
LOAN NUMBER 9438-IN

Program Agreement

(Punjab: Building Fiscal and Institutional Resilience Program)

between

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

and

STATE OF PUNJAB

PROGRAM AGREEMENT

AGREEMENT between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and STATE OF PUNJAB (“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. 9438-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 Schedules 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 its Secretary (Administrative Secretary).
- 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: | Email |
|------------------------------|----------------|-----------------------|
| 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:

Principal Secretary Finance
Department of Finance Government of Punjab

Punjab Civil Secretariate – 1
Chandigarh – 160001
Punjab; and

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

Facsimile: E-mail:
+ 91 172 - 2742554 psf@punjab.gov.in

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

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

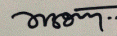
Name: Hideki Mori

Title: Acting Country Director for India

Date: 23-Dec-2022

STATE OF PUNJAB

By



Authorized Representative

Name: Mohammad Tayyab

Title: Secretary Expenditure, Dpt. of Finance

Date: 06-Jan-2023

SCHEDULE 1

Program Execution

Section I. Implementation Arrangements

A. Program Fiduciary, Environmental and Social Systems

1. 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 ESSA, the Program Operations Manual and the Program Action Plan, which are designed to ensure that:
 - (a) the Loan proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and
 - (b) 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

Implementing Agencies

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 Department of Finance as the main Implementing Agency, with the assistance of the other Implementing Agencies, all as set forth in the Program Operations Manual (POM).

Program Steering Committee

2. The Program Implementing Entity shall maintain, until the completion of the Program, a Program Steering Committee, chaired by the Chief Secretary and Principal Secretaries of the Department of Finance and all the Implementing Agencies, with composition, resources, and terms of reference acceptable to the Bank, to provide strategic guidance for implementing the Program, reform initiatives and support enhanced collaboration.

Program Management Unit

3. The Program Implementing Entity shall maintain throughout the period of Program implementation, a Program Management Unit (“PMU”) within its Department of Finance, headed by the Program Director, and with composition, resources, and terms of reference acceptable to the Bank, to coordinate with the Implementing Agencies and to be responsible for the day-to-day management of implementation and monitoring and evaluation of the Program, including organizing monthly review meetings, and compiling data on results and evidence on achievement of DLRs for submission to

the Independent Verification Agent and the Bank, all as set forth in the Program Operations Manual.

Program Implementing Units

4. The Program Implementing Entity shall maintain, until the completion of the Program, a Program Implementing Unit (“PIU”) in each Implementing Agency, with composition, resources, and terms of reference acceptable to the Bank, to be responsible for day-to-day implementation and monitoring and evaluation of the Respective Part of the Program by the Implementing Agency, all as set forth in the POM.

C. Program Action Plan

1. The Program Implementing Entity shall implement the Program Action Plan set forth in Schedule 2 to this Agreement, in a manner and substance satisfactory to the Bank.

D. Program Operations Manual

1. The Program Implementing Entity shall:
 - (a) no later than three (3) months after the Effective Date prepare and adopt the Program Operations Manual (“POM”) in form and substance satisfactory to the Bank;
 - (b) carry out the Program in accordance with the Program Operations Manual; and
 - (c) refrain from 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 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 seventy-five million Dollars (US \$ 75,000,000) equivalent or more per contract; (2) goods, estimated to cost fifty million Dollars (US\$ 50,000,000) equivalent or more per contract; (3) non-consulting services, estimated to cost fifty million Dollars (US\$ 50,000,000) equivalent or more per contract; or (4) consulting services, estimated to cost twenty million Dollars (US\$ 20,000,000) equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation

A. The Program Implementing Entity 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 and the Bank not later than forty-five (45) days after the end of the period covered by such report.

B. Independent Verification Agent

The Program Implementing Entity shall:

- (a) maintain, at all times during the implementation of the Program, an independent verification agent under terms of reference and with 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 3 to the Loan Agreement; and
- (b) ensure that the Independent Verification Agent carries out verification processes in accordance with the Verification Protocol and furnish to the Bank the corresponding verification reports in form and substance satisfactory to the Bank prior to submission of any withdrawal application under Section IV.A.2 of Schedule 2 to the Loan Agreement.

SCHEDULE 2

PROGRAM ACTION PLAN

| Description | Source | Responsibility | Timeline | Indicator for completion |
|---|--------------------|---|---|--|
| Half yearly internal audit of Program covering all IAs, conducted based on Terms of Reference (“ToR”) agreed with the Bank. Audit will also include review of controls related to procurement and contract management. | Fiduciary systems. | DoF, DoP, DoGR&PG, DoSS&WCD, DoLG, AMC and LMC. | Semi-annually. | Half yearly internal audit reports to be submitted to the Bank within twenty three (23) months of the end of the half year period. |
| Establish complaint handling mechanism to address procurement-related complaints as per the PTPP Act. | Fiduciary systems. | DoF. | Within twelve (12) months of the Effective Date. | Aide memoire and progress reports shared with the Bank. |
| Prepare universal suite of Standard Bidding Documents (“SBDs”) for open competitive bidding and limited bidding methods as mandated in the PTPP Act. Publish the suite of SBDs in the SPP, and issue policy direction to mandate their use for procurement. | Fiduciary systems. | DoF. | Within twenty four (24) months of the Effective Date. | Reports shared by DoF with the Bank. |

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|--|--|--|---|---|
| <p>Strengthen capacity of IAs on environment and social management, including citizen engagement, participation, gender and inclusion, through training and hiring relevant experts.</p> | <p>Environment and social systems.</p> | <p>DoF (PMU) and PIUs of IAs</p> | <p>Within six (6) months of the Effective Date, environmental and social (“E&S”) specialist hired by PMU to assess E&S capacity of the IAs.</p> <p>Within twelve (12) months of the Effective Date training plan approved by PMU.</p> <p>Within twenty four (24) months of the Effective Date E&S training workshop delivered to IAs.</p> | <p>Aide memoires and progress reports shared with the Bank</p> |
| <p>Establish and implement an appropriate mechanism for the efficient and scientific disposal of used sanitary pads in accordance with the Udaan Scheme guidelines.</p> | <p>Environment and Social systems.</p> | <p>DoSS&WCD with support from PPCB and DoLG.</p> | <p>Within six (6) months of the Effective Date appropriate mechanisms is put in place.</p> <p>Within twelve (12) months of the Effective Date facilitate disposal as per Udaan Scheme guidelines and institutional mechanism put in place.</p> | <p>Aide memoires and progress reports shared with the Bank.</p> |
| <p>Undertake random sample survey to assess the validity of Management Information System (MIS) for Udaan Scheme.</p> | <p>Technical.</p> | <p>DoSS&WCD.</p> | <p>On completion of six (6) months of operationalization of the MIS.</p> | <p>Survey report shared with the Bank.</p> |

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|---|-------------------|---------------------|--|--|
| <p>For operationalizing Tax Intelligence Unit (“TIU”), formalize data sharing protocol between DoF and Department of Excise and Taxation.</p> | <p>Technical.</p> | <p>DoF.</p> | <p>Within three (3) months of the Effective Date.</p> | <p>Agreed protocol shared with the Bank. Implementation progress reports shared.</p> |
| <p>Training Plan for capacity building on PFM, procurement and planning approved by DoF and DoP. Human resources MIS enhanced to include training indicators.</p> | <p>Technical.</p> | <p>DoF and DoP.</p> | <p>Within nine (9) months of the Effective Date.</p> | <p>Approved Training Plan(s) shared with the Bank.</p> |
| <p>Strengthen the Punjab Public Grievance Redress system (“PGRS”) to enhance the quality of redress and citizen’s engagement with system.</p> | <p>Other.</p> | <p>DoGR&PG.</p> | <p>Within twelve (12) months of the Effective Date: (i) train officials of Category A ADs; (ii) undertake assessment of the PGRS and approve an action plan to strengthen it.</p> <p>Within twenty-four (24) months of Effective Date implement the action plan.</p> | <p>Aide memoire and progress reports shared with the Bank.</p> |