

OFFICIAL
DOCUMENTS

CREDIT NUMBER 5738-IN

Financing Agreement

(Nai Manzil – Education and Skills Training for Minorities Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated *DECEMBER 30*, 2015

FINANCING AGREEMENT

AGREEMENT dated DECEMBER 30, 2015, entered into between INDIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — CREDIT

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in the amount of fifty million United States Dollars (USD 50,000,000) ("Credit"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Recipient may withdraw the proceeds of the Credit in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Credit Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be at a rate equal to the Reference Rate for the Credit Currency plus the Fixed Spread; provided, however, that the Interest Charge payable shall in no event be less than zero percent (0%) per annum.
- 2.05. The Payment Dates are June 15 and December 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 4 to this Agreement.

- 2.07. The Payment Currency is United States Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through MoMA in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.02. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is any of the following officials, acting severally: the Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary of the Department of Economic Affairs of the Recipient's Ministry of Finance.
- 5.02. The Recipient's Address is:

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

Facsimile:

91-11-23092883

5.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Facsimile:

1-202-477-6391

AGREED at NEW DELHI, India, as of the day and year first above written.

INDIA

By



30.12.15

Authorized Representative

Name: RAJ KUMAR

Title: JOINT SECRETARY

INTERNATIONAL DEVELOPMENT
ASSOCIATION

By



Authorized Representative

Name: MICHAEL HANEY

Title: ACTING COUNTRY DIRECTOR, INDIA

SCHEDULE 1

Project Description

The objective of the Project is to improve completion of secondary education and market-driven skills training for Targeted Youth from Minority Communities.

The Project consists of the following parts:

Component 1: Results Based Financing for Increased Education Attainment and Market Driven Training

Providing Targeted Youth with nine to twelve month non-residential integrated education and skill training.

Component 2: Technical Assistance for Implementation of the Nai Manzil Scheme

Strengthening the institutional capacity of MoMA for policy development and Project planning and implementation, including: (i) hiring a Technical Support Agency to serve as the Project's management unit; (ii) documenting and disseminating best practices in the delivery of education and skills training programs, including curricula, training methodology and materials; (iii) piloting innovative interventions focused on improving education, training and employment outcomes; and (iv) carrying out monitoring and evaluation activities including setting up automated management information systems and carrying out impact evaluations, tracer studies, qualitative and quantitative assessments, and third party validation studies.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall vest in MoMA the overall responsibility for the implementation of Project activities. To this end, the Recipient through MoMA shall:
 - (a) establish, and thereafter maintain throughout the period of Project implementation, a steering committee (the "Steering Committee"), headed by the Secretary of MoMA, and comprised with representatives of other relevant government entities and key stakeholders as set forth in the Project Implementation Guidelines, which committee shall be vested with such powers, functions and competences, acceptable to the Association, as shall be required to provide policy guidance and strategic direction to, and exercise general oversight on, TSA's day-to-day implementation of Project activities, including: (i) reviewing and approving annual work plans and budgets; (ii) monitoring progress in Project implementation and performance; and (iii) approving any additional guidelines, directives and/or changes to the Nai Manzil Scheme and contractual terms for PIAs;
 - (b) select and hire, no later than one (1) month after the Effective Date, and thereafter maintain throughout the period of Project implementation, an experienced and qualified project management consulting firm (variously the "Technical Support Agency" or "TSA"), under terms of reference agreed with the Association, which firm shall be responsible for providing technical support to MoMA and performing Project management duties under the guidance of a MoMA-appointed Project Director, including: (i) day-to-day implementation of Project activities; (ii) preparation of Project Implementation Guidelines, annual work plans, budgets, annual performance and financial reports; (iii) procurement, contract and financial management activities, Project monitoring and reporting; (iv) certification and validation of payments; (v) preparation of Credit withdrawal application and interim unaudited financial reports; (vi) enforcement of quality standards; (vii) monitoring and evaluation activities, and establishment/maintenance of a management information system; (viii) compliance with the SMF; and (ix) identification of challenges/bottlenecks and proposal of corrective actions for consideration by the Steering Committee;

- (c) establish by no later than one (1) month after the Effective Date, and thereafter maintain throughout the period of Project implementation, a technical advisory committee ("TAC") chaired by the Project Director and comprised of representatives from relevant civil society organizations, community leaders and other relevant stakeholders as set forth in the Project Implementation Guidelines, which committee shall have advisory functions providing counseling to the Steering Committee and TSA on, among others, curricula reforms, community outreach/mobilization, social inclusion and gender equality measures, information, education and communication initiatives, and engagement/mechanism of collaboration with community leaders and/or civil society; and
- (d) (i) appoint, not later than December 1, 2016, and thereafter retain for the duration of the Project, an independent DLI verification agent having qualifications and terms of reference acceptable to the Association to verify the achievement of selected Disbursement Linked Indicators as provided in Schedule 3 to this Agreement and the Project Implementation Guidelines; and (ii) cause said agent to verify the status of achievement of the relevant DLIs under terms of reference acceptable to the Association.

B. Anti-Corruption

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

C. Project Documents

1. The Recipient, through MoMA, shall:

- (a) prepare and adopt implementation guidelines for the Project (the "Project Implementation Guidelines"), in a manner and substance agreed with the Association, setting forth, inter alia: (i) the institutional arrangements applicable to the Project, including allocation responsibilities/functions among the Steering Committee, the TSA and the TAC; (ii) the arrangement for the flow of funds, including protocols and guidelines for Project fund, preparation of withdrawal applications, maintenance of records, settlement of payments, defrayment of Stipends, auditing, reporting and internal controls; (iii) guidelines for planning and execution of procurement activities consistent with Section III of this Schedule; (iv) the verification protocol to certify compliance with/achievement of the DLIs/DLI Target(s); (v) the terms and conditions for the Performance Agreements to be entered with PIAs, as well as the PIA's selection criteria/minimum qualifications and standards; (vi) the criteria applicable for the identification and

mobilization of Targeted Youth to benefit from the Project; (vii) the amounts of Stipends, general terms and conditions, and eligibility criteria for their award; and (viii) policies and procedures for Project monitoring and compliance with the reporting requirements; and

- (b) thereafter, implement the Project, and/or cause the TSA and PIAs to perform their duties under the Project, pursuant to the Project Implementation Guidelines.
2. The Recipient shall not amend, waive, terminate, suspend and/or abrogate the Project Implementation Guidelines, whether in whole or in part, without the prior concurrence (no-objection) of the Association, if, in the opinion of the Association, such waiver, amendment, termination, suspension and/or abrogation might materially or adversely compromise the successful implementation of the Project, or the achievement of the Project objective.
 3. In the event of any conflict between the provisions of any of the Project Implementation Guidelines, on the one hand, and the provisions of this Agreement, on the other hand, the provisions of this Agreement shall prevail.

D. Performance Agreement

For purposes of implementing Component 1 of the Project, MoMA shall enter into Performance Agreement with the Project Implementing Agencies ("PIAs") under terms and conditions acceptable to the Association (to be set forth in the Project Implementation Guidelines), whereby the PIAs shall provide nine to twelve month non-residential integrated education and skill training compliant with the National Skills Qualification Framework for the Targeted Youth, which agreements shall include provisions such that PIAs are rewarded based on their performance/success. In the event of any conflict between any provision of any Performance Agreement and any provisions of this Agreement, the provisions of this Agreement shall prevail.

E. Safeguards

1. The Recipient shall carry out the Project, and/or cause the TSA and PIAs to perform their duties under the Project, in accordance with the SMF agreed with the Association, and each IPDP required thereunder, and shall refrain from taking any action which would prevent or interfere with the implementation of the SMF, including any amendment, suspension, waiver, and/or avoidance of any provision thereof, whether in whole or in part, without the prior written concurrence of the Association.
2. Without limitation on the foregoing paragraph (1) of this Section E, the Recipient shall ensure that: (a) each activity under the Project has been screened in accordance with the SMF; and (b) any IPDP required thereby has been prepared

and submitted to the Association for its review and no-objection thereto, and has thereafter been publicly disclosed by the Recipient.

3. In the event of any conflict between the provisions of any of the SMF, on the one hand, and the provisions of this Agreement, on the other hand, the provisions of this Agreement shall prevail.
4. The Recipient shall maintain, strengthen, and operate, throughout the period of Project implementation, a grievance redress cell for the handling of any stakeholder complaint arising out of the implementation of Project activities. The operation and procedures of the grievance redress cell shall be subject to protocols and guidelines acceptable to the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient 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 agreed with the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association 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 Recipient shall maintain or cause to be maintained 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 forty five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.
3. The Recipient shall have its Project 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 fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal 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 and Non-consulting Services.** All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Credit shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding subject to the additional provisions set forth in the Procurement Plan; (b) Shopping; (c) Direct Contracting; and (d) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set

forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association. For avoidance of doubts, the Association shall be entitled to conduct, at any time, independent procurement reviews of all the contracts financed under the Credit.

Section IV. Withdrawal of the Proceeds of the Credit

A. General

1. The Recipient may withdraw the proceeds of the Credit in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Credit ("Category"), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Credit Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Eligible Expenditures Program under Component 1 of the Project	45,000,000	100%
(2) Goods, non-consulting services, consultants' services, Training and Incremental Operating Costs under Component 2 of the Project	5,000,000	100%
TOTAL AMOUNT	50,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$1,000,000 may be made under Category (2) for payments made prior to this date but on or after September 23, 2015, for Eligible Expenditures; or
 - (b) under Category (1) until and unless the Recipient has:
 - (i) furnished evidence satisfactory to the Association that the DLI Targets set forth for Year 1 of the Project have been achieved; and
 - (ii) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including submission to the Association of the applicable interim unaudited financial reports evidencing the incurrence of EEP during the relevant period.
2. Without limitation on the provisions on paragraph 1 above, no subsequent withdrawal shall be made under Category (1) until and unless the Recipient has:
 - (a) furnished evidence satisfactory to the Association that the DLI Target(s) for the respective Year after Year 1 has been achieved; and
 - (b) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including submission to the Association of the applicable interim unaudited financial reports evidencing the incurrence of EEP during the relevant period.
3. Without limitation on the foregoing, for withdrawals under Category (1), the maximum amount available for withdrawal by the Recipient at any point in time, shall be the equivalent of the aggregate of the Allocated Amounts of the DLI Targets achieved/met and satisfactorily documented (verified) through evidence acceptable to the Association at the date of submission of such withdrawal application, less any amounts previously withdrawn/disbursed from Category (1) on account of the DLI Target(s) already met/verified; provided, however, that any such withdrawal shall not exceed the lesser of: (i) the total Allocated Amount(s) to each DLI Target(s) achieved at the date of submission of such withdrawal application; and (ii) the amount of the EEP incurred but not paid by the proceeds of the Credit at the date of submission of such withdrawal application.
4. Notwithstanding the provisions of paragraphs 1 through 3 above, in the event that the Association is not satisfied that any or various DLI Target(s) set forth in

Schedule 3 of this Agreement has/have been achieved by the end of the Year in which said DLI Target(s) is/are set to be achieved, the Association may, at any time, by notice to the Recipient, decide, in its sole discretion, to:

- (a) authorize the withdrawal of such lesser amount of the respective Allocated Amount(s) allocated to said DLI Target(s) which, in the opinion of the Association, corresponds to the extent of achievement of said DLI Target(s);
- (b) withhold all or a portion of the proceeds of the Financing then allocated to said DLI Target(s) until such DLI Target(s) is/are satisfactorily met;
- (c) reallocate all or a portion of the proceeds of the Financing then allocated to said DLI Target(s) to any other DLI Target(s); and/or
- (d) cancel all or a portion of the proceeds of the Financing then allocated to said DLI Target(s).

5. The Closing Date is June 30, 2021.

SCHEDULE 3

Disbursement-Linked Indicators, Disbursement-Linked Targets and Allocated Amounts

DISBURSEMENT-LINKED INDICATORS	DISBURSEMENT-LINKED TARGETS				
	TARGETS TO BE ACHIEVED IN FY16 (YEAR 1)	TARGETS TO BE ACHIEVED IN FY17 (YEAR 2)	TARGETS TO BE ACHIEVED IN FY18 (YEAR 3)	TARGETS TO BE ACHIEVED IN FY19 (YEAR 4)	TARGETS TO BE ACHIEVED IN FY20 (YEAR 5)
1. <i>Number of student enrolments</i>		At least 15,000 Targeted Youth have enrolled in Grades 8 and/or 10 classes offered by PIAs since October 1, 2015		At least 43,000 Targeted Youth have enrolled in Grades 8 and/or 10 classes offered by PIAs since October 1, 2015	
<i>Allocated Amounts</i>		USD 3 million upon achievement, plus USD 0.5 million for any additional batch of 1,000 Targeted Youth enrolled in same proportion above the target, up to an overall amount of USD 4.5 million.		USD 3 million upon achievement, plus USD 0.5 million for any additional batch of 5,000 Targeted Youth enrolled in same proportion above the target.	
2. <i>Number of students successfully completing the education component</i>			At least 15,500 Targeted Youth have received Grades 8 and/or 10 certification since October 1, 2015.		At least 32,500 Targeted Youth have received Grades 8 and/or 10 certification since October 1, 2015.
<i>Allocated Amounts</i>			USD 3 million upon achievement, plus USD 0.5 million for any additional batch of 1,000 Targeted Youth certified above the target, up to an overall		USD 3 million upon achievement, plus USD 0.5 million for any additional batch of 2,500 Targeted Youth certified above the

DISBURSEMENT-LINKED INDICATORS	DISBURSEMENT-LINKED TARGETS				
	TARGETS TO BE ACHIEVED IN FY16 (YEAR 1)	TARGETS TO BE ACHIEVED IN FY17 (YEAR 2)	TARGETS TO BE ACHIEVED IN FY18 (YEAR 3)	TARGETS TO BE ACHIEVED IN FY19 (YEAR 4)	TARGETS TO BE ACHIEVED IN FY20 (YEAR 5)
			amount of USD 4.5 million.		target.
3. <i>Number of students successfully completing the skills component</i>		At least 6,500 Targeted Youth have obtained Recognized Skills Certification since October 1, 2015.			At least 35,000 Targeted Youth have obtained Recognized Skills Certification since October 1, 2015
<i>Allocated Amounts</i>		USD 3 million upon achievement, plus USD 0.5 million for any additional batch of 1,000 Targeted Youth certified above the target, up to an overall amount of USD 4.5 million.			USD 3 million upon achievement, plus USD 0.5 million for any additional batch of 5,000 Targeted Youth certified above the target.
4. <i>Diversity of content offered by the PIAs and their reach in the most under-served geographic pockets</i>		At least 20% of the cumulative number of Targeted Youth awarded skills certifications since October 1, 2015 have been certified in Category I Trades/Sectors.	At least 40% of the cumulative number of Targeted Youth awarded skills certifications October 1, 2015 have been certified at NSQF Level 3 or above.	At least 25% of the cumulative number of Targeted Youth enrolled for skills certifications since October 1, 2015 have enrolled at a Category "A" Minority Concentrated Block.	
<i>Allocated Amounts</i>		USD 2.5 million upon achievement, plus USD 0.1 million for every additional 1% above the target, up to an overall amount of USD 3 million	USD 2 million upon achievement, plus USD 0.1 million for every additional 1% above the target, up to an overall amount of USD 3 million	USD 2.5 million upon achievement, plus USD 0.1 million for every additional 1% above the target, up to an overall amount of USD 3 million	
5. <i>Effective</i>	MoMA has: (i) selected and		MoMA has established a		MoMA has processed at

DISBURSEMENT-LINKED INDICATORS	DISBURSEMENT-LINKED TARGETS				
	TARGETS TO BE ACHIEVED IN FY16 (YEAR 1)	TARGETS TO BE ACHIEVED IN FY17 (YEAR 2)	TARGETS TO BE ACHIEVED IN FY18 (YEAR 3)	TARGETS TO BE ACHIEVED IN FY19 (YEAR 4)	TARGETS TO BE ACHIEVED IN FY20 (YEAR 5)
<i>implementation of Nai Manzil Scheme</i>	hired the Technical Support Agency; (ii) set up the Steering Committee; and (iii) approved the Project Implementation Guidelines.		management information system with a functional module that can remotely capture candidate attendance from biometric attendance devices installed by the PIAs.		least 80% of the payment claims under the Performance Agreements within two (2) months of submissions by the PIAs
<i>Allocated Amounts</i>	USD 4 million		USD 2.5 million		USD 2.5 million

SCHEDULE 4

Repayment Schedule

Date Payment Due	Principal Amount of the Credit Repayable (expressed as a percentage)*
On each June 15 and December 15 Commencing on December 15, 2020 to and including June 15, 2040	2.5%

* The percentages represent the percentage of the principal amount of the Credit to be repaid.

APPENDIX

Section I. Definitions

1. "Allocated Amounts" means the amount in United States Dollars allocated to each individual DLI Target, or determined for each DLI Target 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 Association, from time to time as the case may be, in accordance with the provisions of Section IV.B.3 of Schedule 2 to this Agreement.
2. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011.
3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. "Category A Minority Concentrated Block" means a district that has been identified by MoMA as having both socio-economic and basic amenities indicators below the national average.
5. "Category I Trades/Sectors" means the trades/sectors listed in Schedule II of the notification by the Recipient's Ministry of Skill Development and Entrepreneurship dated July 15, 2015 on common norms for skill development schemes.
6. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
7. "Credit Currency" means the currency in which the Credit is denominated.
8. "Disbursement Linked Indicator" or "DLI" means each disbursement-linked indicators set forth in the first column of the matrix depicted in Schedule 3 to this Agreement.
9. "DLI Target" means each of the disbursement-linked targets set forth in Schedule 3 to this Agreement in the columns entitled "Targets to be Achieved in FY16 (Year 1)", "Targets to be Achieved in FY17 (Year 2)", "Targets to be Achieved in FY18 (Year 3)", "Targets to be Achieved in FY19 (Year 4)", or "Targets to be Achieved in FY20 (Year 5)", as applicable.
10. "DLI Verification Agent" means one or more independent agents to be appointed by the Recipient in accordance with Section I.A.1(d) of Schedule 2 to this

Agreement to verify the achievement of selected DLIs as specified in the Project Implementation Guidelines.

11. "Eligible Expenditures Program" and the acronym "EEP" mean the consultancy fees paid to PIAs under Component 1 of the Project, which fees include the Stipends paid to Targeted Youth.
12. "Financial Center" means the principal financial center for the United States Dollar.
13. "Fiscal Year" or "FY" means the Recipient's fiscal year which begins on April 1 of each calendar year and ends on March 31 of the next calendar year.
14. "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.
15. "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.
16. "GESI Guidelines" means the gender equality and social inclusion guidelines incorporated into, and publicly disclosed with, the SMF, setting out actions to: (i) ensure equal participation of women and men benefitting from the Project without discrimination; and (ii) better outreach to women, and other vulnerable groups.
17. "Grades 8 and/or 10" means the eighth and/or tenth year of education under the Recipient's education system.
18. "Incremental Operating Costs" means the incremental expenditures for salaries of contractual staff (other than consultants); per diems; office rental; office supplies; utilities; conveyance; travel and boarding/lodging allowances; operation and maintenance of office equipment and vehicles; advertising expenses and bank charges; insurance; media broadcastings; newspaper subscriptions; periodicals; printing and stationery costs; all in connection with the management, coordination and implementation of Project activities, which expenditures would not have been incurred absent the Project, but excluding salaries and salary top-ups of the Recipient's civil servants.
19. "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.

20. "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.
21. "IPDPs" means the Indigenous Peoples development plans to be prepared by MoMA and/or the TSA in accordance with the SMF, which set forth the principles and procedures, including mitigation and adaptive measures to offset, reduce to acceptable levels, or eliminate, any adverse social impact under the Project, including measures designed to ensure meaningful consultation with, and informed participation of, Indigenous Peoples and their communities in the design and implementation of the Project activities, as well as their participation in the envisioned culturally appropriate and socially inclusive benefits thereof; as such plan(s) may be amended from time to time with the prior written concurrence of the Association.
22. "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.
23. "Minority Communities" means any of the Buddhist, Christian, Muslim, Sikh, Parsi and Jain religious communities of India, as declared by the Government of the Recipient; and "Minority Community" means any of the Minority Communities, individually considered.
24. "MoMA" means the Recipient's Ministry of Minority Affairs and any successor thereof.
25. "Nai Manzil Scheme" means the Recipient's scheme launched on August 8, 2015 and aimed at addressing educational and livelihood needs of Minority Communities.
26. "National Skills Qualification Framework" or the acronym "NSQF" means the Recipient's integrated education- and competency-based skill framework that provides a uniform approach to development of qualifications and transfer between different education and training sectors and between sectors and the labor market.

27. "NSQF Level 3" means the third level of qualification under the National Skills Qualification Framework.
28. "Performance Agreements" means the agreements between MoMA and the Project Implementing Agencies referred to in Section I.D of Schedule 2 to this Agreement; and "Performance Agreement" means any such agreement, individually considered.
29. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
30. "Procurement Plan" means the Recipient's procurement plan for the Project, dated October 1, 2015 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.
31. "Project Implementing Agencies" and the acronym "PIAs" mean private (for profit or not for profit) and/or government-owned institutions which have entered into a Performance Agreement pursuant to Section I.D of Schedule 2 to this Agreement.
32. "Project Implementation Guidelines" means Project operations manual to be prepared by the Recipient in a manner and substance agreed with the Association, pursuant to Section I.C.1 of Schedule 2 to this Agreement.
33. "Recognized Skills Certification" means the certification issued by the national skills qualification committee established under the NSQF.
34. "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 Dollar, such other comparable reference rate for the relevant currency as the Association shall reasonably determine.

35. "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).
36. "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.
37. "SMF" means the Recipient's Social Management Framework dated September 18, 2015, publicly disclosed by the Recipient and in the Association's Infoshop on September 24, 2015, setting forth inter alia: (a) the protocols for screening Project activities and identifying, assessing and mitigating any potential Project-related social impact, including the procedures for the consultation with Indigenous Peoples and any Minority Communities, the GESI Guidelines, the mechanism for processing of complaints and redressing grievances, as well as all monitoring and reporting requirements in relation thereto, and (b) the principles, objectives and procedures governing the preparation and implementation of any prescribed IPDPs; as such framework may be revised, updated or supplemented from time to time with the prior written concurrence of the Association.
38. "Steering Committee" means the committee to be established by MoMA pursuant to Section I.A.1(a) of Schedule 2 to this Agreement.
39. "Stipends" means the financial incentive, including post-placement support, provided to Targeted Youth receiving non-residential integrated education and skill training under Component 1 of the Project.
40. "TAC" means the technical advisory committee to be established by MoMA pursuant to Section I.A.1(c) of Schedule 2 to this Agreement.
41. "Targeted Youth" means persons aged 17 to 35 year old belonging to a Minority Community and not possessing formal education certification for Grades 8 and/or 10.

42. "Training" means the training, study tours, conferences and workshops conducted and/or attended by MoMA staff and/or other Project stakeholders in the territory of the Recipient or, subject to the Associations' prior no objection, overseas, including the purchase and publication of materials, rental of facilities, course fees, and lodging, travel expenses and per diems for trainers and/or trainees.
43. "Technical Support Agency" and the acronym "TSA" mean project management consulting firm to be selected and hired by MoMA pursuant to Section I.A.1(b) of Schedule 2 to this Agreement.
44. "Year" means any of the Years 1 through 5 of Project implementation as the context shall determine.
45. "Year 1" means the first year of implementation of Project activities, expected to take place in Fiscal Year 16 in order to achieve the targets shown in the second column of the table in Schedule 3 to this Agreement.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

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

"The Commitment Charge shall be computed using a day-count convention reasonably determined by the Association".
2. Section 3.02 is modified to read as follows:

"Section 3.02. *Interest Charge*

The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest Charges shall be computed using a day-count convention reasonably determined by the Association."
3. Section 3.03 is modified by deleting paragraph (b) in its entirety and amending the remaining provision to read as follows:

"Section 3.03. *Repayment of the Credit*

The Recipient shall repay the Withdrawn Credit Balance to the Association in installments as provided in the Financing Agreement."

4. Section 3.04 is modified to read as follows:

“Section 3.04. Prepayment

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

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

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

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

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

6. Paragraph 28 of the Appendix (“Financing Payment”) is modified by substituting the words “the Service Charge” with the words “the Interest Charge”.
7. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the subsequent paragraphs accordingly:
- “32. “Interest Charge” means the charge specified in the Financing Agreement for the purpose of Section 3.02.”
8. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment

- Date”) is modified by substituting the words “Service Charges” with the words “Interest Charges”.
9. Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is deleted in its entirety.