

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 4765-IN

Financing Agreement

(Integrated Coastal Zone Management Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Public Disclosure Authorized

Dated July 22, 2010

CREDIT NUMBER 4765-IN

FINANCING AGREEMENT

AGREEMENT dated July 22, 2010, entered into between INDIA, acting by its President, (“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 forty-six million nine hundred thousand Special Drawing Rights (SDR 146,900,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 June 1 and December 1 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 Dollars.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Part A of the Project through MOEF, Part B of the Project through Gujarat, Part C of the Project through Orissa and Part D of the Project through West Bengal, all 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 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 of the following: 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 110001
India

Facsimile:

91-11-23092039

- 5.03. The Association's Address is:

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

Facsimile:

1-202-477-6391

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

INDIA

By /s/ Anup K. Pujari
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ N. Roberto Zaghera
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient in building national capacity for the implementation of comprehensive coastal management approach in the country, and piloting the integrated coastal zone management approach in the Project States.

The Project consists of the following parts:

Part A. ICZM Capacity and Knowledge Building

1. Mapping, delineation and demarcation of hazard lines along the mainland coast of India.
2. Mapping, delineation and demarcation of ecologically sensitive areas along the mainland coast of India.
3. Mapping and delineation of coastal sediment cells and sub-cells.
4. Establishment and operationalization of a new NCSCM.
5. Strengthening the capacity of the MOEF staff through the carrying out of a series of capacity building and training programs on integrated coastal zone management.
6. Provision of technical advisory services and logistical support for the management and operation of the NPMU, including, *inter alia*: (a) the establishment of adequate financial and procurement management systems; (b) the implementation of communication plans, RTI related activities, and governance and accountability actions; (c) the carrying out of monitoring, evaluation and third party audits; (d) the coordination with Project States and other stakeholders; and (e) the carrying out of relevant studies.

Part B: Piloting ICZM Approaches in Gujarat

1. Preparation of an ICZM Plan for the Gulf of Kachchh in Gujarat.
2. Carrying out of a series of capacity-building activities for the benefit of the GDFE, the Gujarat Ecology Commission, the Gujarat State Pollution Control Board, the Gujarat Ecological Education and Research Foundation, the Bhaskaracharya Institute of Space Applications and Geo-Informatics, and any other relevant agencies, as may be agreed with the Association.

3. Carrying out of Pilot Investments, including related capacity support activities, in the gulf of Kachchh, in the areas, *inter alia*, of: (a) conservation and protection of the coastal resources, including coral reef regeneration, mangrove and shelterbelt plantation, and the establishment of a marine research and conservation information center at Dwarka, through a private-public-partnership model; (b) environment and pollution management, including sewerage system in Jamnagar City; (c) livelihood security of coastal communities, including livelihood improvement activities in non-forest villages, and ecotourism and related livelihood improvement activities in villages within and outside the protected areas.
4. Provision of technical advisory services and logistical support for the management and operation of the Gujarat SPMU, including: (a) the establishment of adequate financial and procurement management systems; (b) the implementation of communication plans, RTI related activities, and the governance and accountability actions; (c) the carrying out of monitoring, evaluation, quality assurance studies, and third party audits; (d) the coordination with PEAs, relevant State agencies and other stakeholders; and (e) the carrying out of relevant studies.

Part C: Piloting ICZM Approaches in Orissa

1. Preparation of an ICZM Plan for the coastal stretches of Paradip-Dhamra and Gopalpur-Chilika.
2. Carrying out of a series of capacity-building activities for the benefit of the ODFE, the Orissa State Pollution Control Board, the Chilika Development Authority, and any other relevant agencies, as may be agreed with the Association.
3. Carrying out of Pilot Investments, including related capacity support activities, in the two reaches of Gopalpur-Chilika and Paradip-Dhamra, in the areas, *inter alia*, of: (a) conservation and protection of coastal resources, including protection of olive ridley turtle and other aquatic wildlife, mangrove plantation, conservation of archaeological heritage, and a shoreline protection work at village Pentha; (b) environment and pollution management, including solid waste management in Paradip town; (c) livelihood security of the coastal communities, including livelihood improvement support to about 60 fishing villages in the periphery of the Chilika lagoon and the Gahirmatha Wildlife Sanctuary to develop allied farming activities and to support the fishing communities in developing small-scale tourism, industrial and marketing activities; and (d) construction of cyclone shelters in 14 selected coastal villages.
4. Provision of technical advisory services and logistical support for the management and operation of the Orissa SPMU, including: (a) the establishment of adequate

financial and procurement management systems; (b) the implementation of communication plans, RTI related activities, and governance and accountability actions; (c) the carrying out of monitoring, evaluation, quality assurance studies, and third party audits; (d) the coordination meetings with PEAs, relevant State agencies and other stakeholders; and (e) the carrying out of relevant studies.

Part D: Piloting ICZM Approaches in West Bengal

1. Preparation of an ICZM Plan for the West Bengal coasts covering the stretches of Sundarban, Haldia, and Digha-Shankarpur.
2. Carrying out of a series of capacity-building activities for the benefit of the WBED, the Calcutta University, the Institute of Environmental Studies and Wetland Management, and any other relevant agencies, as may be agreed with the Association.
3. Carrying out of Pilot Investments, including related capacity support activities, in Digha-Shankarpur and Sagar Island, in the areas, *inter alia*, of: (a) conservation and protection of coastal resources, including mangrove plantation, rehabilitation of the marine aquarium at Digha, and shoreline protection works at Digha beach and Sagar Island; (b) environment and pollution management, including the sewerage and solid waste management works at Digha, including the cleaning and improvement of its fish auction centre, and distribution of grid electricity in Sagar Island; (c) livelihood security of the coastal communities, including improvement in fishery-based and afforestation-based livelihood systems, and support to coordinated livelihood improvement and market access, promotion of local small-scale tourism and ecotourism activities; and (d) construction of cyclone shelters in selected coastal villages.
4. Provision of technical advisory services and logistical support for the management and operation of the West Bengal SPMU, including: (a) the establishment of adequate financial and procurement management systems; (b) implementation of communication plans, RTI related activities, and governance and accountability actions; (c) the carrying out of monitoring, evaluation, quality assurance studies, and third party audits; (d) the coordination with PEAs, relevant State agencies and other stakeholders; and (e) the carrying out of relevant studies.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall carry out the Project in accordance with the PIP and the Related Manuals, and except as the Association shall otherwise agree, the Recipient shall not amend or waive any provision thereof if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the implementation of the Project.
2. The Recipient shall: (a) through MOEF, be responsible for overall implementation of the Project; (b) through MOEF and NPMU, with the assistance of PEAs, carry out Part A of the Project; and (c) through NPMU, cause each of the Project States to carry out its Respective Part of the Project with the assistance of the respective SPMUs and the PEAs.
3. The Recipient shall, through NPMU: (a) carry out the overall planning and management of the Project; (b) ensure compliance of the Project with agreed financial management and procurement policies and procedures, and with the ESMP, and RPF; (c) regularly monitor and evaluate Project performance, including review strategies and implementation arrangements; and (d) regularly provide funds and guidance to the SPMUs, and monitor their implementation performance.
4. The Recipient shall, through NPMU, cause each Project State to: (a) make such annual budgetary allocations as shall be required to pay for ten percent (10%) of the estimated cost of implementing its Respective Part of the Project, and transfer such budgeted amount to the respective SPMU at the beginning of each Fiscal Year; (b) establish and maintain, throughout the period of the Project implementation, a State Level Steering Committee to provide guidance and approval to the SPMUs, as necessary; and (c) provide, in a timely manner, all other funds, facilities and services required for its Respective Part of the Project.
5. The Recipient shall, through NPMU, cause each Project State to carry out its Respective Part of the Project through the respective SPMUs. To that end, the Recipient shall cause the Project States to ensure that the SPMUs are responsible for: (a) the overall planning and management of the project State's Respective Part of the Project; (b) providing guidance and support to the PEAs, and the monitoring of their performance; (c) ensuring compliance with agreed financial management policies and procedures, including management of Project funds, timely release of advances to the PEAs, and submitting reimbursement claims to

NPMU; (d) coordinating capacity building activities of all PEAs; (e) managing State-wide IEC campaigns and stakeholder consultations; (f) ensuring compliance by the Project State with the Procurement Guidelines, Consultant Guidelines, ESMP and RPF; (g) regular monitoring and evaluation of the performance and results achieved under the Project State's Respective Part of the Project, including regular review of strategies and implementation arrangements; and (h) liaising with NPMU and the Association.

6. The Recipient shall, through MOEF, cause: (a) NPMU to establish an operations cell, a communication and capacity building cell, and a finance and administration cell at the NPMU with professionals with the terms of reference and qualifications acceptable to the Association, by no later than three months after the Effective Date, and thereafter maintain these cells, until the completion of the Project; and (b) the Project States to establish and maintain within their respective SPMU, until the completion of the Project, an operations cell, a communication and capacity building cell, and a finance and administration cell, all with professionals whose terms of reference and qualifications shall be acceptable to the Association.
7. The Recipient shall, through MOEF, no later than three months after the Effective Date: (a) appoint, within NPMU, an adequate number of staff with suitable qualifications and experience acceptable to the Association; and (b) cause each of the SPMUs to appoint an adequate number of staff, with suitable qualifications and experience, acceptable to the Association.
8. The Recipient shall, through MOEF, no later than six months after the Effective Date, appoint, or shall cause NPMU to appoint, external and internal auditor(s) with qualifications, experience and terms of reference acceptable to the Association.
9. The Recipient shall, through MOEF, no later than three months after the Effective Date: (a) cause NPMU and the SPMUs to put into operation the Financial Management Manual; and (b) establish and maintain computerized accounting systems at NPMU and each SPMU.
10. The Recipient shall, through MOEF, ensure that each Project State shall maintain a dedicated, multi-disciplinary team consisting of suitably qualified personnel in each PEA with human and financial resources adequate for the PEA to carry out its respective activities under the Project.
11. No Pilot Investment to be carried out under Part B, C or D of the Project shall be financed out of the proceeds of the Credit unless: (a) the activities constituting the proposed Pilot Investment have been prepared in accordance with the criteria detailed in the PIP, and in a form and in a manner satisfactory to the Association; and (b) the PEA that shall implement the Pilot Investment has employed

qualified staff in all key positions.

B. Anti-Corruption

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

C. Safeguards

1. The Recipient shall, through MOEF, ensure that the Project is carried out in accordance with the terms, conditions and procedures set forth in the ESMP, including the RPF, and shall ensure that the ESMP and/or the RPF shall not be revised, repealed or abrogated without the agreement of the Association.
2. The Recipient shall through MOEF: (a) ensure that Project sites under Parts B.3, C.3 and D.3 of the Project shall be selected according to criteria acceptable to the Association; (b) ensure that Project sites only include land free of claims or disputes; (c) until the completion of the Project, monitor discovery of all cases of involuntary resettlement, land acquisition and adverse impact on income of individuals, including titleholders and non-titleholders, at the Project sites and provide compensation and/or assistance in accordance with the provisions of the RPF; and (d) operate and maintain the grievance redress system provided for under the RPF in accordance with the provisions of the RPF.
3. The Recipient shall take or cause to be taken all such action, as shall be necessary in the implementation of the Project, to protect cultural heritage sites in the area of influence of the Project, in accordance with arrangements or procedures, and in agreement with the Association.

D. Implementation of Part A of the Project

1. In order to achieve the objectives of Part A of the Project, the Recipient shall, through NPMU:
 - (a) implement the Selected Activities, with the assistance of the PEAs, in accordance with the guidelines set forth in the PIP;
 - (b) enter into an MOU with each PEA selected to carry out one or more Selected Activities, such MOU to set forth the parties' respective roles, responsibilities and obligations, which shall, *inter alia*, include the following:
 - (i) the Recipient shall obtain rights adequate to protect the Recipient's interests and those of the PEA, including the right to: (A) suspend or terminate the right of the PEA to use the

proceeds of the Credit, and obtain a refund of all or any part of the amount then withdrawn, upon the PEA's failure to perform any of its obligations under the MOU; and (B) require each PEA to: (aa) carry out the Selected Activities with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines, the Procurement Manual, Financial Management Manual, the ESMP, the RPF and the GAAP; (bb) provide, promptly as needed, the resources required for the purpose; (cc) procure the goods, works and services to be financed in accordance with the provisions of the Procurement Manual; (dd) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with indicators acceptable to the Association, the progress in the implementation of the Selected Activities and the achievement of the objectives thereof; (ee) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards, acceptable to the Association, in a manner adequate to reflect the operations, resources and expenditures related to the Selected Activities; and (2) have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the NPMU and the Association; (ff) enable the Recipient and the Association to inspect the Selected Activities, their operation and any relevant records and documents related thereto; and (gg) prepare and furnish to the Recipient and the Association all such information relating to the foregoing as the Recipient or the Association shall reasonably request;

- (ii) each PEAs shall plan and implement the Selected Activities, and, inter alia, be responsible for: (A) preparing DPRs as per nationally accepted technical standards and specifications; (B) seeking appropriate technical and administrative approvals from within their own departments and NPMU; (C) collaborating and coordinating with the relevant governmental departments/agencies, local government bodies, NGOs, CBOs and coastal communities; (D) carrying out activities relating to the procurement of works and goods, as described in the Procurement Manual, construction/installation of facilities, contract management, and day to day supervision, in coordination with NPMU; (E) ensuring compliance with the

ESMP, RPF, GAAP and Anti-Corruption Guidelines; (F) certifying works, making payments and preparing completion reports; (G) managing Project funds in accordance with the agreed financial management policies and procedures; and (H) providing and/or maintaining institutional arrangements and other resources as shall be required for the satisfactory operation and maintenance of all assets created through the Project on a sustainable basis during the post-Project completion period; and

- (iii) the Recipient shall exercise its rights under each MOU in such manner as to protect the interests of the Recipient and the Association and to accomplish the objectives of the Project.

E. Implementation of Parts B, C and D

1. In order to achieve the objectives of Parts B, C and D of the Project, the Recipient shall, through NPMU, cause each SPMU to:
 - (a) implement, with the assistance of the PEAs, all Pilot Investments under the Project State's Respective Part of the Project, in accordance with the guidelines contained in the PIPs;
 - (b) enter, on behalf of the respective Project State, into an MOU with each PEA selected to carry out a Pilot Investment, such MOU to set forth the parties' respective roles, responsibilities and obligations, which shall, inter alia, include the following:
 - (i) the SPMU shall obtain rights adequate to protect the Project State's interests and those of the PEA, including the right to: (A) suspend or terminate the right of the PEA to use the proceeds of the Credit, and obtain a refund of all or any part of the amount then withdrawn, upon the PEA's failure to perform any of its obligations under the MOU; and (B) require each PEA to: (aa) carry out the Pilot Investment with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines, the Procurement Manual, the Financial Management Manual, the ESMP, the RPF and the GAAP; (bb) provide, promptly as needed, the resources required for that purpose; (cc) procure the goods, works and services to be financed in accordance with the provisions of the Procurement Manual; (dd) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with indicators acceptable to the Association, the

progress in the implementation of the Pilot Investment and the achievement of the objectives thereof; (ee) (1) maintain a financial management system, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, all in a manner adequate to reflect the operations, resources and expenditures related to the Pilot Investment; and (2) have such financial statements audited by independent auditors, acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the SPMU, and the Association; (ff) enable the Recipient and the Association to inspect the Pilot Investment, its operation and any relevant records and documents related thereto; and (gg) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing;

- (ii) each PEA shall plan and implement the Pilot Investment, and, inter alia, be responsible for: (A) preparing DPR as per nationally accepted technical standards and specifications; (B) seeking appropriate technical and administrative approvals from within their own departments and the SPMU; (C) collaborating and coordinating with the relevant governmental departments/ agencies, local government bodies, NGOs, CBOs and coastal communities; (D) carrying out activities relating to the procurement of works and goods, as described in the Procurement Manual, construction/installation of facilities, contract management and day to day supervision in coordination with the SPMU; (E) ensuring compliance with the ESMP, RPF, GAAP and Anti-Corruption Guidelines; (F) certifying works, making payments and preparing completion reports; (G) managing Project funds in accordance with the agreed financial management policies and procedures; and (H) providing and/or maintaining institutional arrangements and other resources as needed for the satisfactory operation and maintenance of assets created through the Project on a sustainable basis during the post-Project completion period; and
- (iii) the SPMU shall exercise its rights under each MOU in such manner as to protect the interests of the Recipient, the Project State and the Association, and to accomplish the objectives of the Project.

Section II. Project Monitoring, Reporting and Evaluation**A. Project Reports**

1. The Recipient shall monitor and evaluate the progress of the Project and shall cause NPMU to prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators agreed with the Association. Each Project Report shall cover the period of one quarter, and shall be furnished to the Association not later than sixty (60) days after the end of the period covered by such report.
2. The Recipient shall furnish to the Association for its review, by December 31 of each year an Annual Action plan describing achievement of targets during the fiscal year, and the plans and physical and financial targets to be achieved during the next fiscal year.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain, and shall, through MOEF and the Project States, cause NPMU and each SPMU to maintain, a financial management system, including records and accounts, and shall prepare, and cause NPMU and each SPMU to prepare, financial statements in accordance with the provisions of the PIP and Related Manuals and with consistently applied accounting standards acceptable to the Association, in a manner adequate to reflect the operations, resources and expenditures related to each Part of the Project, in accordance and in compliance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall, through NPMU, prepare and furnish to the Association, not later than sixty (60) days after the end of each quarter of each Fiscal Year, interim un-audited financial reports for the Project covering said quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements and the records and accounts for the designated account(s) referred to in Section 2.04 of the General Conditions for each Fiscal Year audited in accordance with the provisions of Section 4.09(b) of the General Conditions. 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.
4. The Recipient, through MOEF, shall cause the NPMU, and each Project State and its SPMU to:
 - (a) have the NPMU, SPMU and each PEA's Project Financial Statements for each Fiscal Year audited by independent auditors acceptable to the

Association, in accordance with agreed terms of reference, and consistently applied auditing standards acceptable to the Association;

- (b) furnish to the Association certified copies of the Financial Statements referred to in paragraph 4(a) above no later than six (6) months after the end of each Fiscal Year; and
 - (c) furnish to the Association such other information concerning the audited NPMU, SPMU and PEA Project Financial Statements and any other relevant information, as the Association may from time to time reasonably request.
5. The Recipient, through MOEF, shall:
- (a) furnish to the Association, no later than six (6) months after the end of each Fiscal Year, a consolidated report on audits containing an opinion on the NPMU, Project States, SPMUs and PEA Project Financial Statements referred to in paragraph B.4(b) of this Section II, of such scope and in such detail as acceptable to the Association; and
 - (b) furnish to the Association such other information concerning such Consolidated Report on Audits as the Association may from time to time reasonably request.

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 Credit 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 Credit 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 procedures.
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.

(a) Limited International Bidding
(b) National Competitive Bidding, subject to additional provisions agreed with the Association
(c) Shopping
(d) Direct Contracting
(e) Force Account
(f) 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. For the purpose of Section 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$500,000 equivalent per contract may comprise entirely of national consultants.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the 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.

(a) Quality-based Selection
(b) Selection under a Fixed Budget
(c) Least-Cost Selection
(d) Selection Based on the Consultants' Qualifications
(e) Single Source Selection
(f) Selection of Individual Consultants

D. Review by the Bank 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 Credit ("Category"), the allocations of the amounts of the Credit 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)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, Incremental Operating Costs, consultants' services, and non-consulting services for Part A of the Project	44,140,000	77.7%
(2) Goods, works, Incremental Operating Costs, consultants' services, and non-consulting services for Part B of the Project, including Pilot Investments	38,125,000	77.7%
(3) Goods, works, Incremental Operating Costs, consultants' services, and non-consulting services for Part C of the Project, including Pilot Investments	25,355,000	77.7%
(4) Goods, works, Incremental Operating Costs, consultants' services, and non-consulting services for Part D of the Project, including Pilot Investments	38,550,000	77.7%
(5) Refund of Preparation Advance	730,000	Amount payable pursuant to Section 2.07 of the General Conditions
TOTAL AMOUNT	146,900,000	

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 6,500,000 equivalent may be made for payments made prior to this date but on or after July 15, 2009, for Eligible Expenditures under Categories (1) through (4).
2. The Closing Date is December 31, 2015.

SCHEDULE 3**Repayment Schedule**

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each June 1 and December 1:	
commencing December 1, 2020 to and including June 1, 2030	1.25%
commencing December 1, 2030 to and including June 1, 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. “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.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “CBO” means a community-based organization.
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. “DPR” means each detailed project report, including detailed information on the specific activity or activities to be implemented, and proposed for financing under the Project.
6. “ESMP” means the NPMU’s environmental and social management plan for the Project, dated March 25, 2010, satisfactory to the Association, prepared pursuant to the provisions of the applicable policies, laws and regulations, and which sets out environmental management, mitigation, monitoring and reporting measures, including social and third party audits, and a three-tier grievance redress mechanism, to be undertaken by the Recipient and the Project States, as appropriate, during the implementation of the Project, as such plan may be amended from time to time with the mutual consent of the Recipient, the Association, and the Project States.
7. “Financial Management Manual” means the Recipient’s manual dated April 30, 2010, satisfactory to the Association, which sets out the financial management arrangements under the Project, including accounting policies and procedures, chart of accounts, books of accounts, financial reporting, and internal controls, as such manual may be amended from time to time in agreement with Association.
8. “Fiscal Year” means the Recipient’s Fiscal Year starting April 1 and ending March 31 of the following year.
9. “Gujarat” means the State of Gujarat of the Recipient, or any successor or successors thereto.
10. “GDFFE” means the Gujarat Department of Forest and Environment, or any of its successors.

11. “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.
12. “GAAP” means the governance and accountability action plan adopted by the Recipient, satisfactory to the Association, and included in the PIP, which sets out the key actions to be undertaken to strengthen governance, transparency, and accountability under the Project, as such plan may be amended from time to time with the mutual consent of the Association and the Recipient.
13. “ICZM” means integrated coastal zone management.
14. “IEC” means information, education and communication for the Project, as detailed in the PIP (as hereinafter defined).
15. “Incremental Operating Cost” means incremental operating cost incurred on account of the implementation and management of the activities carried out under the Project, and as described separately in the PIP.
16. “MOEF” means the Recipient’s Ministry of Environment and Forests, or any of its successors.
17. “MOU” means the Memorandum of Understanding referred to in Section I, D.1(b) and E.1(b) of Schedule 2 to this Agreement.
18. “NCSCM” means the National Centre for Sustainable Coastal Management, to be established under Part A of the Project.
19. “NPMU” means the National Project Management Unit, established as a registered society under the Laws of the Recipient and under the legal name “Society for Integrated Coastal Management” or “SICOM”.
20. “NGO” means a non-governmental organization, registered under the laws of the Recipient.
21. “Orissa” means the State of Orissa of the Recipient, or any successor or successors thereto.
22. “ODFE” means the Orissa Department of Forest and Environment, or any of its successors.
23. “PEA” means any Pilot Investment Executing Agency, which could be a government department or specialized agency, as nominated by the Project State.

24. “PIP” means the Project Implementation Plan, dated April 30, 2010, satisfactory to the Association, which sets out the operational rules and procedures governing the implementation of the Project, and includes the National Project Report, the State Reports from the respective Project States, the implementation arrangements for the Project, the detailed Project reports for capacity and institution building; the DPRs for Pilot Investments; the financial management manual providing the details of fund flow, accounting, auditing, reporting and the related control and accountability mechanisms; the procurement manual containing the procurement strategy, methods and procedures to be adopted, and powers of NPMU and SPMU of the Project states to award procurement of goods, works and consultancies; the environmental and social management plan; the governance and accountability action plan, the communication strategy and action plan, the detailed cost model to be used for monitoring costs and expenditures; and the MOUs signed between the PEAs with the respective NPMU/SPMU; as such PIP may be amended from time to time with the consent of the Association.
25. “Pilot Investment” means: (a) with respect to Gujarat, the cost of goods, works and services, as well as incremental operating costs, incurred on account of activities carried out under Part B.3 of the Project; (b) with respect to Orissa, the cost of goods, works and services, as well as incremental operating costs, incurred on account of activities carried out under Part C.3 of the Project; and (c) with respect to West Bengal, the cost of goods, works and services, as well as incremental operating costs, incurred on account of activities carried out under Part D.3 of the Project.
26. “Preparation Advance” means the advances referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to: (i) the letter agreement signed on behalf of the Association on March 30, 2007, and on behalf of the Recipient on June 19, 2007, respectively; and (ii) the letter agreement signed on behalf of the Association on December 5, 2008 and on behalf of the Recipient on December 31, 2008, respectively.
27. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
28. “Procurement Manual” means the manual dated April 29, 2010, satisfactory to the Bank, which sets out the procurement arrangements for Project, policies and procedures, and internal controls, as such manual may be amended from time to time in agreement with the Association.
29. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 29, 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.

30. “Project States” means, collectively, the States of Gujarat, Orissa, and West Bengal; each, a “Project State”.
31. “Project Affected Person” or “PAP” means any person who owns or occupies land, property or other assets or structures which are, or will be, adversely affected by the Project, or whose livelihood, business, trade or other occupation is, or will be, adversely affected as a result thereof, or any person who will experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons; and who is declared accordingly eligible for compensation and other assistance under the Project.
32. “Related Manuals” means, collectively, the Financial Management Manual and the Procurement Manual.
33. “RPF” means the Resettlement Policy Framework, dated March 25, 2010, which forms an integral part of the ESMP and is satisfactory to the Association, which sets forth: (i) an entitlement framework to compensate and assist PAPs; (ii) resettlement, social, land acquisition, and communities rehabilitation and assistance actions to be undertaken by the Project States for their Respective Parts of the Project; (iii) a monitoring mechanism to identify potential cases of encroachers; and (iv) a three-tier grievance redress mechanism; as such framework may be revised from time to time with the prior consent of the Association.
34. “RTI activities” means activities related to the Recipient’s Right to Information Act of 2005.
35. “Selected Activities” means activities under Part A of the Project to be carried out through selected PEAs.
36. “SPMU” means any of the State Project Management Units in Gujarat, Orissa, or West Bengal which is established as a registered society/autonomous body under the laws of the respective Project State.
37. “West Bengal” means the State of West Bengal of the Recipient, or any successor or successors thereto.
38. “WBED” means the West Bengal Environment Department, or any of its successors.

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 (1) of Section 6.02 is modified to read as follows:

“Section 6.02. *Suspension by the Association*

... (1) *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.”