January 2, 2015

Mr. I.Y.R. Krishna Rao
Chief Secretary
Government of Andhra Pradesh
Secretariat
Hyderabad - 500 022

Dear Mr. Rao:

**INDIA: Andhra Pradesh Water Sector Improvement Project**

(Loan No. 7897-IN)

**Amendment to Project Agreement**

We refer to the Loan Agreement between the International Bank for Reconstruction and Development (the Bank) and India (the Borrower) dated August 14, 2010 (the Loan Agreement) and the Project Agreement of the same date between the Bank and the State of Andhra Pradesh (Andhra Pradesh) (the AP Project Agreement) for the above referenced project.

The Borrower has advised the Bank of the enactment of the Andhra Pradesh Reorganization Act, 2014 (6 of 2014), published in the Gazette of India dated March 1, 2014, creating the new Telangana State (Telangana), formerly part of Andhra Pradesh.

We also refer to the Borrower’s letter dated June 12, 2014 and to the discussions among the Borrower, Andhra Pradesh, Telangana and the Bank, relating to amendments to take into account the creation of Telangana, and to reflect Telangana’s endorsement and commitment to carry out certain parts of the Project and as reflected in the aide-memoire transmitted to the Borrower, Andhra Pradesh and Telangana through the Bank’s letter dated November 4, 2014.

We are pleased to inform you that the Bank concurs with the request, and proposes to enter into a Project Agreement with Telangana for this Project (Telangana Project Agreement). The AP Project Agreement is amended as set forth below subsequent to the request and the above-mentioned discussions:

1. The name of the Project is amended to read as “Water Sector Improvement Project”.

2. Section I.B.2 of Schedule is amended to read as follows:

   “2. Andhra Pradesh shall take all necessary actions to ensure that adequate allocations are included in the State budget to satisfy the Nagarjuna Sagar Scheme’s full annual operational and maintenance requirements, as determined by a competent body and/or entity”

3. Sections I.C.2 and I.C.3 of Schedule are amended to read as follows:

   “2. Andhra Pradesh shall implement the relevant provisions of the Andhra Pradesh State Water Resources Regulatory Commission Act (No.15 of 2009) through institutional arrangements acceptable to the Bank.”
3. Andhra Pradesh shall cause the provision of bulk water supply to water user organizations according to their respective allocations under the Nagarjuna Sagar Scheme, as determined by a competent body and/or entity.”

All other provisions of the AP Project Agreement, except as amended herein, remain unchanged.

Please confirm your agreement to the foregoing by signing the form of confirmation set forth below, and returning one fully executed original of this amendment letter to us and retaining one original for your records. This amendment letter shall become effective as of the date of the last countersignature of the two amendment letters (including this one) and the Telangana Project Agreement, prepared further to the above-mentioned requests and discussions, upon receipt by the Bank of: (a) a duly countersigned original of this amendment letter; (b) a duly countersigned original of the amendment letter to the Loan Agreement; and (c) a duly countersigned original of the Telangana Project Agreement.

Yours sincerely,

Michael Haney
Acting Country Director, India

Confirmed and agreed:
STATE OF ANDHRA PRADESH

By: ADITYA NATH DAS, IAS
Name: Principal Secretary to Government
Irrigation & CAD Department
AP Secretariat, Hyderabad
Title: 
Date: January 9, 2015
Mr. I.Y.R. Krishna Rao

January 2, 2015

cc:

Mr. Subhash Chandra Garg, Executive Director, World Bank
Mr. L. K. Atheeq, Senior Advisor to Executive Director, World Bank

Mr. Bhaskar Dasgupta, Director, DEA, Ministry of Finance, Government of India, New Delhi
Mr. S. G. Dastidar, Controller of Aid Accounts & Audit, Ministry of Finance, Government of India, New Delhi

Mr. K.M.M. Alimalmigothi, Economic Advisor (EAP), Ministry of Water Resources, Government of India

Dr. G. Malsur, Project Director, PPMU (APWSIP), Irrigation & CAD Dept., Govt. of Andhra Pradesh

Dr. Rajiv Sharma, Chief Secretary, Government of Telangana State
Dr. G. Malsur, Project Director, PPMU (APWSIP), Irrigation & CAD Dept., Govt. of Telangana State