Loan Agreement

(Technology Center Systems Program)

between

INDIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated November 10, 2014
LOAN AGREEMENT

Agreement dated November 12, 2014, 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 million United States Dollars, (USD 200,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement ("Loan"), to assist in financing the project described in Schedule I to this Agreement ("Project").

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

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 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; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead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.

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

2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through the ODC 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 Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — 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, acting severally: Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary, or Under Secretary of the Department of Economic Affairs in the Borrower’s Ministry of Finance.

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:
91-11-23092039

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

Cable address: INTBAFRAD
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: TARUN BAJAJ

Title: JOINT SECRETARY (M1)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: ONNO RUHL

Title: COUNTRY DIRECTOR, INDIA
SCHEDULE 1

Project Description

The objective of the Project is to enhance the productivity of MSMEs by improving their access to technology and business advisory services, as well as skilled workers, through systems of financially sustainable Technology Centers.

The Project consists of the following parts:

Component 1: Technical Assistance to Existing and New Technology Centers

Providing technical assistance to industry-specific existing or new Technology Centers, and/or clusters thereof, through:

(a) Technology Partners in order to: (i) identify existing or expected new technologies suitable for research, development and dissemination; (ii) develop, test and patent new products; (iii) carry out demand analyses, skill gap assessments and response strategies therefor, including developing and implementing new training curricula/modules and certification schemes; (iv) identify technology solutions (i.e. software and equipment) required to upgrade the Technology Centers functionalities; and (v) help Technology Centers to deliver their services to clients, including benchmarking their clients' performance against international industry standards;

(b) Cluster Network Managers in order to: (i) carry out managerial and technical skill needs assessments of MSMEs or clusters thereof, and design their respective strategy plans for the development/improvement of MSMEs' institutional capabilities; (ii) provide advisory services to MSMEs clusters through the identification of common opportunities (e.g. markets, technology innovation/upgrading, commercial synergies, etc.) and challenges (e.g. infrastructure, access to finance, etc.), and the development of coordinated response strategies, including policy advocacy; and (iii) develop linkages/synergies across Technology Centers, including the establishment of partnerships with vocational training providers, research institutes and leading manufacturers, and the leveraging of other governmental programs for MSMEs; and

(c) an ITP Service Provider, in order to establish an IT platform including a national portal for MSMEs providing for, inter alia, on-line registration of entrepreneurial memoranda, e-commerce/e-biz platforms, management information and reporting systems and skills development training modules.
Component 2: Investments to Develop New, and Upgrade Existing, Technology Centers

Establishing approximately fifteen (15) new Technology Centers and upgrading the eighteen (18) existing ones, including construction and/or refurbishment of physical facilities, as well as the provision of software, machinery, equipment, operating expenses during operationalization phase of new Technology Centers, and contingencies.

Component 3: Technical Assistance to the MoMSME for Program Implementation and Monitoring and Evaluation

Strengthening MoMSME’s institutional capacity to implement the Project, through:

(a) the engagement of an Implementation Partner to assist the ODC and the SDPMT with its implementation responsibilities;

(b) the establishment of an SDPMT for the carrying out/coordination of day-to-day execution of Project activities, including compliance with the fiduciary and safeguards requirements;

(c) the provision of technical assistance and training to personnel of MoMSME for designing and implementing ancillary interventions aimed at providing incentives/support for the development of MSMEs; and

(d) the carrying out of independent surveys of customers and stakeholders to assess the transformative impact of Project activities.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall vest the responsibility for Project implementation in its ODC and to this end, shall:

(a) maintain throughout the period of Project implementation, a program steering committee (the "PSC"): (i) headed by the Secretary of MoMSME and with a composition/membership acceptable to the Bank, including members of the academia, research institutes, and leading industry associations, as well as ODC's Chief Vigilance Officer and Public Information Officer, as observers; and (ii) vested with such powers, functions and competencies, acceptable to the Bank, as shall be required to exercise policy guidance for, and general oversight of, the implementation of Project activities;

(b) establish within ODC, by no later than six (6) month after the Effective Date, and thereafter maintain throughout the period of Project implementation, an implementation unit comprised of a Program Coordinator supported by a small dedicated program management team, with experience and qualified staff, in numbers and under terms of reference acceptable to the Bank (the "SDPMT"), which unit shall be vested with such powers, financial resources, functions and competencies, acceptable to the Bank, as shall be required for it to carry out the day-to-day implementation of Project activities, including the inter-institutional coordination with other line agencies and departments (including the Technology Centers), the carrying out of procurement, financial management, monitoring and reporting activities, the screening of Project activities pursuant to the EMF and SMF, as well as the preparation of any required ESSMPs and RAPs, as the case may be, and the monitoring and enforcement of contractors' implementation of/compliance with the respective Safeguard Documents;

(c) maintain, throughout the period of implementation of the Project, the services of a project management consulting firm (the "Implementation Partner") with qualification and experience and under terms of reference acceptable to the Bank, in order to assist the SDPMT with Project planning and implementation, including, inter alia: (i) providing guidance and recommendation on technical and policy matters; (ii) preparing bidding documents and subsequent changes/variations thereof;
(iii) evaluating technical and financial proposals; (iv) handling contractual matters and procurement disputes, and establishing an automated contract management system; (v) supporting ODC and the Technology Centers in the carrying out of their financial management duties/functions (vi) providing training, guidance and recommendations to Technology Centers as per the SDPMT’s instructions; (vii) monitoring the Technology Centers’ and contractors’ compliance with the Safeguards Documents; and (viii) preparing the Project Reports and the IFRs;

(d) establish by no later than three (3) months after the Effective Date, and thereafter maintain throughout the period of Project implementation, a program advisory committee (“PAC”) which: (i) shall be comprised of representatives of industries, academia and industry associations, in a manner and substance satisfactory to the Bank; and (ii) shall advise the PSC on the design and evaluation of the execution phases of the Project and the determination of strategic choices for investment priorities; and

(e) establish by no later than six (6) months after the Effective Date, and thereafter maintain throughout the period of Project implementation, at least three (3) joint working groups (“JWGs”) covering the tooling, ESDM (i.e. electronics, systems design and manufacturing) and fragrance and flavor sectors which: (i) shall be comprised of representatives of domain-specific industry leaders, academia, government institution and business associations, in a manner and substance satisfactory to the Bank; and (ii) shall assist the PSC, the SDPMT and the Implementation Partner to assess the impact of Project activities in the respective industry sector and its stakeholders, and provide technical advice for the design of Project activities in their areas of domain-expertise.

B. Program Implementation Manual and Anti-Corruption Guidelines

1. The Borrower shall implement, and/or cause the Technology Centers to implement, the Project in accordance with: (i) the implementation arrangements set forth in the Program Implementation Manual (“PIM”); provided however that in the event of conflict between the provisions of said manual, on the one hand, and those of this Agreement, on the other hand, the provisions of this Agreement shall prevail; and (ii) the Anti-Corruption Guidelines.

2. The Borrower shall refrain, and/or cause the Technology Centers to refrain, from amending, suspending, waiving and/or voiding any provisions of the PIM, whether in whole or in part, without the prior written concurrence of the Bank.
C. **Technology Centers**

1. For purpose of Component 2 of the Project, the ODC shall invite the Technology Centers to submit proposals for a plan of activities in accordance with the procedural requirement set forth in the PIM.

2. The SDPMT shall screen the proposals submitted pursuant to paragraph 1 and determine their eligibility for financing under the Project, in accordance with criteria set forth in the PIM.

3. Upon ODC’s revision and approval of a Technology Center’s proposal, and prior to the provision of any advances to the said Technology Center for the implementation of such activities, the ODC, shall enter into a written undertaking with the respective Technology Center (the “Undertaking”), in accordance with the terms and requirements set forth in the PIM, whereby the Technology Center:

   (a) commits to the objective of the Project; and undertakes to conduct its operation and affairs in accordance with sound technical, financial, managerial, social and environmental, and labor standards;

   (b) agrees with the ODC on the goods, works and services to be committed by ODC as in-kind assistance and the counterpart resources contributed by the Technology Center for the carrying out of the approved proposal;

   (c) abides by and agrees to implement the approved proposal and respective plan of activities in compliance with the Anti-corruption Guidelines and the PIM, and, if so required by the screening of the proposed activities, the respective Safeguard Documents that the Technology Center shall have prepared and disclosed prior to commencing any activities under the Project;

   (d) represents that it has established, and agrees to maintain, operational policies and procedures that would allow the ODC, the Bank and/or third party monitoring agents appointed by them, to carry out supervision and monitoring of the Technology Center’s execution of the approved plan of activities;

   (e) agrees to: (i) prepare and furnish to the ODC, and/or the Bank, all such information that the ODC, and/or the Bank, shall reasonably request in relation to the approved plan of activities; and (ii) accept random and/or unannounced physical or documentary inspections by the ODC and/or the Bank; and
(f) acknowledges ODC's prerogative to suspend or terminate its in-kind assistance for the approved plan of activities:

(i) upon any failure of the Technology Center to comply with its obligations under the Undertaking, or upon notice served by the Bank to ODC of the Bank's intention to exercise any of the remedies set forth in Sections 7.02; 7.03 and 7.06 of the General Conditions; or

(ii) upon the Bank's declaring the Technology Center ineligible under the Anti-Corruption Guidelines.

D. Safeguards

1. The ODC shall, and shall cause the Technology Centers, to:

(a) carry out the Project in accordance with the EMF, the SMF and, whenever required, the Technology Center-specific ESMMPs and RAPs to be prepared pursuant to paragraph 2 of this sub-section in accordance with the objectives, policies, procedures, time schedules, compensation arrangements and other provisions set forth in the EMF and SMF (together, the "Safeguard Documents"), in each case in a manner and in substance satisfactory to the Bank; and

(b) refrain from taking any action which would prevent or interfere with the implementation of the Safeguard Documents, including any amendment, suspension, waiver, and/or voidance of any provision of the Safeguard Documents, whether in whole or in part, without the prior written concurrence of the Bank.

2. With respect to any civil works to be carried out under Component 2 of the Project, the ODC shall refrain from awarding any contract to contractors until and unless:

(a) the proposed activities have been screened by SDPMT and the Implementation Partner, in accordance with the guidelines, standards and procedures set forth in the EMF and SMF;

(b) all of the respective ESMMP(s), and/or RAP(s) as may be required for such civil works pursuant to the EMF and SMF has/have been prepared; and

(c) the foregoing Safeguard Documents have been publicly disclosed by MoMSME/ODC, and/or the respective Technology Center, in local
language(s) at the relevant project’s sites, thirty (30) days prior to the award of the contract for the related works.

3. The ODC shall ensure that, prior to commencing any civil works under the Project: (a) all necessary governmental permits and clearances for such civil works shall have been obtained from the competent governmental authority/ies; (b) all pre-construction conditions imposed by the governmental authority/ies under such permit(s) or clearance(s) shall have been complied with/fulfilled; and (c) the resettlement compensation and the resettlement assistance, set forth in the RAP prepared for such civil works shall have been fully paid/carried out prior to taking any action that would cause any people to become a Displaced Persons, as per the entitlements provided in the SMF and/or RAP.

4. The ODC shall ensure that each contract for civil works under the Project includes the obligation of the relevant contractor to comply with the relevant Safeguard Documents applicable to such civil works commissioned/awarded pursuant to said contract.

5. The ODC shall, and/or shall cause the Technology Centers to maintain monitoring and evaluation protocols and record keeping procedures acceptable to the Bank and adequate to enable the MoMSME, the Technology Centers and the Bank to supervise and assess, on an on-going basis, the implementation of/compliance with the Safeguards Documents, as well as the achievement of the objectives thereof.

6. The ODC shall ensure that the following Project expenditures are financed exclusively out of the Borrower’s or the Technology Centers’ own resources; and, to this end, shall provide or cause the Technology Centers to provide, as promptly as needed, the resources required therefor, namely:

   (a) all land acquisition required for the purpose of carrying out Project activities; and

   (b) any compensation, resettlement and rehabilitation payment to Displaced Persons in accordance with the provisions of the SMF and the RAPs.

7. In the event of any conflict between the provisions of any of the EMF, the SMF, ESMMPs and/or RAPs, 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 Borrower 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 agreed with the Bank and reflected in the PIM. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Bank not later than forty five (45) days after the end of the period covered by such report.

B.  Financial Management, Financial Reports and Audits

1.  The Borrower shall maintain, and/or cause to maintain, 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 Borrower shall prepare and furnish to the Bank not later than forty five (45) days after the end of each calendar quarter, interim financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.

3.  The Borrower shall have its Financial Statements, and cause the new Technology Centers as well as those Technology Center receiving grant-in-aid from the Borrower to have their respective 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 (1) fiscal year of the Borrower, as the case may be, commencing with the fiscal year in which the first withdrawal was made under the Project. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) 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 Loan 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 Loan 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 Bank 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) Limited International Bidding; (b) National Competitive Bidding, subject to the additional provisions set forth in the Procurement Plan; (c) Shopping; (d) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Bank; (e) Direct Contracting; and (f) Force Account.

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

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

2. **Other Methods of Procurement of Consultants’ Services.** The following 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 Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. 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 shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank 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 Loan ("Category"), the allocation of the amounts of the Loan 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 Loan 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 for the Project</td>
<td>199,500,000</td>
<td>80%</td>
</tr>
<tr>
<td>(2) Front-end Fee</td>
<td>500,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>(3) Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
<td>Amount due pursuant to Section 2.07(c) of this Agreement</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>200,000,000</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 for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed USD 40,000,000 equivalent may be made for payments made prior to this date but on or after May 17, 2013, for Eligible Expenditures.

2. The Closing Date is June 30, 2020.
SCHEDULE 3

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, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 15 and August 15</td>
<td></td>
</tr>
<tr>
<td>Beginning August 15, 2019 through August 15, 2031</td>
<td>3.85%</td>
</tr>
<tr>
<td>On February 15, 2032</td>
<td>3.75%</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, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two (2) 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.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
APPENDIX

Section I. Definitions


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

3. "Cluster Network Managers" means firms competitively selected and retained by MoMSE in order to support the Technology Centers to help them identify the needs of the MSMEs in their ecosystems, develop business advisory services and linkages with related institutions.


5. "Displaced Persons" means persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impact on the livelihoods of such persons.

6. "EMF" mean the Borrower’s environmental management framework, dated December 10, 2013, setting forth the guiding principles, acceptable standards and procedures for: (a) the screening of Project activities and the identification of any adverse or positive environmental impacts caused, or expected to be caused, on account of their implementation; and (b) the preparation of their prescribed ESMMPs, as such framework may be revised, updated or supplemented from time to time with the prior written concurrence of the Bank.

7. "ESMMP" means each of the Technology Center-specific environmental and social management/mitigation plans to be prepared pursuant to Section I.D.2 of Schedule 2 to this Agreement, in accordance with the provisions of the EMF and/or SMF and acceptable to the Bank, in each case setting out mitigation, enhancement, monitoring and institutional measures, including capacity building through training, required to: (i) eliminate adverse environmental impacts of activities to be implemented under the Project; (ii) offset them, or reduce them to
acceptable levels; (iii) enhance any positive impacts thereof; (iv) ensure compliance with Borrower's statutory environmental requirement; (v) ensure meaningful consultation with, and informed participation of, Tribal Groups and their communities in the design and implementation of the Project activities; and (vi) ensure fair participation of said Tribal Groups and/or communities in the benefits of the Project, in a culturally appropriate and socially inclusive manner, as such plan may be revised, updated or supplemented, from time to time in accordance with the provisions of the EMF and SMF.


9. "IFR" means the interim financial reports referred to in Section II.B.2 of Schedule 2 to this Agreement.

10. "Implementation Partner" means the project management consulting firm competitively selected and retained by MoMSME to assist the SDPMT and the Program Coordinator with the implementation of the Project, and referred to in Section I.A.1(c) of Schedule 2 to this Agreement.

11. "ITP Service Provider" means the firm competitively selected and retained by MoMSME in order to provide comprehensive IT services to all stakeholders of the Technology Centers.

12. "JWGs" means the joint working groups to be established by MoMSME, and referred to in Section I.A.1(e) of Schedule 2 to this Agreement.


14. "MSMEs" means collectively the micro, small and medium enterprises, comprising commercial entities with a paid-in capital of up to two million United States Dollars (USD2,000,000).

15. "ODC" means the Office of the Development Commissioner of MoMSME.

16. "PAC" means the Project advisory committee to be established by the MoMSME, and referred to in Section I.A.1(d) of Schedule 2 to this Agreement.

17. "Program Implementation Manual" and the acronym "PIM" means the manual dated March 13, 2014, adopted by MoMSME, setting forth guidelines and procedures for the implementation of the Project, including: (i) the allocation of functions, powers and responsibilities between the PSC, the SDPMT, the Implementation Partner, the PAC, the JWGs, the ITP Service Provider, the Cluster Network Managers, the Technology Centers and the Technology
Partners; (ii) the financial management and procurement arrangements; (iii) the eligibility criteria for the selection of proposals submitted by Technology Centers; and (iv) the monitoring and evaluation framework for Project activities; as said manual may be amended from time to time with the prior concurrence of the Bank.


19. "Procurement Plan" means the Borrower's procurement plan for the Project, dated December 10, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

20. "PSC" means the program steering committee established by MoMSME in order to provide policy guidance for Project implementation, and referred to in Section I.A.1(a) of Schedule 2 to this Agreement.

21. "RAP" means each of the resettlement action plans to be prepared pursuant to Section I.D.2 of Schedule 2 to this Agreement, in accordance with the provisions of the SMF and acceptable to the Bank, in each case identifying Displaced Persons on account of implementation of Project activities to be carried out by the respective Technology Centers, and setting forth the terms and conditions for providing them with resettlement assistance and/or compensation, as well as the procedures to be applied in the identification, assessment and mitigation of potential Project related social impacts, including the protocols for consultation, the processing of complaints and grievance redressal, monitoring and reporting requirements, and the Displaced Persons' entitlement schedules; as such plan may be revised, updated or supplemented, from time to time in accordance with the provisions of the SMF.

22. "Safeguard Documents" means collectively, the EMF, the SMF, the ESMMPs and the RAPs.

23. "SDPMT" means the small dedicated program management team to be established by MoMSME pursuant to Section I.A.1(b) of Schedule 2 to this Agreement.

24. "SMF" means the MoMSME's social management framework, dated December 10, 2013, setting for the guiding principles, acceptable-standards and procedures for: (a) the screening of Project activities and the identification of any Displaced Persons and/or Tribal Groups, on account of their implementation; and (b) the preparation of their prescribed RAPs and/or ESMMP, as the case may be; as such
framework may be revised, updated or supplemented from time to time with the prior written concurrence of the Bank.

25. "Technology Centers" means the autonomous entities, established and operating, or to be established and operated, under the Borrower's law, responsible, inter alia, for providing access to technology and business advisory services to MSMEs, as well as for providing training services to students and workers.

26. "Technology Partners" means firms hired competitively in order to provide technical support to Technology Centers with respect to developing technology services and technical training courses.

27. "Training" means the reasonable cost of trainings, seminars, workshops, conferences and study tours, conducted in the territory of the Borrower and/or overseas, including: (a) the fees of training institutions and courses; (b) domestic and international travel costs, lodging costs, and subsistence/per diem allowances both for trainers and trainees; (c) the rental of training facilities; and (d) preparation, purchase or reproduction of training materials.

28. "Tribal Groups" means any distinct, vulnerable, social and cultural group within the territory of the Borrower, 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 Borrower.

29. "Undertaking" means each of the written agreements referred to in Section I.C.3 of Schedule 2 to this Agreement pursuant to which MoMSME will provide an in-kind grant to Technology Centers for the implementation of an approved proposal of activities/intervention.