Financing Agreement

(Neeranchal National Watershed Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated JANUARY 14, 2016
FINANCING AGREEMENT

AGREEMENT dated January 14, 2016, entered into between INDIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

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

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount of one hundred seventy eight million five hundred thousand United States Dollars (USD178,500,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule I to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be at a rate equal to the Reference Rate for the Credit Currency plus the Fixed Spread; provided, however, that the Interest Charge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 May 15th and November 15th 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: (a) carry out Parts 1, 2 and 4 of the Project through the Department of Land Resources; and (b) through the Department of Land Resources, carry out Part 3 of the Project with the assistance of the Participating States and State Level Nodal Agencies, all 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 — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely, that a situation has arisen which shall make it improbable that the Watershed Development Component of the PMKSY, or a significant part thereof, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Effectiveness Deadline is April 14, 2016.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

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

Facsimile:

91-11-2309 2247

6.03. 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: **RAJ KUMAR**

Title: **JOINT SECRETARY**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

By

Authorized Representative

Name: **ONNO RUHL**

Title: **COUNTRY DIRECTOR, INDIA**
The objective of the Project is to support the Watershed Development Component of the PMKSY through technical assistance to improve incremental conservation outcomes and agricultural yields for communities in selected sites, and adoption of more effective processes and technologies into the broader Watershed Development Component of the PMKSY in Participating States.

The Project consists of the following parts:

**Part 1: Central Institutional and Capacity Building**

Strengthen the institutions and human resources of key national stakeholders, particularly the Department of Land Resources, for more effective planning, implementation, monitoring and evaluation, documentation and reporting of the Watershed Development Component of the PMKSY, through the following:

(a) **Capacity building and institutional development at national level:** Support training needs assessments, institutional and human resources review, build the capacities of the Department of Land Resources for program management and policy analysis, develop common training materials, coordinate and support national and international exposure visits, and provide backstopping for Participating States to deliver training programs in Part 3.

(b) **National information and data center:** Develop capacity and frameworks within the existing system for data base development and coordinate improved knowledge and information sharing related to the Watershed Development Component of the PMKSY.

(c) **Communications:** Create awareness and enhance information about PMKSY, benefits (with focus on the Watershed Development Component of the PMKSY), program implementation and impacts, through a comprehensive communications outreach and branding initiatives.

(d) **Monitoring and evaluation:** Develop and strengthen an integrated monitoring and evaluation system, linked to a new management information system that connects Department of Land Resources and Participating States, for tracking the national performance of the PMKSY (with focus on the Watershed Development Component of the PMKSY).
Part 2: National Innovation Support

Support the application of innovative, science-based knowledge, tools, and approaches to underpin improvements to the Watershed Development Component of the PMKSY around watershed planning and implementation, with specific focus on hydrology and augmentation of water resources, agricultural intensification, climate change and rural livelihoods, through the following:

(a) **Agricultural performance, rural livelihoods, and climate change innovations:** Consolidate existing knowledge and innovations and transfer them to Participating States to support farmers in achieving better agricultural performance, build better resiliency against climate change, and improved livelihoods.

(b) **Decision support systems and databases for hydrology and watershed management benefiting PMKSY:** Develop and pilot new decision-support systems to support the Department of Land Resources and Participating States to plan and implement the Watershed Development Component of the PMKSY in a more comprehensive and scientific manner, with land and hydrological considerations, linkages and trade-offs at the core in watershed management, support augmentation of water resources, demonstrate water use efficiency in agriculture, strengthen community water management and provide technical backstopping to Participating States for related data base development.

Part 3: Implementation Support in Participating States

Provide intensive, technology-based support to improve Watershed Development Component of the PMKSY operational effectiveness, for planning, implementation and management, upscale innovation, operationalization, convergence/integration with other programs of the Recipient, measuring impacts on the ground in selected sites in Participating States, and addressing unique, or state specific, challenges related to watershed treatment, through the following:

(a) **Support for improved program integration in rainfed areas:** Strengthen remote sensing and geographic information systems capability in the State Level Nodal Agencies, develop state-level data bases, support landscape-level catchment assessment and planning for the Watershed Development Component of the PMKSY, and strengthen community-based monitoring.

(b) **Institutional strengthening:** Enhance relevant capacities in Participating States in the State Level Nodal Agencies, and at field level.
(c) Adoption of research and development and technology transfer: Improve the adoption of innovations developed and tested in Part 2 of the Project with respect to agriculture performance, decision support systems for hydrology and water resource management, climate change and risk reduction, value addition, supply chains, extension systems, and livelihood improvement.

(d) Project management and coordination: Provide incremental support to the State Level Nodal Agencies to implement activities under Part 3 of the Project effectively.

(e) State-specific innovations and pilots: Support identified small-scale, state-specific innovations and piloting to address locally suitable watershed-related initiatives and institutionalize knowledge and lessons learned for possible upscaling.

(f) Urban/peri-urban watershed management: Pilot urban/peri-urban watershed management practices in up to two small catchments in each Participating State, including integrated catchment planning, upstream source securitization, in-situ water harvesting and management, improvements in water quality and natural waste water treatment and re-use for agriculture.

Part 4. Project Management and Coordination

Provide technical assistance and other support for project management and coordination.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

At the Central Level

1. The Recipient, through the Department of Land Resources, shall:

(a) establish by the Effective Date and thereafter maintain, throughout the period of implementation of the Project, a Project Empowered Committee provided with membership, powers, functions and competencies acceptable to the Association; as shall be required to provide high level national oversight and policy guidance;

(b) designate by the Effective Date and thereafter maintain, throughout the period of implementation of the Project, the Department of Land Resources as the department responsible for the overall implementation of the Project; and

(c) establish by the Effective Date and thereafter maintain, throughout the period of implementation of the Project, a Project Implementation Unit within the Department of Land Resources: (i) headed by a full-time Joint Secretary and a project director assisted by competent staff, all with experience and qualification, in numbers and under terms of reference acceptable to the Association; and (ii) organized by units with financial resources, functions and competences, acceptable to the Association; as shall be required to, inter alia, carry out day-to-day management of the activities under the Project, including overall budgeting, disbursement, auditing, procurement, financial management, environmental and social safeguards, monitoring, reporting and evaluation activities.

2. Without limitation upon the provisions of Section I.A.1 of this Agreement, the Recipient, through the Department of Land Resources, shall, and shall cause the National Institute of Hydrology, each Participating State, and each State Level Nodal Agency to:

(a) carry out the Project in accordance with the Project Implementation Plan, each relevant State Project Implementation Plan, and the Environment and Social Management Framework; and
(b) not amend or waive any provision of the Project Implementation Plan, any State Project Implementation Plan, or the Environment and Social Management Framework, except as the Recipient and the Association shall otherwise agree. In the event of a conflict between the provisions of the foregoing plans and those of this Agreement, the provisions of the latter shall prevail.

At the State Level

3. The Recipient, through Department of Land Resources, shall, and shall cause each Participating State and State Level Nodal Agency to:

(a) establish by no later than the date on which the first Project activities commence in the relevant Participating State and thereafter maintain, at all times during Project implementation, a State Project Implementation Unit, with functions and responsibilities acceptable to the Association, including, inter alia, the responsibility to coordinate and monitor the carrying out of the Project at the State level;

(b) staff the State Project Implementation Unit at all times during Project implementation, led by a state mission director, assisted by adequate professional and administrative staff (including procurement, financial management, technical, environmental and social development specialists), in numbers and with experience and qualifications, and operating under terms of reference satisfactory to the Association;

(c) adopt, in form and substance satisfactory to the Association by no later than the date on which the first Project activities commence in the relevant Participating State and thereafter maintain, at all times during Project implementation, the State Project Implementation Plan; and

(d) by no later than January 31st in each year of Project implementation, prepare and submit to the Association for its review an Annual Work Plan for activities to be carried out in such Participating State in the upcoming twelve months and a report on progress made under the prior year’s Annual Work Plan.

National Institute of Hydrology

4. For purposes of carrying out Part 2(b) of the Project, the Recipient, through Department of Land Resources, shall by no later than the Effective Date, enter into an agreement with the National Institute of Hydrology, satisfactory to the Association, whereby the National Institute of Hydrology shall:
(a) be designated as an implementing agency and shall agree to support the implementation of the activities required under Part 2(b) of the Project in a manner fully consistent with the terms and conditions of this Agreement and the Project Implementation Plan; and

(b) prepare and furnish to the Recipient and the Association all such information, records and accounts as the Recipient or the Association shall reasonably request and shall provide to the Recipient and the Association the opportunity to inspect the Project activities and any relevant records and documents.

C. Anti-Corruption

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

D. Safeguards

1. The Recipient shall cause the Department of Land Resources, and in turn the Department of Land Resources shall cause the Participating States, the State Level Nodal Agencies, and the National Institute of Hydrology, to:

   (a) carry out the Project in accordance/compliance with the Environment and Social Management Framework and the relevant instruments to be prepared pursuant to paragraph 2 below, and pursuant to the objectives, policies, procedures and other provisions set forth therein, in a manner and substance satisfactory to the Association; and

   (b) refrain from taking any action, or consenting to an action to be taken, which would prevent or interfere with the implementation of the Environment and Social Management Framework, including any amendment, suspension, waiver, and/or voidance of any provision thereof, whether in whole or in part, without the prior written concurrence of the Association.

2. Without limitation to the provisions of Section D.1. of this Schedule, and prior to the carrying out of any activity under the Project, the Recipient shall cause the Department of Land Resources, and in turn the Department of Land Resources shall cause the Participating States, the State Level Nodal Agencies, and where applicable the National Institute of Hydrology to: (a) carry out and/or cause to be carried out an environmental/social screening and/or an environmental/social assessment (as the case may be) of the pertinent activities to be financed under the Project; (b) approve, and/or cause to be approved an environmental/social management plan (including an indigenous peoples development plan, where
applicable), acceptable to the Association, for each said activity in accordance with the provisions of the Environment and Social Management Framework; and (c) implement and/or cause to be implemented (as the case may be) the corresponding environmental/social management plan in accordance with its terms.

3. The Recipient shall cause the Department of Land Resources, and in turn the Department of Land Resources shall cause the Participating States, the State Level Nodal Agencies, and the National Institute of Hydrology, throughout the period of implementation of the Project, to maintain monitoring and evaluation protocols and record keeping procedures acceptable to the Association and adequate to enable the Association to supervise and assess, on an on-going basis, the implementation of/compliance with the Environment and Social Management Framework and each environmental/social management plan (including an indigenous peoples development plan, where applicable), prepared thereunder, as well as the achievement of the objectives thereof.

4. In the event of any conflict between the provisions of the Environment and Social Management Framework, any environmental/social management plan prepared thereunder, on the one hand, and the provisions of this Agreement, on the other hand, the provisions of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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

B. Financial Management, Financial Reports and Audits

1. The Recipient shall cause the Department of Land Resources, and in turn the Department of Land Resources shall cause the Participating States, the State Level Nodal Agencies, and the National Institute of Hydrology, to maintain a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than sixty (60) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall cause the Department of Land Resources, and in turn the Department of Land Resources shall cause the Participating States, the State Level Nodal Agencies, and the National Institute of Hydrology, to have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Project was made. 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 Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants' Services. All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections H and M 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 table specifies the methods of procurement, other than International Competitive Bidding, which may be used for procurement of goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:
C. Particular Methods of Procurement of Consultants' Services

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

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

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

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.
Section IV. **Withdrawal of the Proceeds of the Financing**

A. **General**

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

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing 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 Financing Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services, Training and Operating Costs of the Project</td>
<td>178,500,000</td>
<td>50%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>178,500,000</td>
<td>50%</td>
</tr>
</tbody>
</table>

B. **Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed five million United States Dollars (USD5,000,000) may be made for payments made prior to this date but on or after one year before the date of signing, for Eligible Expenditures.

2. The Closing Date is March 31, 2022.
# 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 May 15th and November 15th.</td>
<td></td>
</tr>
<tr>
<td>Commencing on November 15th, 2019 to and including May 15th, 2039</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

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

Section I. Definitions

1. "Annual Work Plan" means each of the plans prepared by each Participating State and State Level Nodal Agency approved by the Department of Land Resources on an annual basis which lists activities to be carried out by the Participating State and the State Level Nodal Agency and meets the criteria agreed between the Recipient and the Association.


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


5. "Credit Currency" means the means the currency in which the Credit is denominated.

6. "Department of Land Resources" means the department within the Ministry of Rural Development of the government of the Recipient, and any successor thereto.

7. "Environment and Social Management Framework" means the environmental and social management framework, dated December 10, 2013 and disclosed on December 27, 2013, as Part 2 of the Strategic Environment Social Assessment, and annexed to the Project Implementation Plan and each State Project Implementation Plan, setting forth the guiding principles, standards and procedures for: (a) the screening of Project activities and the identification of any adverse or positive social and environmental impacts caused, or expected to be caused, on account of their implementation; (b) the preparation of their prescribed environmental impact assessments and environmental management plans, social impact assessments and social management plans, pest management plans and indigenous peoples development plans; (c) the Recipient's capacity building strategy for the Participating States; and (d) the criteria for excluding activities from the Project that would require involuntary resettlement or forced acquisition of land; as such framework may be revised, updated or supplemented from time to time with the prior written agreement between the Recipient and the Association.
8. "Financial Center" means the principal financial center for the United States Dollar.

9. "Financial Management Guidelines" means the Recipient's financial management guidelines acceptable to the Association, dated February 4, 2014, and annexed to the Project Implementation Plan and each State Project Implementation Plan, which provides for the financial management obligations under the Project, as such guidelines may be amended from time to time by prior written agreement between the Recipient and the Association.

10. "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.

11. "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.

12. “Governance and Accountability Action Plan” or “GAAP” means the Recipient’s plan, dated February 4, 2014, acceptable to the Association, and annexed to the Project Implementation Plan and each State Project Implementation Plan, which identifies key governance issues under the Project and sets forth mitigation measures to address said issues, as said Plan may be amended from time to time by the agreement between the Recipient and the Association.

13. "Indigenous Peoples" means any distinct, vulnerable, social and cultural group within the territory of the Recipient, 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; (iv) has an indigenous language, often different from the official language of the Recipient; and/or (v) as defined by the Constitution of India.

14. "Indigenous Peoples Development Framework" means the framework included in the Environment and Social Management Framework setting out the issues, risks and mitigation measures concerning impacts on Indigenous Peoples caused, or expected to be caused, by Project activities.

15. "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.
16. "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.

17. "National Institute of Hydrology" means the autonomous organization established in 1978 by the Recipient to undertake, aid, promote and coordinate basic, applied and strategic research on all aspects of hydrology and water resources development or any successor acceptable to the Association.

18. "Operating Costs" means incremental costs incurred by the Recipient for the purposes of carrying out the Project, including, salaries of incremental staff, travel and related costs, office rent and utilities, office and equipment insurance, office maintenance and repair, vehicle hiring, maintenance and repair, communication and other administrative costs directly associated with, and necessary under, the Project.

19. "Participating States" means the States of Andhra Pradesh, Telangana Chhattisgarh, Gujarat, Odisha, Jharkhand, Madhya Pradesh, Maharashatra, and Rajasthan and such other states as may choose to participate, by agreement with the Recipient and the Association; and "Participating States" means any of the Participating States.

20. "PMKSY" means the Pradhan Mantri Krishi Sinchayee Yojana approved by the Recipient on July 1, 2015.


22. "Procurement Manual" means the Recipient’s manual, acceptable to the Association and annexed to the Project Implementation Plan and each State Project Implementation Plan, which contains, inter alia, procurement policies and procedures and sets out the procurement arrangements, with respect to the carrying out of the Project, as such manual may be amended from time to time by prior written agreement between the Recipient and the Association.

23. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated February 6, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, and annexed to the Project Implementation Plan and each State Project Implementation Plan, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
24. "Project Empowered Committee" means the committee referred to in paragraph 1 of Section I.A of Schedule 2 to this Agreement.

25. "Project Implementation Plan" means the plan, including all annexes thereto, acceptable to the Association, which describes detailed Project implementation and institutional arrangements, and is comprised of, among other documents, the format for Annual Work Plans, the Environment and Social Management Framework, the Financial Management Guidelines, the Governance and Accountability Action Plan, the Results Framework and the Procurement Manual, as such may be amended from time to time with prior plan written agreement between the Association and the Recipient.

26. "Project Implementation Unit" means the unit to be established within the Department of Land Resources in accordance with paragraph 1(c) of Section I.A of Schedule 2 to this Agreement.

27. "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 United States Dollars, such other comparable reference rate for the relevant currency as the Association shall reasonably determine.

28. "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).

29. “Relevant Rate Page” means the display page designated by an established
financial market data provider selected by the Association as the page for the
purpose of displaying the Reference Rate for deposits in the Credit Currency.

30. “Results Framework” means the indicators for monitoring and evaluating
progress towards the attainment of Project objectives set forth in the Project
Implementation Plan.

31. “State Level Nodal Agencies” means agencies of the Participating States
implementing the Watershed Development Component of the PMKSY, which
agree to implement activities under Part 3 of the Project in accordance with the
State Project Implementation Plan; and “State Level Nodal Agency” means any
of the State Level Nodal Agencies.

32. “State Project Implementation Plan” means each plan to be prepared and
implemented by each Participating State and the State Level Nodal Agency,
including all annexes thereto, acceptable to the Association, which describes
detailed Project implementation and institutional arrangements, and is comprised
of, among other documents, the format for Annual Work Plans, the Environment
and Social Management Framework, the Financial Management Guidelines, the
Governance and Accountability Action Plan, the Results Framework and the
Procurement Manual, as such plan may be amended from time to time with prior
written agreement between the Association and the Recipient.

33. “State Project Implementation Unit” means each implementing unit of a State
Level Nodal Agency, operating within a Participating State, as further described
in paragraph 3 of Section I.A of Schedule 2 to this Agreement.

34. “Strategic Environment and Social Assessment” means the assessment of the
Project dated December 10, 2013 and disclosed on December 27, 2013
containing, inter alia, the Environment and Social and Management Framework.

35. “Training” means non-consultant expenditures incurred in connection with the
provision of training, including, for example, study tours and workshops, training
institution fees, logistics, materials, and the cost of travel and per diem of trainers
and trainees.

36. "Watershed Development Component of the PMKSY" means the erstwhile
Integrated Watershed Management Program financed by the Recipient through
the Department of Land Resources as a program component of the PMKSY.
Section II. Modifications to the General Conditions

The modifications to the General Conditions are 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 remaining paragraphs accordingly:

“32. “Interest Charge” means the interest 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.