

Public Disclosure Authorized

OFFICIAL DOCUMENTS

LOAN NUMBER 8723-IN

Program Agreement

(West Bengal Support to Institutional
Strengthening of the Gram Panchayat Program – Phase II)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

STATE OF WEST BENGAL

Dated *MARCH 22*, 2017

PROGRAM AGREEMENT

Agreement dated MARCH 22, 2017, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and STATE OF WEST BENGAL ("West Bengal" or the "Program Implementing Entity") acting by its Governor ("Program Agreement") in connection with the Loan Agreement of the same date between India, acting by its President ("Borrower") and the Bank ("Loan Agreement"). The Bank and West Bengal, hereby, agree as follows:

ARTICLE I – GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) ("General Conditions") constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in the Program Agreement have the meanings ascribed to them in the Loan Agreement or the General Conditions.

ARTICLE II – PROGRAM

- 2.01. West Bengal declares its commitment to the objectives of the Program. To this end, West Bengal shall carry out the Program in accordance with the provisions of Article V of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required to carry out the Program.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Borrower, West Bengal, and the Bank shall otherwise agree, West Bengal shall ensure that the Program is carried out in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III – REPRESENTATIVE; ADDRESSES

- 3.01. West Bengal's Representative is its Chief Secretary.
- 3.02. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

3.03. West Bengal's Address is:

Joint Administrative Building
Panchayats & Rural Development Department
HC-7, Wing-B, Sector-III
Bidhan Nagar, Kolkata- 700 106.

AGREED at NEW DELHI, India, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: HISHAM ABDO

Title: ACTING COUNTRY DIRECTOR, INDIA

STATE OF WEST BENGAL

By



Authorized Representative

Name: SOUMYA PURKAIT

Title: SPECIAL SECRETARY

SCHEDULE

Execution of the Program

Section I. Implementation Arrangements

A. Program Fiduciary, Environmental and Social Systems

1. Without limitation on the provisions of Article V of the General Conditions, West Bengal shall ensure that the Program is carried out in accordance with financial management, procurement and environmental and social management systems mutually acceptable to the Bank and the Borrower, including those set out in the Program Operations Manual and the Program Action Plan ("Program Fiduciary, Environmental and Social Systems") 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. Anti-Corruption

1. Without limitation upon the provisions of Part A of this Section, West Bengal shall carry out the Program in accordance with the provisions of the Anti-Corruption Guidelines and the following provisions.
2. The Bank's right to investigate allegations regarding the Program's activities and expenditures, and the related access to needed persons, information, and documents will be observed in accordance with the protocol dated 30 July 2008 between the Borrower and the Bank and certain "mutatis mutandis" adjustments, *inter alia*, outlined below.
 - (c) the term "IDA" and "International Development Association" shall be substituted by "IBRD" and "International Bank for Reconstruction and Development";
 - (d) in paragraph 3, the term "Joint Secretary (Procurement), Ministry of Health and Family Welfare", shall be substituted by the representative designated by the Borrower;

- (e) where applicable, the term "projects" shall be substituted by the term "Program";
- (f) where applicable, the term "Financing Agreements" shall be substituted by the term "Loan Agreement";
- (g) in paragraph 2, the following sentence is added at the paragraph's end: "At the Bank's request, the Borrower shall take all necessary measures to provide the Bank with access to the Program's underlying audit reports, books, and records as well as relevant persons connected with the Program."; and
- (h) in paragraph 3, the expression "central sector projects" shall be substituted by the term "Program".

C. Other Program Institutional and Implementation Arrangements

1. Without limitation on the generality of Part A of this Section I, West Bengal:
 - (a) shall carry out the Program in accordance with the institutional and administrative arrangements set forth in this Agreement, the Program Operations Manual and the Program Action Plan;
 - (b) shall not, except as the Bank shall otherwise agree in writing, amend or waive any of such arrangements if, in the opinion of the Bank, such amendment or waiver may materially and adversely affect the Program's implementation or the achievement of the objectives thereof; and
 - (c) shall maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the Program in accordance with the Program Operations Manual and the Program Action Plan.
2. West Bengal shall establish and constitute an ISGPP Cell within PRDD to ensure Program implementation and coordination. West Bengal shall ensure that the ISGPP Cell has staff and resources that are adequate to carry out its functions and responsibilities.
3. West Bengal shall ensure that PRDD is responsible for the overall financial aspects of the Program, including the timely transfers of necessary funding to execute the activities envisioned under the Program.
4. To oversee the progress and effectiveness of the Program, West Bengal shall constitute and maintain an inter-departmental Program Steering Committee

("PSC") with such composition, functions, responsibilities, and terms of reference as are set out the Program Operations Manual.

5. West Bengal shall adopt, and thereafter maintain throughout the implementation of the Program, the Program Operations Manual.
6. West Bengal shall adopt guidelines or government orders acceptable to the Borrower and the Bank, for making performance-based grants to Gram Panchayats and carrying out activities financed by such grants.
7. In the event of any inconsistency between: (i) the Program Operations Manual, the ESSA, the Program Action Plan and any other guidelines or rules relating to program implementation; and (ii) any of the provisions of this Agreement, the provisions of this Agreement shall govern.

D. Excluded Activities

1. West Bengal 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, including those that could require the construction of any irrigation scheme leading to surface and ground water pollution or incremental abstraction from international waterways; and
 - (b) involve the procurement of: (a) works, estimated to cost fifty million Dollar (\$50,000,000) equivalent or more per contract; (b) goods, estimated to cost thirty million Dollar (\$30,000,000) equivalent or more per contract; (c) non-consulting services, estimated to cost twenty million Dollar (\$20,000,000) equivalent or more per contract; or (d) consultants' services, estimated to cost fifteen million Dollar (\$15,000,000) equivalent or more per contract.
2. Without derogating from the generality of paragraph (1) above, West Bengal shall ensure that no new irrigation activities or schemes (whether involving ground water or surface works) under the Program are carried out in any Gram Panchayats of Excluded Blocks set out in the Program Operations Manual.

Section II. Program Monitoring, Reporting and Evaluation; Audits

A. Progress Reports for the Program

1. West Bengal shall monitor and evaluate the progress of the Program and prepare Progress Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators to be agreed with the Bank.

Without limiting Section 5.08 of the General Conditions, the Progress Reports shall cover the progress achieved by West Bengal in the implementation of the Program, including the achievement of results and the compliance of the Program Action Plan. Each Program Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later forty-five (45) days after the end of the period covered by such report.

2. Notwithstanding the provision of paragraph 1 above, West Bengal shall:
 - (a) prepare, by no later than April 2020 or such later date as the Bank shall request, and furnish to the Bank, a mid-term review report, in form and substance satisfactory to the Bank, integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (1) above on the progress achieved in the carrying out of the Program and the Program Action Plan during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Program and the Program Action Plan, and the achievement of the objectives of the Program, during the period following such date; and
 - (b) review with the Bank, by April 2020 or such later date as the Bank shall request, the mid-term review report referred in sub-paragraph (a) above, and, thereafter, take all measures required to ensure the efficient completion of the Program and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank's views on the matter.

B. Financial Management and Audits for the Program

1. West Bengal shall maintain a financial management system and prepare financial statements ("Financial Statements") in accordance with consistently applied accounting standards acceptable to the Bank, in a manner to adequately reflect resources and expenditures related to the Program.
2. Without limitation on the generality of Section 5.09 of the General Conditions, West Bengal shall have its Financial Statements for the Program audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Program's Financial Statements shall cover the period of one fiscal year of the Borrower, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Program. The audited Financial Statements for each such period shall be furnished to the Bank not later than nine (9) months after the end of such period.

C. Verification Protocols for the Program

1. West Bengal shall:

- (a) appoint and maintain an independent verification agency to undertake a verification process, in accordance with terms of reference acceptable to the Bank, for the fulfillment of the Disbursement Linked Results set out in the table in Part A of Section I of Schedule 2 of the Loan Agreement; and
- (b) furnish to the Bank corresponding verification reports, in form and substance acceptable to the Bank, by no later than the applicable dates set out in Schedule 3 to the Loan Agreement and the Program Operations Manual.