</td>
<td>322,400,000</td>
<td>100% of Eligible Expenditures actually incurred</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>322,400,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 60,000,000 equivalent may be made for payments made prior to this date but on or after April 1, 2012, for Eligible Expenditures.

2. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for Eligible Expenditures under a contract which any other international institution or agency, or the Association, shall have financed, or agreed to finance, under any other agreement.

3. Except as the Association may otherwise agree, withdrawals in respect of Eligible Expenditures shall not exceed US$125,000,000 in each Fiscal Year and shall be made on a semi-annual basis in accordance with the following provisions:

   (a) the Recipient, through MHRD, may request withdrawals from the Credit Account to be made on the basis of reports to be submitted to the Association in form and substance satisfactory to the Association, such reports to include the Interim Financial Reports covering the relevant Fiscal Year (said reports for April – September period are due by
December and for October–March period due by June) and any other information as the Association shall specify by notice to the Recipient, through MHRD (Report-based Disbursement); and

(b) notwithstanding the provisions of paragraph (a) above, no withdrawals shall be made from the proceeds of the Credit in any given Fiscal Year unless: (i) the Consolidated Report on Audits for the previous Fiscal Year has been submitted by the Recipient, through MHRD, to the Association pursuant to the provisions of paragraph B.5 of Section II of Schedule 2 to this Agreement; and (ii) the budget resources and counterpart funding to be allocated by the Recipient, through MHRD, and the Project States to the Program in a given Fiscal Year shall demonstrate that the Program has expanded in comparison to the size of the Program in the previous Fiscal Year. If the requirements set forth in sub-paragraphs (i) and (ii) of this paragraph (b) shall not be met in a given Fiscal Year, the amount of the Credit available for withdrawal may be carried forward to the subsequent Fiscal Year, provided, however, that the requirements set forth in sub-paragraphs (i) and (ii) of this paragraph (b), which were not previously met, shall subsequently be met.

4. The Closing Date is June 30, 2017.
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 March 1 and September 1:</td>
<td></td>
</tr>
<tr>
<td>commencing September 1, 2017 to and including March 1, 2027</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing September 1, 2027 to and including March 1, 2037</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 1. Definitions


2. "AWP&B" means an annual work plan and budget prepared by a Project State (as hereinafter defined) and approved by the Project Approval Board (as hereinafter defined) which shall include, *inter alia* (a) fully costed, proposed activities to be financed by the Program, including out of the proceeds of the Credit; (b) the budget resources and counterpart funding to be allocated by the Recipient, through MHRD, and/or the Project State for purposes of carrying out said proposed activities; (c) a description of how such proposed activities shall be carried out; and (d) the application scope of the Environmental Management Framework and Equity Action Plan, and any applicable plan developed thereunder.

3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

4. "Consolidated Report on Audits" means the report to be prepared by the Recipient, through MHRD, and submitted to the Association covering the financial audits referred to in paragraph B.5 of Section II of Schedule 2 to this Agreement and the procurement audits referred to in paragraph E.1 of Section III of Schedule 2 to this Agreement.


6. "District Program Coordinator" means the district program coordinator(s) referred to under paragraph A.3 of Section I of Schedule 2 to this Agreement.

7. "DSEL" means the Department of School Education and Literacy within MHRD (as hereinafter defined) responsible for, *inter alia*, technical and financial oversight of the Program, or any successor thereto.

8. "Eligible Expenditures" means the expenditures set forth in Section 2.05 of the General Conditions, as well as other expenditures for Teacher Salaries, Training and Workshops, Operating Costs and Sub-grants under the RMSA Framework, which are eligible to be financed by the Credit pursuant to Section 2.02 of this Agreement, excluding expenditures financed by DFID under the Program.
9. "Environmental Management Framework" means the Recipient's framework, dated January 19, 2011, acceptable to the Association, setting out guidelines and policies, actions relating to mitigation, enhancement, monitoring, and institutional measures to eliminate any adverse environmental impacts of activities to be implemented under the Project and the Program, offset them or reduce them to acceptable levels, or enhance positive impacts, and such term includes any annexes or schedules to such framework and any environmental management plan developed thereunder, as the same may be amended from time to time with the prior written agreement of the Recipient, through MHRD, and the Association.

10. "Equity Action Plan" means the Recipient's plan, dated October 7, 2011, acceptable to the Association, which sets out guidelines and measures related to the increased participation of tribal and other disadvantaged children under the Program, and such term includes any annexes or schedules to such framework and any plan developed thereunder, as the same may be amended from time to time with the prior written agreement of the Recipient, through MHRD, and the Association.


12. "FY" or "Fiscal Year" means the fiscal year of the Recipient, which commences on April 1 of a calendar year and ends on March 31 of the following calendar year.

13. "GAAP" means the Recipient's governance and accountability action plan, which sets out Project-specific actions to strengthen governance, transparency and accountability, as such plan may be amended from time to time with the prior written agreement of the Association.

14. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

15. "Innovation Guidelines" means the Recipient's guidelines applicable to the implementation of Part 4 of the Project, dated January 27, 2012, as amended, which include, inter alia, Sub-project application and evaluation procedures, financial management and procurement procedures, details of monitoring and evaluation process and mechanisms for dissemination of results.

16. "Letter of Undertaking" and "LOU" mean a letter of commitment, duly signed by a Project State (as hereinafter defined) and its SIS (as hereinafter defined) and
addressed to the Recipient, through MHRD, pursuant to which the Project State (as hereinafter defined) shall, inter alia (a) confirm its financial contribution to the Program; and (b) undertake to implement the Program in accordance with the Financial Management and Procurement Manual (as hereinafter defined), and to implement the Project in accordance with the terms and conditions provided for under this Agreement.


18. “National Mission for RMSA” means the mission referred to in paragraph A.1 of Section 1 of Schedule 2 to this Agreement.

19. “Operating Costs” means incremental costs incurred by the Project Executing Agencies (as hereinafter defined) for the purpose of carrying out the Project, including, inter alia, office rent and utilities, office and equipment insurance, office maintenance and repair, vehicle maintenance and repair, communication and other administrative costs directly associated with, and necessary under, the Project, but excluding salaries of civil servants of the Recipient and the Project States.

20. “Participating School” means a school selected by a Project State to participate in the Program.

21. “Planning and Appraisal Manual” means the Recipient’s manual dated December 22, 2011, as amended, referred to in paragraph C.1 of Section I of Schedule 2 to this Agreement.


23. “Procurement Plan” means, for each Project State (as hereinafter defined), the procurement plan for the Project prepared by a Project State (as hereinafter defined) 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.

24. “Project Approval Board” and “PAB” mean the board established by MHRD whose responsibilities include, inter alia, the assessment of AWP&Bs, and the approval thereof, if appropriate.
25. "Project District" means an administrative district within a Project State (as hereinafter defined), including any successor or successors thereto, which participates in the Project.

26. "Project Executing Agencies" means all agencies in the Recipient's country responsible for the implementation of the Project, including, without limitation, MHRD, DSEL, the Project States (as hereinafter defined) and the SISs (as hereinafter defined).

27. "Project State" means any State or Union Territory of the Recipient, including any successor or successors thereto, which participates in the Project and has signed an LOU with the Recipient, through MHRD.

28. "RMSA Framework" means the Recipient's framework, developed under its national program for universal secondary education, whose objective is to increase access to good quality public and private education by targeting schools in Project States with an aggregate beneficiary population of approximately 35 million students, as said framework may be amended from time to time by written agreement between the Recipient, through MHRD, and the Association.

29. "SIS" means State implementation society, a society in a Project State incorporated under the Recipient's Societies Registration Act 1860 (21 of 1860).

30. "School Management and Development Committee" means the committee referred to in paragraph A.4 of Section I of Schedule 2 to this Agreement.

31. "State Project Office" means the office referred to in paragraph A.2 of Section I of Schedule 2 to this Agreement.

32. "Sub-project" means an innovation Sub-project to be carried out under Part 4 of the Project to be selected and approved in accordance with the Innovation Guidelines.

33. "Teacher Salaries" means the salaries of teachers at public and government aided secondary schools in the Project States.

34. "Training and Workshops" means non-consultant expenditures incurred in connection with the provision of training, including, study tours and workshops, training institution fees, logistics, materials, and the cost of travel and per diem of trainers and trainees.
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)."