Mr. Raj Kumar  
Joint Secretary (Multilateral Institutions)  
Department of Economic Affairs  
Ministry of Finance  
Government of India  
Room 40B, North Block  
New Delhi - 110001

Dear Mr. Kumar:

Dam Rehabilitation and Improvement Project  
Credit number 4787-IN and Loan Number 7943-IN  
Amendment to Financing Agreement and Loan Agreement

We refer to the Financing Agreement between India and the International Development Association (the Association) dated December 21, 2011 (the Financing Agreement), and the Loan Agreement between India and the International Bank for Reconstruction and Development (the Bank) of the same date (the Loan Agreement) (the Bank and the Association collectively referred to as the World Bank), all for the Dam Rehabilitation and Improvement Project (the Project).

We also refer to the letter from the Department of Economic Affairs, Ministry of Finance dated March 7, 2014, requesting a restructuring of the Project to include Damodar Valley Corporation (DVC) and Uttarakhand Jal Vidyut Nigam Limited (UJVNL) in the Project, which requires certain amendments to the Financing Agreement and Loan Agreement, in addition to entering into new Project Agreements with DVC and UJVNL.

We are pleased to inform you that the World Bank concurs with the request, and accordingly amends the Financing Agreement and the Loan Agreement as set forth below:

FINANCING AGREEMENT

1. Section 3.01 is amended to read as follows (emphasis added):

   “3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient (through its Central Water Commission) shall, and shall cause the Participating States (through their respective Water Resources Departments or Electricity Boards, as the case may be) and the Participating Entities, to carry out their respective Parts of the Project in accordance with the provisions of Article IV of the General Conditions and its respective Project Agreement.”

2. A new Article IV as follows is hereby included immediately after Article III (Project), and the remaining Articles are renumbered accordingly:
“ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely, that any of the Participating Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of such Participating Entity to perform any of its obligations under its respective Project 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.

3. Schedule 1 is amended to read as set forth in the Attachment to this amendment letter.

4. Section I.A of Schedule 2 is amended to read as follows (emphasis added):

“A. Availability of Funds

To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Credit available to the Participating States and the Participating Entities in a timely manner, in accordance with the Recipient’s standard arrangements for development assistance to the States and agencies of India.”

5. Section I.B.8 of Schedule 2 is amended to read as follows (emphasis added):

“8. take all necessary steps to ensure all Project activities for which the Participating States and the Participating Entities are responsible pursuant to the terms of its respective Project Agreement, are implemented in accordance with the Schedule to such Project Agreement;”

6. Section I.B.10 of Schedule 2 is amended to read as follows (emphasis added):

“10. employ, through the Central Water Commission, a management and engineering consulting firm, not later than December 31, 2012, to provide assistance with Project management, including assistance to the Central Project Management Unit in its day to day functioning and its liaising with the State Project Management Units and the Entity Project Management Units.”

7. Section II.A of Schedule 2 is amended to read as follows (emphasis added):

“A. Project Reports

The Recipient, through its Central Water Commission, shall, and shall cause the Participating States and the Participating Entities, with respect to their Respective Parts of the Project to, 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 the Key Performance Indicators. Each Project Report shall cover the period of six (6) months, and shall be furnished to the Association not later than eight (8) weeks after the end of the period covered by such report.”

8. Section II.B.4 of Schedule 2 is amended to read as follows (emphasis added):
“4. The Recipient shall, or shall cause the respective Participating State and the respective Participating Entity to, have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Project was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.”

9. Section IV.A.2(a) of Schedule 2 is amended to read as follows (emphasis added):

“(a) “operating costs” means non-consultant expenditures incurred in connection with the carrying out of the Project, including incremental salaries of Central Project Management Unit, State Project Management Unit, and Entity Project Management Unit staff; and”

10. Section I (Definitions) Appendix:

(a) The following definitions are amended to read as follows (emphasis added):

(i) “Dam Safety Organization” means an organization working in a Participating State within the Water Resources Department (as hereinafter defined), or established within a Participating Entity whose responsibilities include the inspection of dams, carrying out related inspection analysis, preparing reports, issuing recommendations regarding the safety status of dams and proposing remedial measures to be undertaken to improve their safety.

(ii) “GAAP” means the governance and accountability action plan, satisfactory to the Association, adopted by the Recipient, the Participating States and the Participating Entities, which sets out the key actions to be undertaken by the Recipient, the Participating States and the Participating Entities to strengthen governance, transparency, and accountability under the Project, as such plan may be amended from time to time by agreement between the Recipient and the Association.

(iii) “Participating State” means each of the following Indian states: Kerala, Madhya Pradesh, Orissa, Tamil Nadu and Karnataka, or any successors thereto, or any other Indian State which, at a later date, may be determined by the Recipient and the Association to be eligible to participate in the Project which for the purposes of the General Conditions are the Project Implementing Entities; and “Participating States” means the plural thereof.

(b) The following new definitions are included:

(i) “DVC” means Damodar Valley Corporation established pursuant to Damodar Valley Corporation Act 1948 (No. XIV of 1948) and Damodar Valley Corporation (Amendment) Act 2011 (No. 1 of 2012).

(ii) “Entity Project Management Unit” means the Project Management Unit referred to in Section I.A.5 of the Schedule to the Project Agreement; and “Entity Project Management Units” means the plural thereof.

(iv) “Participating Entity” means each of the following: DVC and UJVNL, or any successors thereto, or any other entity which, at a later date, may be determined by the Recipient and the Association to be eligible to participate in the Project, which for the purposes of the General Conditions are the Project Implementing Entities; and “Participating Entities” means the plural thereof:

(v) “Participating Entity’s Legislation” means for DVC, the Damodar Valley Corporation Act 1948 (No. XIV of 1948) and Damodar Valley Corporation (Amendment) Act 2011 (No. 1 of 2012), and, for UJVNL, the certificate of incorporation no.U 40101 UR 2001 SGC 025866 under the Companies Act 1956.

LOAN AGREEMENT

11. Section 3.01 is amended to read as follows (emphasis added):

“3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower (through its Central Water Commission) shall, and shall cause the Participating States (through their respective Water Resources Departments or Electricity Boards, as the case may be) and the Participating Entities, to carry out their Respective Parts of the Project in accordance with the provisions of Article V of the General Conditions and its respective Project Agreement.”

12. A new Article IV as follows is hereby included immediately after Article III (Project), and the remaining Articles are renumbered accordingly:

“ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Event of Suspension consists of the following, namely, that any of the Participating Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of such Participating Entity to perform any of its obligations under its respective Project 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.”

13. Schedule I is amended to read as set forth in the Attachment to this amendment letter.

14. Section 1.A of Schedule 2 is amended to read as follows (emphasis added):

“A. Availability of Funds

To facilitate the carrying out of the Project, the Borrower shall make the proceeds of the Loan available to the Participating States and the Participating Entities in a timely manner, in accordance with the Borrower’s standard arrangements for development assistance to the States and agencies of India.”
15. Section I.B.8 of Schedule 2 is amended to read as follows (emphasis added):

“8. take all necessary steps to ensure all Project activities for which the Participating States and the Participating Entities are responsible pursuant to the terms of its respective Project Agreement, are implemented in accordance with the Schedule to such Project Agreement;”

16. Section I.B.10 of Schedule 2 is amended to read as follows (emphasis added):

“10. employ, through the Central Water Commission, a management and engineering consulting firm, not later than December 31, 2012, to provide assistance with Project management, including assistance to the Central Project Management Unit in its day to day functioning and its liaising with the State Project Management Units and the Entity Project Management Units.”

17. Section II.A of Schedule 2 is amended to read as follows (emphasis added):

“A. Project Reports

The Borrower, through its Central Water Commission, shall, and shall cause the Participating States and the Participating Entities, with respect to their Respective Parts of the Project to, monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the Key Performance Indicators. Each Project Report shall cover the period of six (6) months, and shall be furnished to the Bank not later than eight (8) weeks after the end of the period covered by such report.”

18. Section II.B.4 of Schedule 2 is amended to read as follows (emphasis added):

“4. The Borrower shall, or shall cause the respective Participating State and the respective Participating Entity to, have its Financial Statements audited in accordance with the provisions of Section 5.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Borrower, commencing with the fiscal year in which the first withdrawal under the Project was made. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.”

19. Section IV.A.2(a) of Schedule 2 is amended to read as follows (emphasis added):

“(a) “operating costs” means non-consultant expenditures incurred in connection with the carrying out of the Project, including incremental salaries of Central Project Management Unit, State Project Management Unit, and Entity Project Management Unit staff; and”

20. Appendix, Section I (Definitions):

(a) The following definitions are amended to read as follows (emphasis added):

(i) “Dam Safety Organization” means an organization working in a Participating State within the Water Resources Department (as hereinafter defined), or established within a Participating Entity whose responsibilities include the inspection of dams, carrying out related inspection analysis, preparing reports, issuing recommendations regarding the safety status of dams and proposing remedial measures to be undertaken to improve their safety.
(ii) “GAAP” means the governance and accountability action plan, satisfactory to the Association, adopted by the Borrower, the Participating States and the Participating Entities, which sets out the key actions to be undertaken by the Borrower, the Participating States and the Participating Entities to strengthen governance, transparency, and accountability under the Project, as such plan may be amended from time to time by agreement between the Borrower and the Bank.

(iii) “Participating State” means each of the following Indian states: Kerala, Madhya Pradesh, Orissa, Tamil Nadu and Karnataka, or any successors thereto, or any other Indian State which, at a later date, may be determined by the Borrower and the Bank to be eligible to participate in the Project, which for the purposes of the General Conditions are the Project Implementing Entities; and “Participating States” means the plural thereof.

(b) The following new definitions are included:

(i) “DVC” means Damodar Valley Corporation established pursuant to Damodar Valley Corporation Act 1948 (No. XIV of 1948) and Damodar Valley Corporation (Amendment) Act 2011 (No. 1 of 2012).

(ii) “Entity Project Management Unit” means the Project Management Unit referred to in Section I.A.5 of the Schedule to the Project Agreement; and “Entity Project Management Units” means the plural thereof.


(iv) “Participating Entity” means each of the following: DVC and UJVNL, or any successors thereto, or any other entity which, at a later date, may be determined by the Borrower and the Bank to be eligible to participate in the Project, which for the purposes of the General Conditions are the Project Implementing Entities; and “Participating Entities” means the plural thereof.

(vi) “Participating Entity’s Legislation” means for DVC, the Damodar Valley Corporation Act 1948 (No. XIV of 1948) and Damodar Valley Corporation (Amendment) Act 2011 (No. 1 of 2012), and, for UJVNL, the certificate of incorporation no.U 40101 UR 2001 SGC 025866 under the Companies Act 1956.

Except as specifically amended in this letter, all other terms and conditions of the Financing Agreement and the Loan Agreement shall remain in full force and effect.

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 this amendment letter, the DVB Project Agreement, and the UJVNL Project Agreement, upon receipt by the World Bank of: (i) duly countersigned originals of this amendment letter, the DVC Project Agreement, and the UJVNL Project Agreement, prepared further to the above-mentioned request; and (b) a legal opinion, satisfactory to the World Bank, prepared by counsel to DVC, or a competent official of DVC acceptable to the World Bank, pursuant to Article III of the DVC Project Agreement and Section 8.02 of the Association’s General Conditions and Section 9.02 of the Bank’s General Conditions, and a
legal opinion, satisfactory to the World Bank, prepared by counsel to UJVNL, or a competent official of UJVNL acceptable to the World Bank, pursuant to Article III of the UJVNL Project Agreement and Section 8.02 of the Association’s General Conditions and Section 9.02 of the Bank’s General Conditions.

Yours sincerely,

[Signature]

Onno Ruhli
Country Director, India

Confirmed and agreed:

INDIA

By: [Signature]

Name: RAJ KUMAR

Title: Joint Secretary, Ministry of Finance

Date: 7/14/15

By: [Signature]

Name: AJ KUIVIAR

Title: Minister, Deptt. of Eco. Affairs, Ministry of Finance, Govt. of India

Date: [Signature]
cc: Mr. Subhash Chandra Garg, Executive Director (India), World Bank
Mr. L K Atteeq, Senior Advisor to Executive Director (India), World Bank

Mr. Rishikesh Singh, Director, DEA, Ministry of Finance
Mr. S. G. Dastidar, Controller of Aid Accounts & Audit, Ministry of Finance

Mr. Shashi Shekhar, Secretary, MOWR, RD&GR
Mr. Ashwin Pandya, Chairman, Central Water Commission, Government of India, New Delhi
Dr. B R K Pillai, Project Director (DRIP) & Director, Dam Safety (Rehabilitation), Central Water Commission, New Delhi
SCHEDULE I

Project Description

The objective of the Project is to improve the safety and operational performance of selected existing dams in the Recipient’s territory.

The Project consists of the following parts subject to such modifications thereof as the Recipient and the Association may agree upon from time to time to achieve its objective:

Part A: Rehabilitation and Improvement of Dams

Improvement and rehabilitation of selected existing dams and associated appurtenances located in the territory of the Participating States and in the Recipient’s territory where the Participating Entities are located, including, inter alia, the implementation of remedial works to address safety deficiencies and the provision of necessary facilities to bring them back to full standard of safety and operation.

Part B: Institutional Strengthening

Carrying out of works, acquisition of equipment and provision of technical assistance and training for the strengthening of the institutional capacity of central and State level dam institutions, including, inter alia: the Central Water Commission, the Dam Safety Organizations (at the State level and the Participating Entity level), each Participating Entity, the Water Resources Departments of each Participating State and the Electricity Boards in the States of Kerala and Tamil Nadu.

Part C: Project Management

Provision of technical assistance, training and equipment to strengthen the Central Project Management Unit, the State Project Management Units, and the Entity Project Management Units in order to comply with their Project management and implementation responsibilities under the Project, including, inter alia: monitoring physical and financial progress, preparing annual work plans and regular progress reports, ensuring designs of engineering works are technically sound; and providing construction supervision and quality control.