
LOAN NUMBER 9248-IN

Loan Agreement

(The Resilient Kerala Program)

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”).

WHEREAS, in addition to the provision of \$160,000,000 from resources of the Project Implementing Entity (as defined in the Appendix to this Agreement), the Borrower has requested the support listed in (i) and (ii) immediately below to participate in the financing of its Program (as defined in the Appendix to this Agreement) whose cost is estimated at \$530,000,000 as of the Signature Date:

- (i) a loan from Asian Infrastructure Investment Bank in an amount equivalent to \$125,000,000; and
- (ii) a loan from the Bank in an amount of \$125,000,000.

NOW, THEREFORE, 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 one hundred twenty-five million Dollars (\$ 125,000,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”), to assist in financing the program described in Schedule 1 to this Agreement (“Program”).
- 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 January 15 and July 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 — PROGRAM

- 3.01. The Borrower declares its commitment to the objectives of the Program. To this end, the Borrower shall cause the Program to be carried out by the Program Implementing Entity in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Program Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Co-financing Deadline for the effectiveness of the AIIB Co-financing Agreement is six months after the Effective Date.

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 of the following officials acting severally: the Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary, or Under Secretary of the Department of Economic Affairs of the Borrower's Ministry of Finance.
- 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

- 6.03. 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

Rajat Kumar Mishra

Authorized Representative

Rajat Kumar Mishra

Name: _____

Title: _____ Rajat Kumar Mishra

Date: _____ 16-Jul-2021

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By

JK Ahmad

Authorized Representative

Junaid Kamal Ahmad

Name: _____

Title: _____ Country Director

Date: _____ 16-Jul-2021

SCHEDULE 1

Program Description

The objective of the Program is to enhance Kerala's resilience against the impacts of climate change and natural disasters, including disease outbreaks and pandemics.

The Program consists of the following activities:

Results Area 1: Strengthening Transversal Systems for Resilience

1.1 Sustainable Fiscal and Debt Management

- (a) Strengthening capacity to deal with contingent liabilities due to disasters and disease outbreaks.
- (b) Establishing debt management unit within DoF, adopting and implementing a debt management plan, and enhancing capacity of debt management unit.
- (c) Strengthening revenue mobilization, expenditure management, financial controls and treasury operations.

1.2 Comprehensive Disaster Risk Finance and Social Protection System

- (a) Developing a comprehensive risk financing framework to enhance financial resilience of government and communities to natural disasters and disease outbreaks.
- (b) Building database of vulnerable populations and post-disaster payments platform to transfer social protection payments to beneficiaries.
- (c) Implementing risk insurance and adaptive safety net programs for select vulnerable groups in Pamba Basin districts.
- (d) Mobilizing resources from the market for disaster risk financing.
- (e) Enhancing decision-making capabilities and financial literacy of women in order to channel social protection payments through women.

1.3 Risk-Informed Urban Master Plans for Cities and Towns

- (a) Implementing reforms related to risk-informed master planning by urban local bodies.
- (b) Incentivizing adoption of risk-informed urban master plans and priority action plans by urban local bodies in Pamba Basin districts.
- (c) Training and capacity building of urban local bodies on risk informed planning and investments.

1.4 Risk-Informed Local Disaster Risk Management Plans

- (a) Formulating and/or updating disaster risk management plans for local self-government institutions in Pamba Basin districts.
- (b) Developing technical tools and training in disaster risk management.
- (c) Supporting investment planning integrating climate risk information at the local level.
- (d) Developing the DCAT tool to track local investments which are climate and disaster risk informed.

Results Area 2: Embedding Resilience in Key Economic Sectors

2.1 Resilient Public Health Systems

Strengthening public health systems for disease outbreak prevention and preparedness.

2.2 Integrated and Sustainable Water Resources Management

- (a) Establishing a river basin conservation and management authority for integrated water resources management.
- (b) Developing flood forecasting system, integrated reservoir operation system and investment plans for Pamba Basin for improving integrated water resources management, and adopting integrated river basin management plan including recommendations for investments.
- (c) Implementing critical investment(s) on water resources management as defined in the integrated river basin management plan.

2.3 Sustainable and Resilient Agriculture Systems

- (a) Strengthening agroecological units to facilitate implementation of agroecological zone approaches for development of agriculture production.
- (b) Forming new farmer producer organizations in Pamba Basin districts.
- (c) Promoting participation of women in agricultural activities, including through support for membership of women in farmer producer organizations, increase in access to information, benefits and other services for capacity building of women farmers, and provision of business development and leadership training.

2.4 Climate Resilient Road Infrastructure

- (a) Establishing a road maintenance management system cell in the PWD to support implementation of climate proof designs, budgeting and implantation for the road sector.
- (b) Upgrading 400 kilometers of Core Road Network (CRN) infrastructure in Pamba Basin districts through output and performance-based road maintenance contracts.

SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. To facilitate the carrying out of the Program, the Borrower shall make the proceeds of the Loan available to the Program Implementing Entity in accordance with the Borrower's standard arrangements for developmental assistance to the states of India. Notwithstanding the foregoing, in the event that any provision of this Agreement, including the instructions that the Bank shall have specified by notice to the Borrower pursuant to Section IV.A of this Schedule 2, were to be found inconsistent with the Borrower's standard arrangements for development assistance to the states of India, the provisions of this Agreement and related instructions shall govern.
2. The Borrower shall at all times protect its own interests and the interests of the Bank to accomplish the purposes of the Loan.

B. Program Action Plan

The Borrower shall cause the Program Implementing Entity to implement the Program Action Plan, in accordance with the provisions of Section I.C of the Schedule to the Program Agreement.

Section II. Excluded Activities

The Borrower shall cause the Program Implementing Entity to 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 (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 (20,000,000) equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation

A. Program Reports

The Borrower shall cause the Program Implementing Entity to furnish to the Bank each Program Report not later than forty-five 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) finance Program Expenditures (inclusive of Taxes), on the basis of the results (“Disbursement Linked Results” or “DLRs”) achieved by the Program Implementing Entity, as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”); and (b) pay: (i) the Front-end Fee; and (ii) pay each Interest Rate Cap or Interest Rate Collar premium; all as set forth in the table in paragraph 2 of this Part A and Schedule 4 to this Agreement.

2. The following table specifies each category of withdrawal of the proceeds of the Loan (including DLIs as applicable) (“Category”), and the allocation of the amounts of the Loan to each Category; provided that for the purpose of Categories (1) to (9) of the table below, the actual amount authorized for disbursement (“Allocated Amount”) based on the formula for its determination upon the achievement of an individual DLR for any given DLI financed under such Category, shall be calculated as set forth in Schedule 4 to this Agreement:

Category (including Disbursement Linked Indicator as applicable)	Amount of the Loan Allocated (expressed in USD)
(1) DLI #1: Fiscal sustainability of GoK to cope with disease outbreaks and natural disasters is strengthened	4,687,500
(2) DLI #2: Disaster-related adaptive safety net system of GoK is strengthened	10,000,000
(3) DLI#3: Disaster risk financing and insurance capacity of GoK and vulnerable households in Kerala are improved	10,000,000
(4) DLI#4: Urban local bodies developed and sanctioned risk-informed urban master plans and priority action plans	7,500,000
(5) DLI#5: Climate risk Information is integrated into local body disaster risk management plans	17,500,000
(6) DLI#6: Capacity to track and respond to zoonotic disease outbreaks of human importance in a timely manner	15,000,000
(7) DLI#7: Integrated river basin management plan is developed and implemented for Pamba Basin	10,000,000

(8) DLI#8: Farmer producer organizations have increased access to new and organized markets	15,000,000
(9) DLI#9: CRN is rehabilitated and/or maintained to meet resilient service standards in the Pamba Basin	35,000,000
(10) 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	312,500
(11) Interest Rate Cap or Interest Rate Collar premium to be paid pursuant to Section 4.05 (c) of the General Conditions	0
TOTAL AMOUNT	125,000,000

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) on the basis of DLRs achieved prior to the Signature Date; and
 - (b) for any DLR, until and unless the Borrower has furnished evidence satisfactory to the Bank that said DLR has been achieved.
2. Notwithstanding the provisions of Part B.1(b) of this Section, if any of the DLR(s) under Category (1) to (9) has not been achieved by the date by which the said DLR is expected to be achieved, 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 Category 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 for Allocated Amounts set out in table 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;
 - (c) cancel all or a portion of the proceeds of the Loan then allocated to said DLR; and/or
 - (d) authorize the withdrawal of such portion of the Allocated Amount which has not been disbursed by the expected date pursuant to paragraph (a) immediately above, at a later than the expected date for the DLR(s) achieved after such initially expected date.
3. The Closing Date is June 30, 2026.

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 January 15 and July 15 Beginning July 15, 2027 through January 15, 2035	6.25%

SCHEDULE 4

Disbursement-Linked Indicators, Disbursement-Linked Results and Allocated Amount(s)*

DISBURSEMENT-LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS				
	DLRs EXPECTED TO BE ACHIEVED IN FY21/22	DLRs EXPECTED TO BE ACHIEVED IN FY22/23	DLRs EXPECTED TO BE ACHIEVED IN FY23/24	DLRs EXPECTED TO BE ACHIEVED IN FY24/25	DLRs EXPECTED TO BE ACHIEVED IN FY25/26
DLI #1. <i>Fiscal sustainability of GoK to cope with disease outbreaks and natural disasters is strengthened</i>	DoF has adopted a debt management plan			DoF has implemented at least five short- to medium-term priority actions in debt management plan	GoK’s debt to Gross State Domestic Product (GSDP) ratio is below 35%
<i>Allocated Amount(s) in \$</i> 4,687,500	687,500 <i>Scalability: No</i>			2,500,000 <i>Scalability: Yes</i> \$500,000 for each priority action implemented, up to a maximum of \$2,500,000 in the aggregate	1,500,000 <i>Scalability: No</i>
DLI #2. <i>Disaster-related adaptive safety net system of GoK is strengthened</i>	A state unified database has been built for the provision of safety nets in case of disaster, populated with beneficiary data using clear data protection protocols		500,000 beneficiary households are registered in the state’s unified database		100,000 beneficiary households are receiving social protection benefits (adaptive safety net /insurance) through direct benefit transfers linked to the state’s unified database
<i>Allocated Amount(s) in \$</i> 10,000,000	2,500,000 <i>Scalability: No</i>		5,000,000 <i>Scalability: Yes</i> \$10 per registered beneficiary household up to a maximum of \$5,000,000 in the aggregate		2,500,000 <i>Scalability: Yes</i> \$25 for every beneficiary household receiving social protection benefits up to a maximum of \$2,500,000 in the aggregate

DISBURSEMENT-LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS				
	DLRS EXPECTED TO BE ACHIEVED IN FY21/22	DLRS EXPECTED TO BE ACHIEVED IN FY22/23	DLRS EXPECTED TO BE ACHIEVED IN FY23/24	DLRS EXPECTED TO BE ACHIEVED IN FY24/25	DLRS EXPECTED TO BE ACHIEVED IN FY25/26
DLI #3. <i>Disaster risk financing and insurance capacity of GoK and vulnerable households in Kerala are improved</i>	DoA has developed and notified guidelines on payment norms, modalities, administrative rules, and monitoring arrangements for crop insurance.	DoF has adopted and notified institutional mechanism and implementing arrangements for disaster risk financing.	33,000 farmers from Pamba Basin districts are enrolled in crop insurance.		DoF has mobilized \$50,000,000 using market-based disaster risk financing instrument to complement State Disaster Response Fund (SDRF) / Chief Minister's Distress Relief Fund (CMDRF) funds
<i>Allocated Amount(s) in \$</i> 10,000,000	2,000,000 <i>Scalability: No</i>	1,000,000 <i>Scalability: No</i>	3,300,000 <i>Scalability: Yes</i> \$100 per farmer up to a maximum of \$3,300,000 in the aggregate		3,700,000 <i>Scalability: Yes</i> \$0.074 for each USD mobilized up to a maximum of \$3,700,000 in the aggregate
DLI #4. <i>Urban local bodies developed and sanctioned risk-informed urban master plans and priority action plans</i>	DTCP, with support from KILA, has developed and notified the guidelines for risk-informed master planning for the state, and the training program for urban local bodies in Pamba Basin districts.		KILA has trained 9 urban local bodies in Pamba Basin districts on risk-informed urban master planning		4 urban local bodies in Pamba Basin districts have sanctioned the final urban master plans and priority action plans
<i>Allocated Amount(s) in \$</i> 7,500,000	1,350,000 <i>Scalability: No</i>		3,150,000 <i>Scalability: Yes</i> \$350,000 per urban local body trained up to \$3,150,000 in the aggregate		3,000,000 <i>Scalability: Yes</i> \$750,000 per urban local body up to \$3,000,000 in the aggregate
DLI #5. <i>Climate risk Information is integrated</i>	KSDMA has downscaled climate models and provided this information to all Local	200 LGs in the Pamba Basin districts have integrated climate	100 LGs in Pamba Basin districts have been assessed through DCAT	150 LGs in Pamba Basin districts have satisfactorily completed local level	150 LGs in Pamba Basin districts have been assessed through DCAT

DISBURSEMENT-LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS				
	DLRS EXPECTED TO BE ACHIEVED IN FY21/22	DLRS EXPECTED TO BE ACHIEVED IN FY22/23	DLRS EXPECTED TO BE ACHIEVED IN FY23/24	DLRS EXPECTED TO BE ACHIEVED IN FY24/25	DLRS EXPECTED TO BE ACHIEVED IN FY25/26
<i>into local body disaster risk management plans</i>	Governments (LGs) in the state	information into their disaster risk management plans	and achieved a target of at least 30% co-benefit score.	emergency management exercises coordinated by KSDMA, as per the updated local body disaster risk management plans.	and achieved a target of at least 50% co-benefit score.
<i>Allocated Amount(s) in \$ 17,500,000</i>	2,000,000 <i>Scalability: No</i>	2,000,000 <i>Scalability: Yes</i> \$10,000 per LG up to \$2,000,000 in the aggregate	4,500,000 <i>Scalability: Yes</i> \$45,000 per LG up to \$4,500,000 in the aggregate	3,000,000 <i>Scalability: Yes</i> \$20,000 per LG up to \$3,000,000 in the aggregate	6,000,000 <i>Scalability: Yes</i> \$40,000 per LG up to \$6,000,000 in the aggregate
DLI #6. <i>Capacity to track and respond to zoonotic disease outbreaks of human importance in a timely manner is strengthened</i>	DoHFW has operationalized district level One Health coordination platform with trained and certified staff in Pamba Basin districts.	DoHFW has provided training to 250,000 LG and Kudumbashree members on protocols for community based One Health surveillance in Pamba Basin districts.	DoHFW undertakes routine joint disease outbreak investigations and inspections in 4 Pamba Basin districts	150 LGs are implementing community based One Health surveillance in Pamba Basin districts.	DoHFW has identified and controlled at least one Zoonotic disease outbreak of human importance in Pamba Basin districts in a year
<i>Allocated Amount(s) in \$ 15,000,000</i>	3,000,000 <i>Scalability: No</i>	3,000,000 <i>Scalability: Yes</i> \$12 for each member trained up to \$3,000,000 in the aggregate	3,000,000 <i>Scalability: Yes</i> \$750,000 per district up to \$3,000,000 in the aggregate	3,000,000 <i>Scalability: Yes</i> \$20,000 per LG up to \$3,000,000 in the aggregate	3,000,000 <i>Scalability: No</i>
DLI #7. <i>Integrated river basin management plan is developed and implemented for Pamba Basin</i>	WRD has developed flood forecasting and integrated reservoir operation systems for Pamba Basin	River basin conservation and management authority is fully operational with technical and operational staff	WRD has adopted and operationalized integrated river basin plan for Pamba Basin.	WRD has interfaced the water resource management systems with KSDMA, DoA, PWD and LSGD.	WRD has implemented at least two critical investments identified in the integrated river basin management plan for Pamba Basin.

DISBURSEMENT-LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS				
	DLRS EXPECTED TO BE ACHIEVED IN FY21/22	DLRS EXPECTED TO BE ACHIEVED IN FY22/23	DLRS EXPECTED TO BE ACHIEVED IN FY23/24	DLRS EXPECTED TO BE ACHIEVED IN FY24/25	DLRS EXPECTED TO BE ACHIEVED IN FY25/26
Allocated Amount(s) in \$ 10,000,000	1,000,000 <i>Scalability: No</i>	3,000,000 <i>Scalability: No</i>	1,500,000 <i>Scalability: No</i>	2,000,000 <i>Scalability: No</i>	2,500,000 <i>Scalability: Yes</i> \$1,250,000 per investment implemented up to \$2,500,000 in the aggregate
DLI #8. Farmer producer organizations have increased access to new and organized markets	Small Farmer Agribusiness Consortium (SFAC) has entered into an agreement with an Agri-Business Promoting Agency (ABPA) to support farmer producer organizations in Pamba Basin districts.	12,500 farmers have been mobilized into at least 25 farmer producer organizations.			15 farmer producer organizations have increased access of farmers to new and organized markets
Allocated Amount(s) in \$ 15,000,000	3,000,000 <i>Scalability: No</i>	5,000,000 <i>Scalability: Yes</i> \$400 per farmer membership up to \$5,000,000 in the aggregate			7,000,000 <i>Scalability: Yes</i> \$466,666.67 per farmer producer organization up to \$7,000,000 in the aggregate
DLI #9. CRN is rehabilitated and /or maintained to meet resilient service standards in the Pamba Basin	PWD has launched the climate compatible road maintenance management system		Forward Works Program (FWP) is generated for at least 6000 km of CRN with budgetary allocation through a separate climate works budget head.		400 km of CRN is meeting resilient standards in Pamba Basin with sustainable asset management practices established
Allocated Amount(s) in \$ 35,000,000	2,000,000 <i>Scalability: No</i>		6,000,000 <i>Scalability: Yes</i> \$1,000 per km of CRN generated by FWP with budget allocation, up to \$6,000,000 in the aggregate		27,000,000 <i>Scalability: Yes</i> \$67,500 per km of CRN meeting resilient services standards, up to

DISBURSEMENT-LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS				
	DLRS EXPECTED TO BE ACHIEVED IN FY21/22	DLRS EXPECTED TO BE ACHIEVED IN FY22/23	DLRS EXPECTED TO BE ACHIEVED IN FY23/24	DLRS EXPECTED TO BE ACHIEVED IN FY24/25	DLRS EXPECTED TO BE ACHIEVED IN FY25/26
					\$27,000,000 in the aggregate

* The periods (Fiscal Years) in which DLRs are expected to be achieved as per this Schedule are for indicative purposes. 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 prior agreement of the Bank, withdraw the amount corresponding to the extent of achievement of said DLR prior to that Fiscal Year indicated in this Schedule.

Schedule 5

Program Action Plan

S. no	Sector	Description	By	Timeline	Indicator for completion
1	Program Management	Notify Program, geographical coverage, institutional and fiduciary arrangements for implementation	RKI	Within one month of the Effective Date	Government Order/ Gazette notification issued
2		Continue Program Management Support Services (PMSS) support to Rebuild Kerala Development Programme (RKDP)	RKI	Duration of the Program	Progress reports/M&E reports from RKI with PMSS support
3		Operationalize the implementation of the Anti-corruption Guidelines by performing actions agreed as per the Program Operations Manual	RKI and Implementing Agencies	Duration of the Program	Reports on ACG implementation to be shared with the Bank as part of the regular implementation support reviews
4	Finance	Finalize the ToR and team composition (from Implementing Agencies) of Program Internal Auditors for conducting the Program internal audit covering all Program participating departments.	RKI	Within six months from the Effective Date Biannual	Program Internal Audit team in place for submission of semi-annual internal audit reports for the Program to RKI
5		Include 'Financial Audit' review clause in the comprehensive guidelines for eligibility of incremental performance incentive grants for promoting local capital investments to tackle climate change. under the Program. The clause will detail the requirement and procedure for review of annual audited Financial Accounts and audit opinion for continuity and material misstatement.	LSGD	Within six months from the Effective Date	Guidelines for incremental performance grants issued to LGs
6	Procurement	Develop and implement guidance to address issues of transparency and accountability in procurement, including streamlining complaint handling and debarment processes	GoK	Within six months from the Effective Date	Notification issued to Implementing Agencies, providing guidance on transparency and accountability in procurement
7	Environment & Social safeguards	Mainstream environmental and social management through plans and bid documents in civil works, and integration of environmental and social safeguards and social inclusion content in capacity building programs	RKI and Implementing Agencies	Continuous. To commence within three months of the Effective Date	Incorporation of environment and social safeguards compliance in plans, bid documents for the civil works / investments, Inclusion of environment and social safeguard modules in training and

					capacity building programs
8		Strengthen existing grievance redress mechanism at state, department and local levels to enhance transparency and responsiveness by enabling creation of an open log of grievances and redressal actions.	GoK	Within one year from the Effective Date	Data detailing grievances received and resolved maintained by the Implementing Agencies/RKI

APPENDIX

Section I. Definitions

1. “AIIB Co-financing Agreement” means the agreement to be entered into between the Borrower and the Asian Infrastructure Investment Bank providing for its part of the Co-financing.
2. “Allocated Amounts” means the amount allocated to each individual DLR, or determined for each DLR pursuant to the formula detailed, in the table in Schedule 4 to this Agreement, as such amount might be increased, reallocated and/or cancelled (whether partially or in its entirety) by the Bank, from time to time, as the case may be, in accordance with the provisions of Section IV.B.2 of Schedule 2 to this Agreement.
3. “Anti-corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the 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.
4. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
5. “Co-financier” means the Asian Infrastructure Investment Bank.
6. “Co-financing” means, for purposes of paragraph 17 of the Appendix to the General Conditions, an amount of one hundred and twenty-five million Dollars (\$ 125,000,000) to be provided by the Asian Infrastructure Investment Bank pursuant to the AIIB Co-financing Agreement to assist in financing the Program.
7. “CRN” refers to 7,000 kilometers identified by the government of Kerala as the core road network that carries 70-80% of the total traffic on the state roads.
8. “DCAT” means Disaster and Climate Action Tracker, a tool to be developed and adopted by the Program Implementing Entity for assessing disaster and climate adaptation and mitigation investments.
9. “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.
10. “Disbursement Linked Result” or “DLR” means in respect of a given Category, the result under said Category as set forth in the table in the table 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 said Section IV and Schedule 4.
11. “DoA” means the Program Implementing Entity’s Department of Agriculture, or any successor thereto.

12. “DoF” means the Program Implementing Entity’s Department of Finance, or any successor thereto.
13. “DoHFW” means the Program Implementing Entity’s Department of Health and Family Welfare, or any successor thereto.
14. “DoR” means the Program Implementing Entity’s Department of Revenue, or any successor thereto.
15. “DTCP” means the Program Implementing Entity’s Department of Town and Country Planning, or any successor thereto.
16. “ESSA” means the Environmental and Social Systems Assessment, dated March 15, 2021 and disclosed on March 30, 2021 setting forth the description of the Program’s activities, assessing the Program Implementing Entity’s environmental and social management systems, detailing the Program’s environmental and social benefits, risks and impacts, and recommending remedial measures to strengthen the social and environmental systems performance.
17. “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.
18. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Program-for-Results Financing”, dated December 14, 2018 (revised on August 1, 2020, and on December 21, 2020).
19. “GoK” means government of Kerala.
20. “HLEC” means the high-level empowered committee set up within the RKI, chaired by Kerala’s chief secretary, or any successor thereto.
21. “Implementing Agencies” means, collectively, the DoA, DoF, DoHFW, DoR, LSGD, PWD and WRD.
22. “Independent Verification Agent” means the independent entity to be engaged by the Program Implementing Entity for the purposes of certifying the achievement of the DLRs as referred to in Section III.B of the Schedule to the Program Agreement.
23. “Kerala” means the State of Kerala, on the Borrower’s territory.
24. “KILA” means Kerala Institute of Local Administration, registered under the Travancore-Cochin Literary, Scientific and Charitable Societies Act, 1955, with the objective of strengthening local self-governance in Kerala.
25. “KSDMA” means the Kerala State Disaster Management Authority, constituted under the Borrower’s Disaster Management Act, 2005, for the purpose of disaster response management in Kerala.
26. “Kudumbashree” means a community organization of women, promoted and supported under Kerala’s poverty eradication and women’s empowerment program.

27. “Local Government” or “LG” means one of the local self-governments established consequent to the 73rd and 74th amendments to the Borrower’s Constitution, under the Kerala Panchayat Raj Act, 1994 and the Kerala Municipality Act, 1994, including grama panchayats, block panchayats, district panchayats, municipalities and corporations.
28. “LSGD” means the Program Implementing Entity’s Local Self Government Department, or any successor thereto.
29. “One Health” means a collaborative, multisectoral, and transdisciplinary approach with the goal of achieving optimal health outcomes recognizing the interconnection between people, animals, plants, and their shared environment.
30. “Pamba Basin” means the river basin area of Pamba river in Kerala covering the districts of Idukki, Kottayam, Pathanamthitta and Alappuzha.
31. “Program Action Plan” means the Borrower’s plan attached as Schedule 5 to this Agreement and referred to in Section I.C of the Schedule to the Program Agreement.
32. “Program Implementing Entity” means the Borrower’s state of Kerala.
33. “Program Operations Manual” means the manual to be prepared by the Program Implementing Entity in a manner and substance satisfactory to the Bank for the purposes of carrying out the Program, which manual shall comprise of, *inter alia*: (i) the scope of the Program activities; (b) the Program implementation arrangements; (c) the Program’s monitoring and evaluation, and reporting requirements; and (d) actions required in order to operationalize the implementation of the Anti-corruption Guidelines.
34. “Program” means the program described in Schedule 1 to this Agreement.
35. “PWD” means the Program Implementing Entity’s Public Works Department, or any successor thereto.
36. “RKI” means the Rebuild Kerala Initiative, the institution set up by the Program Implementing Entity via order number G.O.(P) NO. 16/2018/P&EA dated 9/11/2018 in order to create sustainable and resilient roads and other structures for improved productivity and economic efficiency of transport.
37. “RKI-IC” means the implementation committee set up within the RKI, or any successor thereto.
38. “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.
39. “Verification Protocol” means the Borrower’s protocol, acceptable to the Bank, setting forth the means by which the achievement of DLRs will be verified under the Program, as such Verification Protocol may be amended from time to time with the prior written agreement of the Bank.

40. "WRD" means the Program Implementing Entity's Water Resources Department, or any successor thereto.