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CREDIT NUMBER 5693-IN

Financing Agreement

(National Cyclone Risk Mitigation Project-II)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 11, 2015

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CREDIT NUMBER 5693-IN

FINANCING AGREEMENT

AGREEMENT dated August 11, 2015, 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 the amount of three hundred eight million four hundred thousand United States Dollars (USD 308,400,000) (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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be at a rate equal to the Reference Rate for the Credit Currency plus the Fixed Spread; provided, however, that the Interest Charge payable shall in no event be less than zero percent (0%) per annum.
- 2.05. The Payment Dates are May 15 and November 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 Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall:
- (a) carry out its Respective Parts of the Project under the overall coordination, monitoring and reporting responsibility of the MHA acting through NDMA, and with the assistance of NIDM, as required, in accordance with the provisions of Article IV of the General Conditions; and
 - (b) cause the Project Implementing 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 NDMA to perform any of its obligations under this Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.02. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years 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 Recipient's Ministry of Finance.

6.02. The Recipient's Address is:

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

6.03. The Association's Address is:

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

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

INDIA

By Chander 11/08/15
Authorized Representative

Name: Raj Kumar
Title: Joint Secretary (M)

INTERNATIONAL DEVELOPMENT
ASSOCIATION

By John Blomquist
Authorized Representative

Name: John Blomquist
Title: Acting Country Director

SCHEDULE 1

Project Description

The objective of the Project is to reduce vulnerability to cyclone and other hydro-meteorological hazards of coastal communities in Project States, and increase the capacity of the State entities to effectively plan for and respond to disasters.

The Project consists of the following parts:

Component A: Early Warning Dissemination Systems

1. Installing and operating early warning dissemination systems in coastal areas of the Project States, and strengthening the operational capabilities of emergency operation centers at state, district and sub-district level in the Project States.
2. Strengthening the capacity of officials and coastal communities in Project States to operate and maintain the early warning dissemination systems, and to prepare for, and carry out, emergency mobilization.

Component B: Cyclone Risk Mitigation Infrastructure

Constructing, rehabilitating, and/or improving disaster risk management infrastructure in the Project States, including: multi-purpose cyclone shelters; evacuation routes and bridges; embankments and bunds; and the conversion of overhead power lines into underground cables.

Component C: Technical Assistance for Multi-Hazard Risk Management

1. Assisting coastal states and union territories of the Recipient to understand and manage natural disaster risks, including: (a) improving probabilistic risk modeling of multi-hazard risks and cascading impacts of disasters; and (b) developing a manual on building classification and carrying out micro-level assessments of habitations, public buildings and critical infrastructure in highly exposed areas.
2. Implementing training modules to strengthen the institutional capacity of national, state and district level agencies responsible for disaster risk management and damage assessment to understand and manage natural disaster risks and emergency responses.
3. Strengthening the institutional capacity of non-coastal states and union territories of the Recipient to: (a) carry out systemic assessments of natural disasters and climate change risks particularly in urban areas and non-coastal areas; (b) train engineers on the assessment of physical vulnerability of public buildings and critical infrastructure to hazard events, including the development of a

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methodology for the identification of such assets, a comprehensive multi-hazard risk check-list and assessment guidelines; and (c) strengthening the capacity of emergency responders in selected urban areas vulnerable to hazard events, including providing/upgrading search and rescue equipment.

4. Preparing hydro-meteorological resilience action plans for extreme weather events, including disaster risk financing instruments, resilience solutions and recommendations for sectors impacted by natural disasters (e.g. agriculture, livelihoods, energy, infrastructure; etc.).
5. Developing a national seismic risk mitigation program, through strengthening of risk assessment capabilities of MHA and NDMA, carrying out public awareness campaigns, updating building codes and land-use regulations, retrofitting critical infrastructure, and developing risk financing frameworks.

Component D: Project Management and Implementation Support

Strengthening the institutional capacity of the Recipient and the Project Implementing Entities for carrying out the Project.

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SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall vest the responsibility for the overall coordination of Project activities in MHA acting through the NDMA.
2. Notwithstanding paragraph 1 above, in order to carry out the activities under its Respective Parts of the Project, the Recipient shall maintain throughout the period of Project implementation:
 - (a) a Project Steering Committee, with membership, powers, functions and competencies agreed with the Association and detailed in the Operations Manual, as shall be required for it to provide policy guidance for, and exercise general oversight of, the implementation of activities under the Project by NDMA and the Project Implementing Entities; and
 - (b) the Project Management Unit within NDMA: (i) headed by a project director assisted by competent staff, all with experience and qualification, in numbers and under terms of reference agreed with the Association; and (ii) provided with such powers, financial resources, functions and competences, agreed with the Association and detailed in the Operations Manual, as shall be required for, inter alia: (A) carrying out day-to-day implementation of activities under the Recipient's Respective Parts of the Project, including financial management, procurement, social and environmental, safeguards, communication, monitoring, evaluation and reporting activities thereunder; (B) coordinating inter-state and inter-agency collaborations for Project implementation; and (C) acting as secretariat to the Project Steering Committee.

B. On-lending

1. To facilitate the Project Implementing Entities' carrying out their Respective Parts of the Project, the Recipient shall make part of the proceeds of the Financing available to the Project Implementing Entities in accordance with the Recipient's standard arrangements for development assistance to the States of India.
2. Notwithstanding paragraph 1 above, in the event that any provision of this Agreement, including the instructions that the Association shall have specified by notice to the Recipient pursuant to Section IV.A.1 of this Schedule, were to be

found inconsistent with the Recipient's standard arrangements for development assistance to the States of India, the provisions of this Agreement and related instructions shall prevail.

3. The Recipient shall at all times protect its own interests and the interests of the Association to accomplish the purposes of the Financing.

C. Anti-Corruption

The Recipient shall implement its Respective Parts of the Project, and cause the Project Implementing Entities to implement their Respective Parts of the Project, in accordance with the provisions of the Anti-Corruption Guidelines.

D. Project Documents

1. The Recipient shall, and shall cause the Project Implementing Entities to:
 - (a) implement its/their Respective Parts of the Project in accordance with the Operations Manual, Safeguards Documents, FM Manual, Procurement Manual ("Project Documents"); and
 - (b) refrain from amending, suspending, waiving, abrogating, and/or voiding any provision of the Project Documents, in whole or in part, without the prior written mutual consent of the Recipient and the Association.
2. To the extent of any inconsistency between: (a) the provisions of the Project Documents; and (b) the provisions of this Agreement and/or the Respective Project Agreements, the provisions of this Agreement and/or the Respective Project Agreements (as the case may be) shall prevail.

E. Safeguards

Whenever an additional or revised EMP or RAP is required for any proposed activity under the Recipient's Respective Parts of the Project in accordance with the provisions of the ESMF, the Recipient shall:

- (a) prior to the commencement of such activity, proceed to have such EMP or RAP (as the case may be): (i) prepared in accordance with the provisions of the ESMF; (ii) furnished to the Association for review and approval; and (iii) thereafter adopted and disclosed as approved by the Association, in a manner agreed with the Association; and
- (b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such EMP or RAP (as the case may be).

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 calendar 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, and cause the Project Implementing Entities to maintain, 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 unaudited financial reports for the Project covering the quarter, in form and substance agreed with the Association.
3. The Recipient shall have its, and shall cause the Project Implementing Entities to have their, 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 fiscal year of the Recipient or the Project Implementing Entity (as the case may be), commencing with the fiscal year in which the first withdrawal was made under the Project. The audited Financial Statements for each such period shall be furnished to the Association not later than nine (9) months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting 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 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.
- B. Particular Methods of Procurement of Goods, Works and Non-consulting Services**
1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
 2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding, subject to the additional provisions set forth in the Procurement Plan; (c) Shopping; (d) procurement under Framework Agreements in accordance with procedures which have been found agreed with the Association; (e) Direct Contracting; and (f) Force Account.
- 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 methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-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. For avoidance of doubts, the Association, shall be entitled to conduct, at any time, independent procurement reviews of all the contracts financed under the Financing.

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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 USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consultants' services, Incremental Operating Costs and Training under Components A, C and D of the Project	72,300,000	100%
(2) Goods and works under Component B of the Project	236,100,000	75%
TOTAL AMOUNT	308,400,000	

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 sixty one million United States Dollars (USD 61,000,000) may be made for payments made prior to this date but on or after July 1, 2014, for Eligible Expenditures.
2. The Closing Date is March 15, 2021. ~~X~~

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SCHEDULE 3
Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 15 and November 15 Commencing on November 15, 2020 to and including May 15, 2040	2.5%

* The percentages represent the percentage of the principal amount of the Credit to be repaid.