
LOAN NUMBER 9496- IN

Program Agreement

(Karnataka Sustainable Rural Water Supply Program)

between

INTERNATIONAL BANK

FOR

RECONSTRUCTION AND DEVELOPMENT

and

STATE OF KARNATAKA

PROGRAM AGREEMENT

AGREEMENT between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and STATE OF KARNATAKA (“Program Implementing Entity”) (“Program Agreement”) in connection with the Loan Agreement (“Loan Agreement”) of the Signature Date between India (“Borrower”) and the Bank, concerning Loan No. 9496-IN. 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) 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 Program Implementing Entity declares its commitment to the objectives of the Program. To this end, the Program Implementing Entity shall carry out the Program 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 Program.

ARTICLE III — REPRESENTATIVE; ADDRESSES

- 3.01. The Program Implementing Entity’s Representative is the Chief Secretary of the State of Karnataka.
- 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:

Rural Drinking Water & Sanitation Department
2nd Floor, "E" Block, KHB Complex
Cauvery Bhavan, K.G. Road
Bangalore; and

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

E-mail: comm-rdwsd@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: 05-Jun-2023

STATE OF KARNATAKA

By

G.M. Gangadhara Swamy

Authorized Representative

Name: G.M. Gangadhara Swamy

Title: Commissioner, RDWS

Date: 06-Jun-2023

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, the Program Implementing Entity shall carry out the Program in accordance with financial management, procurement, and environmental and social management systems acceptable to the Bank, including those set out in the Program Action Plan, 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 Program Institutional and Implementation Arrangements

1. Without limitation on the generality of Part A of this Section I, the Program Implementing Entity shall vest the overall responsibility for management of the coordination, implementation, and monitoring and evaluation of the Program in its Rural Drinking Water and Sanitation Department (RDWSD) as set forth in the Program Operations Manual.
2. The Program Implementing Entity shall establish within two (2) months of the Effective Date and maintain, throughout the period of Program implementation, a Program Steering Committee, with functions, composition and responsibilities acceptable to the Bank. Without limitation to the foregoing, the aforementioned committee shall be chaired by the Development Commissioner and comprise of key government officials from departments directly involved in the Program; and be responsible for the Program oversight, providing strategic direction, ensuring inter-agency collaboration.
3. The Program Implementing Entity shall establish within one (1) month of the Effective Date and maintain throughout the period of implementation of the Program, a program management unit (“PMU”), within RDWSD, headed by a Program Director, assisted by multi-disciplinary and competent staff, all with experience and qualifications, in numbers and under terms of reference agreed with the Bank; which unit shall be provided with such powers, financial resources, functions and competencies, agreed with the Bank, as shall be required for them to carry out the day-to-day implementation of the activities under the Program, including compliance with the Program Action Plan, compiling data on results and evidence on achievement of DLRs for submission to the Independent Verification Agent and monitoring and evaluation requirements, all as set forth in the Program Operations Manual.
4. The Program Implementing Entity shall maintain throughout the period of implementation of the Program, a Program Implementation Committee (PIC), chaired by the Additional

Chief Secretary, RDPR, with functions, composition, and responsibilities acceptable to the Bank and which will conduct regular review of the Program.

5. Within one (1) month from the Effective Date, the Program Implementing Entity shall establish and maintain throughout the period of implementation of the Program, the District Technical Support Staff in all the districts of the Program Implementing Entity assisted by multi-disciplinary and competent staff, all with experience and qualifications, in numbers and under terms of reference agreed with the Bank to support and co-manage day to day activities, oversight, coordination as set forth in the Program Operations Manual.

C. Program Action Plan

1. The Program Implementing Entity, shall:
 - (a) implement the Program Action Plan agreed with the Bank, in accordance with the schedule set out in the said Program Action Plan and in a manner and substance satisfactory to the Bank;
 - (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 provisions of the Program Action Plan and those of this Agreement and/or the Loan Agreement, the provision of the latter agreements shall govern.

D. Program Operations Manual

1. The Program Implementing Entity, shall:
 - (a) no later than one (1) month from the Effective Date, prepare and adopt the Program Operations Manual in form and substance satisfactory to the Bank;
 - (b) carry out the Program in accordance with the Program Operations Manual;
 - (c) implement the provisions set forth in the Program Operations Manual for the strengthening of the Program's Fiduciary and Environmental and Social Systems, in a manner and substance satisfactory to the Bank; and
 - (d) refrain from materially and/or substantially amending, revising, waiving, voiding, suspending or abrogating, any provision of the Program Operations Manual, whether in whole or in part, without the prior written mutual agreement of the Bank.
2. In the event of any inconsistency between the provision of the Program Operations Manual and those of this Agreement and/or the Loan Agreement, the provision of the latter agreements shall govern.

Section II. Excluded Activities

The Program 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 seventy-five million Dollars (\$75,000,000) equivalent or more per contract; (2) goods, estimated to cost fifty million Dollars (\$50,000,000) equivalent or more per contract; (3) non-consulting services, estimated to cost fifty million Dollars (\$50,000,000) equivalent or more per contract; or (4) consulting services, estimated to cost twenty million Dollars (\$15,000,000) equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation

A. Program Reports

- 1. The Program Implementing Entity shall cause RDWSD to, and RDWSD 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. Each Program Report shall cover the period of one calendar semester, and shall be furnished to the Borrower not later than 45 days after the end of the period covered by such report for incorporation and forwarding by the Borrower to the Bank of the overall Program Report.
- 2. By no later than September 30, 2025, or such other period as may be agreed with the Bank, Program Implementing Entity together with the Borrower shall, jointly with the Bank, carry out one (1) mid-term review of the Program to assess the status of the Program implementation, as measured against the indicators and results framework agreed with the Bank and the legal covenants included/referred to in this Agreement and/or the Loan Agreement, and shall incorporate the findings of such review into the Program design for the subsequent years and take all such measures necessary for the efficient completion of the Program based on the recommendations of the review and the Bank's views on the matter.

B. Verification Protocol

The Program Implementing Entity shall:

- (a) appoint within 1 month from the Effective Date and maintain, at all times during the implementation of the Program, an independent verification agent under terms of reference and qualifications acceptable to the Bank ("Independent Verification Agent"), to verify the evidence supporting the achievement of one or more DLRs and certify the fulfillment of such DLRs as set forth in Schedule 4 to the Loan Agreement and recommend corresponding payments to be made, as applicable; and
- (b) ensure that the Independent Verification Agent carries out verification processes in accordance with the Verification Protocols and furnish to the Bank the corresponding verification reports in a timely manner and in a form and substance satisfactory to the Bank prior to submission of any withdrawal application under Section III.A.2 of Schedule 2 to the Loan Agreement.