
LOAN NUMBER 9066-IN

Loan Agreement

(Himachal Pradesh State Roads Transformation Project)

between

INDIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between INDIA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 the amount of eighty two million United States Dollars (US\$82,000,000), as such amount may be converted from time to time through a Currency Conversion ("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 III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are June 15 and December 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 4 to this Agreement.
- 2.08. (a) If on any given day, the Total Exposure exceeds the Standard Exposure Limit (as said terms are defined in sub-paragraphs (b)(ii) and (b)(iii) of this Section), the Borrower shall pay to the Bank a surcharge at the rate of one half of one percent (0.5%) per annum of the Allocated Excess Exposure Amount (as defined in sub-paragraph (b)(i) of this Section) for each said day ("Exposure Surcharge"). The Exposure Surcharge (if any) shall be payable semi-annually in arrears on each Payment Date.

(b) For purposes of this Section the following terms have the meanings set forth below:
 - (i) "Allocated Excess Exposure Amount" means for each day during which the Total Exposure exceeds the Standard Exposure Limit, the product of: (A) the total amount of said excess; and (B) the ratio of all (or, if the Bank so determines, a portion) of the Loan to the aggregate amount of all (or the equivalent portions) of the loans made by the Bank to the Borrower, and to other borrowers guaranteed by the Borrower that are also subject to

an exposure surcharge, as said excess and ratio are reasonably determined from time to time by the Bank.

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

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

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Project Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, namely, that the HP State Police Standard Operating Procedure/Code of Conduct for the HP State Traffic Police has been amended, suspended, abrogated, repealed or waived so as to: (i) affect materially and adversely the ability of the HP State Traffic Police to carry out its envisioned functions under the Project; or (ii) expand such functions of the HP State Traffic Police to include regular policing and/or criminal investigation activities. For avoidance of doubt, in the event that the suspension remedy is triggered, the Bank reserves the right to decide whether such suspension shall be partial (i.e. affecting disbursement for specific activities and/or components) or total (i.e. affecting the entirety of the Unwithdrawn Loan Balance), in consideration to the relevant circumstances triggering such remedy.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs and is not rectified, in a manner and substance satisfactory to the Bank, within sixty (60) day of the Bank's notification to that effect.

ARTICLE V — EFFECTIVENESS - TERMINATION

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower'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 Borrower's Ministry of Finance.
- 6.02. For purposes of Section 10.01 of the General Conditions:

(a) the Borrower's address is:

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

(b) the Borrower's Electronic Address is:

Facsimile: E-mail:
+91-11-23094075 secy-dea@nic.in

5.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Telex: Facsimile:
248423(MCI) or 1-202-477-6391
64145(MCI)

AGREED as of the Signature Date.

INDIA

By 1/5/SAMEER KUMAR KHARE

Authorized Representative

Name: SAMEER KUMAR KHARE

Title: ADDITIONAL SECRETARY

Date: SEPTEMBER 7, 2020

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By 13/ SUNAID KAMAL AHMAD

Authorized Representative

Name: SUNAID KAMAL AHMAD

Title: COUNTRY DIRECTOR, INDIA

Date: SEPTEMBER 7, 2020

SCHEDULE 1

Project Description

The objective of the Project is to enhance the efficiency of the transportation and Road Safety institutions and improve selected roads in Himachal Pradesh.

The Project consists of the following components:

Component 1. Building Himachal Pradesh's Transport Institutions and Resilience

1.1. Re-establishing and operationalizing HPRIDC and building resilience

Support Himachal Pradesh's initiative to: (a) create a corporate entity responsible for the administration of the strategic core roads network, Major District Roads, and other district roads, as well as maintenance of the National Highways mandated to the State of Himachal Pradesh, and deliver safe, resilient and well performing roads; (b) operationalize the corporate entity ("HPRIDC"); and (c) make the Himalayan mountain roads in Himachal Pradesh climate risk resilient, through:

1.1 (a) reorganizing and inaugurating the new corporate entity by legally re-establishing HPRIDC as a public limited company for greater transparency, compliance and accountability. The reorganization study will provide the institutional mandate, governance structure, organigram, and administrative manual showing the executive board composition, oversight responsibility, fiduciary authority and code of conduct, as well as chief executive officer's and management team's recruitment, performance assessment and code of conduct;

1.1 (b) operationalizing HPRIDC, including: (i) based on the organigram to be prepared by the institutional reform study, assigning the managerial, technical, finance and procurement staff and increasing the engagement of women; (ii) rolling out systems and integrating the standalone IT software; and (iii) engaging consultants to address the implementation capacity gaps, including contract management and corporate governance norms;

1.1 (c) establishing the funds flow mechanism and asset transfer, by: (i) earmarking the annual operating budget for HPRIDC in the budget book (budget published by the Finance Department of HP) as a separate budget head or a budget line in HPPWD's budget; (ii) upgrading the Road Asset Management System ("RAMS"); (iii) preparing Road Asset Management Plan, with three years rolling budgetary requirement; (iv) support to the creation of dedicated road financing mechanism and broadening the financing base; and (v) transferring all roads under the jurisdiction of HPPWD to HPRIDC balance sheet; and

1.1 (d) mainstreaming resilience in the Himalayan mountain roads and protecting the natural and social environment by developing and adopting: (i) disaster risk management policy; (ii) emergency warning and response system; (iii) bioengineering solutions manual; and (iv) Borrower's environmental and social framework.

1.2. Commercializing road maintenance and the direct labor operations of HPPWD

Support Himachal Pradesh's initiative to improve the efficiency of maintenance execution and reduce maintenance cost, by: (a) executing maintenance operation based on commercial principles and achieve value for money by undertaking the maintenance of about 50 percent (50%) of the state core roads network under performance based maintenance contracting by private contractors; (b) maintaining part of the state core roads network under service level agreement by the separately organized direct labor wing of HPPWD; and (c) undertaking the preservation of bioengineering solution and post construction non-mechanized maintenance by women self-help group, whereby at least 30 percent (30%) of the maintenance contracts will be awarded to women-led producer groups/SHG groups, HPRIDC to engage with women-led SHGs along the core network roads to build capacity of these groups in operations and maintenance ("O&M") of roads under the regular maintenance program, and provision of skills training to adopt a holistic approach to include intensive technical as well as life skills training in digital, financial and legal literacy, such trainings to be offered to women-led groups through collaboration with government industrial training institutes; through:

1.2 (a) executing benchmark performance-based maintenance contracts on about 158 km of the state core roads network by private contractors, whilst HPRIDC outsources the maintenance of about 842 km in parallel under the regular maintenance program;

1.2 (b) reorganizing and inaugurating the direct labor wing of HPPWD;

1.2 (c) operationalizing the direct labor operation, including: (i) reassigning the technical staff; (ii) piloting internal service level agreement; (iii) developing manuals and systems; (iv) establishing cost centers; and (v) enhancing the efficiency of the direct labor, including deploying the systems and training; and

1.2 (d) preserving bio-engineering solutions within the ROW under women-self-help group contracting.

1.3 Establishing Himachal Pradesh Motor Vehicle Administration ("HPMVA"), Strengthening the Directorate of Transportation of HPDOT and developing logistics system and strategy

Support for delivery of efficient customer services, as well as competitive, safe and clean transportation in Himachal Pradesh by: (a) enhancing governance and improving the vehicle administration system; (b) enhancing the regulatory/coordination framework for transportation services, including creating a platform for coordination, policy formulation and planning of road infrastructure development and transport services regulation; (c) adopting a strategic plan for multimodal transport; (d) integration of climate change scenarios and climate risk assessments into planning process; and (e) developing logistics system and strategy to stimulate horticultural and economic growth in Himachal Pradesh, through:

1.3 (a) reorganizing and inaugurating the HPMVA and the Directorate of Transportation of HPDOT;

1.3 (b) operationalizing/strengthening HPMVA and the Directorate of Transportation, including: (i) assigning the operational staff and hiring at least 50 percent (50%) women while recruiting new staff in the vehicle registration services and about 30 percent (30%) in the other services; (ii) upgrading/developing and adopting the vehicle registration, vehicle inspection, emission control

and drivers licensing systems and procedure manuals; and developing vehicle emission reduction strategy (promoting electric and solar vehicles and tricycles, fleet renewal); (iii) strengthening the main MVA center in Shimla area and the Directorate of Transportation, whilst HPDOT takes up the establishment of branch offices and mobile service provision; (iv) preparing and adopting a strategic plan for the development of multimodal transportation system, and integrating climate change scenarios and climate risk assessments; (v) creating a platform for coordination of policy and planning functions of road infrastructure development and transport services regulation; and (vi) preparing and adopting mobility improvement strategy and action plan for Shimla to relief the seasonal congestion and route rationalization on main corridors; and

1.3 (c) developing and adopting logistics system and strategy for horticultural and overall economic growth of Himachal Pradesh.

1.4 Preparatory activities

Conducting feasibility study and ESIA for 2,000km of roads, and preparing Detail Project Report (“DPR”) for upgrading 650 km and maintenance of 1,350 of state core roads.

Component 2. Improving Select Roads stimulating Himachal Pradesh’s horticultural and overall economic growth

Support to enhance the efficiency of HPRIDC to execute road improvement projects at a planned cost, time and quality, whilst improving connectivity by financing the upgrading of approximately 89.2 km of roads (MDRs) connecting small holding farmers production and primary processing clusters to wholesale markets/SME clusters, 30 percent of the maintenance contracts on the Project roads to be awarded to women-led SHG groups from close habitations, through:

2.1 upgrading of priority roads, including: Baddi Sai Ramshahar road (34km) and Dadhol Ladrour road (13.5km), as well as financing the supervision of all four roads under this Component; and

2.2. upgrading of part of the Mandi Rewalsar Kalkhar road and Raghunathpura-Mandi-Harpura-Bharari (2.7km).

Component 3: Enhancing Road Safety

3.1 Promoting the “Safe System”

Support in three pilot districts to reduce road accident fatalities by enhancing enforcement through: (a) strengthening the Road Safety Cell under the Directorate of Transportation of HPDOT, mainstreaming the national MVA Act 2019, and enhancing the data management system to establish a system connecting the hospitals providing post-accident care and the State Traffic Police; (b) strengthening the State Traffic Police patrol by providing surveillance equipment (CCTV cameras for speed control, accident recording, etc.), variable messaging system (“VMS”), communication equipment and fiber connection, training the State Traffic Police, and establishing emergency response system supported by ambulances, first aid kits, tools, communication system, cranes, tow trucks, etc.; (c) promote community Road Safety programs in the pilot districts by organizing, training and equipping volunteers in high accident-prone areas to support enforcement and emergency response; and (d) Road Safety Advisory Services for preparing an action plan, advising the State Traffic Police and the Road Safety Cell of HPDOT, and providing training to the State Traffic Police and the volunteers from local communities supporting the enforcement.

3.2 Promoting the "Safe Corridor Initiative"

Support (to be piloted along one corridor with the highest road accident and fatality rate) the state highway patrol by providing surveillance equipment, VMS, training the police, and establishing emergency response system, establishing communication system connecting accident sites and dedicated hospitals for post-crash care and data collection on survival of victims under trauma management.

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 the Project Implementing Entity ("PIE") in accordance with the Borrower's standard arrangements for developmental assistance to the states of India. Notwithstanding the foregoing, in the event that any provision of this Agreement, including the instructions that the Bank shall have specified by notice to the Borrower pursuant to Section III.A of this Schedule 2, 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.
2. The Borrower shall at all times protect its own interests and the interests of the Bank to accomplish the purposes of the Loan.

B. Environmental and Social Standards

1. The Borrower shall, and shall cause the Project Implementing Entity to, ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Borrower shall, and shall cause the Project Implementing Entity to, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Borrower shall, and shall cause the Project Implementing Entity to, ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and as further specified in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies, procedures and qualified staff are maintained to enable it to implement the ESCP, as further specified in the ESCP; and
 - (d) the ESCP or any provision thereof, is not amended, revised or waived, except as the Bank shall otherwise agree in writing and the Borrower has, thereafter, disclosed the revised ESCP.

In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The Borrower shall, and shall cause the Project Implementing Entity to:
 - (a) take all measures necessary on its part to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the management tools and instruments referred to therein, all such reports in

form and substance acceptable to the Bank, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

(b) promptly notify the Bank of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the instruments referenced therein and the Environmental and Social Standards.

4. The Borrower shall, and shall cause the Project Implementing Entity to, maintain and publicize the availability of a grievance mechanism, in form and substance satisfactory to the Bank, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Bank.

Section II. Project Monitoring, Reporting and Evaluation

1. The Borrower shall cause the PIE to furnish to the Bank each Project Report, in a format agreed with the Bank, not later than forty-five days after the end of each calendar semester, covering the calendar semester.
2. The Borrower shall cause the PIE to prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank no later than thirty-six (36) months from the Effective Date, a consolidated mid-term review report for the Project, in accordance with the provision of paragraph 2 of Section II of the Schedule to the Project Agreement.

Section III. Withdrawal of Loan Proceeds

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Incremental Operating Costs, and Training, under the Eligible Expenditure Program ("EEP") under Components 1.1, 1.2(b), 1.2(c), 1.3, and 3 of the Project	27,000,000	100% in accordance with Schedule 3 to this Agreement

(2) Goods, works, non-consulting services, consulting services, Incremental Operating Costs, and Training, under Components 1.4, 1.2(a), 1.2(d), and 2 of the Project	54,795,000	73%
(3) Front-end Fee	205,000	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 4.05 (c) of the General Conditions
TOTAL AMOUNT	82,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed US\$3,000,000 may be made from Category (2) for payments made prior to this date but on or after April 30, 2019; and
 - (b) under Category (1), until and unless the Borrower has:
 - (i) complied with the instructions under the Disbursement and Financial Information Letter and any additional instructions specified in accordance with Section 2.01(b) of the General Conditions, including the submission to the Bank of the applicable interim unaudited financial reports evidencing the incurrence of EEP expenditures for which payment is requested; and
 - (ii) furnished evidence satisfactory to the Bank that the DLR under the DLIs for which payment is requested has been achieved as set forth in Schedule 3 to this Agreement in form and substance satisfactory to the Bank and in accordance with the verification protocols agreed with the Bank and as verified by the IVA-TAC.
2. Notwithstanding the provisions of paragraph 1(b) above, the amount of the Loan to be withdrawn upon the verified achievement of any DLR shall not exceed the lesser of: (a) the amount allocated against such DLR; and (b) the amount of the EEP expenditures under Category 1, including those incurred but not yet paid by the proceeds of the Loan, at the date of submission of such withdrawal application.
3. Notwithstanding the provisions of paragraphs 1(b) and 2 above, if any DLR has not been achieved by the date by which the said DLR is set to be achieved in accordance with the table in Schedule 3 to this Agreement, the Bank may, by notice to the Borrower: (a) reallocate a portion of the proceeds of the Loan then allocated to said DLR not to exceed thirty percent (30%) of the proceeds of the

Loan to any other DLR; and/or (b) cancel all or a portion of the proceeds of the Loan then allocated to said DLR. In no case, shall the amount allocated against any DLR be increased by more than 30% through any reallocation.

4. If, at any time, the Bank determines that any portion of the amounts disbursed under Category (1) was: (i) for expenditures which are not eligible under the EEP; or (ii) not in compliance with the provisions of Section III.B.1(b) above of this Schedule 2, the Borrower shall promptly refund any such amount to the Bank as the Bank shall specify by notice to the Borrower.
5. The Closing Date is June 30, 2026.

C. Ineligible Expenditures

The following shall not be Eligible Expenditures and the Borrower shall ensure, and cause the Project Implementing Entity to ensure, that the following expenditures are financed exclusively out of the Project Implementing Entity's own resources, as the case may be, and not out of the proceeds of the Loan, namely:

- (a) all land acquisition required for the Project;
- (b) any compensation, resettlement and rehabilitation payment to affected persons in accordance with the provisions of the ESCP;
- (c) any compensatory afforestation payments;
- (d) any interest during construction;
- (e) retention money/security deposit retained (till the time it is not released);
- (f) expenditures incurred after the Project Closing Date;
- (g) expenditures not in line with the Project description in this Agreement;
- (h) procurement not in line with agreed procurement procedures; and
- (i) expenses disallowed by auditors and not resolved adequately, and expenses found ineligible during Bank review.

Section IV. Other Undertakings

The Borrower shall provide or cause the PIE to provide, as needed, the funds, facilities and services and other resources required for the Project.

SCHEDULE 3

Disbursement Linked Indicators, Disbursement Linked Results and Allocated Amounts Applicable to the Project

DLIs	Total Loan Amount Allocated to DLI	DLR No.	DLR Description	Target Achievement Timelines (Indicative)	Allocated Amounts
DLI 1: Reorganizing and inaugurating HPRIDC, the direct labor wing of HPPWD, HPMVA and the Directorate of Transportation of HPDOT	US\$5,000,000	1.1	<p>(i) Cabinet order issued, and</p> <p>(ii) The HPRIDC board members, heads of the four entities and Department/Division/zonal heads appointed.</p>	<p>Three (3) months after effectiveness</p> <p>FY2021</p>	<p>US\$ 5,000,000</p> <p>DLI not scalable</p>
DLI 2: Operationalizing HPRIDC	US\$2,000,000	2.1	<p>(i) Assigning the technical staff.</p> <p>(ii) Rolling out the Electronic Project Management System (ePMS) and HP State government contract management system, and</p> <p>(iii) Integrated Management Information System (IMIS) commissioned.</p>	<p>FY2021</p> <p>FY2021</p> <p>FY2022</p>	<p>US\$ 2,000,000</p> <p>DLI scalable</p> <p>Scalability: (a) US\$500,000 upon the assignment of at least 60% of the technical staff; (b) US\$500,000 upon achieving DLR2 (ii) and DLR 2 (iii); (c) US\$70,000 upon achieving DLR 2 (iv), (v) and (vi) to engage IVA-TAC, and PMC, and hiring individual consultant, including: for social and environmental safeguards, bioengineering, financial management and contract management;</p>

<p>DLI 3: Establishing the funds flow mechanism and asset transfer for HPRIDC</p>	<p>US\$1,500,000</p>	<p>3.1</p>	<p>(iv) An independent Verification Agent (IVA-TAC) engaged, and (v) Project Management Consultant (PMC) engaged, and (vi) Individual consultants (technical assistants – TAs) engaged. (vii) Monitoring and evaluation of performance of the four entities and outcomes, and conducting surveys and auditing, and (viii) Design review manual prepared and other institutional development studies conducted</p>	<p>FY2020 FY2020 FY2020 FY2026</p>	<p>(d) US\$30,000 upon achieving DLR 2 (vii) and (viii), including: monitoring and evaluation tasks, surveys and auditing under DLR2 (vii) and institutional development studies under DLR2 (viii)</p>
<p>DLI 3: Establishing the funds flow mechanism and asset transfer for HPRIDC</p>	<p>US\$1,500,000</p>	<p>3.1</p>	<p>(i) Annual budget for HPRIDC earmarked in the budget book and (ii) All roads under the jurisdiction of HPPWD transferred to HPRIDC balance sheet.</p>	<p>Year 2 (FY 2021-22) – Year 6 (FY 2025-26) FY2022</p>	<p>US\$1,500,000 DLI scalable Scalability: (a) US\$1,000,000 upon achieving DLR 3 (i) earmarking the budget for FY 2020-2021, and DLR 3 (ii) completing the asset transfer; and</p>

			<p>(iii) Road Asset Management System (RAMS) upgraded, and</p> <p>(iv) A three years rolling Road Asset Management Plan adopted, and</p> <p>(v) Recommendations of the road financing study adopted.</p>	<p>FY2022</p> <p>FY2023</p> <p>FY2021</p>	<p>(b) US\$500,000 upon achieving DLR 3 (iii) and DLR (iv) and (v).</p>
<p>DLI 4: Mainstreaming resilience in the Himalayan mountain roads and protecting the natural and social environment</p>	<p>US\$1,500,000</p>	<p>4.1</p>	<p>Developing and adopting:</p> <p>(i) disaster risk management policy; and</p> <p>(ii) emergency warning and response system; and</p> <p>(iii) bioengineering solutions manual; and</p> <p>(iv) environmental and social management framework.</p>	<p>FY2023</p> <p>FY2023</p> <p>FY2023</p> <p>FY2023</p>	<p>US\$1,500,000</p> <p>DLI not scalable</p>
<p>DLI 5: Operationalizing the direct labor wing of HPPWD</p>	<p>US\$1,000,000</p>	<p>5.1</p>	<p>(i) Assigning the technical staff, and</p> <p>(ii) TA provided for: (a) piloting internal service level agreement; (b) developing manuals and systems, and</p>	<p>FY2021</p> <p>FY2022</p>	<p>US\$1,000,000</p> <p>DLI not scalable</p>

<p>DLI 6: Operationalizing /strengthening HPMVA and the Directorate of Transportation of HPDOT.</p>	<p>US\$5,000,000</p>	<p>6.1</p>	<p>(iii) Deploying the systems and training.</p> <p>(i) Assigning the operational/service provision staff.</p> <p>(ii) Vehicle registration, vehicle inspection, emission control, drivers licensing systems and procedure manuals, and emission reduction strategy upgraded/ developed and adopted; and bidding documents for the procurement of equipment for Shimla MVA center prepared.</p> <p>(iii)The main MVA center in Shimla area and the Directorate of Transportation strengthened.</p> <p>(iv)Preparing and adopting a strategic plan for the development of multimodal transportation system, and</p> <p>(v)Preparing and adopting mobility improvement</p>	<p>FY2022</p> <p>FY2021</p> <p>FY2023</p> <p>FY2024</p> <p>FY2024</p>	<p>US\$5,000,000</p> <p>DLI scalable</p> <p>Scalability: (a) US\$500,000 upon the assignment of at least 60% of the operational staff (positions, qualification and specific number, as recommended by the reorganization study) plus US\$500,000 upon the appointment of 100% of the technical staff; (b) US\$1,000,000 upon achieving DLR 6 (ii); (c) US\$2,000,000 upon achieving DLR 6 (iii); and (d) US\$1,000,000 upon achieving DLR 6 (iv) and (v)</p>
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				action plan for Shimla to relief the seasonal congestion and route rationalization on main corridors.	FY2023	
DLI 7: Developing and adopting logistics system and strategy for horticultural and overall economic growth of HP	US\$1,000,000	7.1	Developing logistics system & strategy		FY2023	US\$1,000,000 DLI not scalable
DLI 8: Enabling patrol and emergency response to enhance Road Safety enforcement & strengthening road safety	US\$10,000,000	8.1	(i) Adopting a Road Safety improvement action plan and training police and communities. (ii) Delivery and commissioning of patrol and emergency response equipment to the police and community programs.		FY2021 FY2023	US\$10,000,000 DLI scalable Scalability: (a) US\$1,000,000 upon achieving DLR 8 (i); and (b) US\$9,000,000 upon achieving DLR 8 (ii).

SCHEDULE 4

Commitment-Linked Amortization Repayment Schedule

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").

Level Principal Repayments

Principal Payment Date	Installment Share
On each June 15 and December 15 Beginning June 15, 2025 through December 15, 2034	5%

APPENDIX

Definitions

1. "Anti-Corruption Guidelines" means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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. "Cabinet" means the cabinet of ministers of the State of Himachal Pradesh.
3. "Category" means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. "CCTV" means closed circuit television.
5. "CSC" means the construction supervision consultant referred to in Section I.A.4 of the Schedule to the Project Agreement.
6. "Directorate of Transportation" means the directorate within the Himachal Pradesh Department of Transport ("HPDOT"), regulating transportation services.
7. "Disbursement Linked Indicator" or "DLI" means the indicator set forth in the table in Schedule 3 to this Agreement.
8. "Disbursement Linked Result" or "DLR" means the result set forth in the table in Schedule 3 to this Agreement, on the basis of the achievement of which, the amount of the Loan allocated to said result may be withdrawn in accordance with the provisions of Section III.B of Schedule 2 to this Agreement.
9. "DPR" means detailed project report.
10. "Electronic Project Management System" or "ePMS" each means a digital Project management system.
11. "Eligible Expenditure Program" and the acronym "EEP" means the cost of civil works under the Major District Roads upgrading, and process reengineering and studies under the institutional reform and building resilience component, the logistics system development tasks and the Road Safety interventions planned, procured and implemented in line with agreed procedures acceptable to the Bank.
12. "Environmental and Social Impact Assessment" and "ESIA" means the environmental and social impact assessment to be prepared for any activity under the Project in accordance with the procedures and requirements under the ESCP, satisfactory to the Bank, which details: (a) the measures to be taken during the implementation and operation of such activity 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.

13. "Environmental and Social Commitment Plan" or the acronym "ESCP" means the Project Implementing Entity's environmental and social commitment plan, acceptable to the Bank, dated February 21, 2020, which sets out a summary of the material measures and actions to address the potential environmental and social risks and impacts of the Project, including the timing of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any instruments to be prepared thereunder; as the ESCP may be revised from time to time, with prior written agreement of the Bank, and such term includes any annexes or schedules to such plan.
14. "Environmental and Social Standards" means, collectively: (i) "Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts"; (ii) "Environmental and Social Standard 2: Labor and Working Conditions"; (iii) "Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management"; (iv) "Environmental and Social Standard 4: Community Health and Safety"; (v) "Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement"; (vi) "Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources"; (vii) "Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities"; (viii) "Environmental and Social Standard 8: Cultural Heritage"; (ix) "Environmental and Social Standard 9: Financial Intermediaries"; (x) "Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure"; effective on October 1, 2018, as published by the Bank at www.worldbank.org.
15. "Fiscal Year" or the acronym "FY" means the Borrower's fiscal year, which begins on April 1 of each calendar year and ends on March 31 of the next calendar year.
16. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing", dated December 14, 2018.
17. "Himachal Pradesh" and "HP" each means the Borrower's State of Himachal Pradesh (the Project Implementing Entity) or any successor thereto.
18. "HPDOT" means Himachal Pradesh Department of Transport, a government agency responsible for regulating and coordinating the provision of efficient transportation services in Himachal Pradesh, or any successor thereto.
19. "Himachal Pradesh Motor Vehicle Administration" and "HPMVA" each means the agency providing customer services and collecting taxes and fees in relation to motor vehicles in Himachal Pradesh, or any successor thereto.
20. "Himachal Pradesh Public Works Department" and "HPPWD" each means the Himachal Pradesh State department responsible for overall road infrastructure and public buildings management, including, inter alia, planning, construction and maintenance of roads, bridges, ropeways and buildings, both residential and non-residential, for various government departments, or any successor thereto.

21. "Himachal Pradesh Road and other Infrastructure Development Corporation" and "HPRIDC" each means a corporate entity wholly owned by the State of Himachal Pradesh, accountable to HPPWD, the focal unit for the development and maintenance of the State of Himachal Pradesh roads network and managing upgrading and major rehabilitation contracts, or any successor thereto.
22. "HP State Police" means the police force of the State of Himachal Pradesh which includes the HP State Traffic Police.
23. "HP State Police Standard Operating Procedure/Code of Conduct for the HP State Traffic Police" means the PIE's State Police's standard operating procedure/code of conduct for the HP State Traffic Police acceptable to the Bank.
24. "HP State Traffic Police" and "State Traffic Police" each means the PIE's traffic police force, which is part of the HP State Police.
25. "Incremental Operating Costs" means the reasonable incremental expenses incurred by the PIE, on account of managing, implementing, monitoring and/or evaluating the Project, which expenditures would not have been incurred absent the Project, including, but not limited to: incremental staff salaries, per diem and allowances, office rent, office supplies, utilities, conveyance, travel and boarding/lodging allowances, operating and maintenance expenditures of office equipment and vehicles, bank charges, insurance, advertising, media projections, newspaper subscriptions, periodicals, and printing and stationary costs incurred for the purposes of Project activities; but excluding salaries, fees, honoraria, bonuses, and any other salary supplements of members of the PIE's civil service.
26. "Integrated Management Information System" or "IMIS" means a digital information management system integrating all sub-systems.
27. "IVA-TAC" means the independent verification agent (IVA) – technical audit consultant (TAC) referred to in Section I.A.6 of the Schedule to the Project Agreement.
28. "Major District Roads" and "MDRs" each means roads interconnecting major towns and economic centers in a district in the State of Himachal Pradesh.
29. "MVA Act 2019" means Motor Vehicle (Amendment) Act 2019.
30. "MVA" means motor vehicle administration.
31. "PMC" means the Project management consultant referred to in Section I.A.3 of the Schedule to the Project Agreement.
32. "Procurement Regulations" means, for purposes of paragraph 85 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated July 2016, revised November 2017 and August 2018.
33. "Project Implementing Entity" or "PIE" means the Borrower's State of Himachal Pradesh or any successor thereto.

34. "Project Implementation Manual" or "PIM" means the manual to be adopted by the Project Implementing Entity no later than one month from the Effective Date, which will include the implementation arrangements for the Project, including *inter alia*: (i) the details of the Project activities including results framework and overall budget; (ii) the Project implementation arrangements; (iii) the format of the interim unaudited financial reports to be submitted under the Project; (iv) the Project's administrative, accounting, auditing, reporting, financial management and procurement regulations; (v) the Project's environmental and social framework requirements; and (vi) the Project's monitoring and evaluation, and reporting requirements; as such plan may be amended from time to time with the prior concurrence of the Bank.
35. "QAC" means the independent quality assurance consultants referred to in Section I.A.4 of the Schedule to the Project Agreement.
36. "Road Asset Management Plan" means a road asset investment and maintenance plan.
37. "Road Asset Management System" and "RAMS" each means a geo reference road asset data and information management system.
38. "Road Safety Cell" means the road safety cell under the Directorate of Transportation of HPDOT.
39. "Road Safety Policy" means a policy framework enhancing road safety.
40. "ROW" means right of way.
41. "Safe Corridor Initiative" means a comprehensive road safety enforcement, engineering, and emergency care program implemented on highly trafficked corridors.
42. "Safe System" means a scientific approach to enhance road safety through strengthening institutional management/policy, improving road infrastructure, vehicle safety, enforcement and post-impact care.
43. "SHG" means Self-Help Group, a women's association undertaking road maintenance bio-engineering solutions preservation.
44. "Signature Date" means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions.
45. "TA" means technical assistance.
46. "Training" means reasonable costs of trainings, seminars, workshops, conferences, study tours, conducted in the territory of the Borrower and/or overseas, including: (a) fees of training institutions and courses; (b) domestic and international travel costs, lodging costs, and subsistence/per diem allowances for both trainers and trainees; (c) rental of training facilities; and (d) preparation, purchase or reproduction of training materials; but excluding salaries and allowance of the Borrower's and the Project Implementing Entity's civil servants or their other regular staff.