Financing Agreement

(Technical Education Quality Improvement Project III)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated FEBRUARY 1, 2017
FINANCING AGREEMENT

Agreement dated **February 1, 2017**, 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 — CREDIT**

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in the amount of two hundred and one million five hundred thousand United States Dollars (USD 201,500,000) ("Credit"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Credit 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 Credit Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be at a rate equal to the Reference Rate for the Credit Currency plus the Fixed Spread; provided, however, that the Interest Charge payable shall in no event be less than zero percent (0%) per annum.

2.05. The Payment Dates are June 15 and December 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Human Resource Development ("MHRD"), with the assistance of the Participating States and the Participating Institutes, 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 shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS

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: the Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary of the Department of Economic Affairs in the Recipient’s Ministry of Finance.

5.02. The Recipient’s Address is:

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

Facsimile:

+91-11-2309 5071
5.03. The Association's Address is:

International Development Association
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: RAVI KUMAR
Title: JOINT SECRETARY

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: JUNAIR KAMAL AHMAD
Title: COUNTRY DIRECTOR, INDIA
SCHEDULE I

Project Description

The objective of the Project is to enhance quality and equity in participating engineering education institutes and improve the efficiency of the engineering education system in Focus States.

The Project consists of the following parts:

Part A: Improving quality and equity in engineering institutes in Focus States

1. Institutional Development for Participating Institutes:
   
   (a) Provision of support, through Institutional Development Grants, to Participating Institutes in Focus States to develop and implement Institutional Development Plans designed to, inter alia, improve the learning outcomes and employability of undergraduates, and the research pursued under post-graduate programs.
   
   (b) Provision of financial support to the Ministry of Human Resource Development (“MHRD”) to assist selected engineering education institutes in Focus States to develop the enabling mechanisms for the receipt of Institutional Development Grants.

2. Widening impact through Affiliating Technical Universities: Provision of support to eligible Affiliating Technical Universities in Focus States to develop and implement Action Plans designed to reform, inter alia, academic curricula, learning assessments and examinations, and data management and administration, in order to improve teaching, learning and research outcomes and opportunities for institutes affiliated to them.

3. Twinning Arrangements to Build Capacity and Improve Performance of Participating Institutes: Provision of support to selected high-performing Participating Institutes in non-Focus States to provide training, technical assistance and capacity building support to Participating Institutes in Focus States through Twinning Arrangements.

4. Faculty Recruitment: Provision of support for implementing Faculty Recruitment Plans.
Part B: System-level initiatives to strengthen sector governance and performance

1. Provision of technical assistance and capacity building for the Ministry of Human Resource Development, All India Council of Technical Education ("AICTE") and National Board of Accreditation ("NBA") to strengthen sector governance, management, accountability mechanisms and performance, including through:

(a) developing and implementing student assessment systems;
(b) developing and implementing faculty appraisal systems;
(c) carrying out of feasibility studies for faculty recruitment in Focus States;
(d) improving the quality and reach of twinning activities between Participating Institutes;
(e) promoting industry collaboration in research and student job placement;
(f) improving data management systems and practices; and
(g) supporting innovations in technology-based learning and research, including providing network and internet connectivity, and developing and establishing technology learning centers at Participating Institutes.

2. Provision of technical assistance and capacity building for policy planners, administrators and technical staff at the central, state and institutional levels in the Ministry of Human Resource Development, Participating States' Departments of Technical Education, and the National Project Implementation Unit to support institutional development and technical education reform, including through the:

(a) development of management information systems;
(b) conduct of surveys, studies, technical audits and other review mechanisms; and
(c) provision of project management support, training and workshops.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

At the central level

1. The Recipient shall vest responsibility for overall Project oversight, management and coordination in MHRD. To this end, the Recipient, through MHRD, shall:

(a) establish by no later than within one (1) month of the Effective Date and thereafter maintain throughout the Project implementation period, a National Steering Committee ("NSC"), chaired by the Secretary of MHRD’s Department of Higher Education, with a mandate, composition and resources satisfactory to the Association and detailed in the Project Implementation Plan, which shall be responsible for, inter alia: (i) providing overall guidance and direction for Project implementation; (ii) reviewing and monitoring overall Project implementation progress; and (iii) reviewing and approving Institutional Development Plans and Action Plans and making decisions regarding the selection of institutes for participation in the Project in accordance with the selection processes set out in the Project Implementation Plan; and

(b) maintain throughout the Project implementation period, a National Project Directorate ("NPD") within MHRD’s Department of Higher Education, with a mandate and resources satisfactory to the Association, headed by a National Project Director and assisted by staff in numbers and with terms of reference, qualifications and resources satisfactory to the Association and detailed in the Project Implementation Plan, which shall be responsible for, inter alia: (i) assisting the operations and organizing the meetings of the NSC; (ii) the overall management and monitoring of the use of Project funds; (iii) the overall monitoring and reporting of Project activities to the Association; (iv) the monitoring, verification and reporting on the achievement of DLIs to the Association; and (v) facilitating and supervising the operations of the NPIU.

2. The Recipient, through MHRD, shall vest responsibility for overall implementation of the Project at the central level in the National Project Implementation Unit ("NPIU"). To this end, the Recipient shall maintain the NPIU throughout the Project implementation period with a mandate and resources satisfactory to the Association, headed by a Central Project Advisor and assisted by staff in numbers and with terms of reference, qualifications and resources
satisfactory to the Association and detailed in the Project Implementation Plan, which shall be responsible for, *inter alia*: (i) assisting the operations of the NPD; (ii) managing the process for the selection of institutes for participation in the Project in accordance with the selection processes set out in the Project Implementation Plan; (iii) the overall supervision and facilitation of Project activities at/by the NBA, the AICTE and Participating Institutes, including ensuring the implementation of Project activities in accordance with the Safeguards Instruments, the Project Implementation Plan, the Procurement Guidelines, the Consultant Guidelines and the Anti-Corruption Guidelines; (iv) monitoring, evaluation and reporting on the progress achieved in the carrying out of Project activities; (v) liaising with the SSC of each Participating State; and (vi) carrying out the day-to-day administration and management of Project activities, including the preparation of annual work plans.

**At the State level**

3. The Recipient, through MHRD, shall cause each Participating State to establish by no later than within one (1) month of the Effective Date and thereafter maintain throughout the Project implementation period, a State Steering Committee ("SSC") with a mandate, composition and resources satisfactory to the Association and detailed in the Project Implementation Plan, which shall be responsible for providing overall guidance and direction for Project implementation at the state level.

4. To facilitate the carrying out of Project activities at the state level in the Participating States, the Recipient, through MHRD, shall enter into a memorandum of understanding with each Participating State, under terms and conditions satisfactory to the Association ("Participating State Memorandum of Understanding"), each of which shall include, *inter alia*, the following:

(a) the Participating State's obligations to carry out the Project in accordance with the Project Implementation Plan, the Procurement Guidelines, the Consultant Guidelines, the Safeguards Instruments and the Anti-Corruption Guidelines; and

(b) the delegation of authority by the respective state government to Boards of Governors, Department Management Committees and University Executive Councils;

all in accordance with the provisions of this Agreement.

5. The Recipient shall exercise its rights under the Participating State Memoranda of Understanding in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Credit. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate
or waive any of the Participating State Memoranda of Understanding or any of their provisions.

At the institutional level

6. To facilitate the carrying out of Project activities at Participating Institutes, the Recipient, through MHRD, shall make part of the proceeds of the Credit available to each Participating Institute. To this end, the Recipient, through MHRD, shall:

(a) enter into a memorandum of understanding with each Participating Institute operating at the central level; and

(b) enter into, and cause each Participating State to enter into, a memorandum of understanding with each Participating Institute operating at the state level within the respective Participating State, under terms and conditions satisfactory to the Association ("Participating Institute Memorandum of Understanding"), each of which shall include, inter alia, the following:

(i) the Participating Institute's obligations to carry out the Project in accordance with the Project Implementation Plan, the Procurement Guidelines, the Consultant Guidelines, the Safeguards Instruments and the Anti-Corruption Guidelines;

(ii) without limitation on paragraph (i) above and unless otherwise specified in the Project Implementation Plan, details for the:

(A) mandate, composition, functions and resources of an institutional development unit to be established within the Participating Institute for the management, implementation and monitoring of Project activities at that institute, under the guidance of the respective institute's Board of Governors, Department Management Committee of University Executive Council (as the case may be); and (B) release of funds to the Participating Institute based on meeting specified performance indicators and targets;

(iii) the Participating Institute's obligations to: (A) maintain, on behalf of the Recipient, records and accounts adequate to reflect the operations, resources and expenditures under the Project; (B) grant the Association the right to examine and audit such records and accounts and provide to the Association such information as the Association may request; and (C) refund to the Association any portion of the Credit which the Association may have found to be ineligible for funding under the Project;
(iv) the Participating Institute's obligations to coordinate with, and provide all such information and reports as may reasonably be requested by, the NPIU; and

(v) the Recipient's and the Participating State's obligations to provide all such resources as may be necessary for the Participating Institute to carry out aforesaid responsibilities,

all in accordance with the provisions of this Agreement.

7. The Recipient, through MHRD, shall, and shall cause each Participating State to, exercise its rights under the Participating Institute Memoranda of Understanding in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Credit. Except as the Association shall otherwise agree, the Recipient shall not, and shall ensure that each Participating State shall not, assign, amend, abrogate or waive any of the Participating Institute Memoranda of Understanding or any of their provisions.

8. The Recipient agrees that no proceeds of the Credit shall be provided to any Participating Institute unless a Participating Institute Memorandum of Understanding has been duly executed between the Participating Institute, MHRD and the respective Participating State.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Project Implementation Plan

1. The Recipient, through MHRD, shall, not later than within one (1) month of the Effective Date, prepare and adopt the Project Implementation Plan, in form and substance satisfactory to the Association, and thereafter ensure that the Project is carried out in accordance with the Project Implementation Plan as agreed with the Association.

2. The Recipient, through MHRD, shall not materially and/or substantially amend, abrogate or waive, or permit to be materially and/or substantially amended, abrogated or waived, any provision of the Project Implementation Plan without the prior written agreement of the Association.

3. In the case of any conflict between the provisions of the Project Implementation Plan and the provisions of this Agreement, the provisions of this Agreement shall prevail.
D. DLI Monitoring and Reporting

1. For purposes of verifying/certifying the achievement of the DLI Targets for DLI #4, the Recipient, through MHRD, shall appoint one or more independent verification agent(s) under terms of reference and qualifications satisfactory to the Association, and procured in accordance with the provisions of Section III of this Schedule. The independent verification agent(s) so selected shall carry out the verification/certification in accordance with the verification protocol and procedures set out in the Project Implementation Plan.

2. Without limitation on its other reporting obligations under this Agreement, the Recipient, through MHRD, shall: (a) each year during the Project implementation period, as part of the Project Reports, furnish reports to the Association on the status of achievement of the relevant DLI Targets; and (b) each year during the Project implementation period, as part of the Project Reports, furnish to the Association the reports of the independent verification agent(s) referred to in paragraph 1 above, all in accordance with the verification protocol and procedures set out in the Project Implementation Plan.

E. Safeguards

1. The Recipient shall carry out, and shall ensure that the Participating States and the Participating Institutes carry out, the Project in accordance with the provisions of the Safeguards Instruments.

2. The Recipient shall ensure that, prior to the commencement of each activity under the Project:

   (a) the proposed activity has been screened in accordance with the guidelines, standards and procedures set forth in the Environmental Management Framework ("EMF") and the Equity Action Plan/Indigenous Peoples Policy Framework ("EAP/IPPF");

   (b) any additional measure(s) necessary to mitigate the environmental and/or social impact of such activity has/have been undertaken, including that any additional safeguard instruments (such as an Environmental Management Plan ("EMP") and/or Indigenous Peoples Plan ("IPP")) required for such activity pursuant to the EMF and/or EAP/IPPF has/have been prepared and submitted to the Association for review, and the Association has notified the Recipient in writing of its no-objection thereto; and

   (c) the foregoing additional safeguard instruments have been adopted and publicly disclosed by the Recipient as approved by the Association.
3. The Recipient shall, through MHRD, maintain monitoring and evaluation protocols and record keeping procedures acceptable to the Association and adequate to enable the Recipient and the Association to supervise and assess, on an on-going basis, the implementation of/compliance with the Safeguards Instruments, as well as the achievement of the objectives thereof.

4. Without limitation on its other reporting obligations under this Agreement, the Recipient shall collect, compile and submit to the Association, as part of the Project Reports, consolidated reports on the status of compliance with the Safeguard Instruments, giving details of:

   (a) measures, if any, taken in accordance with the said instruments;

   (b) conditions, if any, which interfere or threaten to interfere with the implementation of the said measures; and

   (c) remedial measures taken or required to be taken to address such conditions.

5. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, any provision of the Safeguards Instruments, whether in whole or in part, unless the Association has provided its prior approval thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the Safeguards Instruments.

6. In the case of any conflict between the provisions of any of the Safeguards Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.

7. The Recipient shall ensure that the proceeds of the Credit are not used for any land or other land associated asset acquisition nor for any involuntary resettlement, as the Project shall not support either the purchase or acquisition of any land nor any involuntary resettlement.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Recipient, through MHRD, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Association and set out in the Project Implementation Plan. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the
Association not later than one month after the end of the period covered by such report.

2. The Recipient, through MHRD, shall: (a) on or about the date twenty-four (24) months after the Effective Date, prepare and furnish to the Association a mid-term report, in such detail as the Association shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to paragraph 1 of this Part A, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objectives during the period following such date; and (b) review with the Association such mid-term report, on or about the date forty-five (45) days after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objectives, based on the conclusions and recommendations of the mid-term report and the Association’s views on the matter.

B. Financial Management, Financial Reports and Audits

1. The Recipient, through MHRD, shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient, through MHRD, shall prepare and furnish to the Association not later than sixty (60) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.

3. The Recipient, through MHRD, shall have the Project Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one 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 and to be financed out of the proceeds of the Credit 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 Credit 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**

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.

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

C. **Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.
D. Review by the 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.

Section IV. Withdrawal of the Proceeds of the Credit

A. General

1. The Recipient may withdraw the proceeds of the Credit 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 Credit ("Category"), the allocation 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 USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Eligible Expenditure Program (&quot;EEP&quot;) under Part A of the Project</td>
<td>159,000,000</td>
<td>50%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consultants' services, Incremental Operating Costs, Training and Workshops under Part B of the Project</td>
<td>42,500,000</td>
<td>50%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>201,500,000</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:

(a) for payments made prior to the date of this Agreement; or

(b) for EEP expenditures under Category (1), unless and until the Recipient has:

(i) adopted the Project Implementation Plan, in form and substance satisfactory to the Association;

(ii) furnished evidence satisfactory to the Association in accordance with the verification protocol set forth in the Project Implementation Plan that the Recipient has achieved the respective DLI Targets set forth in Schedule 4 to this Agreement against which withdrawal is requested; and

(iii) complied with the additional instructions referred to in Section IV.A of this Schedule, including furnished to the Association the applicable interim unaudited financial reports documenting the incurrence of EEP expenditures during the respective Target Year up to the date against which withdrawal is requested.

2. Notwithstanding the provisions of Parts A and B.1 (b) of this Section, the amount of the Credit to be withdrawn upon the verified achievement of any DLI Target shall not exceed the DLI Value of such DLI Target as set forth in Schedule 4 to this Agreement; provided, however, that any such withdrawal shall not exceed the amount of the EEP incurred but not paid by the proceeds of the Credit at the date of submission of such withdrawal application.

3. Notwithstanding the provisions of Part B.1 (b) of this Section, if the Association shall determine, based on the evidence furnished by the Recipient under Part B.1 of this Section, that any DLI Target has not been fully achieved by its DLI Target Achievement Date and/or the DLI Value of such DLI Target has not been fully withdrawn, the Association may in its sole discretion, by notice to the Recipient:

(a) authorize the withdrawal of such lesser amount of the respective DLI Value allocated to said DLI Target which, in the opinion of the Association, corresponds to the extent of achievement of said DLI Target;

(b) withhold in whole or in part the proceeds of the Credit then allocated to said DLI Target until such DLI Target is satisfactorily met; and/or
(ii) authorize, at a later date, the full release of the amounts so withheld, if and when the Association is satisfied that the respective DLI Target has been satisfactorily met;

(c) reallocate in whole or in part the proceeds of the Credit then allocated to said DLI Target to any other DLI Target(s); and/or

(d) cancel in whole or in part the proceeds of the Credit then allocated to said DLI Target.

**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 June 15 and December 15</td>
<td>2.5%</td>
</tr>
<tr>
<td>Commencing on December 15, 2021 to and including June 15, 2041</td>
<td></td>
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* The percentages represent the percentage of the principal amount of the Credit to be repaid.
## SCHEDULE 4

### DISBURSEMENT LINKED INDICATORS

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<tbody>
<tr>
<td><strong>DLI #1</strong> Number of undergraduate programs offered in Participating Institutes in Focus States that are NBA accredited</td>
<td>243 programs in 34 institutes out of 703 programs in 86 institutes are accredited</td>
<td>N/A</td>
<td>At least 250 UG programs accredited: US$ 10 million</td>
<td>At least 320 UG programs accredited: US$ 15 million</td>
<td>At least 464 UG programs accredited or for which accreditation has been applied for.</td>
</tr>
<tr>
<td><strong>DLI Values</strong></td>
<td>N/A</td>
<td>US$13 million</td>
<td>US$18 million</td>
<td>US$23 million</td>
<td></td>
</tr>
<tr>
<td><strong>DLI #2</strong> Percentage of Participating Institutes in Focus States with UGC autonomy</td>
<td>42.5% (37)</td>
<td>N/A</td>
<td>At least 48% (41)</td>
<td>At least 55% (48)</td>
<td>At least 66% (57)</td>
</tr>
<tr>
<td><strong>DLI Values</strong></td>
<td>N/A</td>
<td>US$ 13 million</td>
<td>US$17 million</td>
<td>US$19 million</td>
<td></td>
</tr>
<tr>
<td><strong>DLI #3</strong> Percentage of students in the final year of UG program from National level</td>
<td>Below 13% at National level</td>
<td>N/A</td>
<td>At least 15%</td>
<td>At least 20%</td>
<td>At least 25%</td>
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</tr>
<tr>
<td>Participating Institutes in Focus States who achieved the qualifying score in the GATE exam</td>
<td>N/A</td>
<td>US$7 million</td>
<td>US$9 million</td>
<td>US$11 million</td>
<td></td>
</tr>
<tr>
<td>DLI Values</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DLI #4 Development and implementation of GATE as a mandatory exit examination for students of engineering colleges</td>
<td>N/A</td>
<td>AICTE passes an order requiring all final year UG students in AICTE-recognized engineering institutes to take the GATE</td>
<td>At least 60% (52) of Participating Institutes assist at least 70% of their graduating students in preparing for the GATE</td>
<td>At least 90% (78) Participating Institutes assist at least 75% of their graduating students in preparing for the GATE</td>
<td></td>
</tr>
<tr>
<td>DLI Values</td>
<td>US$5 million</td>
<td>US$10 million</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX

Section I. Definitions

1. “Action Plan” means, individually, a plan to be developed by an Affiliating Technical University under Part A.2 of the Project, setting out the university’s development and reform goals (including measurable targets) and a set of actions necessary to achieve those goals, as well as its plan for Twinning Arrangements under Part A.3 of the Project, and prepared in accordance with the guidelines and processing and approval requirements set forth in the Project Implementation Plan; and “Action Plans” means more than one such plans.

2. “Affiliating Technical University” and the acronym “ATU” mean a public university established through an Act of the State legislature of a Participating State, with the primary function of affiliating technical institutes in that State; and “Affiliating Technical Universities” and the acronym “ATUs” mean more than one such university.

3. “All India Council for Technical Education” and the acronym “AICTE” mean the statutory national body, established and operating under the All India Council of Technical Education Act 1987, with the mandate to promote the quality of technical education in India through planned and coordinated development, and the regulation and maintenance of norms and standards.


5. “Board of Governors” means the body within a Participating Institute which is a college constituted in accordance with the norms prescribed by the University Grants Commission and/or the AICTE (as applicable), and responsible for approving the mission and strategic vision of that institute, overseeing and being accountable for the progress of that Participating Institute’s activities, and fostering an environment in which the institutional mission is achieved; and “Boards of Governors” means, collectively, more than one such body.

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


8. “Credit Currency” means the currency in which the Credit is denominated.
9. "Department Management Committee" means the body within a university department of a Participating Institute constituted in accordance with the norms prescribed by the University Grants Commission and/or the AICTE (as applicable), and responsible for approving the mission and strategic vision of that institute, overseeing and being accountable for the progress of that department's activities, and fostering an environment in which the department's mission is achieved; and "Department Management Committees" means more than one such body.

10. "Disbursement Linked Indicator" and the acronym "DLI" mean any one of the indicators set out in the table in Schedule 4 to this Agreement; and "DLIs" means, more than one such DLI.

11. "DLI Target" means any one of the annual targets set to be achieved under each DLI as set forth in the table in Schedule 4 to this Agreement in the columns entitled "Targets to be Achieved in TY2017 (Year 1)", "Targets to be Achieved in TY2018 (Year 2)", "Targets to be Achieved in TY2019 (Year 3)", or "Targets to be Achieved in TY2020 (Year 4)", as applicable; and "DLI Targets" means, collectively, more than one such target.

12. "DLI Target Achievement Date" means, with regard to each DLI Target, the end of the Target Year during which the relevant DLI Target is set to be achieved as set forth in the table in Schedule 4 to this Agreement.

13. "DLI Value" means the total amount of the Credit allocated to each DLI Target as set forth in the table in Schedule 4 to this Agreement, as such amount may be reallocated in whole or in part among the DLI Targets or among the Categories by notice from the Association from time to time.

14. "Eligible Expenditure Program" and the acronym "EEP" mean the actual expenditures incurred by MHRD, Participating States and Participating Institutes for the implementation of Part A of the Project, as detailed in the Project Implementation Plan.

15. "Environmental Management Framework" and the acronym "EMF" mean the Recipient's environmental management framework dated December 2, 2015, satisfactory to the Association, which describes the environmental safeguards, policies, procedures and institutional framework applicable to the Project, including for identification, assessment and mitigation of potential environmental impacts arising from the Project; site selection, design, construction and maintenance; guidelines and procedures for the preparation, adoption and disclosure of Environmental Management Plans as required; measures to protect cultural property; carrying out consultations; processing and redressing grievances; and monitoring related impacts; as said framework may be revised from time to time with the prior written agreement of the Association.
16. "Environmental Management Plan" and the acronym "EMP" mean each plan prepared by the Recipient pursuant to Section I.E.2 of Schedule 2 to this Agreement, satisfactory to the Association, which sets out mitigation, enhancement, monitoring and institutional measures, including capacity building through training, required to: (i) eliminate adverse environmental impacts of particular activities to be implemented under the Project; (ii) offset them, or reduce them to acceptable levels; (iii) enhance any positive impacts thereof; and/or (iv) ensure compliance with Recipient's statutory environmental requirements, as said plan may be revised from time to time with the prior written agreement of the Association; and "Environmental Management Plans" means, collectively, more than one such plan.

17. "Equity Action Plan/Indigenous People's Policy Framework" and the acronym "EAP/IPPF" mean the Recipient’s plan, dated December 2, 2015, satisfactory to the Association, which sets out the actions to be taken during Project implementation to help achieve equity among students and faculty in Participating Institutes, including the tribal population and other vulnerable groups; protocols for screening Project activities and identifying, assessing and mitigating any potential Project-related social impacts on Indigenous Peoples, as well as the monitoring and reporting requirements in relation thereto; and guidelines and procedures for the preparation, adoption and disclosure of Indigenous Peoples Plans as required; as said plan may be revised from time to time with the prior written agreement of the Association.

18. "Faculty Recruitment Plan" means an action plan prepared by a Focus State under Part B.1(c) of Schedule 1 to this Agreement, including measurable targets, for filling sanctioned faculty positions within public or public-aided but private technical education institutes within that state, which shall be approved by the Cabinet of that state government.


20. "Fixed Spread" means the Association's fixed spread for the Credit Currency in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of this Agreement and expressed as a percentage per annum.

21. "Focus States" means the Recipient's states and union territories of Andaman and Nicobar Islands, Assam, Bihar, Chhattisgarh, Himachal Pradesh, Jharkhand, Madhya Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Rajasthan, Sikkim, Tripura, Uttar Pradesh and Uttarakhand, or any successor(s) thereto; and any other of the Recipient's states or union territories as may be agreed in writing with the Association from time to time.
22. "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.

23. "Incremental Operating Costs" means the reasonable costs incurred by the NPIU, SSCs, and Participating Institutes, based on work plans and budgets approved by the Association, for the day-to-day coordination, administration and supervision of Project activities, including the leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises, fuel, office supplies, utilities, consumables, communication expenses (including postage, telephone and internet costs), translation, printing and photocopying expenses, bank charges, publications and advertising expenses, insurance, Project-related meeting expenses, Project-related travel, subsistence and lodging expenses, salaries of full-time staff of the NPIU, salaries of contractual support staff of the NPIU, sitting fees for non-official members of the SSCs, and other administrative costs directly related to the Project; but excluding the salaries, allowances or other honoraria of members of the Recipient's or Participating States' civil service unless specifically identified above and also excluding expenditures already forming part of EEP under Part A of the project.

24. "Indigenous Peoples" means any distinct, vulnerable, social and cultural group within the Recipient's territory that: (i) self-identifies as such and claims, and is recognized by others as, having a distinguishable cultural identity; (ii) has collective attachment to geographically distinct habitats or ancestral territories in the Project area, and to the natural resources in these habitat and territories; (iii) has customary cultural, economic, social and political institutions that are separate from those of the dominant society and culture; and (iv) has an indigenous language, often different from the official language of the Recipient.

25. "Indigenous Peoples Plan" and the acronym "IPP" mean each plan prepared by the Recipient pursuant to Section I.E.2 of Schedule 2 to this Agreement, satisfactory to the Association, which sets forth the principles and procedures, including mitigation and adaptive measures designed to ensure meaningful consultation with, and informed participation of communities in the design and implementation of the Project activities, as well as their participation in the envisioned culturally appropriate and socially inclusive benefits thereof as required by and in accordance with the EAP/IPPF, as said plan may be revised from time to time with the prior written agreement of the Association; and "Indigenous Peoples Plans" means more than one such plan.

26. "Institutional Development Grant" means, individually, a grant provided by MHRD to a Participating Institute for the purpose of implementation of its Institutional Development Plan and achieving the goals set forth therein, on the terms and conditions set out in the Project Implementation Plan; and "Institutional Development Grants" means more than one such grant.
27. "Institutional Development Plan" means, individually, a plan to be developed by a Participating Institute under Part A.1 of the Project, setting out the institute’s development and reform goals (including measurable targets) and a set of actions necessary to achieve those goals, as well as its plan for Twinning Arrangements under Part A.3 of the Project, prepared in accordance with the guidelines and processing and approval requirements set forth in the Project Implementation Plan; and “Institutional Development Plans” means, more than one such plan.

28. "Interest Period" means the initial period from and including the date of this Agreement to but excluding the first Payment Date occurring thereafter, and after the initial period, each period from and including a Payment Date to but excluding the next following Payment Date.

29. "LIBOR" means for any Interest Period, the London interbank offered rate for deposits in the relevant Credit Currency for six months, expressed as a percentage per annum, that appears on the Relevant Rate Page as of 11:00 a.m. London time on the Reference Rate Reset Date for the Interest Period.

30. "Low Income States" means the Recipient’s states of Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha, Rajasthan and Uttar Pradesh, or any successor(s) thereto.


32. "National Board of Accreditation" and the acronym "NBA" mean an autonomous body established under the All India Council of Technical Education Act 1987, with the objective of assurance of quality and relevance of education, especially of the programs in professional and technical disciplines, and any successor thereto.

33. "National Institute of Technology" means an institute established and operating under the National Institutes of Technology Act 2007; and “National Institutes of Technology” means, collectively, more than one such institute.

34. "National Project Directorate" and the acronym "NPD" mean the project directorate referred to in Section I.A.1(b) of Schedule 2 to this Agreement, to be established within MHRD and responsible for, inter alia, assisting the NSC, the overall management and monitoring of the use of Project funds, and supervising the NPIU.

35. "National Project Implementation Unit" and the acronym "NPIU" mean the project implementation unit referred to in Section I.A.2 of Schedule 2 to this Agreement and responsible for the overall implementation of the Project.
36. "National Steering Committee" and the acronym "NSC" mean the committee referred to in Section I.A.1(a) of Schedule 2 to this Agreement, to be established by MHRD and responsible for providing overall guidance and direction for Project implementation.

37. "Participating Institute" means, individually, either a public technical education institute or a public-aided but private technical education institute, including Affiliated Technical Universities and National Institutes of Technology, operating at the state or central level, which has been selected for participation in and funding under the Project on the basis of the selection processes set forth in the Project Implementation Plan; and "Participating Institutes" means more than one such institute.

38. "Participating Institute Memorandum of Understanding" means, individually, a memorandum of understanding to be entered into, either between MHRD and a Participating Institute, or a Participating Institute and the respective Participating State, and referred to in Section I.A.6 of Schedule 2 to this Agreement, for the purpose of carrying out Project activities in and by the respective Participating Institute, as such memorandum of understanding may be revised from time to time with the prior written agreement of the Recipient and the Association, and such term includes any annexes or schedules to such memorandum of understanding; and "Memoranda of Understanding" means, more than one such memorandum of understanding.

39. "Participating State" means a state or union territory of the Recipient that is selected to assist in the implementation of the Project, on the basis of criteria set forth in the Project Implementation Plan.

40. "Participating State Memorandum of Understanding" means, individually, a memorandum of understanding to be entered into between the Recipient, through MHRD, and a Participating State, and referred to in Section I.A.4 of Schedule 2 to this Agreement, for the purpose of carrying out Project activities in the respective Participating State, as such memorandum of understanding may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such memorandum of understanding; and "Memoranda of Understanding" means, collectively, all such memoranda of understanding.


42. "Procurement Plan" means the Recipient's procurement plan for the Project, dated May 10, 2016 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.

43. "Project Implementation Plan" means the Recipient's plan, referred to in Section
I.C of Schedule 2 to this Agreement, in form and substance satisfactory to the
Association, containing detailed arrangements and procedures for: (i)
disbursement and financial management, including a detailed Financial
Management Manual; (ii) procurement, including a detailed Procurement Manual;
(iii) environmental and social safeguards management, including the Safeguards
Instruments; (iv) monitoring, evaluation, reporting and communication, including
the results framework; (v) a verification protocol containing the technical
standards and arrangements and procedures for the monitoring, reporting and
verification of DLIs; (vi) the Eligible Expenditure Program; (vii) the enabling
mechanisms and process for the selection of Participating Institutes and
Participating States in the Project; (viii) the terms and conditions for the provision
of Institutional Development Grants to Participating Institutes; (ix) the terms and
conditions for Twinning Agreements between Participating Institutes under Part
A.3 of the Project; (x) the establishment, management, mandate and functions of
Boards of Governors and Department Management Committees and University
Executive Councils; (xi) the mandate, composition and terms of reference for staff
of the NSC, NPD, NPIU, and SSCs; and (xii) such other administrative, financial
management, technical and organizational arrangements and procedures as shall
be required for the Project, as said plan may be modified from time to time with
the prior written agreement of the Association, and such term includes any
schedules, annexes and attachments to the Project Implementation Plan.

44. "Reference Rate" means, for any Interest Period:

(a) LIBOR. If such rate does not appear on the Relevant Rate Page, the
Association shall request the principal London office of each of four major
banks to provide a quotation of the rate at which it offers six-month
deposits in Dollar to leading banks in the London interbank market at
approximately 11:00 a.m. London time on the Reference Rate Reset Date
for the Interest Period. If at least two such quotations are provided, the rate
for the Interest Period shall be the arithmetic mean (as determined by the
Association) of the quotations. If less than two quotations are provided as
requested, the rate for the Interest Period shall be the arithmetic mean (as
determined by the Association) of the rates quoted by four major banks
selected by the Association in the relevant Financial Center, at
approximately 11:00 a.m. in the Financial Center, on the Reference Rate
Reset Date for the Interest Period for loans in Dollar to leading banks for
six months. If less than two of the banks so selected are quoting such rates,
the Reference Rate for Dollar for the Interest Period shall be equal to the
Reference Rate in effect for the Interest Period immediately preceding it; and
(b) if the Association determines that LIBOR has permanently ceased to be quoted for the Dollar, such other comparable reference rate for the relevant currency as the Association shall reasonably determine.

45. "Reference Rate Reset Date" means the day two London Banking Days prior to the first day of the relevant Interest Period (or in the case of the initial Interest Period, the day two London Banking Days prior to the first or fifteenth day of the month in which this Agreement is signed, whichever day immediately precedes the date of this Agreement; provided that if the date of this Agreement falls on the first or fifteenth day of such month, the Reference Rate Reset Date shall be the day two London Banking Days prior to the date of this Agreement).

46. "Safeguards Instruments" means, collectively, the Environmental Management Framework, the Equity Action Plan/Indigenous People's Policy Framework, any Environmental Management Plans and Indigenous Peoples Plans, and any other additional safeguards instruments required to be prepared by the Recipient pursuant to Section I.E.2 of Schedule 2 to this Agreement.

47. "State Steering Committee" and the acronym "SSC" mean, individually, each of the committees referred to in Section I.A.3 of Schedule 2 to this Agreement, to be established by each Participating State and responsible for the overall guidance and direction of Project implementation at the state level in the respective Participating State; and "State Steering Committees and the acronym "SSCs" mean, collectively, all such committees.

48. "Target Year" and the acronym "TY" mean a year commencing on July 1st in a given calendar year and closes on June 30th of the following calendar year.

49. "Training and Workshops" means the reasonable costs incurred by the NPIU and Participating Institutes for training and workshops under the Project and directly attributable to seminars, workshops and study tours, along with travel and subsistence allowances for training participants, course fees, services of trainers, rental of training facilities, preparation, acquisition, distribution and reproduction of training materials, and other activities directly related to course preparation and implementation.

50. "Twinning Agreement" means an agreement to be entered into between two Participating Institutes setting out the terms and conditions for a Twinning Arrangement, in form and substance satisfactory to the Association, as said agreement may be revised from time to time with the prior written agreement of the Association.

51. "Twinning Arrangement" means an arrangement between a Participating Institute in a Focus State and a high-performing Participating Institute in a non-Focus State under Part A.3 of the Project, to be implemented in accordance with a Twinning
Agreement between those institutes for, *inter alia*, knowledge transfer, exchange of experiences, optimization of the use of resources, development of long-term strategic partnerships, training and workshops.

52. "University Executive Council" means the body within a Participating Institute which is an Affiliating Technical University, constituted in accordance with the norms prescribed by the University Grants Commission and/or the AICTE (as applicable), and responsible for approving the mission and strategic vision of that institute, overseeing and being accountable for the progress of that Participating Institute's activities; and "University Executive Councils" means, collectively, more than one such body.

53. "University Grants Commission" means the national statutory body established pursuant to the University Grants Commission Act of 1956 and responsible for, *inter alia*, the coordination, determination and maintenance of standards of higher education in the Recipient's territory.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. The last sentence of Section 3.01 (b) is modified to read as follows:

   "The Commitment Charge shall be computed using a day-count convention reasonably determined by the Association".

2. Section 3.02 is modified to read as follows:

   "Section 3.02. Interest Charge

   The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest Charges shall be computed using a day-count convention reasonably determined by the Association."

3. Section 3.03 is modified by deleting paragraph (b) in its entirety and amending the remaining provision to read as follows:

   "Section 3.03. Repayment of the Credit

   The Recipient shall repay the Withdrawn Credit Balance to the Association in installments as provided in the Financing Agreement."
4. Section 3.04 is modified to read as follows:

"Section 3.04. Prepayment

(a) After giving not less than forty-five days' notice to the Association, the Recipient may repay the Association in advance of maturity, as of a date acceptable to the Association, all or any part of the principal amount of one or more maturities of the Credit specified by the Recipient, provided the Recipient has made payments due on the Credit as at such date, including any prepayment premium calculated pursuant to paragraph (b) of this Section.

(b) The prepayment premium payable under paragraph (a) of this Section shall be an amount reasonably determined by the Association to represent any gains or losses to the Association arising from the termination of any interest rate risk management transactions undertaken by the Association with respect to the Credit."

5. A new Section 3.11 is added to read as follows:

"Section 3.11. Cancellation Premia on Payment Failure, Cancellation, Suspension, Acceleration or Refund of the Credit

The Recipient shall pay to, or be entitled to receive from, the Association a cancellation premium that the Association shall reasonably determine represents any losses or gains to the Association arising from the termination of any interest rate risk management transactions undertaken by the Association with respect to the Credit as a result of: (i) the Recipient's failure to make payment (notwithstanding the fact that such payment may have been made by a third party) of principal, interest, service charges or any other amount due to the Association under this Agreement; (ii) any cancellation, suspension or acceleration of the Credit under Article VI of these General Conditions; or (iii) any refund of the Credit. The Recipient shall pay any cancellation premium due to the Association not later than sixty days after notice shall have been given by the Association."

6. Paragraph 28 of the Appendix ("Financing Payment") is modified by substituting the words "the Service Charge" with the words "the Interest Charge".

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

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

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

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