Loan Agreement

(West Bengal Support to Institutional Strengthening of the Gram Panchayat Program – Phase II)

between

INDIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated MARCH 22, 2017
LOAN AGREEMENT

Agreement dated MARCH 22, 2017, between INDIA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of two hundred ten million Dollars ($210,000,000) ("Loan"), to assist in financing the program described in Schedule 1 to this Agreement ("Program").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement. All withdrawals from the Loan Account shall be deposited by the Bank into an account specified by the Borrower and acceptable to the Bank.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

2.06. The Payment Dates are June 15 and December 15 in each year.
2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 4 to this Agreement.

2.08. (a) If on any given day, the Total Exposure exceeds the Standard Exposure Limit (as said terms are defined in sub-paragraphs (b)(ii) and (b)(iii) of this Section), the Borrower shall pay to the Bank a surcharge at the rate of one half of one percent (0.5%) per annum of the Allocated Excess Exposure Amount (as defined in sub-paragraph (b)(i) of this Section) for each said day ("Exposure Surcharge"). The Exposure Surcharge (if any) shall be payable semi-annually in arrears on each Payment Date.

(b) For purposes of this Section the following terms have the meanings set forth below:

(i) "Allocated Excess Exposure Amount" means for each day during which the Total Exposure exceeds the Standard Exposure Limit, the product of: (A) the total amount of said excess; and (B) the ratio of all (or, if the Bank so determines, a portion) of the Loan to the aggregate amount of all (or the equivalent portions) of the loans made by the Bank to the Borrower, and to other borrowers guaranteed by the Borrower that are also subject to an exposure surcharge, as said excess and ratio are reasonably determined from time to time by the Bank.

(ii) "Standard Exposure Limit" means the standard limit on the Bank’s financial exposure to the Borrower which, if exceeded, would subject the Loan to the Exposure Surcharge, as determined from time to time by the Bank.

(iii) "Total Exposure" means for any given day, the Bank’s total financial exposure to the Borrower, as reasonably determined by the Bank.

ARTICLE III — PROGRAM

3.01. The Borrower declares its commitment to the objectives of the Program. To this end, the Borrower shall cause the Program to be carried out by West Bengal in accordance with the provisions of Article V of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Program is carried out in accordance with the provisions of Schedule 2 to this Agreement.
ARTICLE IV — EFFECTIVENESS; TERMINATION

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

ARTICLE V — REPRESENTATIVE; ADDRESSES

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

5.02. The Borrower’s Address is:

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

Facsimile:

91-11-2309 4075

5.03. The Bank’s Address is:

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

Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
AGREED at NEW DELHI, India, as of the day and year first above written.

INDIA

By

Authorized Representative

Name: RAJ KUMAR
Title: JOINT SECRETARY

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: HISHAM ALDO
Title: ACTING COUNTRY DIRECTOR, INDIA
SCHEDULE 1

Program Description

The objective of the Program is to strengthen the institutional and financial capacities of Gram Panchayats across West Bengal.

The Program consists of the following activities:

1. Performance-based grants to Gram Panchayats based on comprehensive Annual Performance Assessments.
2. Focused mentoring support for strengthening Gram Panchayat functioning.
3. Formal learning and trainings for PRI officials and representatives.
4. Institutional systems development and roll-out for improving local governance in Gram Panchayats.
5. Ensuring adequate core staff in Gram Panchayats.
6. Development and implementation of a state-wide internal audit system for Gram Panchayats through a risk-based approach.
7. Timely completion of Annual Performance Assessments for all Gram Panchayats.
8. Program management, coordination and monitoring.
9. Institutional strengthening support for timely completion of annual external audits of all Gram Panchayats.
10. Citizen engagement and project communications.
SCHEDULE 2

Program Execution

Section I. Implementation Arrangements under the Program

A. Program Fiduciary, Environmental and Social Systems

1. Without limitation on the provisions of Article V of the General Conditions, the Borrower shall cause the Program to be carried out by West Bengal in accordance with financial management, procurement and environmental and social management systems acceptable to the Bank including those set out in the ESSA, Program Operations Manual and Program Action Plan (“Program Fiduciary, Environmental and Social Systems”) which are designed to ensure that:

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

   (b) the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

B. On lending Arrangements

1. To facilitate the carrying out of the Program, the Borrower shall make the proceeds of the Loan available to West Bengal in accordance with the Borrower’s standard arrangements for developmental assistance to the States of India.

2. Notwithstanding paragraph 1 above, in the event that any provision of this Agreement, including the instructions that the Bank shall have specified by notice to the Borrower pursuant to Section III.A.1 of this Schedule, were to be found inconsistent with the Borrower’s standard arrangements for development assistance to the States of India, the provisions of this Agreement and related instructions shall govern.

3. The Borrower shall protect its own interests and the interests of the Bank to accomplish the purpose of the Loan.

C. Anti-Corruption

1. The Borrower shall ensure that the Program be carried out in accordance with the provisions of the Bank’s “Guidelines on Preventing and Combating Fraud and
Corruption in Program-for-Results Financing" dated February 1, 2012 and revised July 10, 2015.

2. Notwithstanding the generality of paragraph 1 above, the Bank’s right to investigate allegations regarding the Program’s activities and expenditures, and the related access to needed persons, information, and documents will be observed in accordance with the protocol dated July 30, 2008 between the Borrower and the Bank and certain “mutatis mutandis” adjustments, inter alia, outlined below:

(a) the term “IDA” and “International Development Association” shall be substituted by “IBRD” and “International Bank for Reconstruction and Development”;

(b) in paragraph 3, the term “Joint Secretary (Procurement), Ministry of Health and Family Welfare”, shall be substituted by the representative designated by the Borrower;

(c) where applicable, the term “projects” shall be substituted by the term “Program”;

(d) where applicable, the term “Financing Agreements” shall be substituted by the term “Loan Agreement”;

(e) in paragraph 2, the following sentence is added at the paragraph’s end: “At the Bank’s request, the Borrower shall take all necessary measures to provide the Bank with access to the Program’s underlying audit reports, books, and records as well as relevant persons connected with the Program.”;

(f) in paragraph 3, the expression “central sector projects” shall be substituted by the term “Program”.

D. Other Program Institutional and Implementation Arrangements

1. Without limitation on the generality of Part A of this Section I, the Borrower shall ensure that West Bengal:

(a) shall carry out the Program in accordance with the institutional and administrative arrangements set forth in the Program Agreement, the Program Operations Manual and the Program Action Plan.

(b) shall not, except as the Bank shall otherwise agree in writing, amend or waive any of such arrangements if, in the opinion of the Bank, such
amendment or waiver may materially and adversely affect the Program's implementation or the achievement of the objectives thereof; and

(c) shall maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the Program in accordance with the Program Operations Manual and the Program Action Plan.

2. The Borrower shall cause West Bengal to ensure that an ISGPP Cell is established and constituted within PRDD to ensure Program implementation and coordination. The Borrower shall cause West Bengal to ensure that the ISGPP Cell has staff and resources that are adequate to carry out its functions and responsibilities.

3. The Borrower shall cause West Bengal to ensure that PRDD is responsible for the overall financial aspects of the Program, including the timely transfers of necessary funding to execute the activities envisioned under the Program.

4. To oversee the progress and effectiveness of the Program, the Borrower shall cause West Bengal to ensure that it constitutes and maintains an inter-departmental Program Steering Committee ("PSC") with such composition, functions, responsibilities, and terms of reference as are set out the Program Operations Manual.

5. The Borrower shall cause West Bengal to adopt, and thereafter maintain throughout the implementation of the Program, the Program Operations Manual.

6. The Borrower shall cause West Bengal to adopt guidelines or government orders, acceptable to the Borrower and the Bank, for providing the performance-based grants to Gram Panchayats and carrying out activities financed by such grants.

7. In the event of any inconsistency between: (i) the Program Operations Manual, the ESSA, the Program Action Plan and any other guidelines or rules relating to project implementation; and (ii) any of the provisions of this Agreement, the provisions of this Agreement shall govern.

E. Excluded Activities

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

(a) in the opinion of the Bank, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people, including those that could require the construction of any
irrigation scheme leading to surface and ground water pollution or incremental abstraction from international waterways; and

(b) involve the procurement of: (i) works, estimated to cost fifty million Dollar ($50,000,000) equivalent or more per contract; (ii) goods, estimated to cost thirty million Dollar ($30,000,000) equivalent or more per contract; (iii) non-consulting services, estimated to cost twenty million Dollar ($20,000,000) equivalent or more per contract; or (iv) consultants’ services, estimated to cost fifteen million Dollar ($15,000,000) equivalent or more per contract.

2. Without derogating from the generality of paragraph (1) above, the Borrower shall cause West Bengal to ensure that no new irrigation activities or schemes (whether involving ground water or surface works) under the Program are carried out in any Gram Panchayats of Excluded Blocks set out in the Program Operations Manual.

Section II. Program Monitoring, Reporting and Evaluation; Audits

A. Progress Reports for the Program

1. The Borrower shall cause West Bengal to monitor and evaluate the progress of the Program and prepare Progress Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators to be agreed with the Bank. Without limiting Section 5.08 of the General Conditions, the Progress Reports shall cover the progress achieved by West Bengal in the implementation of the Program, including the achievement of results and the compliance of the Program Action Plan. Each Program Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later forty-five (45) days after the end of the period covered by such report.

2. Notwithstanding the provision of paragraph 1 above, the Borrower shall cause West Bengal to:

(a) prepare, by no later than April 2020 or such later date as the Bank shall request, and furnish to the Bank, a mid-term review report, in form and substance satisfactory to the Bank, integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (1) above on the progress achieved in the carrying out of the Program and the Program Action Plan during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Program and the Program Action Plan, and the achievement of the objectives of the Program, during the period following such date; and
(b) review with the Bank, by April 2020 or such later date as the Bank shall request, the mid-term review report referred in sub-paragraph (a) above, and, thereafter, take all measures required to ensure the efficient completion of the Program and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank's views on the matter.

B. Financial Management and Audits for the Program

1. The Borrower shall maintain, and shall cause West Bengal to maintain, a financial management system and prepare financial statements ("Financial Statements") in accordance with consistently applied accounting standards acceptable to the Bank, in a manner to adequately reflect resources and expenditures related to the Program.

2. Without limitation on the generality of Section 5.09 of the General Conditions, the Borrower shall cause West Bengal to have its Financial Statements for the Program audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Program's Financial Statements shall cover the period of one fiscal year of the Borrower, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Program. The audited Financial Statements for each such period shall be furnished to the Bank not later than nine (9) months after the end of such period.

C. Verification Protocols for the Program

1. The Borrower shall cause West Bengal to:
   (a) appoint and maintain an independent verification agency to undertake a verification process, in accordance with terms of reference acceptable to the Bank, for the fulfillment of the Disbursement Linked Results set out in the table in Part A of Section III of Schedule 2 of this Agreement; and
   (b) furnish to the Bank corresponding verification reports, in form and substance acceptable to the Bank by no later than the applicable dates set out in Schedule 3 to this Agreement and Program Operations Manual.

Section III. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional
instructions as the Bank may specify from time to time by notice to the Borrower to: (a) repay the Preparation Advance; (b) pay the Front-end Fee; (c) pay each Interest Rate Cap or Interest Rate Collar premium; and (d) finance the results ("Disbursement Linked Results" or "DLRs") achieved by West Bengal, as measured against specific indicators ("Disbursement Linked Indicators" or "DLIs"); all as set forth in the table in paragraph 2 of this Part A.

2. The following table specifies each category of withdrawal of the proceeds of the Loan (including the Disbursement Linked Indicators as applicable) ("Category"), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Loan to each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in Dollars)</th>
<th>Percentage of Eligible Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Disbursements linked to the achievement of indicators (see Schedule 3):</td>
<td>204,975,000</td>
<td>N/A</td>
</tr>
<tr>
<td>(2) Preparation Advance to be repaid in accordance with Section 2.05 (a) of the General Conditions (renumbered as such pursuant to paragraphs 3 and 5 of Section II of the Appendix to this Agreement and relating to Refinancing Preparation Advance)</td>
<td>4,500,000</td>
<td></td>
</tr>
<tr>
<td>(3) Front-end Fee</td>
<td>525,000</td>
<td></td>
</tr>
<tr>
<td>(4) Interest Rate Cap or Interest Rate Collar premium to be paid pursuant to Section 2.08(c) of this Agreement in accordance with Section 4.05 of the General Conditions</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
<td></td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Loan Allocated (expressed in Dollars)</td>
<td>Percentage of Eligible Expenditures to be Financed (inclusive of Taxes)</td>
</tr>
<tr>
<td>----------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>210,000,000</td>
<td></td>
</tr>
</tbody>
</table>

**B. Withdrawal Conditions for the Program**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for purposes of Section 2.03 of the General Conditions (renumbered as such pursuant to paragraph 6 of Section II of the Appendix to this Agreement and relating to *Program Expenditures*), for DLRs achieved prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $45,620,000 may be made for such DLRs achieved prior to this date but on or after November 15, 2016; and

   (b) for any DLR until and unless the Borrower has furnished evidence satisfactory to the Bank that said DLR has been achieved.

2. Notwithstanding the provisions of Section III.B.1(b) of this Schedule, if the Bank is not satisfied that any of the DLR(s) set forth in Schedule 3 of this Agreement has/have been achieved by the end of the respective Period in which said DLR(s) is/are set to be achieved and/or the Allocated Amount(s) of such DLR(s) has/have not been fully withdrawn, the Bank may, at any time, by notice to the Borrower, decide, in its sole discretion, to:

   (a) authorize the withdrawal of such lesser amount of respective unwithdrawn Allocated Amount(s) then allocated to said DLR(s) which, in the opinion of the Bank, corresponds to the extent of achievement of said DLR(s);

   (b) withhold all or a portion of the proceeds of the Loan then allocated to said DLR(s) until such DLR(s) is/are satisfactorily met;

   (c) reallocate all or a portion of the proceeds of the Loan then allocated to said DLR(s) to any other DLR(s); and/or

   (d) cancel all or a portion of the proceeds of the Loan then allocated to said DLR(s).
3. The Closing Date is December 31, 2022.

4. Notwithstanding the foregoing provisions of this Section III, if at any time after the Closing Date the Borrower has failed to provide evidence satisfactory to the Bank that the Withdrawn Loan Balance does not exceed the total amount of Program Expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such excess amount of the Withdrawn Loan Balance. The Bank shall cancel the refunded amount of the Withdrawn Loan Balance.
Schedule 3

Disbursement-Linked Indicators, Disbursement-Linked Results and Allocated Amounts Applicable to the Program

<table>
<thead>
<tr>
<th>Narratives</th>
<th>Total Allocated (Million USD)</th>
<th>DLI 1: Number of phase II Gram Panchayats (GPs) that have qualified Basic Mandatory Conditions (BMCs) in Annual Performance Assessment</th>
<th>DLI 2: Number of phase II Gram Panchayats that have qualified Expanded Mandatory Conditions (EMCs) and got access to performance rewards in Annual Performance Assessment</th>
<th>DLI 3: Percentage of activities implemented as per PRDD’s annual learning and training plan</th>
<th>Year 2 (July 1, 2018 - June 30, 2019)</th>
<th>Year 3 (July 1, 2019 - June 30, 2020)</th>
<th>Year 4 (July 1, 2020 - June 30, 2021)</th>
<th>Year 5 (July 1, 2020- June 30, 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLI 1: Number of phase II Gram Panchayats (GPs1) that have qualified Basic Mandatory Conditions (BMCs) in Annual Performance Assessment</td>
<td>43,530,000 20.78%</td>
<td>1,119 GPs 1,400 GPs 1,634 GPs 1,867 GPs</td>
<td>17,410,000 8,710,000 8,710,000 8,700,000</td>
<td>No plan for annual learning &amp; training</td>
<td>NA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DLI 2: Number of phase II Gram Panchayats that have qualified Expanded Mandatory Conditions (EMCs) and got access to performance rewards in Annual Performance Assessment</td>
<td>95,770,000 45.72%</td>
<td>888 GPs 1,167 GPs 1,400 GPs 1,634 GPs</td>
<td>17,410,000 26,120,000 26,120,000 26,120,000</td>
<td>Annual learning and training plan developed as per POM</td>
<td>70% of the activities implemented 75% of the activities implemented 80% of the activities implemented 85% of the activities implemented</td>
<td>NA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DLI 3: Percentage of activities implemented as per PRDD’s annual learning and training plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

1 Phase II GPs refers to the GPs which are being included in ISGPP-II but were not covered in ISGPP-I.
<table>
<thead>
<tr>
<th>Narratives</th>
<th>Allocated amount (Million USD)</th>
<th>Al Percentage of Total Financing amount</th>
<th>DLl Baseline (July 1, 2012 to June 30, 2017)</th>
<th>Indicative Timeline for DLl Achievement.</th>
<th>Year 5 (July 1, 2020 to June 30, 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLI 4: Average number of annual mentoring input days per Gram Panchayat with performance assessment</td>
<td>Allocated amount 11,475,000</td>
<td>5.47%</td>
<td>2,400,000</td>
<td>19 days of on-site mentoring input and performance of 60% mentors assessed</td>
<td>1,875,000</td>
</tr>
<tr>
<td>DLI 5: Core institutional systems implemented by PRDD across all GPs</td>
<td>Allocated amount 26,000,000</td>
<td>12.41%</td>
<td>5,200,000</td>
<td>60% mentors assessed</td>
<td>5,200,000</td>
</tr>
<tr>
<td>(a) Gram Panchayat Management System (GPMS), Web-Based Monitoring System (WBMS) &amp; GIS</td>
<td>Allocated amount 7,000,000</td>
<td>3.34%</td>
<td>1,400,000</td>
<td>60% grievances redressed</td>
<td>1,400,000</td>
</tr>
<tr>
<td>(b) Grievance Redress Management System (GRMS)</td>
<td>Allocated amount 2,700,000</td>
<td>1.28%</td>
<td>300,000</td>
<td>65% grievances redressed</td>
<td>600,000</td>
</tr>
</tbody>
</table>
## DLI 6: Annual Performance Assessments (APA) conducted by PRDD

<table>
<thead>
<tr>
<th>Year 1 (July 1, 2016 - June 30, 2017)</th>
<th>Year 2 (July 1, 2017 - June 30, 2018)</th>
<th>Year 3 (July 1, 2018 - June 30, 2019)</th>
<th>Year 4 (July 1, 2019 - June 30, 2020)</th>
<th>Year 5 (July 1, 2020 - June 30, 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>APA completed for 95% of GPs and results included in annual PBG announcement for West Bengal FY17/18</td>
<td>APA completed for 95% of GPs and results included in annual PBG announcement for West Bengal FY18/19</td>
<td>APA completed for 95% of GPs and results included in annual PBG announcement for West Bengal FY19/20</td>
<td>APA completed for 95% of GPs and results included in annual PBG announcement for West Bengal FY20/21</td>
<td>APA completed for 95% of GPs and results included in annual PBG announcement for West Bengal FY21/22</td>
</tr>
</tbody>
</table>

### Allocated amount

<table>
<thead>
<tr>
<th>Narrative</th>
<th>Total Allocated Amount (Million USD)</th>
<th>Percentage of DLI Financing</th>
<th>indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLI 6: Annual Performance Assessments (APA) conducted by PRDD</td>
<td>16,000,000</td>
<td>7.63%</td>
<td>APA under progress</td>
</tr>
</tbody>
</table>

**Allocated amount:** 16,000,000

**APA completed for 95% of GPs and results included in annual PBG announcement for West Bengal FY17/18:**

- Year 1: 3,200,000
- Year 2: 3,200,000
- Year 3: 3,200,000
- Year 4: 3,200,000
- Year 5: 3,200,000

### DLI 7: Targeted number of vacant core Gram Panchayat positions filled

- Executive Assistant
- GP Secretary
- Nirman Sahayak

<table>
<thead>
<tr>
<th>Year 1 (July 1, 2016 - June 30, 2017)</th>
<th>Year 2 (July 1, 2017 - June 30, 2018)</th>
<th>Year 3 (July 1, 2018 - June 30, 2019)</th>
<th>Year 4 (July 1, 2019 - June 30, 2020)</th>
<th>Year 5 (July 1, 2020 - June 30, 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR recruitment plan and budget finalized</td>
<td>1195 vacancies filled</td>
<td>1493 vacancies filled</td>
<td>1493 vacancies filled</td>
<td>1493 vacancies filled</td>
</tr>
</tbody>
</table>

**Allocated amount**

<table>
<thead>
<tr>
<th>Narrative</th>
<th>Total Allocated Amount (Million USD)</th>
<th>Percentage of DLI Financing</th>
<th>indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLI 7: Targeted number of vacant core Gram Panchayat positions filled</td>
<td>2,500,000</td>
<td>1.19%</td>
<td>0</td>
</tr>
</tbody>
</table>

**Allocated amount:** 2,500,000

**HR recruitment plan and budget finalized:**

- Year 1: 500,000
- Year 2: 1,000,000
- Year 3: 1,000,000
- Year 4: 1,000,000
- Year 5: 1,000,000

### Total DLI Based Financing

- Total DLI based financing: 204,975,000
- Program Preparation Advance: 4,500,000
- Total financing allocated: 209,475,000

**Total DLI based financing:** 204,975,000

**Program Preparation Advance:** 4,500,000

**Total financing allocated:** 209,475,000

**97.85%**

**48,620,000**

**12,275,000**
SCHEDULE 4

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each June 15 and December 15</td>
<td></td>
</tr>
<tr>
<td>Beginning June 15, 2025</td>
<td>3.33%</td>
</tr>
<tr>
<td>through June 15, 2039</td>
<td></td>
</tr>
<tr>
<td>On December 15, 2039</td>
<td>3.43%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

(b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
APPENDIX

Section I. Definitions

1. “Allocated Amounts” means the amount in Dollars allocated to each individual DLR, or determined for each DLR pursuant to the formula detailed in Schedule 3 to this Agreement, as such amount might be increased, reallocated and/or cancelled (whether partially or in its entirety) by the Bank, from time to time as the case may be, in accordance with the provisions of Section III.B.2 of Schedule 2 to this Agreement.

2. “Annual Learning and Training Plans” means the annual consolidated learning and training plans prepared by PRDD in accordance with criteria set out in the Program Operations Manual on district-wise basis for Gram Panchayats and consolidated in one annual plan.

3. “Annual Mentoring Deployment Plans” means the annual plans prepared by PRDD in accordance with criteria set out in the Program Operations Manual for the deployment of mentors to Gram Panchayats.


5. “Basic Mandatory Conditions” means the basic mandatory qualifying conditions prescribed in the Annual Performance Assessment for Gram Panchayats which are set out in the Program Operations Manual.

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


8. “Category B Gram Panchayat” means a Gram Panchayat which is classified as Category B in the Program Operations Manual.

9. “Core Positions” means specific posts or positions that are identified or designated to be core positions in Gram Panchayats in the Program Operations Manual.


11. “Disbursement Linked Indicator” or “DLI” means each disbursement-linked indicator set forth in the first column of the matrix set forth in Schedule 3 to this Agreement.

12. “Disbursement Linked Result” or “DLR” means each of the disbursement-linked results set forth in Schedule 3 to this Agreement in the columns entitled “Results to be Achieved in
Year 1”, “Results to be Achieved in Year 2”, “Results to be Achieved in Year 3”, Results to be Achieved in Year 4” or “Results to be Achieved in Year 5”, as applicable.

13. “ESSA” means the Environmental and Social Systems Assessment, dated December 22, 2016, and applicable to the Program setting forth the description of the Program’s activities, assessing the West Bengal’s environmental and social management systems, detailing the Program’s environmental and social benefits, risks and impacts, and recommending remedial measures to strengthen the social and environmental systems performance.

14. “Excluded Blocks” means district blocks in West Bengal, which are identified in the Program Operations Manual and in which the Borrower, West Bengal, and the World Bank have agreed that no new irrigation activities or schemes (whether involving ground water or surface works) will be carried out under the Program.


16. “GIS” means Geographic Information System to be implemented in Gram Panchayats in West Bengal.

17. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012, with the modifications set forth in Sections II and III of this Appendix.


19. “Gram Panchayat” means the basic unit of rural local self-government constituted under the West Bengal Panchayat Raj Act.

20. “GRMS” means the grievance redress management system developed by PRDD for the redress of grievances in accordance with criteria set out in the Program Operations Manual.

21. “ISGPP Cell” means the cell constituted within PRDD with responsibility for Program implementation and staffed with adequate specialists and professionals whose terms of reference are set out in the Program Operations Manual.

22. “Panchayat Raj Institutions” or “PRI” means West Bengal’s institutions for rural local government constituted under the West Bengal Panchayat Act 1973.


24. “PRDD” means West Bengal’s Panchayats and Rural Development Department.

25. “Program” means the activities described in Schedule 1 to this Agreement.
26. "Program Action Plan" means the plan agreed by West Bengal and the Bank, as contained in the Program Operations Manual for the strengthening of the Borrower and Participating States' sectoral and institutional frameworks, as the same may be amended with the prior written concurrence of the Bank.

27. "Program Fiduciary, Environmental and Social Systems" means the systems, plans and manuals for the Program referred to in Section I.A of Schedule 2 to this Agreement.

28. "Program Operations Manual" means the manual acceptable to the Bank and referred to in Section I.A of Schedule 2 of this Agreement with implementation and operational arrangements for carrying out the Program, as the same may be amended from time to time with the prior written concurrence of the Bank.

29. "WBMS" means Web-Based Monitoring System, which is a monitoring system implemented by PRDD.

30. "West Bengal" means the Program Implementing Entity; i.e. the Borrower's State of West Bengal.

31. "Year" means any of the Years 1 through 5 of Program implementation, as the context shall determine.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Wherever used throughout the General Conditions, the term "the Project" is modified to read "the Program", the term "the Project Agreement" is modified to read "the Program Agreement", the term "Project Implementing Entity" is modified to read "the Program Implementing Entity", the term "Project Report" is modified to read "Program Report"; and the term "Eligible Expenditures" is modified to read "Program Expenditures".

2. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the amendments set forth below.

3. Section 2.02, Special Commitment by the Bank, is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.

4. In Section 2.02 (originally numbered as Section 2.03), the heading "Applications for Withdrawal or for Special Commitment" is replaced with "Applications for Withdrawal", and the phrase "or to request the Bank to enter into a Special Commitment" is deleted.

5. The section originally numbered as Section 2.04, Designated Accounts is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.

6. Paragraph (a) of Section 2.03 (originally numbered as Section 2.05), Eligible Expenditures (renamed "Program Expenditures" in accordance with paragraph 1 of this Section II), is modified to read: "(a) the payment is for the financing of the reasonable cost of
expenditures required for the Program and to be financed out of the proceeds of the Loan in accordance with the provisions of the Legal Agreements;”.

7. The last sentence of Section 2.04 (originally numbered as Section 2.06), Financing Taxes, is modified to read: “To that end, if the Bank at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Bank may, by notice to the Borrower, exclude such amount or such Tax from the Program Expenditures to be financed out of the proceeds of the Loan, as required to ensure consistency with such policy of the Bank.”

8. Section 2.06 (originally numbered as Section 2.08), Reallocation, is modified to read:

“Notwithstanding any allocation of an amount of the Loan to a withdrawal category under the Loan Agreement, the Bank may, by notice to the Borrower, reallocate any other amount of the Loan to such category if the Bank reasonably determines at any time that such reallocation is appropriate for the purposes of the Program.

9. Section 3.01. (Front-end Fee) is modified to read as follows:

“Section 3.01. Front-end Fee; Commitment Charge

(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the “Front-end Fee”).

(b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the “Commitment Charge”). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date.”

10. Section 7.01, Cancellation by the Borrower, is modified to read: “The Borrower may, by notice to the Bank, cancel any amount of the Unwithdrawn Loan Balance.”

11. Paragraph (d) of Section 7.03, Cancellation by the Bank, entitled “Misprocurement”, is deleted, and subsequent paragraphs are relettered accordingly.

12. Section 7.04, Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Bank, is deleted in its entirety, and subsequent Sections in Article VII and references to such Sections are renumbered accordingly.

13. In the Appendix, Definitions, all references to Section numbers and paragraphs are modified, as necessary, to reflect the modifications set forth above.

14. A new paragraph 19 is inserted with the following definition of “Commitment Charge”, and the remaining paragraphs are renumbered accordingly:

“19. “Commitment Charge” means the commitment charge specified in the Loan
Agreement for the purpose of Section 3.01(b)."

15. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of “Front-end Fee” is modified by replacing the reference to Section 3.01 with Section 3.01 (a).

16. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term “Loan Payment” is modified to read as follows:

“68. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”

17. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest”.

18. Renumbered paragraph 88 (originally paragraph 87) of the Appendix, setting forth the definition of “Special Commitment” is deleted in its entirety, and all subsequent paragraphs are renumbered accordingly.