

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 4772-IN

Financing Agreement

(National Cyclone Risk Mitigation Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated January 14, 2011

CREDIT NUMBER 4772-IN

FINANCING AGREEMENT

AGREEMENT dated January 14, 2011, entered into between INDIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). 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 this 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 one hundred sixty four million one hundred thousand Special Drawing Rights (SDR 164,100,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 April 15 and October 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is the Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project under the overall coordination, monitoring and reporting responsibility of NDMA in close coordination with MHA and NIDM, and shall cause the Project Implementation Entities to carry out their Respective Parts of the Project in accordance with the provisions of Article IV of the General Conditions and the respective Project Agreements.
- 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 — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely, that the NDMA's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the NDMA to perform any of its obligations under this Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs.

ARTICLE V — TERMINATION

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is the 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.
- 6.02. The Recipient's Address is:

Secretary
Department of Economic Affairs
Ministry of Finance, Government of India
North Block
New Delhi 110001, India

Facsimile:

91-11-23092039

6.03. 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)

1-202-477-6391

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

INDIA

By /s/ Venu Rajamony
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ N. Roberto Zagha
Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are to reduce the vulnerability of coastal communities to cyclone and other hydro meteorological hazards.

The Project consists of the following components:

Component A. EWDS and Capacity Building for Coastal Communities

1. Improving the warning systems for coastal communities in Andhra Pradesh and Orissa through the installation and operation of an early warning communication and dissemination system, and through strengthening the operational capabilities of the state and district level emergency operation centers.
2. Strengthening the capacity of coastal communities of Andhra Pradesh and Orissa to maintain and operate the EWDS, and to carry out emergency mobilization.

Component B. Cyclone Risk Mitigation Infrastructure

Construction of, and improving access to, emergency shelters, evacuation procedures, and protection against cyclone and other hydro meteorological hazards in high risk areas of Andhra Pradesh and Orissa.

Component C. Technical Assistance for National and State Level Capacity Building and Knowledge Creation

Assisting thirteen vulnerable coastal states and union territories of the Recipient to improve their understanding of natural disaster risks and vulnerabilities, and strengthen their institutional capacity to address such risks and vulnerabilities, and supporting pilot activities implemented by NDMA, NIDM, Andhra Pradesh and Orissa.

Component D. Project Management and Implementation Support

Provision of support for Project management and implementation.

SCHEDULE 2

Project Execution

Section I. Implementation, Institutional and Other Undertakings

- A. Throughout Project implementation, the Recipient shall maintain adequate Project implementation structures with functions, powers, staff and resources necessary and appropriate to fulfill their functions under the Project, as further specified in the Operations Manual.
- B. The Recipient shall ensure that: (a) the NDMA with support of its NSC shall be responsible for the overall policy and strategic direction of the Project; (b) the NDMA, with support of its Project Management Unit, shall be responsible for day to day technical aspects of Project implementation, including operational, procurement, governance, financial management and disbursement, environmental and social management, communication, and monitoring, evaluation and reporting functions; (c) the NIDM shall be responsible in assisting with Component C implementation.
- C. The Recipient shall ensure that the Project is carried out in accordance with the Operations Manual, including the requirements set forth in the ESMF (EMP, R&R Policy Framework, RAP), GAAP, FM Manual, and Procurement Manual, and in accordance with the provisions of the Anti-Corruption Guidelines, and shall ensure that the Operations Manual, FM Manual, and Procurement Manual are not materially revised, amended, waived, or abrogated without prior mutual consent of the Recipient and the Association. If any provision of this Agreement is inconsistent with a provision of the Operations Manual, FM Manual, or Procurement Manual, the provision of this Agreement shall prevail.
- D. To facilitate the carrying out of the Project, the Recipient shall make a part of the proceeds of the Financing available to the Project Implementing Entities.
- E. The Recipient shall ensure that the Project Implementing Entities implement their Respective Parts of the Project in accordance with the Schedule to the respective Project Agreements.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient, through NDMA, 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) Financial

Year quarter, and shall be furnished to the Association not later than forty-five (45) days 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, through NDMA, prepare and furnish to the Association not later than forty-five (45) days after the end of each Financial Year quarter, interim unaudited 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) Financial Year of the Recipient, commencing with the Financial Year in which the first withdrawal was made under the Preparation Advance for the Project. 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 Section.
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 Section.
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.
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, and the additional provisions agreed between the Recipient and the Association
(b)	Shopping
(c)	Direct Contracting
(d)	Force Account
(e)	Community Participation in 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.
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 Based on the Consultants' Qualifications
(c)	Fixed Budget Selection
(d)	Single-Source Selection
(e)	Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants
(f)	Sole Source Procedures for the Selection of Individual Consultants

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 in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), 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 (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, consultants’ services, Incremental Operating Costs, and Training (under Components A, C and D)	30,201,000	100%
(2) Goods and Works (under Component B)	133,379,000	75%
(3) Refund of Preparation Advance	520,000	Amount payable pursuant to Section 2.07 of the General Conditions
TOTAL AMOUNT	164,100,000	

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 SDR 28,960,000 equivalent may be made for payments made prior to this date but on or after January 1, 2010, for Eligible Expenditures under Categories (1) and (2).
2. The Closing Date is October 31, 2015.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 15 and October 15:	
commencing October 15, 2020 to and including April 15, 2030	1.25%
commencing October 15, 2030 to and including April 15, 2045	2.5%

* 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. “Andhra Pradesh” means the State of Andhra Pradesh of the Recipient, or any successor or successors thereto.
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. “APRD” means Andhra Pradesh Revenue (Disaster Management) Department, or any successor or successors thereto.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “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.
6. “EMP” means the environmental management plan included in the ESMF, and referred to in the Operations Manual which describes the environmental management, mitigation, monitoring, reporting and institutional measures to be undertaken during the Project, as such plan may be revised from time to time with prior mutual consent of the Recipient and the Association.
7. “ESMF” means the environmental and social management framework included in the Operations Manual which describes the environmental and social safeguards, policies, procedures and institutional framework applicable to the Project, including identification, assessment and mitigation of potential environmental and social impacts arising from the Project, measures to protect cultural property, carrying out consultations, processing and redressing grievances, monitoring related impacts, and, where applicable, resettlement and rehabilitation actions plans, tribal development plans, and other development plans and entitlement frameworks for people adversely affected as a result of Project implementation, as such framework may be revised from time to time with prior mutual consent of the Recipient and the Association.
8. “EWDS” means the system for communication and dissemination of early warnings to the affected communities.
9. “FM Manual” means the financial management manual dated February 26, 2010, satisfactory to the Association, which sets out the overall Project financial management arrangements in respect of Project flow of funds, accounting

policies and procedures, chart of accounts, financial and accounting procedures, books of accounts, financial reporting, and internal controls, as the same may be revised from time to time with prior mutual consent of the Recipient and the Association.

10. "Financial Year" means the financial year beginning April 1 and ending March 31 of the following year.
11. "GAAP" means the governance and accountability action plan included in the Operations Manual, which sets out the key actions to strengthen governance, transparency, and accountability under the Project, as such plan may be amended from time to time with prior mutual consent of the Recipient and the Association.
12. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
13. "Incremental Operating Costs" means incremental operating costs incurred by the Recipient, including the NDMA, NIDM, and the Project Implementing Entities on account of Project implementation, management and monitoring, costs of incremental staff salaries, consultants, dissemination of Project related information, office rental and office equipment purchase or leasing, maintenance and repair, vehicle leasing, maintenance and repair, travel, including travel to Project sites, security, communication, bank charges, and other costs directly associated with, and necessary, under the Project.
14. "NDMA" means the National Disaster Management Authority of the Recipient, or any successor or successors thereto.
15. "NDMA Legislation" means the Recipient's Disaster Management Act of 2005.
16. "NIDM" means the National Institute of Disaster Management, or any successor or successors thereto.
17. "MHA" means the Ministry of Home Affairs of the Recipient, or any successor or successors thereto.
18. "NSC" means the National Steering Committee of NDMA constituted on September 7, 2009.
19. "Operations Manual" means the manual dated February 26, 2010, satisfactory to the Association, which sets out the terms, conditions, and procedures for Project implementation, and which includes the ESMF (EMP, R&R Policy Framework, RAP), and GAAP, and disclosure and grievance handling requirements, as such

manual may be revised from time to time with prior mutual consent of the Recipient and the Association.

20. “Orissa” means the State of Orissa of the Recipient, or any successor or successors thereto.
21. “OSDMA” means Orissa State Disaster Management Authority, or any successor or successors thereto.
22. “Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on December 30, 2004, and on behalf of the Recipient on March 16, 2005.
23. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
24. “Project Implementing Entity” means Andhra Pradesh or Orissa, and the term “Project Implementing Entities” means jointly Andhra Pradesh and Orissa.
25. “Procurement Manual” means the manual dated February 26, 2010 satisfactory to the Association, which sets out procurement policies and procedures with respect to the Project, and which contains the Procurement Plan, as such manual may be revised from time to time with prior mutual consent of the Recipient and the Association.
26. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 26, 2010 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.
27. “RAP” means the resettlement action plan for the Project referred to in the ESMF and in the Operations Manual, as such plan may be revised from time to time with the prior mutual consent of the Recipient and the Association.
28. “R&R Policy Framework” means the resettlement and rehabilitation policy framework included in the Operations Manual, which sets forth the policies and procedures addressing adverse temporary or permanent social impacts resulting, or likely to result from, the carrying out of the Project, as the same may be revised from time to time with prior mutual consent of the Recipient and the Association.

29. “SSC” means the State Steering Committee of each of the Project Implementing Entities constituted, on November 17, 2009 with respect to Andhra Pradesh, and January 1, 2005 with respect to Orissa.
30. “Training” means reasonable and necessary costs of training related to Project implementation, including the fees of educational or other institutions that provide training, costs related to attendance or organization of conferences, seminars, workshops, and study tours, and the trainees’ cost of travel, boarding, lodging and per diem allowances.

Section II. Modifications to the General Conditions

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

“Section 2.07. *Refinancing Preparation Advance*

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. Paragraph (l) of Section 6.02 is modified to read as follows:

“Section 6.02. *Suspension by the Association*

... (l) *Ineligibility*. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank.”

3. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in

alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

- (a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”