
LOAN NUMBER 9625 - IN

Operation Agreement

(Tamil Nadu Climate Resilient Urban Development Operation)

between

INTERNATIONAL BANK

FOR

RECONSTRUCTION AND DEVELOPMENT

and

STATE OF TAMIL NADU

and

TAMIL NADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED

OPERATION AGREEMENT

AGREEMENT between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and STATE OF TAMIL NADU (“Implementing Entity”) and TAMIL NADU URBAN INFRASTRUCTURE FINANCIAL SERVICES LIMITED (“TNUIFSL”) (“Implementing Agency”) (“Operation Agreement”) in connection with the Loan Agreement (“Loan Agreement”) of the Signature Date between INDIA (“Borrower”) and the Bank, concerning Loan No. 9625-IN. The Bank and the Implementing Entity and the Implementing Agency 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 — OPERATION

- 2.01. The Implementing Entity and the Implementing Agency declare their commitment to the objectives of the Operation. To this end, the Implementing Entity and the Implementing Agency shall carry out their Respective Parts of 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 Principal Secretary to the Government, Municipal Administration Water Supply Department.

TNUIFSL’s Representative is the Chairperson and Managing Director of TNUIFSL or any successor thereto.

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 Implementing Entity's address is:

Government of Tamil Nadu
Secretariat, Fort St. George,
Chennai - 600 009
Tamil Nadu, India; and

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

E-mail: mawssec@tn.gov.in

3.04 For purposes of Section 10.01 of the General Conditions: (a) the Implementing Agency's (TNUIFSL's) address is:

No. 19, TP Scheme Road,
Raja Street Extension
Raja Annamalaipuram,
Chennai- 600 028; and

(d) Implementing Agency's (TNUIFSL's) Electronic Address is:

E-mail: md@tnuifsl.com

AGREED as of the later of the dates written below.

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By Auguste Tano Kouame
Authorized Representative
Name: Auguste Tano Kouame
Title: Country Director
Date: 04-Mar-2024

STATE OF TAMIL NADU

By D. Karthikeyan
Authorized Representative
Name: D. Karthikeyan
Title: Principal Secretary, MA&WS Dept.,
Date: 04-Mar-2024

**TAMIL NADU URBAN INFRASTRUCTURE
FINANCIAL SERVICES LIMITED**

By S. Vijayakumar
Authorized Representative
Name: S. Vijayakumar
Title: Additional Chief Secretary / CMD, TNUIFSL
Date: 01-Mar-2024

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 Program General Conditions, the Implementing Entity and TNUIFSL shall carry out the Respective Parts of 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 and TNUIFSL shall:
 - (a) vest responsibility for overall coordination, implementation, and monitoring and evaluation of the Respective Part of the Program at the state level to the DMA and the TNUIFSL as the nodal Implementing Agencies (“IAs”) as follows: (i) DMA shall be responsible for coordinating and overseeing the achievement of DLIs 1, 3, 4, 5 and 8 of the Program; and (ii) TNUIFSL shall be responsible for DLIs 2, 6, and 7 of the Program;
 - (b) maintain until completion of the Operation, in each of the DMA and TNUIFSL a designated OMU, with composition, resources, and terms of reference, acceptable to the Bank, each to be responsible for overall coordination, implementation and monitoring and evaluation of the Respective Part of the Operation, as set forth in the Operation Manual;
 - (c) not later than four (4) months after the Effective Date, establish and thereafter maintain, until completion of the Operation, the Steering Committee established to provide oversight, strategic guidance, and policy direction for major infrastructure projects in WSS and urban sectors, including the Operation.

C. Program Action Plan

1. The Implementing Entity, through the IAs, 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. Environmental and Social Standards for the Project

1. The Implementing Entity, through the IAs, 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, through the IAs, 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, through the IAs, 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, the provisions of this Agreement shall prevail.
4. The Implementing Entity, through the IAs, 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, through the IAs, 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.

E. Operation Manual

- 1. Not later than four (4) months after the Effective Date (or such other date which the Bank has confirmed in writing to the Implementing Entity and TNUIFSL is reasonable and acceptable under the circumstances.), the Implementing Entity, through the IAs, shall prepare and adopt an implementation manual for the Operation (the "Operation Manual") in form and substance acceptable to the Bank.
- 2. The Implementing Entity shall thereafter, through the IAs, ensure that the Operation is carried out in accordance with the Operation Manual, and except as the Bank may otherwise agree in writing, shall not amend or waive, or permit to be amended or waived, any provision of the Operation Manual.
- 3. In the event of any conflict between the provisions of the Operation Manual and those of this Agreement, the provisions of this Agreement shall prevail.

F. Sub-loans and Grants

- 1. To facilitate the carrying out of the Respective Part of the Program:
 - (a) the Implementing Entity, through the DMA, shall pass on part of the proceeds of the Loan to Participating ULBs, upon achievement of the DLIs, as Grants in accordance with eligibility criteria and procedures acceptable to the Bank and set out in the Operation Manual; and
 - (b) the TNUIFSL shall pass on part of the proceeds of the Loan to Participating ULBs, upon achievement of the DLIs, as Sub-loans or Grants, as the case may be, in accordance with eligibility criteria and procedures acceptable to the Bank and set out in the Operation Manual.

2. To this end the Implementing Entity shall ensure that each Implementing Agency shall enter into a Sub-loan Agreement or Grant Agreement, as the case may be, with each Participating ULB, on terms and conditions acceptable to the Bank.
3. The Implementing Entity and the TNUIFSL shall exercise their rights under each Sub-loan Agreement or Grant Agreement, as the case may be, in such manner as to protect the interests of the Implementing Entity, the TNUIFSL, and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Implementing Entity and the TNUIFSL shall not assign, amend, abrogate or waive the Sub-loan Agreement or Grant Agreement or any of their provisions.

G. Annual Budgets

1. The Implementing Entity, through the IAs, shall prepare and furnish to the Bank not later than three months after the beginning of each Fiscal Year, an annual proposed budget for implementation of the Operation during the following year, except for the annual budget for the first year which shall be furnished prior to the commencement of the relevant activities under the Operation.
2. The Implementing Entity, through the IAs, shall exchange views with the Bank on each such proposed annual budget for the Operation, and shall thereafter adopt said budget for such following fiscal year, as such budget may be subsequently revised during such following fiscal year.

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 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

A. Program Reports and Project Reports

1. The Implementing Entity, through the IAs, shall monitor and evaluate the progress of the Operation and prepare Program Reports and Project Reports in accordance with the provisions of the General Conditions. Each Program Report and Project Report shall cover the period of one calendar semester and shall be furnished to the Borrower and the Bank not later than forty-five (45) days after the end of the period covered by such report.

B. Independent Verification Agent(s)

The Implementing Entity shall, through the IAs:

1. Not later than one month after the Effective Date, and thereafter 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 the Loan 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 of Schedule 2 to the Loan Agreement.

C. Protection of Personal Data

The Implementing Entity, through the IAs, 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;
- (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.