
LOAN NUMBER 9295-IN

Program Agreement

(Shimla-Himachal Pradesh Water Supply and Sewerage Services Improvement Program)

between

INTERNATIONAL BANK

FOR

RECONSTRUCTION AND DEVELOPMENT

and

STATE OF HIMACHAL PRADESH and
SHIMLA JAL PRABANDHAN NIGAM LIMITED

PROGRAM AGREEMENT

AGREEMENT between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) on the one side and the State of Himachal Pradesh (“Program Implementing Entity”) and Shimla Jal Prabandhan Nigam Limited (“SJPNL” or “Implementing Agency”), on the other side (“Program Agreement”) in connection with the Loan Agreement (“Loan Agreement”) of the Signature Date between India (“Borrower”) and the Bank, concerning Loan No. 9295-IN. The Bank, the Program 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 — PROGRAM

- 2.01. The Program Implementing Entity and the Implementing Agency declare their commitment to the objectives of the Program. To this end, the Program Implementing Entity and the Implementing Agency 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 the Chief Secretary of the State of Himachal Pradesh/the Secretary of Himachal Pradesh’s Urban Development Department.
- 3.02. The Implementing Agency’s Representative is its Managing Director & CEO.
- 3.03. 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:
248423(MCI) or 64145(MCI)	1-202-477-6391

3.04. For purposes of Section 10.01 of the General Conditions: (a) the Program Implementing Entity's address is:

Urban Development Department
Himachal Pradesh Government Secretariat
Armsdale Building
Chotta Shimla-171002; and

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

Facsimile:	E-mail:
+91-0177-2621867	udsecy-hp@nic.in

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

Shimla Jal Prabandhan Nigam Limited,
Forest Road, US Club,
Shimla-171001; and

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

Telex:	E-mail:
+91-0177- 265680	sjpnltd@gmail.com

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

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Junaid Kamal Ahmad

Name: _____

Title: _____
Country Director

Date: _____
26-Nov-2021

STATE OF HIMACHAL PRADESH

By



Authorized Representative

Rajneesh

Name: _____

Title: _____
Principal Secretary, UD, GoHP

Date: _____
01-Dec-2021

SHIMLA JAL PRABHANDHAN NIGAM LIMITED

By



Authorized Representative

Dharmendra Gill

Name: _____

Title: _____
MD cum CEO

Date: _____
07-Dec-2021

SCHEDULE 1

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 cause the Implementing Agency to, and the Implementing Agency 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:

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. Program Institutions

- (a) The Program Implementing Entity shall maintain, throughout the period of implementation of the Program, an advisory committee with a mandate and composition agreed with the Bank. Without limitation on the foregoing, the aforementioned committee shall: (a) be chaired by a secretary-level official of the UDD/Finance and comprise key state government officials from departments directly involved in the Program; and (b) be responsible for, *inter alia*: (i) advising the Board of Directors on the implementation of the Program and (ii) ensuring that critical matters related to the Program implementation are addressed in a timely manner.
- (b) The Program Implementing Entity shall vest the overall responsibility for the carrying out of the Program in the Implementing Agency.
- (c) For purposes of paragraph (b) above in this Section, the Program Implementing Entity shall cause the Implementing Agency to, and the Implementing Agency shall, maintain throughout the period of implementation of the Program, a program management unit (“PMU”), 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 ESSA, 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.

- (d) Notwithstanding anything stated in paragraph (c) above, the Program Implementing Entity shall cause the Implementing Agency, and the Implementing Agency shall, recruit no later than three (3) months from the Effective Date, a general manager, two (2) global utility experts, two (2) safeguard specialists, a finance manager, communications manager and an M&E specialist, with terms of reference, experience and qualifications acceptable to the Bank for the purpose of implementing the Program.

C. Program Action Plan

- 1. The Program Implementing Entity shall cause the Implementing Agency to, and the Implementing Agency shall:
 - (i) implement the Program Action Plan agreed with the Bank, in a manner and substance satisfactory to the Bank;
 - (ii) 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.

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 cause the Implementing Agency to, and the Implementing Agency shall:
 - (a) no later than three (3) months after the Effective Date prepare and adopt the Project Operational 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 Fiduciary, 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.

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 cause the Implementing Agency to, and the Implementing Agency 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 (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. Program Reports

- 1. The Program Implementing Entity shall cause the Implementing Agency to, and the Implementing Agency 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 Program Implementing Entity not later than one month 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. The Program Implementing Entity shall cause the Implementing Agency to, and the Implementing Agency shall, provide to the Borrower not later than May 31, 2024, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.

B. Verification Protocol

The Program Implementing Entity shall ensure that the Implementing Agency, and the Implementing Agency shall:

- (a) maintains, 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 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.

Section IV. Other Undertakings

By no later than March 31, 2022, the Program Implementing Entity shall cause the Implementing Agency to, and the Implementing Agency shall, through its board of directors pass a resolution adopting a strategic business plan for the Implementing Agency comprising of performance standards and targets, capital investment and financial plan, organizational structure, and capacity building.

SCHEDULE 2
PROGRAM ACTION PLAN

Action Description	Source	Responsibility	Timing		Completion Measurement
1. Implementation of a robust Cost Accounting Framework and linking billing system to the financial accounting	Fiduciary Systems	SJPNL	Due Date	30-Jun-2023	A Cost Audit of SJPNL completed and billing/ revenue system fully integrated with financial accounting.
2. Preparation and publication of procurement policy, procurement complaint management system, debarment policy, baseline for KPIs under performance contract, and procurement performance audit.	Fiduciary Systems	SJPNL	Due Date	30-Jun-2022	Procurement policy, disclosure policy, procurement complaint management system and debarment policy prepared and published. Procurement performance audit of SJPNL completed. Baseline for KPIs in procurement contracts developed.
3. Capacity built within SJPNL on environmental systems and procedures with a focus on streamlining the monitoring and supervision aspects.	Environmental and Social Systems	SJPNL	Due Date	30-Jun-2022	Documentation of processes, procedures and monitoring reports.
4. Capacity and processes augmented and procedures strengthened within SJPNL to manage social aspects relating to	Environmental and Social Systems	SJPNL	Due Date	30-Jun-2022	Documentation of processes and procedures and monitoring reports.

communities and construction labor.					
5. Strengthened M&E System Implemented	Technical	SJPNL	Other	Within six months of effectiveness	M&E system covers WSS sector indicators (SLBs), project specific DLIs and Results Indicators, including safeguards and fiduciary indicators.
6. Annual Report, including Audited Financial Statements and Citizen Report Card, published and disclosed.	Technical	SJPNL	Recurrent	Yearly	Annual performance report comprising overall performance of the company; performance score card; audited financial statements; corporate governance compliance report; and citizen report card.