
CREDIT NUMBER 4499-IN
LOAN NUMBER 7576-IN

Project Agreement

(Orissa Community Tanks Management Project)

among

INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

STATE OF ORISSA

Dated *January 27*, 200*8*

PROJECT AGREEMENT

AGREEMENT dated January 27, 2003, entered among INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and the State of Orissa ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement of same date between INDIA ("Recipient") and the Association ("Financing Agreement"), and the Loan Agreement of same date between INDIA ("Borrower") and the Bank ("Loan Agreement"). The Association and the Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I – GENERAL CONDITIONS; DEFINITIONS

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

ARTICLE II – PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article IV of the Association's General Conditions and Article V of the Bank's General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association, the Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III – REPRESENTATIVE; ADDRESSES

- 3.01. The Project Implementing Entity's Representative is Chief Secretary, Government of Orissa.

3.02. The Association and the Bank's Address is:

International Development Association
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, DC 20433
United States of America

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

3.03. The Project Implementing Entity's Address is:

Chief Secretary
Government of Orissa
Orissa Secretariat
Bhubaneswar, Orissa
India

Facsimile:

91-674-253-6660

AGREED at New Delhi, India, as of the day and year first above written.


INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

By


Authorized Representative

STATE OF ORISSA

By


Authorized Representative

SCHEDULE

Execution of the Project

Section I. Institutional and Other Arrangements

A. Institutional Provisions

1. The Project Implementing Entity shall at all times maintain, in a manner satisfactory to the Association and the Bank, the SPU headed by a Project Director, of the minimum rank of Additional/Special Secretary in the State Government and who shall be a civil servant with experience in coordination of and working in multiple departments, who shall be assisted by competent multi-disciplinary staff in adequate numbers and with adequate resources.
2. The Project Implementing Entity shall establish by the Effective Date, and, at all times during the implementation of the Project, maintain the required DPUs, SOs and WUAs in the appropriate Project Area, all under the supervision of qualified and experienced management assisted by competent multi-disciplinary staff in adequate numbers and with adequate resources satisfactory to the Association and the Bank.
3. The Project Implementing Entity shall carry out the Project in accordance with the PIP, the GAAP and the TIMPs, and shall not amend or waive any provision of the PIP, the GAAP and the TIMPs, except as the Association or the Bank shall otherwise agree.
4. The Project Implementing Entity shall establish by Effective Date and, at all times during the implementation of the Project, maintain the external M&E Agency, all under the supervision of qualified and experienced management assisted by competent staff in adequate numbers and with adequate resources satisfactory to the Association and the Bank. The M&E Agency will prepare a Project baseline survey and accompanying report, also satisfactory to the Association and the Bank, within six (6) months of the Effective Date, and thereafter conduct other impact assessment surveys and audits to assess the implementation of the Project, in an agreed format and schedule satisfactory to the Association and the Bank.
5. The Project Implementing Entity shall cause the SPU to furnish to the Association and the Bank for their review and approval, by December 31 of each year until completion of the Project, commencing on December 31, 2008, the Annual Action Plan for the following Fiscal Year and proceed thereafter to coordinate the carrying out of the said Annual Action Plan taking into account the Association's and the Bank's comments thereon.

6. The Project Implementing Entity shall cause and ensure that the relevant WUAs, with respect to tanks selected for rehabilitation under the Project, will levy, collect, retain and use water charges for tank operation and maintenance (O&M) purposes.

B. Anti-Corruption

The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and the GAAP.

C. Environmental and Social Safeguards Management

1. The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Resettlement Policy Framework (RPF), Tribal Development Plan (TDP), and the Environment Management Framework (EMF), and shall, through the SPU, furnish to the Association and the Bank, as part of the Project Report, semi-annual progress reports on the Project Implementing Entity's compliance with said provisions, providing details of measures taken in furtherance of the RPF, TDP and EMF, conditions, if any, which interfere or threaten to interfere with the successful implementation of the RPF, TDP and EMF, and remedial measures taken or required to be taken to address such conditions.
2. The Project Implementing Entity shall ensure that the Project will be implemented using to the extent practicable land free from squatters, encroachments or other encumbrances, and without recourse to compulsory acquisition of land, forcible eviction and involuntary resettlement of local population; if and where unavoidable, involuntary resettlement shall be kept to the strict minimum, and shall be undertaken in a manner satisfactory to the Association and the Bank, including, *inter-alia*, in compliance with the guidelines and procedures set forth in the RPF.
3. The Project Implementing Entity shall ensure that: (i) entitlements proposed for affected families are established and provided in accordance with the provisions of the RPF; (ii) the identification of Project Affected Persons (PAPs) and preparation of a Resettlement Action Plan (RAP) will be carried out in accordance with the provisions of the RPF; (iii) the identification of PAPs will be vetted/reviewed by the local engineer as well as local revenue officials and finally approved by the District Collector; and (iv) each RAP will be integrated into the overall TIMP, approved by the DPU, and monitored by the SPU.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08(b) of the Association's General Conditions and Section 5.08(b) of the Bank's General Conditions and on the basis of indicators agreed with the Association and the Bank. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Recipient not later than eight (8) weeks after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association and the Bank.

B. Financial Management, Financial Reports; Audits

1. The Project Implementing Entity shall cause the OCTDMS to maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association and the Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.
2. The Project Implementing Entity shall cause the OCTDMS to have its financial statements referred to above audited by independent auditors acceptable to the Association and the Bank, in accordance with consistently applied auditing standards acceptable to the Association and the Bank. Each audit of these financial statements shall cover the period of one (1) fiscal year of the Project Implementing Entity. The audited financial statements for each period shall be furnished to the Association and the Bank not later than six (6) months after the end of the period.
3. The Project Implementing Entity shall cause the OCTDMS to prepare and furnish to the Association and the Bank not later than forty-five (45) days after the end of each calendar quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association and the Bank.
4. The Project Implementing Entity shall, within six (6) months of the Effective Date, and from time to time thereafter if necessary, cause the OCTDMS to engage a firm or firms of chartered accountants acceptable to the Association and the Bank, to conduct internal audits covering procurement and financial management. Such internal audits shall be conducted on a quarterly basis throughout the duration of the Project.

Section III. Procurement

All goods, works and services required for the Project and to be financed out of the proceeds of the Financing or the Loan shall be procured in accordance with the provisions of Schedule 2 to the Financing Agreement.

CREDIT NUMBER 4499-IN

Financing Agreement

(Orissa Community Tanks Management Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated *January 27*, 2009

FINANCING AGREEMENT

AGREEMENT dated *January 27, 2009*, between INDIA, acting by its President ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS the Recipient has requested the Bank to provide additional assistance towards the financing of the Project and by an agreement of even date herewith between the Recipient and the Bank ("Loan Agreement"), the Bank is agreeing to provide such assistance in an aggregate principal amount equal to fifty six million Dollars (\$56,000,000) ("Loan").

NOW THEREFORE, the Recipient and the Association hereby agree as follows:

ARTICLE I – GENERAL CONDITIONS; DEFINITIONS

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

ARTICLE II – FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to thirty four million five hundred thousand Special Drawing Rights (SDR 34,500,000) (variously, "Credit" and "Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are January 15 and July 15 in each year.

- 2.06. The principal amount of the Credit shall be repaid in accordance with repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollars.

ARTICLE III – THE PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV – EFFECTIVENESS; TERMINATION

- 4.01. The Additional Condition of Effectiveness consists of the following, namely that all conditions precedent to the effectiveness of the Loan Agreement shall have been fulfilled, other than those related to the effectiveness of this Agreement.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V – REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is any Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary of the Department of Economic Affairs in the Ministry of Finance of the Recipient.
- 5.02. The Recipient's Address is:

Secretary to the Government of India
Department of Economic Affairs
Ministry of Finance, North Block
New Delhi 110 001, India

Cable address:	Telex:	Facsimile:
ECOFAIRS New Delhi	953-31-66175 FINE IN	91-11-23093422

5.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

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

AGREED at New Delhi, India, as of the day and year first above written.

INDIA

By */s/ Dr. Alok Sheel*
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By */s/ Roberto Zagha*
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is for selected tank based producers to improve agricultural productivity and WUAs to manage tank systems effectively.

The Project consists of the following components:

Part A: Institutional Strengthening

Enabling WUAs, FCSs, FIGs, and SHGs to assume greater responsibility for tank system management and for improvement of tank-based agricultural livelihoods through the provision of: (i) support and training in self-management by community-based institutions; (ii) technical assistance to SOs to assist with community mobilization and formation of FIGs and SHGs; (iii) technical assistance for preparation, implementation and monitoring of TIMPs; and (iv) workshops and training to build capacity for SO staff, Project staff and other relevant functionaries in other key areas, including, *inter-alia*, the planning and implementation of tank system rehabilitation works, the preparation and implementation of O&M plans, the assessment and collection of water charges, the maintenance of records and accounts, improved water-sharing and utilization, and participatory monitoring and evaluation.

Part B: Tank Systems Improvements

Enhancing water use efficiency in tank areas selected under the Project through the physical rehabilitation of about 900 tank systems covering about 120,000 hectares of cultivable area.

Part C: Agricultural Livelihoods Support Services

Enhancing tank-based livelihoods by increasing production, productivity and profitability of agriculture including horticulture, fisheries, livestock and other significant productive activities through: (i) improvements in production technologies and management practices; (ii) development of better input and output market linkages; (iii) more efficient and effective delivery of key support services; (iv) augmentation of community-level productive capacities, as well as improvement of tank foreshore areas; and (v) the promotion of agricultural marketing.

Part D: Project Management

Supporting the SPU and Project cells in other agencies and at the state and district levels through the provision of technical assistance and the financing of operating costs, to assist in: (i) setting up and supporting project management units at the state and district levels; (ii) the design and establishment of a project specific Management Information System; (iii) project monitoring, evaluation and learning activities; (iv) contracting resource agencies, including services of an external M&E agency; (v) providing support for emerging needs and innovations during implementation; (vi) liaison with other agencies and government departments; and (vii) the documentation of Project experience and dissemination of Project information and lessons learned.

SCHEDULE 2
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Project Execution

Section I. Implementing Arrangements

A. Availability of Funds

To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Credit available to the Project Implementing Entity, in a manner satisfactory to the Association.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association. Each Project Report shall cover the period of one (1) calendar semester (*i.e.*, every six (6) months), and shall be furnished to the Association not later than eight (8) weeks after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Project was made. The audited Financial Statements for each such period shall be

furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Schedule.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Schedule.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding, subject to the following additional procedure, namely, that Standard bidding documents and procedures approved by the Association shall be used.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) National Competitive Bidding
(b) Limited Competitive Bidding/Shopping/Director General of Supplies and Disposal (DGS&D) Rate Contracts
(c) Direct Contracting
(d) Community Driven Procurement

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection, subject to the following additional procedure, namely, that Standard Request for Proposal documents and procedures approved by the Association shall be used.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) Quality Based Selection
(b) Selection under a Fixed Budget
(c) Least Cost Selection
(d) Selection Based on Consultants Qualifications
(e) Single Source Selection
(f) Selection of Individual Consultants as per the Guidelines

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing, and Borrower may withdraw the proceeds of the Loan, in accordance with the provisions of this Section and such additional instructions as the Association or Bank, as the case may be, may specify by notice to the Recipient or Borrower, to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing and the Loan, the allocation of the

amounts of the Financing and the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Credit Allocated (expressed in SDR)	Amount of the Loan Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed
(1) Goods, works, and services, training and workshops, Operating Costs and Grants	34,500,000	55,860,000	90%
(2) Front-end Fee	-----	140,000	Amount payable pursuant to Section 2.03 of the Loan Agreement in accordance with Section 2.07(b) of the General Conditions
(3) Premia for Interest Rate Cap and Interest Rate Collar	-----	0	Amount payable pursuant to Section 2.07(c) of the Loan Agreement in accordance with Section 4.05(c) of the General Conditions
TOTAL AMOUNT	34,500,000	56,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed US\$1,600,000 from the Loan and SDR 985,000 from the Credit may be made for payments made prior to this date but on or after December 1, 2007.
2. The Closing Date is August 31, 2014.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each January 15 and July 15:	
commencing January 15, 2019 to and including July 15, 2028	1.25%
commencing January 15, 2029 to and including July 15, 2043	2.50%

*The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.

APPENDIX

Section I. Definitions

1. "AAPs" means Annual Action Plans prepared and submitted by DPUs to the SPU (as these terms are hereinafter defined) for consolidation, detailing the implementation and supervision of the various Project activities to be undertaken on tank systems within the Project Area (as this term is hereinafter defined).
2. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006.
3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in May 2004 and revised in October, 2006.
5. "DPUs" means "District Project Units" responsible for the implementation of all project related administrative, financial and technical approvals at the district level and for management of all civil works, goods and services; achievement of physical and financial milestones; quality and assurance; and working closely with communities to achieve the Project development objectives.
6. "EMF" means the Project Implementing Entity's (as this term is hereinafter defined) Environmental Management Framework which is included in the PIP (as this term is hereinafter defined) dated July 18, 2008, and which sets out procedures for the management of the following tank specific environmental issues and risks associated with the Project: (i) dam safety; (ii) integrated pest and nutrient management; (iii) silt disposal; (iv) water quality; (v) water-logging; (vi) drainage; and (vii) aquatic weed.
7. "FCSS" means "Fishermen Cooperative Societies."
8. "FIGs" means "Farmer Interest Groups."
9. "Fiscal Year" means the Recipient's fiscal year beginning April 1 and ending March 31 the following year.
10. "GAAP" means the Governance and Accountability Action Plan, adopted by the Project Implementing Entity and included in the PIP (as this term is hereinafter defined) dated July 18, 2008, that sets forth the key actions to be undertaken by the OCTDMS (as this term is hereinafter defined), to strengthen governance,

transparency, and accountability under the Project, as such plan may be revised from time to time with the prior approval of the Association.

11. "General Conditions" means the "International Development Association General Conditions for Credits and Grants," dated July 1, 2005 (as amended through October 15, 2006).
12. "Loan Agreement" means the loan agreement for the Project between the Borrower and the Bank, dated the same date as the Financing Agreement, as such loan agreement may be amended from time to time. "Loan Agreement" includes all appendices, schedules and agreements supplemental to the Loan Agreement.
13. "Monitoring and Evaluation (M&E) Agency" means the Project Implementing Entity's (as this term is hereinafter defined) external monitoring unit that will conduct a Project baseline survey, as well as conduct other audits at mid-term of the Project and at Project completion to assess the implementation of the Project.
14. "Operating Costs" means reasonable and necessary expenditures incurred by the SPU (as this term is hereinafter defined) and other agencies, including salaries of incremental staff, with respect to Project implementation, coordination, and monitoring.
15. "OCTDMS" means Orissa Community Tank Development and Management Society, a society registered under the Registration of Societies Act XXI of 1860 vide certificate number 22390/118 of 2006-2007 and includes the SPU (as this term is hereinafter defined) and the DPUs.
16. "PIP" means the Project Implementation Plan, dated July 18, 2008 and adopted by the Project Implementing Entity, as may be amended and satisfactory to the Association, containing the procedures for implementing the Project, including, *inter-alia*, the EMF, the GAAP, the RFP and TDP (as these two latter terms are hereinafter defined) and M&E, and also including the criteria for the eligibility and selection of tank systems.
17. "Procurement Guidelines" means the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004 and revised in October, 2006.
18. "Procurement Plan" means the Project Implementing Entity's (as this term is hereinafter defined) procurement plan for the Project, dated July 18, 2008, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

19. "Project Area" means about 900 tank systems covering about 120,000 hectares of cultivable area, to be selected by the Project Implementing Entity and approved by the Association.
20. "Project Director" means the director of the Project, employed by the Project Implementing Entity to head the SPU (as this term is hereinafter defined).
21. "Project Implementing Entity" means the State of Orissa.
22. "RPF" means the Project Implementing Entity's Resettlement Policy Framework that is included in the PIP dated July 18, 2008, outlining how and when adverse effects resulting from the proposed Project interventions appear inevitable, how and when those persons affected will be supported by access to Project benefits, and forming an integral part of Project planning to be adopted as and when a tank is selected. The proposed framework comprises: (i) identification/definition of project affected households; (ii) compensation in lieu of lands; (iii) resettlement/rehabilitation assistance; and (iv) institutional and implementation arrangements.
23. "SHGs" means "Self Help Groups."
24. "SOs" means non-government support organizations selected by the SPU (as this term is hereinafter defined) and DPUs under the Project, to facilitate community mobilization, participation, and institutional strengthening of the WUAs (as this term is hereinafter defined), FCSs, FIGs and SHGs, and also supervise project interventions at the WUA level.
25. "SPU" means the Project Implementing Entity's State Project Unit, established, maintained and responsible for Project coordination activities and the facilitation of Project implementation by the line departments and other agencies of the Project Implementing Entity.
26. "TDP" means the Project Implementing Entity's Tribal Development Plan included in the PIP dated July 18, 2008 and designed to provide: (i) positive targeting to ensure inclusion and equity; (ii) implementation arrangements in accordance with existing government stipulations; (iii) livelihood improvements; (iv) measures to support capacity building; and (v) convergence with other government programs.

27. "TIMP" means Tank Improvement and Management Plan pursuant to which, through a participatory process, the Project Implementing Entity shall identify and prioritize desirable rehabilitation interventions under the Project for selected tanks, as well as prepare cost estimates and implementation plans for such rehabilitation, and future plans for operation and maintenance.
28. "WUAs" means Water User Associations operating pursuant to the Orissa Pani Panchayat Act 2002, to which all Project Area farmers and other eligible tank users belong.

LOAN NUMBER 7576-IN

Loan Agreement

(Orissa Community Tanks Management Project)

between

INDIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated *January 27*, 2009

LOAN AGREEMENT

AGREEMENT dated *January 27, 2009* between INDIA, acting by its President ("Borrower"), and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

WHEREAS the Borrower has requested the Association to provide additional assistance towards the financing of the Project and by an agreement of even date herewith between the Borrower and the Association ("Financing Agreement"), the Association is agreeing to provide such assistance in an aggregate principal amount equal to thirty four million five hundred thousand Special Drawing Rights (SDR 34,500,000) ("Credit").

NOW THEREFORE, the Borrower and the Bank hereby agree as follows:

ARTICLE I – GENERAL CONDITIONS; DEFINITIONS

- 1.01. The "International Bank for Reconstruction and Development General Conditions for Loans", dated July 1, 2005 (as amended through February 12, 2008) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Loan Agreement have the meanings ascribed to them in the General Conditions or in the Financing Agreement.

ARTICLE II – LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of fifty six million Dollars (\$56,000,000) ("Loan"), to assist in financing the project described in Schedule 1 to the Financing Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to the Financing Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the

Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02(d) of the General Conditions.

- 2.05. The Payment Dates are February 15 and August 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in the Schedule to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05(c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to the Financing Agreement.

ARTICLE III – PROJECT

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

- 3.02. (a) Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to the Financing Agreement which are incorporated into the Loan Agreement with the following modifications unless the context otherwise requires:
- (i) the term "Association" shall be read as "Bank";
 - (ii) the term "Credit" or "Financing" shall be read as "Loan";
 - (iii) the term "Recipient" shall be read as "Borrower";
 - (iv) the term "General Conditions" shall be read as the "International Bank for Reconstruction and Development General Conditions for Loans", dated July 1, 2005 (as amended through February 12, 2008) and its corresponding Sections; and
 - (v) the term "this Agreement" or "the Financing Agreement" shall be read as "the Loan Agreement".
- (b) So long as any part of the Financing provided for under the Financing Agreement shall remain outstanding and unless the Borrower has been notified otherwise by the Bank:
- (i) all actions taken, including approvals given, by the Association pursuant to any of the Sections of, and Schedules to, the Financing Agreement enumerated in paragraph (a) of this Section shall be deemed to be taken or given in the name and on behalf of both the Association and the Bank; and
 - (ii) all information or documentation furnished by the Recipient or Borrower to the Association pursuant to the provisions of any of such Sections of the Financing Agreement or Schedules thereto shall be deemed to be furnished to both the Association and the Bank.
- (c) If the Financing Agreement terminates prior to the termination of this Agreement, the provisions of the Financing Agreement referred to in this Agreement shall continue in full force and effect between the Borrower and the Bank.

ARTICLE IV – EFFECTIVENESS

- 4.01. The Additional Condition of Effectiveness consists of the following, namely, that all conditions precedent to the effectiveness of the Financing Agreement shall have been fulfilled, other than those related to the effectiveness of this Agreement.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V – REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is any Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary of the Department of Economic Affairs in the Ministry of Finance of the Recipient.
- 5.02. The Borrower's Address is:

Secretary to the Government of India
Department of Economic Affairs
Ministry of Finance, North Block
New Delhi 110 001, India

Cable address:	Telex:	Facsimile:
ECOFAIRS New Delhi	953-31-66175 FINE IN	91-11-23093422

- 5.03. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

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

AGREED at New Delhi, India, as of the day and year first above written.

INDIA

By */s/ Dr. Alok Sheel*
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By */s/ Roberto Zagha*
Authorized Representative

AGREED at New Delhi, India, as of the day and year first above written.

INDIA

By */s/ Dr. Alok Sheel*
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By */s/ Roberto Zagha*
Authorized Representative

SCHEDULE

Amortization Schedule

1. 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”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each February 15 and August 15: beginning February 15, 2014 through August 15, 2038.	2%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
 - (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
 - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two (2) calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating

the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
- 4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
- 5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.