

**LOAN NUMBER 8765-IN**

# **Loan Agreement**

**(Assam State Public Finance Institutional Reforms (ASPIRe) Project)**

**between**

**INDIA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Originally Dated June 27, 2017  
(as amended and restated on January 27, 2021)**

## **AMENDED AND RESTATED LOAN AGREEMENT**

Agreement dated June 27, 2017, amended and restated on January 27, 2021 between INDIA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

WHEREAS (A) under an agreement dated June 27, 2017 between the Borrower and the Bank (“Original Loan Agreement”), the Bank agreed to provide the Borrower with a loan in the amount equivalent to thirty five million United States Dollars (USD 35,000,000) to assist in financing the project described in Schedule 1 to the Original Loan Agreement (“Original Project”); and

(B) the Borrower has requested the Bank to make specific amendments to the Original Project.

NOW THEREFORE the Borrower and the Bank hereby agree to amend and restate the Original Loan Agreement, with effect as of the Effective Date of this Amended and Restated Loan Agreement (the “Amended and Restated Loan Agreement”), 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 thirty five million Dollars (US\$ 35,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 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 Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, however, that the interest payable shall in no event be less than zero percent (0%) per annum ; and provided furthermore 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 days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

- 2.06. The Payment Dates are March 15, and September 15, in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.08. (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; and (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.
- 2.09. (a) If on any given day, the Total Exposure exceeds the Standard Exposure Limit (as said terms are defined in sub-paragraphs (b)(ii) and (b)(iii) of this Section), the Borrower shall pay to the Bank a surcharge at the rate of one half of one percent (0.5%) per annum of the Allocated Excess Exposure Amount (as defined in sub-paragraph (b)(i) of this Section) for each said day ("Exposure Surcharge"). The Exposure Surcharge (if any) shall be payable semi-annually in arrears on each Payment Date.

- (b) For purposes of this Section the following terms have the meanings set forth below:
- (i) “Allocated Excess Exposure Amount” means for each day during which the Total Exposure exceeds the Standard Exposure Limit, the product of: (A) the total amount of said excess; and (B) the ratio of all (or, if the Bank so determines, a portion) of the Loan to the aggregate amount of all (or the equivalent portions) of the loans made by the Bank to the Borrower and to other borrowers guaranteed by the Borrower that are also subject to an exposure surcharge, as said excess and ratio are reasonably determined from time to time by the Bank.
  - (ii) “Standard Exposure Limit” means the standard limit on the Bank’s financial exposure to the Borrower which, if exceeded, would subject the Loan to the Exposure Surcharge, as determined from time to time by the Bank.
  - (iii) “Total Exposure” means for any given day, the Bank’s total financial exposure to the Borrower, as reasonably determined by the Bank.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall ensure that the State of Assam (Assam or Project Implementing Entity) carries out the Project in accordance with the provisions of Article V of the General Conditions and the Amended and Restated Project Agreement.
- 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 — REMEDIES OF THE BANK**

- 4.01. The Additional Event of Suspension consists of the following, namely that the legal framework for the Assam Society for Comprehensive Financial Management System (AS-CFMS) has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Amended and Restated Project Agreement.
- 4.03. The Additional Events of Acceleration consists of the following, namely that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 30 days after notice of the event has been given by the Bank to the Borrower and the Project Implementing Entity.

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. This Amended and Restated Loan Agreement shall enter into effect on the later of the following dates (“Amended Effective Date”):

- (a) The date as of which this Amended and Restated Loan Agreement has been executed by both parties hereto; and
- (b) The date as of which the Amended and Restated Project Agreement has been executed by both parties thereto.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Borrower's Representative is any of the following officials, acting severally; the Secretary, or the Additional Secretary, or the Joint Secretary, or any Director, Deputy Secretary, or Under Secretary of the Department of Economic Affairs in the Ministry of Finance of the Borrower.

6.02. The Borrower's Address is:

Secretary  
Department of Economic Affairs  
Ministry of Finance  
North Block  
New Delhi 110 001, India

Facsimile:

+91-11-2309 2247

6.03. The Bank's Address is:

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

Telex:

Facsimile:

248423(MCI) or  
64145(MCI)

1-202-477-6391

AGREED at New Delhi, India, as of the day and year first above written.

**INDIA**

By

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**Authorized Representative**

डॉ. सी. एस. महापत्रा / Dr. C. S. MOHAPATRA  
अपर सचिव / Addl. Secretary  
आर्थिक कार्य विभाग / Deptt. of Eco. Affairs  
वित्त मंत्रालय / Ministry of Finance  
भारत सरकार / Govt. of India  
नई दिल्ली / New Delhi

**Name:** Dr. C.S.Mohapatra

**Title:** Additional Secretary

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

By

\_\_\_\_\_  
**Authorized Representative**

**Name:** Junaid Kamal Ahmad

**Title:** Country Director

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to contribute to improvement in predictability and transparency in budget execution and efficiency in tax administration in Assam.

The Project consists of the following parts:

#### **Component 1: Strengthening Public Finance Institutional Capacity**

##### **1.1. Strengthening Cash and Debt Management:**

Activities to be supported include: (i) establishing and institutionalizing a Cash and Debt Management Unit under Assam's Finance Department; and (ii) building capacity for developing debt policy and strategy and effective cash and debt management.

##### **1.2: Strengthening Public Procurement Framework and scaling up e-Procurement:**

Activities to be supported include: (i) developing Assam's procurement policy, procurement rules and standard bidding documents, (ii) strengthening public procurement capacity building for effective implementation of the procurement policy through delivery of training in public procurement, and (iii) support implementation of e-procurement system including state procurement portal with features for data analytics.

##### **1.3 Strengthening Public Private Partnership framework and institutional capacity**

Conducting a review of the PPP framework.

##### **1.4. Institutional strengthening of Finance Department:**

Carrying out a review of select functions and processes within Assam's Finance Department.

##### **1.5. Training and Capacity Building to Implementing Departments:**

Activities to be supported include: and trainings and capacity building in public financial management, (ii) refurbishment of training facilities, (iii) carrying out Knowledge Transfer Visits, and (iv) partnering with eminent national/state level institutions on thematic areas in public financial management.

#### **Component 2: Strengthening Expenditure and Revenue Information Systems**

##### **2.1 Technical Assistance:**

##### **2.1.1. Design, development and implementation of Financial Management Information Systems (FMIS)**

Provision of technical assistance to support: (i) the carrying out of the design, business process review, functional requirement study and preparation of detailed project report for a financial management information system, (ii) procuring IT Systems Integrator and related hardware for new/upgraded system, (iii) project management during development and implementation, (iv) developing appropriate communication and change management strategy, (v) Knowledge Transfer Visits; and (vi) capacity building to internal and external stakeholders; and (vii) updating treasury, financial and other related rules.

### **2.1.2 Enhancing E-Collection and E-Payment Systems**

Provision of technical assistance for: (i) the carrying out of business process reviews, mapping of existing collection processes and developing the solution architecture for a state e-collection portal; (ii) Knowledge Transfer Visits; and (iii) capacity building and communication to internal and external stakeholders.

### **2.1.3 Designing/upgrading information systems and institutional strengthening in Office of the Commissioner of Taxes:**

Provision of technical assistance to support: (i) conducting a business process review of existing IT systems and recommending solution design covering state taxes administered by CoT, (ii) project management support to oversee the implementation of the solution, (iii) institutional assessment study for strengthening tax administration in CoT, (iv) support in augmenting the capacity building and technical support to facilitate the institutional transition to the Goods and Services Tax (GST), and (v) strengthen audit function and data analytics capability.

### **2.1.4 Design, development and implementation of work flow based information system in Excise Department:**

A. Technical assistance to support: (i) conducting a business process review to improve departmental processes, (ii) development and implementation of a solution design, (iii) roll out of web-based portal for dealer services, (iv) adopting use of mobile technologies and workflow system for excise administration, (v) strengthening IT infrastructure including improved MIS and Business Intelligence systems, (vi) project management during development and implementation of the e-governance solution; (vii) the upgradation of chemical laboratory for the Excise Department; and (viii) institutional assessment and capacity building, including Knowledge Transfer Visits of officials in excise administration for effective implementation of the e-governance system.

### **2.1.5. Design, development and implementation of Digital Infrastructure for Direct Benefit Transfers Schemes (DIDS)**

Technical assistance to support: (i) preparation of detailed project report for DIDS and recommending solution design; (ii) development and implementation of a solution design; (iii) strengthening IT infrastructure including procurement of hardware; (iv) project management support to oversee the implementation of the solution; (v) developing communication and change management strategy, and (vi) capacity building and Knowledge Transfer Visits.

## **2.2. Results-Based Financing**

2.2.1. Enhancing controls in budget execution and reporting.



2.2.2. Enhancing transparency of key budget, financial and procurement information.

2.2.3. Increasing tax e-collection and e-payments.

2.2.4. Enhancing services provided by the Office of the Commissioner of Taxes (CoT) using e-Governance.

2.2.5. Enhancing services provided by Excise Department (ED) using e-Governance

2.2.6. Improving efficiency in payment processes for select State DBT schemes through digitization and establishment of centralized IT platform.

### **Component 3: Project Management, Monitoring & Evaluation and Coordination**

Providing financial support for project management, coordination, learning and quality enhancement activities under the Project including those related to DLI verification, M&E, and Operating Costs.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements.**

1. To facilitate the carrying out of the Project, the Borrower shall make the proceeds of the Loan available to Assam, in accordance with the Borrower's standard arrangements for development assistance to the States of India.
2. Notwithstanding paragraph 1 above, in the event that any provision of this Agreement, including the instructions that the Bank shall have specified by notice to the Borrower pursuant to Section IV.A.1 of this Schedule, were to be found inconsistent with the Borrower's standard arrangements for development assistance to the States of India, the provisions of this Agreement and related instructions shall govern.
3. The Borrower shall protect the interests of the Bank to accomplish the objectives of the Loan.

##### **B. Anti-Corruption**

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

##### **C. Safeguards**

1. The Borrower shall ensure, and cause the Project Implementing Entity to ensure that the Project is carried out with due regard to appropriate health, safety, social, and environmental standards and practices, and in accordance with the EMP and any other safeguard instruments required pursuant to the environment assessment that may be carried out before an EMP is prepared.
2. The Borrower shall ensure, and cause the Project Implementing Entity to ensure that the obligation to comply with the EMP and the Borrower's laws regulations, permits, licenses and consents is incorporated: (a) in the contracts between the Project Implementing Entity and the relevant contractors and any entity (including any engineer) supervising the Project's civil works; and (b) in the contracts between the relevant contractors and the contractors' subcontractors.
3. The Borrower shall ensure, and shall cause the Project Implementing Entity to ensure, that: (a) all consultancies related to technical assistance, design and capacity building under the Project, the application of whose results could have environmental, social and health and safety implications, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the Bank; and (b) such terms of reference shall require the technical assistance, design and capacity building activities to take into account the requirements of the applicable Safeguards Policies and EHS Guidelines.

4. Without limitation upon its other reporting obligations under this Agreement, the Borrower shall and shall cause the Project Implementing Entity to:
  - (a) take all measures necessary on its part to regularly collect, compile and submit to the Bank, on a semi-annual basis (or promptly whenever the circumstances warrant or whenever the Bank may require), information on the status of compliance with the EMP;
  - (b) promptly furnish to the Bank a copy of each progress report prepared and submitted by any entity (including any engineer) supervising the Project's civil works, the Project's contractors and/or subcontractors; and
  - (c) promptly upon receipt, the Borrower shall furnish, and shall cause the Project Implementing Entity to furnish, to the Bank any notification received from any entity (including any engineer) supervising the Project's civil works, the Project's contractors and/or subcontractors regarding any incident that might have occurred during Project implementation.
5. Except as the Bank shall otherwise agree, the Borrower shall ensure, and cause the Project Implementing Entity to ensure, that none of the provisions of the EMP is abrogated, amended, repealed, suspended or waived. In case of any inconsistencies between the provisions of any of the EMP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

## **Section II. Project Monitoring Reporting and Evaluation**

### **A. Project Reports**

1. The Borrower shall ensure that Assam monitors and evaluate the progress of the Project and prepares Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one (1) calendar semester, 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 shall ensure that Assam maintains 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 ensure that Assam prepares and furnishes to the Bank not later than forty-five (45) days after the end of each fiscal quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.
3. The Borrower shall ensure that Assam has its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the

Financial Statements shall cover the period of one fiscal year of the Borrower, 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 Bank 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 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 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 agreed from time to time in the Procurement Plan; (b) Limited International Bidding (c) Shopping; (d) Direct Contracting; (e) Force Account; and (f) Framework Agreement in accordance with procedures which have been found acceptable to the Bank.

#### **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. For avoidance of doubts, the Bank shall be entitled to conduct, at any time, independent procurement reviews of all the contracts financed under the Loan.

**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 may specify by notice to the Borrower (including the Disbursement Guidelines for Investment Project Financing, dated February 2017, ("Disbursement Guidelines"), 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.

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be financed (inclusive of Taxes)</b>
1. Goods, works, non-consulting services, consulting services, training, and operating costs for Components 1, 2.1 and 3 under the Project	4,912,500	80%
2. Eligible Expenditures Program (EEP) under Component 2.2 of the Project.	26,500,000	80% of the amount of EEP reported.
3. Front-end Fee	87,500	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions

4. Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 2.08(c) of this Agreement
Amount cancelled as of September 22, 2020	3,500,000	
<b>TOTAL AMOUNT</b>	<b>35,000,000</b>	

**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 one million United States Dollars (USD 1,000,000) under Category (1) and three million Dollars (US\$ 3,000,000) under Category (2) may be made for payments made prior to this date but on or after August 1, 2016 for Eligible Expenditures under of the Project.

(b) for EEP expenditures under Category (2), unless and until the Borrower has:

(i) furnished evidence satisfactory to the Bank in accordance with the DLI Verification Protocol set forth in the Project Implementation Plan that the Borrower has achieved the respective DLI Targets set forth in Schedule 4 to this Agreement against which withdrawal is requested; and

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

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

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

- (a) authorize the withdrawal of such lesser amount of the respective DLI Value allocated to said DLI Target which, in the opinion of the Bank, corresponds to the extent of achievement of said DLI Target;
  - (b) (i) withhold in whole or in part the proceeds of the Loan then allocated to said DLI Target until such DLI Target is satisfactorily met; and/or (ii) authorize, at a later date, the full release of the amounts so withheld, if and when the Bank is satisfied that the respective DLI Target been satisfactorily met;
  - (c) reallocate in whole or in part the proceeds of the Loan then allocated to said DLI Target to any other DLI Target(s); and/or
  - (d) cancel in whole or in part the proceeds of the Loan then allocated to said DLI Target.
4. Unless otherwise agreed by the Bank, for any DLI Target that has already been verified and for which the corresponding disbursements have been made by the Bank, in the event that a reversal of the said DLI Target has occurred in a manner that would, in the opinion of the Bank, adversely affect the achievement of the objectives of the Project, the Borrower shall refund the disbursements already made by the Bank for said DLI Target promptly upon notice thereof by the Bank.
5. The Closing Date is September 30, 2022.

**Section V. Other Undertakings**

The Borrower, shall cause the Project Implementing Entity to:

- (a) prepare and disclose the EMP and any related safeguard document prior to the commencement of civil works.
- (b) ensure that the Project's activities involving collection, storage, usage, and/or processing of personal data are carried out with due regard to the Borrower's existing legal framework and appropriate international data protection and privacy standards and practices; and
- (c) in the event that, during the implementation of the Project, the approval of any new legislation regarding personal data protection may have an impact on the activities financed by the Project, ensure that a technical analysis of said impact is conducted, and that the necessary recommendations and adjustments, are implemented, as appropriate.

**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.

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
On each March 15, and September 15 Beginning on September 15, 2022 through September 15, 2035	3.57%
On March 15, 2036	3.61%

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 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.

## SCHEDULE 4

### *Revised Disbursement-Linked Indicators (DLIs) and Allocated Amounts*

DISBURSEMENT- LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS*					
	RESULTS TO BE ACHIEVED IN FY2017/18 (YEAR 1)	RESULTS TO BE ACHIEVED IN FY2018/19 (YEAR 2)	RESULTS TO BE ACHIEVED IN FY2019/20 (YEAR 3)	RESULTS TO BE ACHIEVED IN FY2020/21 (YEAR 4)	RESULTS TO BE ACHIEVED IN FY2021/22 (YEAR 5)	RESULTS TO BE ACHIEVED IN FY2022/23 (YEAR 6)
<i>1. Enhanced controls in budget execution and reporting<sup>1</sup></i>				(i) Contract awarded by AS-CFMS for FMIS systems integrator.  (ii) Budget Allocation and Distribution Module in FinAssam <sup>2</sup> for HoD/BCOs to DDO's operationalized with existing treasury system by the Finance Department	i) At least 90% of the DDOs have submitted payment claims to the treasuries using FinAssam.  (ii) At least 90% of the Monthly Accounts have been rendered to AG (A &E) timely by the Accounts Rendering Units <sup>3</sup> .	FinAssam FMIS solution functional with core modules and integrated with select external systems <sup>4</sup>

\* These DLIs are not time-bound. The Fiscal Years in which they are expected to be achieved as per this Schedule are strictly for indicative purposes. These DLIs can accordingly be met up and until the Closing Date, but in all cases subject to meeting the requirements set out in Section IV.B.1(b), IV.B.2 and IV.B.3 of Schedule 2 to this Agreement.

<sup>1</sup> The reform actions will be supported by issue of appropriate Finance Dept Office Memorandums, mandating use of IT modules such as budget preparation module and online submission of bills by DDOs.

<sup>2</sup> FinAssam means the existing solution of the Government of Assam used for budget preparation, payroll and bill submission and which is being scaled up into a full financial management information system (FMIS) solution.

<sup>3</sup> AG (Accounts & Entitlement) compiles the monthly accounts of the State based on accounts submitted by the 84 Treasuries and DDOs of the Works and Forest Departments (collectively called Accounts Rendering Units currently 270 in number).

<sup>4</sup> "Core modules" of FMIS means modules in FinAssam for Budget Planning and Preparation, Budget Allocation and Distribution, Bills Creation, Expenditure Processing and Reporting and Accounting and Reconciliation, and decision support (budget performance reports) to internal stakeholders. Integration means integration with e-kuber, PFMS, e-Gras and NSDL and interfaced with AG for electronic submission of monthly accounts

DISBURSEMENT-LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS*					
	RESULTS TO BE ACHIEVED IN FY2017/18 (YEAR 1)	RESULTS TO BE ACHIEVED IN FY2018/19 (YEAR 2)	RESULTS TO BE ACHIEVED IN FY2019/20 (YEAR 3)	RESULTS TO BE ACHIEVED IN FY2020/21 (YEAR 4)	RESULTS TO BE ACHIEVED IN FY2021/22 (YEAR 5)	RESULTS TO BE ACHIEVED IN FY2022/23 (YEAR 6)
<i>Allocated Amounts</i>				(a) USD 1,000,000 for meeting DLI (i) above; and (b) USD 1,500,000 for meeting DLI (ii) above.	a) USD 1,500,000 for meeting DLI (i) up to 80% and USD 250,000 for every additional 5% achievement up to 90%).  (b) USD 1,500,000 for meeting DLI (ii) above.	USD 1,500,000
<i>2. Enhanced transparency of key budget, financial and procurement information</i>	Budget disclosures made by Finance Department include at least the following sections: (a) Budget at a glance; (b) Analytical Statement; (c) Transfer to Local Bodies; and (d) Action taken report on the budget of the previous year			(i) Finance Department has notified the procurement rules in Assam's Official Gazette.  (ii) Additional Budget disclosures made by Finance Department include the following: (a) object head wise expenditure (b) salary details for government	(i) The Finance Department has provided public access to information on at least 60% of the contracts awarded over the e-procurement threshold during the previous 12 months	The Finance Department has provided public access to in-year Budget execution reports in user friendly formats <sup>5</sup> .

<sup>5</sup> "User Friendly formats" means budget execution reports providing month-wise and cumulative budget head wise information on budget versus actual and data for current year and previous year and available on government website with download/search options in different formats, without any charge or need to register.

DISBURSEMENT-LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS*					
	RESULTS TO BE ACHIEVED IN FY2017/18 (YEAR 1)	RESULTS TO BE ACHIEVED IN FY2018/19 (YEAR 2)	RESULTS TO BE ACHIEVED IN FY2019/20 (YEAR 3)	RESULTS TO BE ACHIEVED IN FY2020/21 (YEAR 4)	RESULTS TO BE ACHIEVED IN FY2021/22 (YEAR 5)	RESULTS TO BE ACHIEVED IN FY2022/23 (YEAR 6)
				department; and (c) publication of Child and Gender Budget statement.	(ii) State Procurement Portal with enhanced procurement information and analysis publicly made available by Finance Department.	
<i>Allocated Amounts</i>	USD 500,000			(a) USD 500,000 for meeting DLI (i) above; and (b) USD 500,000 for meeting DLI (ii) above.	(a) USD 750,000 for meeting DLI (i) above; and (b) USD 250,000 for meeting DLI (ii) above.	USD 1,500,000
3. <i>Increased percentage of e-collections and e-payments using common e-</i>	E-Collection portal developed and rolled out for excise and all non-GST taxes administered by CoT	At least 60% payments made by the treasuries have been made electronically using e-kuber	At least 70% payments made by the treasuries have been made electronically using e-kuber.	(i) at least 80% payments made by the treasuries have been made electronically using e-kuber	(i) at least 80% of non-GST tax (administered by the COT) collected through the e-Collection portal	At least 70% revenue of three additional services, other than excise and CoT, have been collected through the e-Collection portal

DISBURSEMENT-LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS*					
	RESULTS TO BE ACHIEVED IN FY2017/18 (YEAR 1)	RESULTS TO BE ACHIEVED IN FY2018/19 (YEAR 2)	RESULTS TO BE ACHIEVED IN FY2019/20 (YEAR 3)	RESULTS TO BE ACHIEVED IN FY2020/21 (YEAR 4)	RESULTS TO BE ACHIEVED IN FY2021/22 (YEAR 5)	RESULTS TO BE ACHIEVED IN FY2022/23 (YEAR 6)
<i>collection and e-payment systems</i>				(ii) at least 90% of excise revenue collected through the e-Collection portal		
<i>Allocated Amounts</i>	USD 1,000,000	USD 500,000	USD 500,000	(a) USD 500,000 for meeting DLI (i) above; and (b) USD 500,000 for meeting DLI (ii) above.	USD 500,000	USD 500,000

DISBURSEMENT-LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS*					
	RESULTS TO BE ACHIEVED IN FY2017/18 (YEAR 1)	RESULTS TO BE ACHIEVED IN FY2018/19 (YEAR 2)	RESULTS TO BE ACHIEVED IN FY2019/20 (YEAR 3)	RESULTS TO BE ACHIEVED IN FY2020/21 (YEAR 4)	RESULTS TO BE ACHIEVED IN FY2021/22 (YEAR 5)	RESULTS TO BE ACHIEVED IN FY2022/23 (YEAR 6)
4. <i>Enhanced services provided by CoT using e-Governance</i>	Contract for new IT application for CoT awarded by AS-CFMS			CoT has operationalized the utilities for e-returns and online scrutiny of returns for all non-GST state taxes in the new IT application.	Electronic filing of Non-GST tax returns related to VAT, CST, Professional Tax and Electricity Duty Tax have commenced using the new IT application.	Data Analytics Capability established <sup>6</sup> and reports utilized to monitor taxpayer compliance
<i>Allocated Amounts</i>	USD 1,000,000			USD 1,500,000	USD 1,000,000	USD 500,000
5. <i>Enhanced services provided by Excise Department using e-Governance<sup>7</sup></i>	Assam has notified the Excise Rules 2016 in the Official Gazette		Contract for e-governance solution for Excise Department has been awarded by AS-CFMS	Excise Department has issued at least 80% of all transport permits electronically	The Excise Revenue collection has increased 80% over the revenue in financial year 2015-2016.	

<sup>6</sup> Establishment of analytical capacity in CoT as evidenced by: i) an operational data analytical software; (ii) personnel engaged in tax data analysis; and (iii) sample analytical reports generated from the software and reviewed.

<sup>7</sup> The e-governance solution will include work flow processes for issue of transport permits, excise licenses, registration of labels and scanning by use of Quick Response Codes and provide for service standards for delivery of services. It will be supported by issue of GoA's order mandating online requests by the licensees / assesses and rendering of services on-line by the Excise Department in a phased manner.

DISBURSEMENT-LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS*					
	RESULTS TO BE ACHIEVED IN FY2017/18 (YEAR 1)	RESULTS TO BE ACHIEVED IN FY2018/19 (YEAR 2)	RESULTS TO BE ACHIEVED IN FY2019/20 (YEAR 3)	RESULTS TO BE ACHIEVED IN FY2020/21 (YEAR 4)	RESULTS TO BE ACHIEVED IN FY2021/22 (YEAR 5)	RESULTS TO BE ACHIEVED IN FY2022/23 (YEAR 6)
<i>Allocated Amounts</i>	USD 1,000,000		USD 1,000,000	USD 2,000,000	USD 800,000 for achievement up to 80% and USD 100,000 for every 10% increase over 80%	
6. Digitization and improving efficiency in payment processes for select state DBT schemes through establishment of centralized IT <sup>8</sup> Platform				(i) Contract for the development of centralized IT Platform for DBT schemes has been awarded by the AS-CFMS  (ii) DBT Cell has been institutionalized and is functional.	Core functionalities of IT platform are deployed in live production environment and two schemes are on-boarded <sup>9</sup> .	80% of beneficiaries receive payments through the IT Platform for at least two select schemes.
<i>Allocated Amounts</i>				(a) USD 500,000 for meeting DLI (i) above; and	USD 750,000	USD 250,000 for each scheme

<sup>8</sup> Centralized IT platform means a layered application architecture consisting of various modules and microservices

<sup>9</sup> Scheme onboarding means the scheme's digitized data repositories and/or applications are linked with the centralized IT platform as per prescribed protocols in the design document

DISBURSEMENT-LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS*					
	RESULTS TO BE ACHIEVED IN FY2017/18 (YEAR 1)	RESULTS TO BE ACHIEVED IN FY2018/19 (YEAR 2)	RESULTS TO BE ACHIEVED IN FY2019/20 (YEAR 3)	RESULTS TO BE ACHIEVED IN FY2020/21 (YEAR 4)	RESULTS TO BE ACHIEVED IN FY2021/22 (YEAR 5)	RESULTS TO BE ACHIEVED IN FY2022/23 (YEAR 6)
				(b) USD 250,000 for meeting DLI (ii) above.		



## **APPENDIX**

### **Section I. Definitions**

1. “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 and as of July 1, 2016.
2. “Assam Society for Comprehensive Financial Management System” or “AS-CFMS” means the society established as a special purpose vehicle under Assam’s Finance Department for the purposes of, inter-alia, monitoring, supervising, and coordinating the implementation of the Project, or any successor thereto, acceptable to the Bank.
3. “Assam” means the Borrower’s State of Assam.
4. “BCO” means Assam’s budget controlling officers.
5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
6. “Cash and Debt Management Unit” means the unit to be established under Assam’s Finance Department with the purposes of strengthening the Finance Department’s function of cash and debt management.
7. “CoT” means Assam’s Office of Commissioner of Taxes or any successor thereto, acceptable to the Bank.
8. “DDOs” means Assam’s drawing and disbursing officers.
9. “Direct Benefit Transfer Program” or “DBT” means the Borrower’s mechanism of transferring cash benefits directly to individual beneficiaries’ through their bank accounts.
10. “Digital Infrastructure for DBTs” or “DIDS” means an ecosystem consisting of centralized IT platform and integrated digitized systems using a common protocol for data exchange to enable an efficient service delivery chain including DBTs.
11. “Disbursement Linked Indicator” and the acronym “DLI” mean any one of the indicators set out in the table in Schedule 4 to this Agreement; and “DLIs” means, more than one such DLI.
12. “DLI Target” means any one of the annual targets set to be achieved under each DLI as set forth in the table in Schedule 4 to this Agreement; and “DLI Targets” means, collectively, more than one such target.
13. “DLI Target Achievement Date” means, with regard to each DLI Target, the end of the Fiscal Year during which the relevant DLI Target is set to be achieved as set forth in the table in Schedule 4 to this Agreement.

14. “DLI Value” means the total amount of the Loan allocated to each DLI Target as set forth in the table in Schedule 4 to this Agreement, as such amount may be reallocated in whole or in part among the DLI Targets or among the Categories by notice from the Bank from time to time.
15. “Eligible Expenditure Program” and the acronym “EEP” mean the actual expenditures incurred by the Borrower, the Project Implementing Entity and the Implementing Departments for the implementation of Component 2.2 of the Project, as detailed in the Project Implementation Plan.
16. “e-Kuber” means the core banking solution of RBI which provides a single current account for each bank across the country with decentralized access to this account using safe portal based services.
17. “Environmental Management Plan” or “EMP” means the instrument [to be] prepared by the Project Implementing Entity, satisfactory to the Bank, and to be disclosed on the Bank’s website], which details (a) the measures to be taken during the implementation and operation of the Project to avoid, minimize, mitigate or offset adverse environmental and social impacts (including health and safety issues), or to reduce them to acceptable levels; and (b) the actions needed to implement these measures, as said instrument may be amended from time to time with the Bank’s prior written agreement.
18. “DLI Verification Protocol” means the set and procedures, prepared for the Project and acceptable to the Bank, to verify the achievement of DLI Targets, which sets out, *inter alia*, the description of the evidence required; as the same may be amended from time to time with the prior written agreement of the Bank.
19. “ED” means Assam’s Excise Department or any successor thereto, acceptable to the Bank.
20. “Finance Department” or “FD” means Assam’s Department of Finance or any successor thereto, acceptable to the Bank.
21. “Fiscal Year” and the acronym “FY” mean the Borrower’s fiscal year, which commences on April 1 in a given calendar year and closes on March 31 of the following calendar year.
22. “FMIS” means financial management information system.
23. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012, with the modifications set forth in Section II of this Appendix.
24. “GoA” means Government of Assam.
25. “GST” means goods and service tax.
26. “HoD” means Assam head of the departments.

27. “Implementing Departments” means Assam’s departments including, inter-alia Finance Department, including its Directorate of Accounts and Treasuries, Office of Commissioner of Taxes and Directorate of Local Fund Audit; Excise Department, Planning and Development Department, and Information Technology Department, assisting AS-CFMS in the implementation of specific activities under the Project.
28. “IT” means Information Technology.
29. “ITC” means input tax credit.
30. “IT Systems Integrator” means the person/ company specialized in bringing together component subsystems into a whole and ensure that said subsystems work together in a technical satisfactory manner.
31. “Knowledge Transfer Visits” means trips to other States and/or other countries as needed, with the purpose of getting exposure to selected areas of knowledge and/or expertise.
32. “MIS” means management information system.
33. “Official Gazette” means Assam’s official journal, a periodical publication that records the business and proceedings of GoA and has been authorized to publish legal notices.
34. “Operating Costs” means, inter alia, the following additional costs incurred in the carrying out of the Project: (i) remuneration of individuals appointed under and staff deputed to the Project; and (ii) the costs of office expenses under the Project, including, hiring and maintenance of vehicles, office rent, office maintenance, and operation and maintenance of office’s equipment purchased under the Project, communication costs, data collection for purposes of the Project, and Project related domestic and international travel costs including allowances.
35. “PFMS” means “Public Financial Management System”
36. “Project Implementation Plan” means the implementation plan for the Project including all annexes thereto, acceptable to the Bank, dated May 16, 2017, which describes, *inter-alia*, the implementation and institutional arrangements and arrangements for compliance, verification and disbursement against DLIs for the Project, and audits, as such plan may be amended from time to time by agreement between Assam and the Bank.
37. “Project Implementing Entity” means the Borrower’s State of Assam.
38. “PMU” or Project Management Unit means the coordination unit established within AS-CFMS Society and referred to in Section I.A.1 of the Schedule to the Amended and Restated Project Agreement.

39. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated May 16, 2017, 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 provision of said paragraphs.
40. “PPPs” means “Public Private Partnership”.
41. “PPP Cell” means the unit to be established under Assam’s Planning and Development Department vested with the responsibility of, *inter-alia*, providing guidance and support in effective implementation of Assam’s PPP policy.
42. “RBI” or “Reserve Bank of India” means the Borrower’s central bank.
43. “SBD” means standard bidding document.
44. “Training” means non-consultant expenditures incurred in connection with the provision of training, including, study tours and workshops, training institution fees, logistics, materials, and the cost of travel and per diem of trainers and trainees.
45. “VAT” means value added tax.

## **Section II. Modifications to the General Conditions**

The General Conditions are hereby modified as follows:

1. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.
2. Section 3.01. (*Front-end Fee*) is modified to read as follows:  
“Section 3.01. *Front-end Fee; Commitment Charge*
  - (a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the “Front-end Fee”).
  - (b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the “Commitment Charge”). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date.”
3. In the Appendix, **Definitions**, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.
4. The Appendix is modified by inserting a new paragraph 19 with the following definition of “Commitment Charge”, and renumbering the subsequent paragraphs accordingly:

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

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

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

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

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