

OFFICIAL DOCUMENTS

LOAN NUMBER 8753-IN

Program Agreement

(Himachal Pradesh Public Financial Management Capacity Building Program)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

STATE OF HIMACHAL PRADESH

Dated May 31, 2017

LOAN NUMBER 8753-IN

PROGRAM AGREEMENT

Agreement dated MAY 31, 2017, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("The Bank") and STATE OF HIMACHAL PRADESH ("Program Implementing Entity") ("Program Agreement") in connection with the Loan Agreement of the same date between INDIA, ("Borrower") and the Bank ("Loan Agreement"). The Bank and the Program Implementing Entity, hereby, agree as follows:

ARTICLE I – GENERAL CONDITIONS; DEFINITIONS

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

ARTICLE II – PROGRAM

- 2.01. Himachal Pradesh declares its commitment to the objectives of the Program. To this end, Himachal Pradesh shall carry out the Program in accordance with the provisions of Article V of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required to carry out the Program.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as Himachal Pradesh and the Bank shall otherwise agree, Himachal Pradesh shall carry out the Program in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III – REPRESENTATIVE; ADDRESSES

- 3.01. Himachal Pradesh's Representative is its Additional Chief Secretary (Finance).
- 3.02. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

3.03. Himachal Pradesh's Address is:

HP Secretariat
Shimla 171 002
Himachal Pradesh,
India

Facsimile:

+91 177 2622382

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

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name SUNIL KAMAL AHMAD

Title COUNTRY DIRECTOR, INDIA

STATE OF HIMACHAL PRADESH

By



Authorized Representative

Name DEEPAK BHARDWAJ

Title ADDITIONAL DIRECTOR

SCHEDULE

Program Execution

Section I. Implementation Arrangements

A. Program Fiduciary, Environmental and Social Systems

Without limitation on the provisions of Article V of the General Conditions, Himachal Pradesh shall ensure that the Program is carried out in accordance with financial management, procurement and environmental and social management systems mutually acceptable to the Bank, including those set out in the ESSA, the Program Manual and the Program Action Plan ("Program Fiduciary, Environmental and Social Systems") which are designed to ensure that:

1. The Loan proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and
2. the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

In the event of any inconsistency between the provisions of the ESSA, the Program Manual and/or the Program Action Plan, and those of this Agreement, this Agreement shall govern.

B. Anti-Corruption

Without limitation upon the provisions of Part A of this Section, Himachal Pradesh shall carry out the Program in accordance with the provisions of the Anti-Corruption Guidelines.

C. Other Program Institutional and Implementation Arrangements

Without limitation on the generality of Part A of this Section I, Himachal Pradesh shall:

- (a) carry out the Program in accordance with the institutional and administrative arrangements set forth in the Loan Agreement, this Agreement, the ESSA, the Program Action Plan, and the Program Manual;
- (b) not, except as the Bank shall otherwise agree in writing, amend or waive any of such arrangements if, in the opinion of the Bank, such amendment or waiver may materially and adversely affect the Program's implementation or the achievement of the objectives thereof;

- (c) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the Program in accordance with the ESSA, the Program Manual and the Program Action Plan; and
- (d) maintain at all times during Program implementation a Program Steering Committee (PSC) to provide strategic leadership and interdepartmental coordination for Program implementation.

Section II. Excluded Activities

Himachal Pradesh shall ensure that the Program shall include no activities which:

- (a) in the opinion of the Bank are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or
- (b) involve procurement of: (1) works, estimated to cost \$50 million equivalent or more per contract; (2) goods, estimated to cost \$30 million equivalent or more per contract; (3) non-consulting services, estimated to cost \$20 million equivalent or more per contract; and (4) consultants' services, estimated to cost \$15 million equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation; Audits

A. Program Reports

- 1. Himachal Pradesh shall monitor and evaluate the progress of the Program and prepare Program Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators agreed with the Bank. Each Program Report shall: (i) cover the period of one calendar semester and shall be furnished to the Borrower not later than one month after the end of the period covered by such report; and (ii) have previous approval from the PSC, for incorporation and forwarding by the Borrower to the Bank of the overall Program Report.
- 2. Himachal Pradesh, shall prepare and furnish to the Bank, at least twice a year, for its review and comments, action plans for implementation of the activities under the Program and take into account the Bank's recommendations.

3. Himachal Pradesh shall:

- (a) carry out jointly with the Bank, by no later than December 31, 2019, a joint midterm review to assess the overall progress in implementation of the Program;
- (b) prepare and furnish to the Bank, at least three (3) months prior to such review, a report, in scope and detail acceptable to the Bank, needed to undertake the review; and
- (c) review, jointly with the Bank, the report referred to in subparagraph (b) above and thereafter take all measures required to ensure the efficient completion of the Program and the achievement of the objectives thereof, based on the conclusions and recommendations of said report and the Bank's views on the matter.

B. Verification Process

Himachal Pradesh shall:

- (a) not later than three months after the Effectiveness Date of this Agreement, appoint an independent verification agent ("Independent Verification Agent" or "IVA") under terms of reference satisfactory to the Bank, to carry out the verification of compliance of DLRs and DLIs under Categories (1) through (8) as set forth in the table under Section IV.A.2. of Schedule 2 to the Loan Agreement.
- (b) carry out throughout the implementation of the Program a verification process guided by a Verification Protocol agreed with the Bank, through the IVA hired pursuant to paragraph (a) above, to ascertain whether the DLRs/DLIs have been achieved for the period(s) under review; and
- (c) furnish to the Bank corresponding verification reports, in form and substance acceptable to the Bank, by not later than thirty (30) days after the end of each of the periods referred to in paragraph (b) above.

C. Program Financial Audits

- 1. Without limitation on the generality of Section I.A of this Schedule and Section 5.09 of the General Conditions, the Himachal Pradesh shall have the Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Unless otherwise agreed with the Bank, 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 under the Loan. The audited Financial Statements for each such period shall be furnished to the Bank not later than nine months after the end of such period.