
LOAN NUMBER 9625 - IN

Loan Agreement

(Tamil Nadu Climate Resilient Urban Development Operation)

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 forty-five billion two hundred and five million and six hundred thousand Yen (JPY 45,205,600,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”), to assist in financing:
 - (a) the program described in Schedule 1(A) to this Agreement (“Program”); and
 - (b) the project described in Schedule 1(B) to this Agreement (“Project”),(the Program and the Project hereinafter jointly referred to as the “Operation”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Loan Account shall be deposited by the Bank into an account specified by the Borrower and acceptable to the Bank.
- 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 May 15 and November 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — OPERATION

- 3.01. The Borrower declares its commitment to the objective of the Operation. To this end, the Borrower shall cause the Operation to be carried out by the Implementing Entity and

TNUIFSL in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Operation Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, namely, the TNUIFSL Constitutive Document has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely TNUIFSL's ability to perform any of its obligations under the Operation Agreement.
- 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 continuing for a period of 30 days after notice of the event has been given by the Bank to the Borrower.

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 one of the following officials: Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary, or Under Secretary of the Department of Economic Affairs in the Ministry of Finance of the Borrower.
- 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:	E-mail:
248423(MCI) or 64145(MCI)	1-202-477-6391	wbindia@worldbank.org

AGREED as of the Signature Date.

INDIA

By

Manisha

Authorized Representative

Name: Manisha Sinha

Title: Additional Secretary

Date: 05-Mar-2024

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By

Auguste Tano Kouame

Authorized Representative

Name: Auguste Tano Kouame

Title: Country Director

Date: 04-Mar-2024

SCHEDULE 1

Operation Description

The objective of the Operation is to strengthen urban management and improve access to efficient and climate resilient urban water and sanitation services in Participating ULBs in Tamil Nadu.

The Operation comprises the Program and the Project.

A. The Program consists of the following activities:

Results Area 1: Strengthening Urban Management, Institutional Framework and Climate Resilience

1. Support to Participating ULBs to improve institutional performance, including: (a) improvement of: (i) staffing and human resource management; (ii) capital expenditure and asset management; and (iii) transparency and timeliness in budget management; (b) mobilization of OSR; (c) adoption and implementation of comprehensive CCAP; and (d) strengthening citizen engagement and user-centric service delivery.
2. Carrying out of state level actions to establish institutional frameworks, including: (a) strengthening public investment management; (b) improving planning and capacity with respect to local capital expenditure; and (c) preparing and publishing an annual institutional performance benchmark report on governance and service delivery at Participating ULBs.
3. Support to TNUIFSL to resume the municipal bond program for urban water systems, for the ULBs in Tamil Nadu covering: (a) pooled municipal bonds for multiple ULBs; and (b) stand-alone municipal bonds for larger ULBs.

Results Area 2: Improving Accessibility, Climate Resilience and Efficiency of Urban WSS Services

4. Support for strengthening climate-resilience, service delivery, and operational and financial efficiency aspects of WSS infrastructure, and energy efficiency and climate resilience at a broad municipal level, through: (a) improvements in WSS services, including: (i) cost recovery; (ii) introduction of PBCs for investments and O&M; (iii) introduction and monitoring of higher performance standards; (iv) mainstreaming of climate resilience aspects in WSS infrastructure design and O&M and NRW management; (v) on-the-ground service delivery improvements, such as water connections that deliver daily water services, water metering and billing; and (vi) complete wastewater management systems (from household connections to treated effluents that meet quality standards); (b) improvement of: (i) planning capabilities on water security and emergency preparedness and response; (ii) drainage and floods management; (iii) WSS sector planning accountability; (iv) city-wide inclusive sanitation; and (v) citizen engagement; and (c) reduction in energy consumption in Participating ULB's municipal assets (such as WSS and streetlighting) and development of green spaces and parks.

B. The Project consists of the following activities:

Capacity Building and Institutional Strengthening

1. Provision of technical assistance for Program implementation in the urban and WSS sectors, including: (a) Program management and Independent Verification Agent(s); (b) assessment of ULBs' credit rating and exploring credit enhancement mechanism for municipal bonds; (c) carrying out of communications, stakeholder, and WSS customers' engagement activities at the Participating ULBs; (d) carrying out of training and capacity building for urban sector staff and ULB's councilors on: (i) urban management and climate-resilient urban services; (ii) operationalizing and sustaining water supply services; (iii) developing and implementing city-wide inclusive sanitation and wastewater reuse; (iv) designing and managing WSS service O&M and PBCs; and (v) and preparing CCAPs; and (e) improving of e-governance and GIS mapping and preparation of investment subprojects.
2. (a) Provision of implementation support to: (i) DMA for Results Area 1; and (ii) TNUIFSL for Results Area 2; including Incremental Operating Costs; and (b) carrying out of communications and stakeholder engagement at the Participating ULBs.

SCHEDULE 2

Operation Execution

Section I. Implementation Arrangements

A. Financial Arrangements

1. To facilitate the carrying out of the Operation, the Borrower shall make the proceeds of the Loan available to the Implementing Entity in accordance with the Borrower's standard arrangements for developmental assistance to the States of India.
2. Notwithstanding the provisions of the immediately preceding paragraph, in the event of a conflict between the Borrower's standard arrangements for developmental assistance to the states of India and the provisions of or referred to in this Agreement, the provisions of or referred to in this Agreement shall govern.
3. The Borrower shall exercise its rights under its standard arrangements for developmental assistance to the states of India in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive its rights or obligations under said arrangements.

Section II. Excluded Activities

The Borrower shall ensure that the Program excludes 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 one hundred fifteen million Dollars (\$115,000,000) equivalent or more per contract; (2) goods, estimated to cost seventy-five million Dollars (\$75,000,000) equivalent or more per contract; (3) non-consulting services, estimated to cost seventy-five million Dollars (\$75,000,000) equivalent or more per contract; or (4) consulting services, estimated to cost thirty million Dollars (\$30,000,000) equivalent or more per contract.

Section III. Operation Monitoring, Reporting and Evaluation

The Borrower shall furnish to the Bank each Program Report and Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section IV. Withdrawal of Loan Proceeds

A. General

1. 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) with respect to the Program, finance Program Expenditures (inclusive of Taxes), on the basis of the results (“Disbursement Linked Results” or “DLRs”) achieved by the Implementing Entity, as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”), all as set forth in Schedule 4 to this Agreement and the table in paragraph 2 of this Part A; (b) with respect to the Project, finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against Categories (9) and (10) of the table in paragraph 2 of this Part A; and (c) pay: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium; all as set forth in the table in paragraph 2 of this Part A.

2. The following table specifies each category of withdrawal of the proceeds of the Loan (including the Disbursement Linked Indicators as applicable) (“Category”), and the allocation of the amounts of the Loan to each Category:

Category (including Disbursement Linked Indicator as applicable)	Amount of the Loan Allocated (expressed in JPY)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) DLI #1. Increase in OSR	4,077,997,175	N/A
(2) DLI #2. Increased access to financial market	602,741,334	N/A
(3) DLI #3. Enhanced institutional capacity for climate resilient planning	904,112,000	N/A
(4) DLI #4. Improved fundamental institutional capacity	2,054,142,464	N/A
(5) DLI #5. Strengthened institutional capacity to manage resources in a sustainable, participatory, and green manner	3,081,515,067	N/A
(6) DLI #6. Delivery of functional water and sewerage connections	21,020,604,000	N/A
(7) DLI #7. Increased operational, climate and financial efficiency of WSS services	8,198,035,560	N/A
(8) DLI #8. Improved city-level climate resilience	2,102,060,400	N/A
(9) Goods, non-consulting services, consulting services, Incremental Operating Costs, and Training and workshops for the DMA	1,525,689,000	68%
(10) Goods, non-consulting services, consulting services, Incremental Operating Costs, and Training and workshops for the TNUIFSL	1,525,689,000	68%

(11) Front-end Fee to be paid pursuant to Section 2.03 of this Agreement in accordance with Section 2.05 (b) of the General Conditions	113,014,000	
(12) Interest Rate Cap or Interest Rate Collar premium to be paid pursuant to Section 4.05 (c) of the General Conditions	0	
TOTAL AMOUNT	45,205,600,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) under Categories (1) to (8), on the basis of DLRs achieved prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed JPY8,408,241,600 may be made on the basis of DLRs achieved prior to this date but on or after October 6, 2022;
 - (b) for any DLR under Categories (1) to (8) until and unless the Borrower has furnished evidence satisfactory to the Bank that said DLR has been achieved; and
 - (c) under Categories (9) and (10) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed JPY610,275,600 may be made for payments made prior to this date but on or after March 1, 2023, for Eligible Expenditures under Categories (9) and (10).

2. Notwithstanding the provisions of Part B.1(b) of this Section, if any of the DLRs under Categories (1) to (8) has not been achieved by the date by which the said DLR is set to be achieved (or such later date as the Bank has established by notice to the Borrower), the Bank may, by notice to the Borrower:
 - (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Loan then allocated to said DLR, which, in the opinion of the Bank, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the formula set out in Schedule 4 to this Agreement;
 - (b) reallocate all or a portion of the proceeds of the Loan then allocated to said DLR to any other DLR; and/or
 - (c) cancel all or a portion of the proceeds of the Loan then allocated to said DLR.

3. The Closing Date is December 31, 2030.

SCHEDULE 3

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 May 15 and November 15 Beginning May 15, 2031 through November 15, 2055	2%

SCHEDULE 4

Disbursement-Linked Indicators (“DLIs”) and Disbursement Linked Results (“DLRs”) applicable to the Program

DISBURSEMENT-LINKED INDICATORS	DISBURSEMENT LINKED RESULTS*					
	Fiscal Year 24-2025	Fiscal Year 25-2026	Fiscal Year 26-2027	Fiscal Year 27-2028	Fiscal Year 28-2029	Fiscal Year 29-2030
DLI #1: Increase in OSR	Increase in OSR over respective Participating ULB baseline in FY21-22	Incremental increase in OSR over respective Participating ULB baseline in FY21-22	Incremental increase in OSR over respective Participating ULB baseline in FY21-22	Incremental increase in OSR over respective Participating ULB baseline in FY21-22	Incremental increase in OSR over respective Participating ULB baseline in FY21-22	Incremental increase in OSR over respective Participating ULB baseline in FY21-22
	JPY 815,599,435	JPY 652,479,548	JPY 652,479,548	JPY 652,479,548	JPY 652,479,548	JPY 652,479,548
Formula: (i) for Participating ULBs with a population of less than 400,000 people: JPY 22,603 per 1,000 population per percentage point increase (up to an increase of 65 percentage points over the respective baseline set forth in the Operation Manual); and (ii) for Participating ULBs with a population greater than or equal to 400,000 people: JPY 1,159,220 per percentage point increase (up to an increase of 65 percentage points over respective baseline)						
DLI #2: Increased access to financial market		ULBs in Tamil Nadu, with the support of TNUIFSL, have issued municipal bonds aggregating \$30,000,000 for urban water systems				
		JPY 602,741,333				
Formula: JPY 150,685,000 for every JPY 1,130,137,500 of successful issuance of municipal bonds						
DLI #3: Enhanced institutional capacity for climate resilient planning	Number. of Participating ULBs that have adopted and initiated	Number of Participating ULBs that have adopted and initiated	Number of Participating ULBs that have adopted and initiated implementation of CCAP	Number of Participating ULBs that have adopted and initiated	Number of Participating ULBs that have adopted and initiated implementation of CCAP	Number of Participating ULBs that have adopted and

	implementation of CCAP	implementation of CCAP		implementation of CCAP		initiated implementation of CCAP
	JPY 90,411,200	JPY 135,616,800	JPY 180,822,400	JPY 316,439,200	JPY 90,411,200	JPY 90,411,200
Formula: (i) JPY 64,041,125 for each municipal corporation that has adopted and initiated implementation of CCAP; and (ii) JPY 15,068,500 for each municipality that has adopted and initiated implementation of CCAP						
DLI #4: Improved fundamental institutional capacity	Number of Participating ULBs that have met MCs	Number of Participating ULBs that have met MCs	Number of Participating ULBs meeting MCs	Number of Participating ULBs meeting MCs	Number of Participating ULBs meeting MCs	Number of participating ULBs meeting MCs
	JPY 342,357,077	JPY 342,357,077	JPY 342,357,077	JPY 342,357,077	JPY 342,357,077	JPY 342,357,077
Formula: (i) For Participating ULBs with a population of less than 400,000: JPY 107,890 per 1,000 population per year, for each Participating ULB which met all MCs; and (ii) for Participating ULBs with a population equal to or higher than 400,000: JPY 12,557,033 per year for each Participating ULB which met all MCs.						
DLI #5: Strengthened institutional capacity to manage resources in a sustainable, participatory, and green manner		Aggregate score of performance indicators achieved by the Participating ULBs	Aggregate score of performance indicators achieved by the Participating ULBs	Aggregate score of performance indicators achieved by the Participating ULBs	Aggregate score of performance indicators achieved by the Participating ULBs	Aggregate score of performance indicators achieved by the Participating ULBs
		JPY 616,303,013	JPY 616,303,013	JPY 616,303,013	JPY 616,303,013	JPY 616,303,013
Formula: For Participating ULBs which achieved DLI 4, the amount to be disbursed under this DLI shall be as follows: (i) for Participating ULBs with a population of less than 400,000 people: JPY 213, 219 per 1000 population per year, for each Participating ULB which had a Fully Achieved Performance Score and proportionately less for lesser score; and (ii) for ULBs with population equal to or higher than 400,000: JPY 22,94 per 1000 population per year (up to JPY 15,068,500 per year) for each Participating ULB which had a Fully Achieved Performance Score and proportionately less for lesser score.						
DLI #6: Delivery of functional water and sewage connections	6.1: Participating ULBs have implemented WSS investments incorporating climate resilience guidelines	6.1: Participating ULBs have implemented WSS investments incorporating climate resilience guidelines	6.1: Participating ULBs have implemented WSS investments incorporating climate resilience guidelines	6.1: Participating ULBs have implemented WSS investments incorporating climate resilience guidelines	6.1: Participating ULBs have implemented WSS investments incorporating climate resilience guidelines	
	JPY 1,576,545,300	JPY 2,102,060,400	JPY 2,627,575,500	JPY 2,102,060,400	JPY 2,102,060,400	
Formula: JPY 150,685,000 per million Dollars of funds disbursed from TNUDF to respective Participating ULBs for the implementation of WSS investments which incorporated climate resilience guidelines.						

				6.2: Number of new or rehabilitated Functional Water Tap Connections (FWTCs)	6.2: Number of additional new or rehabilitated FWTCs	6.2: Number of additional new or rehabilitated FWTCs
				JPY 512,887,669	JPY 769,323,969	JPY 1,282,211,638
Formula: JPY 15,069 for each FWTC						
				6.3: Number of new Functional Sewerage Connections (FSC)	6.3: Number of additional new FSCs	6.3: Number of additional new FSCs
				JPY 397,293,936	JPY 2,781,057,553	JPY 4,767,527,234
Formula: JPY 12,356 for each FSC (for projects without new STPs) and JPY 60,274 for each FSC (for projects with new STPs)						
DLI #7: Increased operational, climate and financial efficiency of WSS services	7.1: Number of Participating ULBs that have signed PBCs for water and/or sanitation services	7.1: Number of Participating ULBs that have signed PBCs for water and/or sanitation services				
	JPY 1,314,841,945	JPY 8,725,746				
Formula: JPY 13,561,650 per million Dollars of committed funds from TNUDF for every Participating ULB that has signed a PBC						
					7.2: Number of water connections with NRW 20% or below, in areas receiving 24 x 7 services in Participating ULBs	
					JPY 642,807,961	
Formula: JPY 6,781 per connection for water supply projects achieving NRW of 20% or below						
						7.3: Increase in cumulative volume of sewage treated (meeting minimum

						standards) over baseline, in Eligible Existing STPs in Participating ULBs
						JPY 1,288,359,600
Formula: JPY 10,306,854 per MLD of additional sewage treated in Eligible Existing STPs						
				7.4: Increase in O&M cost recovery of WSS services over Participating ULB respective baseline	7.4: Increase in O&M cost recovery of WSS services over Participating ULB respective baseline	7.4: Increase in O&M cost recovery of WSS services over Participating ULB respective baseline
				JPY 1,212,394,603	JPY 1,212,394,603	JPY 1,212,394,904
Formula: JPY 625,192 per million Dollars of committed funds from TNUDF for every Participating ULB for every percentage point increase in O&M cost recovery of WSS services over respective baselines (set forth in the Operation Manual) up to 30 points						
DLI #8: Improved city-level climate resilience	8.1: Number of Participating ULBs which have demonstrated aggregate energy savings, as compared to baseline of Fiscal Year 2021-22	8.1: Number of Participating ULBs which have demonstrated incremental aggregate energy savings, as compared to baseline of Fiscal Year 2021-22	8.1: Number of Participating ULBs which have demonstrated incremental aggregate energy savings, as compared to baseline of Fiscal Year 2021-22			
	JPY 273,267,852	JPY 273,267,852	JPY 819,803,556			
Formula: JPY 22,603 per 1,000 kWh (up to a total of 60,313,546 kWh) of energy savings						
			8.2: Increased area of green space in	8.2: Increased area of green space in	8.2: Increased area of green space in	

			Participating ULBs, over baseline	Participating ULBs, over baseline	Participating ULBs, over baseline	
			JPY 147,144,228	JPY 220,716,342	JPY 367,860,570	
Formula: JPY 1,210,001 per 1,000 m2 area (up to a total of 608,000 m2) of green space developed in each Participating ULB over the baseline set forth in the Operation Manual						

* The periods (Fiscal Years) in which DLRs are expected to be achieved as per this Schedule are for indicative purposes except when otherwise expressly indicated. Achievement of DLRs can be obtained earlier or later than said periods up and until the Closing Date; provided that if any DLR is met prior to the period in which such DLR is indicated for, the Borrower may, with the prior agreement of the Bank, withdraw the amount corresponding to the extent of achievement of said DLR prior to the Fiscal Year indicated in this Schedule.

APPENDIX

Definitions

1. “Annual Budgets” means the annual budgets referred to in Section I.G of the Operation Agreement.
2. “Anti-corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the Program General Conditions, the Bank’s “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing,” dated February 1, 2012, and revised July 10, 2015; and for purposes of paragraph 6 of the Appendix to the Project 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.
3. “Anti-corruption Protocol” means the set of provisions acceptable to the Bank, developed by the Implementing Entity to support the implementation of the Program in a manner consistent with the Anti-corruption Guidelines.
4. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
5. “City Climate Action Plan” or “CCAP” means a 5-10 year action plan for Participating ULBs identifying potential interventions for addressing climate change impacts, including, *inter alia*, a cross-sectoral action plan covering WSS, transport, energy/building, solid waste and green space, and four WSS sub-plans on water security and emergency preparedness and response, city-wide inclusive sanitation, WSS business plan, and stormwater drainage.
6. “Disbursement Linked Indicator” or “DLI” means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
7. “Disbursement Linked Result” or “DLR” means in respect of a given DLI the result under said DLI, as set forth in Schedule 4 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 IV of Schedule 2 to this Agreement.
8. “DLI Verification Protocol” means the protocol for the verification of achievement of the DLIs/DLRs on the basis of which the IVA(s) will certify the achievement of the DLIs/DLRs.
9. “DMA” means Tamil Nadu’s Directorate for Municipal Administration, or any successor thereto.
10. “Eligible Existing STPs” means the existing sewage treatment plans listed in the Operations Manual.
11. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated November 16, 2023, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including

- the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
12. “Environmental and Social Standards” or “ESSs” 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.
 13. “Fiscal Year” or “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.
 14. “Fully Achieved Performance Score” means the following PAF score (out of out of 100 points): (i) 40 or above for Fiscal Years 25-2026 and 26-2027; (ii) 60 or above in Fiscal Years 27-2028 and 28-2029; and (iii) 80 or above for Fiscal Year 29-2030, as further detailed in the Operation Manual.
 15. “Functional Sewerage Connection” or “FSC” means a new or rehabilitated sewerage connection to a property or household that is connected to a functional STP which meets all of the following criteria: (i) that treats effluents as per applicable standards (indicated in the Operation Manual), through a piped sewerage collection system; (ii) the customer is billed for sewerage charges; and (ii) should be functional for at least three calendar months prior to the period of evaluation; as this definition may be revised from time to time in written agreement between the Implementing Entity and the Bank.
 16. “Functional Water Tap Connections” or “FWTC” means the rehabilitation of an existing water connection or implementation of a new connection at a property or household level that meets all of the following criteria: (i) maintains residual chlorine as per applicable standards and a minimum pressure as per design; (ii) is metered and meter readings are taken at least at every two-months and bills based on volumetric tariffs are delivered in the case of 24×7 connections; and in the case of citywide water improvement systems, meters are included and read and bills based on volumetric tariffs are delivered at least every two months for large consumers; and (iii) in city-wide projects include a demo 24/7; as this definition may be revised from time to time in written agreement between the Implementing Entity and the Bank.
 17. “General Conditions” means, as the case may be, the Program General Conditions or the Project General Conditions. In cases where the same capitalized term has a different definition in the Program General Conditions and the Project General Conditions, the definition provided in the Program General Conditions shall apply if the term relates to the Program, whereas the definition provided in the Project General Conditions shall apply if the term relates to the Project, as the context may require. In other cases where the same

capitalized term has a different definition in the Program General Conditions and the Project General Conditions, and the term is used in this Agreement to refer to the overall Operation, the term shall have the specific meaning ascribed to it in this Appendix.

18. "GIS" means geographic information system.
19. "Grant Agreement" means the agreement (to be) entered into between the DMA or the TNUIFSL, as the case may be, and a Participating ULB for extending a Grant, pursuant to Section I.F of the Schedule to the Operation Agreement, and in accordance with the terms and conditions set forth in the Operation Manual.
20. "Grant" means a grant (to be) made available by the DMA or the TNUIFSL, as the case may be, to a Participating ULB, under a Grant Agreement, pursuant to Section I.F of the Schedule to the Operation Agreement and in accordance with the terms and conditions set forth in the Operation Manual.
21. "Implementing Agencies" or "IAs" means collectively the DMA and the TNUIFSL, the nodal implementing agencies for the Operation, and for purposes of the General Conditions, severally, each a Program or Project Implementing Entity, as the case maybe.
22. "Implementing Entity" means the Borrower's State of Tamil Nadu, which is also referred to as the Project Implementing Entity in connection with the Project and the Program Implementing Entity in connection with the Program in the General Conditions.
23. "Incremental Operating Costs" means the incremental expenditures for salaries of contractual staff (other than consultants), and staff deputed for the Operation, per diems, office rental, office supplies, utilities, conveyance, travel and boarding/lodging allowances, operation and maintenance of office equipment and information technology related equipment, hiring and maintenance of vehicles, advertising expenses and bank charges, insurance, media broadcastings, newspaper subscriptions, periodicals, and printing and stationery costs incurred by the Implementing Entity, DMA, and TNUIFSL, in connection with the management, coordination and implementation of the Operation's activities, which expenditures would not have been incurred absent the Operation, but excluding salaries and salary top-ups of the Borrower's and the Implementing Entity's civil servants.
24. "Independent Verification Agent(s)" or "IVA(s)" means the independent entity to be engaged by the Implementing Entity for the purposes of certifying the achievement of the DLIs/DLRs as referred to in Section III.B. of the Schedule to the Operation Agreement.
25. "M&E" means monitoring and evaluation.
26. "MCs" means minimum conditions, as further defined in the Operation Manual and Verification Protocol.
27. "Minimum Mandatory Conditions" or "MMCs" means _the list of conditions as set out in the Operations Manual that Participating ULBs have to meet under DLI 4.
28. "MLD" means million liters per day.
29. "NRW" means non-revenue water.
30. "O&M" means operation and maintenance.
31. "OMU" means an Operation Management Unit referred to in Section I.B.1(b) of the Schedule to the Operation Agreement.

32. “Operation Agreement” means the agreement between the Bank and the Implementing Entity, which is referred to as the Project Agreement in the Project General Conditions and the Program Agreement in the Program General Conditions.
33. “Operation Manual” means the manual, acceptable to the Bank, prepared by the Implementing Entity containing guidance and projections to support the implementation of the Operation, including the Program Action Plan, the Anti-corruption Guidelines Protocol and the Verification Protocol; as well as guidance for the compliance with fiduciary, environmental, social, and other obligations for the implementation of the Project.
34. “Operation” means, collectively, the Program and the Project.
35. “OSR” means own source revenue.
36. “Participating ULBs” means ULBs selected to participate in the Operation based on eligibility criteria agreed between the Project Implementing Entity and the Bank as set forth in the Operation Manual.
37. “Performance Assessment Framework” or “PAF” means the list of minimum conditions (MCs) and performance indicators related to different dimensions of institutional capability covering common themes, as listed and further detailed in the Operation Manual and Verification Protocol.
38. “Performance-based contracts” or “PBCs” means contracts for water supply and/or sanitation investments and their O&M, that will be entered with contractors in Participating ULBs in which part of the payments are linked to key performance indicators.
39. “Personal Data” means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.
40. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the Project General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated September 2023.
41. “Program Action Plan” means the Implementing Entity’s plan referred to in Section I.C of the Schedule to the Operation Agreement, as may be amended from time to time with the agreement of the Bank.
42. “Program General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Program-for-Results Financing”, dated December 14, 2018 (last revised on July 15, 2023).
43. “Program” means the program described in Part A of Schedule 1 to this Agreement.
44. “Project General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018 (last revised on July 15, 2023).
45. “Project” means the set of activities described in Part B of Schedule 1 to this Agreement.

46. “Respective Part of the Operation” means for purposes of the General Conditions, the part of the Operation specified in the Operation Agreement to be carried out by the Implementing Entity or the respective Implementing Agency, as set forth in the Operation Manual.
47. “Respective Part of the Program” means for purposes of the General Conditions, the part of the Program specified in the Operation Agreement to be carried out by the Implementing Entity or the respective Implementing Agency, as set forth in the Operation Manual.
48. “Respective Part of the Project” means for purposes of the General Conditions, the part of the Project specified in the Operation Agreement to be carried out by the Implementing Entity or the respective Implementing Agency, as set forth in the Operation Manual.
49. “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.
50. “STPs” means sewage treatment plants.
51. “Sub-loan Agreement” means the agreement (to be) entered into between the TNUIFSL and a Participating ULB for extending a Sub-Loan, pursuant to Section I.F of the Schedule to the Operation Agreement, and in accordance with the terms and conditions set forth in the Operation Manual.
52. “Sub-loan” means a loan (to be) made available by the TNUIFSL out of the proceeds of the Loan, to a Participating ULB, under a Sub-loan Agreement, pursuant to Section I.F of the Schedule to the Operation Agreement and in accordance with the terms and conditions set forth in the Operation Manual.
53. “TA” means technical assistance.
54. “Tamil Nadu” means the Borrower’s state of Tamil Nadu.
55. “TNUDF” means the Tamil Nadu Urban Development Fund created and established through a trust deed executed by Tamil Nadu dated November 29, 1996.
56. “TNUIFSL’s Constitutive Document” means its memorandum and articles of association attached to its certificate of incorporation dated November 7, 1996, and any amendments thereto.
57. “TNUIFSL” means the Tamil Nadu Urban Infrastructure Financial Services Limited, a company established under the provisions of the Indian Companies Act, 1956, or any successor thereto, an Implementing Agency for the Operation, and for purposes of the General Conditions a Program or Project Implementing Entity, as the case may be.
58. “Training” means the training, study tours, conferences and workshops conducted and/or attended by staff from the Implementing Entity, DMA, TNUIFSL, and/or other stakeholders, in the territory of the Borrower or, subject to the Bank’s prior no objection, overseas, including the purchase and publication of materials, rental of facilities, course fees, and lodging, travel expenses and per diems for trainers and/or trainees.
59. “ULB” means Urban Local Body, a municipal corporation, municipality and town panchayat in the State of Tamil Nadu.

60. "Verification Protocol" means the protocol for the verification of the achievement of the DLRs by the Independent Verification Agent(s), acceptable to the Bank and included in the Operation Manual.
61. "WSPF" means Water and Sanitation Pooled Fund created and established through a trust deed executed by Tamil Nadu on August 20, 2002 for issuance of bonds under a pooled finance framework and any successor entity thereto.
62. "WSS" means water supply and sanitation.