

**OFFICIAL
DOCUMENTS**

LOAN NUMBER 9094-IN

Implementation Agreement

(Tamil Nadu Housing and Habitat Development Project)

between

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

and

**TAMIL NADU INFRASTRUCTURE FUND MANAGEMENT CORPORATION
LIMITED**

IMPLEMENTATION AGREEMENT

AGREEMENT between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and TAMIL NADU INFRASTRUCTURE FUND MANAGEMENT CORPORATION LIMITED ("TNIFMC") ("Implementation Agreement") in connection with the Loan Agreement ("Loan Agreement") of the Signature Date between INDIA ("Borrower") and the Bank, concerning Loan No. 9094-IN and a related project agreement ("Project Agreement") of the Signature Date between the State of Tamil Nadu and the Bank. The Bank and TNIFMC hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Loan 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 Loan Agreement or the General Conditions.

ARTICLE II — PROJECT

- 2.01. TNIFMC declares its commitment to the objectives of the Project. To this end, TNIFMC shall carry out Part 1 of the Project in accordance with the provisions of Article V of the General Conditions (enjoying the rights and assuming the obligations of a Project Implementing Entity under the General Conditions) and the Schedule to this Agreement, and shall provide, promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Project.

ARTICLE III — REPRESENTATIVE; ADDRESSES

- 3.01. TNIFMC's Representative is its Chief Executive Officer.
- 3.02. 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 64145(MCI)	1-202-477-6391

3.03. For purposes of Section 10.01 of the General Conditions: (a) TNIFMC's address is:

19, TP Scheme
R A Puram
Chennai, 600028
Tamil Nadu
India; and

(b) TNIFMC's Electronic Address is:

E-mail:

krish@tnifmc.com

AGREED as of the later of the two dates written below.

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By Sumita Guliyani
Authorized Representative

Name: SUMITA GULYANI

Title: ACTING COUNTRY DIRECTOR, INDIA

Date: JUNE 29, 2020

**TAMIL NADU INFRASTRUCTURE FUND
MANAGEMENT CORPORATION LIMITED**

By Hitesh Kumar S. Madhana
Authorized Representative

Name: HITESH KUMAR S. MADHANA

Title: PRINCIPAL RESIDENT COMMISSIONER

Date: JUNE 29, 2020

SCHEDULE

Execution of TNIFMC's Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. TNIFMC shall ensure that TNSF's independent investment committee (the "Independent Investment Committee") is maintained throughout the period of implementation of Part 1 of the Project, with composition and mandate acceptable to the Bank, for the purpose of, among other things, selecting Subprojects assessed and prepared by TNIFMC.
2.
 - (a) Throughout the period of implementation of Part 1 of the Project, TNIFMC shall maintain a team of experts for the carrying out of its obligations for the management of TNSF and its investments, including staff and if needed, consultants, in adequate number, each with terms of reference, qualifications and experience satisfactory to the Bank, for the purpose of implementing Part 1 of the Project.
 - (b) Without limitation of the provisions of Section 1.A.2(a) of this Schedule, for the implementation of Part 1 of the Project, TNIFMC shall select and assess proposed Subprojects in accordance with the Investment Operation Manual; and, once selected by the Independent Investment Committee, prepare, implement and maintain Subprojects, all in accordance with the provisions included or referred to in this Agreement.

B. Subprojects.

1. For the purpose of carrying out Part 1 of the Project, TNIFMC shall:
 - (a) select and approve eligible Beneficiaries;
 - (b) appraise, review, approve, and supervise the Subprojects;
 - (c) provide Sub-financing, whether in the form of debt or equity (or a combination of debt and equity), to Beneficiaries; and
 - (d) for each Sub-financing, enter into a Sub-financing Instrument with the Beneficiaries as well as accessory agreements with other entities as needed to implement the rights of TNSF under the Sub-Financing Instrument;

all on the basis of eligibility criteria, procedures, terms and conditions set forth in the Investment Operation Manual and in this Agreement.

2. TNIFMC, through each Sub-financing Instrument, shall obtain rights adequate to protect its interests and those of the Project Implementing Entity and the Bank, including the right to:

- (a) suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-financing and, if the Sub-financing is in the form of debt, declare to be immediately due and payable, or obtain a refund of all or any part of the amount of the Sub-financing then withdrawn, or if the Sub-financing is in the form of equity, obtain and exercise its right to an early exit at a price which would be economically equivalent to a refund, in a form acceptable to the Bank, upon the Beneficiary's failure to perform any of its obligations under its Sub-financing Instrument; and
 - (b) require each Beneficiary to:
 - (i) carry out its Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of: (A) the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower, (B) the Investment Operation Manual, and (C) the ESMS;
 - (ii) provide, promptly as needed, the resources required for the purpose;
 - (iii) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the supported activities and the achievement of their objectives;
 - (iv) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the supported activities; and (B) have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited through TNIFMC to the Project Implementing Entity and the Bank;
 - (v) enable the Project Implementing Entity through TNIFMC, TNIFMC, and the Bank to inspect the supported activities and any relevant records and documents; and
 - (vi) prepare and furnish to the Project Implementing Entity through TNIFMC, TNIFMC and the Bank all such information as the Project Implementing Entity, through TNIFMC, TNIFMC or the Bank shall reasonably request relating to the foregoing.
3. TNIFMC shall: (a) exercise its rights under each Sub-financing Instrument in such manner as to protect the interests of the Project Implementing Entity and the Bank and to accomplish the purposes of the Loan; and (b) maintain, throughout the period of implementation of the Project, a grievance redress mechanism acceptable to the Bank and set out in the Investment Operation Manual, to address any complaints associated with the Sub-financings. Except as the Project Implementing Entity and the Bank shall otherwise agree, TNIFMC shall not assign, amend, abrogate or waive any Sub-financing Instrument, or any of their provisions.

C. Safeguards.

1. In carrying out its Respective Part of the Project, TNIFMC shall ensure, and shall cause each of the Beneficiaries to ensure that its Subproject is carried out with due regard to appropriate health, safety, social, and environmental practices and standards, and in accordance with its Environment and Social Management System (“ESMS”).
2. Without limitation to the provisions of Section I.C.1 of this Schedule, TNIFMC shall ensure that no Subproject shall be implemented in violation of the exclusion list provided in the ESMS (“Excluded Activities”), which shall include at all times activities which would:
 - (a) Be developed on land / area involving outstanding disputes on ownership of the land, in the court of law;
 - (b) Be developed in locations and / or in a manner that involves significant degradation or conversion of critical habitats (as defined in the Performance Standard (6));
 - (c) Be developed in locations and / or in a manner that has adverse impacts on internationally recognized or legally protected ecological or social and cultural areas under the applicable national or Tamil Nadu state regulations (this includes areas proposed for such designation);
 - (d) Be developed on land reclaimed from known / established contaminated sites such as waste landfill sites, industrial sites, etc. unless remediated for the intended use (this includes construction in locations that are in immediate proximity to such existing sites);
 - (e) Be notified as illegal or non-compliant by the local or the Tamil Nadu municipal, revenue or housing authorities;
 - (f) Be located on land facing any material litigations in the Indian court of law for forced eviction of previous owners or occupants without appropriate compensation; and
 - (g) Require partnering with builders and/or developers convicted by the Indian court of law, in the past five (5) years, on environmental and social governance aspects such as financial fraud, inappropriate employment and labor practices, safety, unauthorized construction, and/or non-compliance to the National and/or Tamil Nadu State environmental and labor laws.
3. TNIFMC shall not amend, suspend or waive the ESMS, or any provision thereof, and shall not allow any Beneficiary to amend, suspend or waive any instrument prepared for its Subproject in accordance with the ESMS, without the prior written concurrence of the Bank.
4. TNIFMC shall:
 - (a) implement the ESG Risk Mitigation Action Plan and maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with

guidelines acceptable to the Bank, the implementation of the ESMS requirements and the ESG Risk Mitigation Action Plan; and

- (b) cause each of the Beneficiaries to maintain policies and procedures adequate to enable it to monitor and evaluate the implementation of the ESMS requirements.
5. TNIFMC shall take all measures necessary on its part to regularly collect (with inputs from the Beneficiaries), compile, and submit to the Bank on a six-month basis and promptly whenever the circumstances warrant, information on the status of compliance with the ESMS, giving details of:
- (a) measures taken in furtherance thereof;
 - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation thereof; and
 - (c) remedial measures taken or required to be taken to address such conditions.
6. Without limitation to the provisions of Section I.C.1 of this Schedule, TNIFMC shall maintain, throughout the period of implementation of its Respective Part of the Project, and publicize the availability of a grievance mechanism, to hear and determine fairly and in good faith all complaints raised in relation to its Respective Part of the Project, and take all measures necessary to implement the determinations made by such mechanism, all in accordance with the provisions of the ESMS.

D. Investment Operation Manual.

- 1. TNIFMC has updated for the implementation of Part 1 of the Project, in form and substance satisfactory to the Bank, and shall maintain throughout the period of implementation of Part 1 of the Project, its Investment Operation Manual.
- 2. (a) Throughout the implementation of Part 1 of the Project, TNIFMC shall ensure that Part 1 of the Project is carried out in accordance with the Investment Operation Manual.
(b) TNIFMC shall obtain the Bank's written agreement prior to assigning, amending, abrogating, or waiving its Investment Operation Manual, or any of its provisions, or permitting any other entity participating in the implementation of the Project to do so.
- 3. In the event of any conflict between the provisions of the Investment Operation Manual and those of this Agreement, the provisions of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Reports.

- 1. The Project Implementing Entity shall monitor and evaluate the progress of Part 1 of the Project and prepare Project Reports for Part 1 of the Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and based on indicators acceptable

to the Bank. Each such Project Report shall cover the period of one calendar semester (six-months period) and shall be furnished to the Project Implementing Entity not later than two weeks after the end of the period covered by such report for incorporation and forwarding by the Project Implementing Entity to the Bank of the overall Project Report.

B. Annual Work Plans and Budgets

1. (a) Except for the Project Implementing Entity's fiscal year during which the Loan Agreement shall become effective, each year, TNIFMC shall: (i) prepare and furnish to the Project Implementing Entity and the Bank by January 15 in each year, beginning in 2021, a draft Annual Work Plan and Budget for review and comment, summarizing the implementation progress of the Project for the said year and the Project activities to be undertaken in the following fiscal year (together with documentary evidence that the safeguard obligations related to such upcoming Project activities shall be fully complied with in a timely fashion in accordance with the ESMS), including the proposed annual budget and sources of financing for the Project (Loan, counterpart financing, and any other source of financing which may become available for the Project, whether in the form of debt or equity); (ii) taking into account the Bank's comments, finalize and furnish to the Bank no later than February 15 in each year, beginning in 2021, the Annual Work Plan and Budget, acceptable to the Bank; and (iii) thereafter ensure the implementation of the Project during the following fiscal year in accordance with the Annual Work Plan and Budget agreed with the Bank and in a manner acceptable to the Bank (and update such Annual Work Plans and Budgets on a quarterly basis). TNIFMC shall not amend, suspend, abrogate, or waive said Annual Work Plans and Budgets or any provision thereof without the prior written agreement of the Bank.
- (b) For the Project Implementing Entity's fiscal year during which the Loan Agreement shall become effective, the date referred to in Section I.B.1(a)(i) of this Schedule shall be one (1) month after the Effective Date and the date referred to in Section I.B.1(a)(ii) of this Schedule shall be two (2) months after the Effective Date. Such Annual Work Plan and Budget shall not include any reporting related to activities implemented during the fiscal year during which it is prepared.

C. Project Midterm Review

TNIFMC shall:

1. not later than March 31, 2023, or such other date as may be agreed with the Bank, carry out jointly with the Bank and the Project Implementing Entity, a midterm review of the Project (the "Midterm Review"), to assess the status of Project implementation, as measured against the indicators referred to in Section II.A.1 of the Schedule to the Project Agreement, Section II.A.1 of this Schedule and the legal covenants included in the Project Agreement and this Agreement. Such review shall include an assessment of the following: (a) overall progress in implementation; (b) results of monitoring and evaluation activities; (c) progress on procurement and disbursement; (d) progress on implementation of safeguards measures; (e) implementation arrangements and Project staffing; and (f) the need to make any adjustments to the Project and reallocate funds to improve performance, if any;

2. to this end, prepare and furnish to the Project Implementing Entity and the Bank, at least one (1) month before the Midterm Review, a report (or reports), in scope and detail satisfactory to the Bank and integrating the results of the monitoring and evaluation activities performed pursuant to Section II.A.1 of this Schedule, on the progress achieved in the carrying out Part 1 of the Project during the period preceding the date of such report and setting out the measures recommended to ensure the efficient carrying out of Part 1 of the Project and the achievement of its objectives during the period following such date; and
3. review jointly with the Bank and the Project Implementing Entity the report or reports referred to in the preceding paragraph, and thereafter take all measures required to ensure the efficient completion of Part 1 of the Project and the achievement of its objectives, based on the conclusions and recommendations of such report or reports and the Bank's views on the matter.