
LOAN NUMBER 9629-IN

Operation Agreement

(Sikkim: Integrated Service Provision and Innovation for Reviving Economies Operation)

between

INTERNATIONAL BANK

FOR

RECONSTRUCTION AND DEVELOPMENT

and

STATE OF SIKKIM

OPERATION AGREEMENT

AGREEMENT between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and STATE OF SIKKIM (“Implementing Entity”) (“Operation Agreement”) in connection with the Loan Agreement (“Loan Agreement”) of the Signature Date between INDIA (“Borrower”) and the Bank, concerning Loan No. 9629. The Bank and the 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) 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 — PROGRAM

- 2.01. The Implementing Entity declares its commitment to the objectives of the Operation. To this end, the Implementing Entity shall carry out the Operation in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Operation.

ARTICLE III — REPRESENTATIVE; ADDRESSES

- 3.01. The Implementing Entity’s Representative is the Secretary, Planning and Development Department, Government of Sikkim.
- 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:	E-mail:
248423(MCI) or 64145(MCI)	1-202-477-6391	wbindia@worldbank.org

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

Planning and Development Department, Government of Sikkim
Tashiling Secretariat
Gangtok; and

(b) the Program Implementing Entity's Electronic Address is:

E-mail:

secretary.planning@sikkim.gov.in

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

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By

Auguste Tano Kouame

Authorized Representative

Name: Auguste Tano Kouame

Title: Country Director

Date: 15-Jan-2024

STATE OF SIKKIM

By

Rinzing

Authorized Representative

Name: Rinzing Chewang Bhutia

Title: 16-Jan-2024

Date: Secretary, Planning & Development Departmen

SCHEDULE

Execution of the Operation

Section I. Implementation Arrangements

A. Program Fiduciary, Environmental and Social Systems

Without limitation on the provisions of Article V of the General Conditions, the Implementing Entity shall carry out the Program in accordance with financial management, procurement and environmental and social management systems acceptable to the Bank 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.

B. Other Institutional and Implementation Arrangements

1. Without limitation on the generality of Part A of this Section I, the Implementing Entity shall:
 - a. vest the overall responsibility for implementation, management, and monitoring and evaluation of the Operation in the PDD and Priority Departments;
 - b. maintain throughout the period of the Operation, a Program Management Unit (PMU) within the PDD, comprising of experienced and qualified personnel, in sufficient numbers, which shall be responsible for, *inter alia* coordination with the Priority Departments and overall operations management;
 - c. recruit, and maintain throughout the period of the Operation, a Program Management Consultant (PMC), comprising of experienced and qualified personnel, in sufficient numbers and under terms of reference acceptable to the Bank, which shall be responsible for supporting the PMC in day-to-day implementation and monitoring of the Operation, including, *inter alia*: (a) facilitating smooth coordination and effective implementation across various activities; (b) supporting staff capacity building; (c) monitoring of progress on various activities and results; and (d) facilitating efficient procurement, financial management, and environmental and social management;
 - d. establish, within six (6) months of the Effective Date, and thereafter maintain throughout the period of the Operation, a Program Implementation Unit (PIU) within each of the Priority Departments, comprising of experienced and qualified personnel, in sufficient numbers and under terms of reference acceptable to the

- Bank, which shall be responsible for, *inter alia*, providing support with implementation of Operation activities and monitoring of results;
- e. maintain throughout the period of the Operation, the Program Governing Committee (PGC), to be chaired by Chief Secretary, government of Sikkim, and including Secretaries of Finance Department, PDD, RDD, C&ID, SDD, T&CAD, ITD, WCDD, H&FWD and F&ED, which shall be responsible for, *inter alia*: (i) reviewing and guiding the implementation of the Operation; (ii) supporting with inter-departmental coordination; (iii) approving annual action plans, and providing financial and administrative sanctions for Operation activities; and (iv) providing strategic policy advice and orientation; and
 - f. establish, within three (3) months of the Effective Date, and thereafter maintain throughout the period of the Operation, a Program Coordination Committee (PCC), to be chaired by the Secretary, PDD, and including nodal officers from Finance Department, PDD, RDD, C&ID, SDD, T&CAD, ITD, WCDD, H&FWD and F&ED, which shall be responsible for, *inter alia*: (i) reviewing and monitoring Operation implementation and providing guidance to the PMU; (ii) overseeing fund flow and disbursements; (iii) ensuring smooth inter-departmental coordination; (iv) facilitating timely decision making and course correction; and (v) endorsing verification of DLRs.

C. Program Action Plan

1. The Implementing Entity shall:
 - (a) implement the Program Action Plan agreed with the Bank, in a manner and substance satisfactory to the Bank; and
 - (b) refrain from amending, revising, waiving, voiding, suspending or abrogating, any provision of the Program Action Plan, whether in whole or in part, without the prior written concurrence of the Bank.
2. In the event of any inconsistency between the provision of the Program Action Plan and those of this Agreement and/or the Loan Agreement, the provision of the latter agreements shall govern.

D. Procurement Manual

The Implementing Entity shall:

- (a) prepare, approve and adopt, within ten (10) months of the Effective Date, a Procurement Manual in a manner and substance satisfactory to the Bank, and thereafter carry out all procurement under the Program in accordance with the provisions of the Procurement Manual, which manual shall include, *inter alia*, all procurement orders and/or procedures applicable for the Program;

- (b) refrain from amending, suspending, waiving, and/or voiding any provision of the Procurement Manual, whether in whole or in part, without the prior written concurrence of the Bank.
2. In the event of a conflict between the provisions of the Procurement Manual and those of this Agreement and/or the Loan Agreement, the provisions of the latter agreements shall govern.

D. Operations Manual

1. The Implementing Entity shall prepare, approve and adopt, within six (6) months of the Effective Date, an Operations Manual in form and substance acceptable to the Bank, which shall include, *inter alia*: the roles and responsibilities of key institutions required for implementation of the Operation; the Operation's monitoring, evaluation and reporting requirements; the geographical scope of the Operation, the Verification Protocol for the demonstration of the satisfaction of each DLR; detailed fiduciary arrangements (including procurement and financial management arrangements and protocol for the application of the Anti-corruption Guidelines) applicable to the entities involved in the implementation of the Program and receiving proceeds of the Loan; and protocols for Personal Data collection, storage and processing in accordance with good international practice.
2. Except as the Bank may otherwise agree in writing, the Implementing Entity shall not amend or waive, or permit to be amended or waived, any provision of the Operations Manual. In the event of any conflict between the provisions of the Operations Manual and those of this Agreement and/or the Loan Agreement, the provisions of the latter agreements shall prevail.

E. Environmental and Social Standards for the Project

1. The Implementing Entity shall 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 Implementing Entity shall 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 Implementing Entity shall ensure that:
- (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.

3. In case of any inconsistencies between the ESCP and the provisions of this Agreement and/or the Loan Agreement, the provisions of the latter agreements shall prevail.
4. The Implementing Entity shall ensure that:
 - (a) all measures necessary are taken 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 environmental and social 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) the Bank is promptly notified 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 environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Implementing Entity shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.

Section II. Excluded Activities

The Implementing Entity shall ensure that the Program shall exclude any 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 the procurement of: (1) works, estimated to cost \$75,000,000 equivalent or more per contract; (2) goods, estimated to cost \$50,000,000 equivalent or more per contract; (3) non-consulting services, estimated to cost \$50,000,000 equivalent or more per contract; or (4) consulting services, estimated to cost \$20,000,000 equivalent or more per contract.

Section III. Operation Monitoring, Reporting and Evaluation

A. Program Reports and Project Reports

1. The Implementing Entity shall monitor and evaluate the progress of the Operation and prepare Program Reports in accordance with the provisions of Section 5.08 of the Program General Conditions and Project Reports in accordance with the provisions of Section 5.08(b) of the Project General Conditions. Each Program Report and Project Report shall

cover the period of one 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. Independent Verification Agent

The Implementing Entity shall:

1. maintain, at all times during the implementation of the Program, one or more Independent Verification Agent(s) under terms of reference acceptable to the Bank, to verify the data and other evidence supporting the achievement of one or more DLRs as set forth in the table in Schedule 4 to this Agreement and recommend corresponding payments to be made, as applicable; and
2. (i) ensure that the Independent Verification Agent(s) carries out verification and process(es) in accordance with the Verification Protocol; and (ii) submits to the Bank the corresponding verification reports in a timely manner and in form and substance satisfactory to the Bank, prior to submission of any withdrawal application under Categories (1) to (8) of the table in Section IV.A.2 of Schedule 2 to the Loan Agreement.

C. Protection of Personal Data

The Implementing Entity shall:

- (a) ensure that the Operation'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 ensure legitimate, appropriate and proportionate treatment of such data;
- (b) in the event that, during the implementation of the Operation, the approval of any new legislation regarding Personal Data protection may have an impact on the activities financed by the Operation, ensure that a technical analysis of said impact is conducted, and that the necessary recommendations concluding the assessment and adjustments deemed necessary to efficiently protect Personal Data, are implemented, as appropriate; and
- (c) except as may otherwise be explicitly required or permitted under this Agreement and/or the Loan Agreement, or as may be explicitly requested by the Bank, in sharing any information, report or document related to the activities described in Schedule 1 to the Loan Agreement, ensure that such information, report or document does not include Personal Data.