

Project Summary for Public Disclosure

Project Name	Rajasthan Water Sector Restructuring Project for the Desert Areas
Country	The Republic of India
Area of Operation	Water and Sanitation
Board Approval Date	20 November 2017
Total Project Cost	USD 495 million
Initial Limit of NDB Financing	USD 345 million
Current Limit of NDB Financing	USD 345 million
Borrower	The Republic of India
Implementing Agency	Rajasthan Water Resources Department
Introduction	<p>Rajasthan, as India's largest state by area, is also India's driest state. Limited availability of utilizable surface water and ground water resources has been the challenge for Rajasthan's economy. With frequent droughts and deteriorating agriculture infrastructure, the state is faced with downside risks from inefficient water usage. The state's GDP per capita is below the nation's average by 13%. With scarce water resources, per capita water availability in Rajasthan is about 780 cubic meters per year. This number is severely low by the international standards. Yields of many major crops in Rajasthan are below the national average. Two thirds of the state's population work for agriculture sector, but output of the sector only accounts for about 28% of the state's GDP. In this context, Rajasthan Water Sector Restructuring Project for the Desert Areas (the Project) is designed, with the support from the New Development Bank (NDB) and counterpart funds from Government of Rajasthan.</p>
Project Description	<p>The objective of this Project is rehabilitation of Indira Gandhi canal system to prevent seepage, conserve water, and enhance water usage efficiency. The Indira Gandhi canal system was designed as one of the largest irrigations systems in India, to carry about 8 million acre feet of surplus water from Ravi and Beas rivers to the arid state of Rajasthan. The Project will help in arresting seepage of water through rehabilitation of the deteriorating canal lining, which will improve water carrying efficiency of the canal system and enable reclamation of waterlogged areas. Micro irrigation component is also included under the Project, which will contribute to enhancement in water usage efficiency.</p>

	<p>The Project also includes capacity building measures for strengthening the capacity of local water users' associations, agricultural institutions, water resources department and farmers. These measures will facilitate adoption of modern irrigation and sustainable farm techniques, and optimal utilization of irrigation systems. The Project activities will cause an increased availability of water for drinking and irrigation purposes and bring additional land under irrigation in the Project area.</p>						
Environmental and Social Aspects	<p>The Project will help conserve water and enhance water usage efficiency. It brings timely attention to the pressing need for rehabilitation of the canal system to solve water seepage issue, and reclamation of waterlogged areas for cultivation. Ensuring water supply for both drinking and irrigation purposes is essential for quality of life of the people and the development of agriculture industry, on which majority of the population of Rajasthan depend for sustenance.</p> <p>Environmental and social impact of the activities under Phase I of the Project are related to rehabilitation of a portion of the canal system through desilting and relining of canals. Activities proposed under Phase II of the Project are related to desilting and relining of the remaining portion of the canal system, reclamation of waterlogged areas, micro irrigation and capacity building. Civil works activities for both the phases are similar in nature. There will be no rehabilitation issues. Risk classification of Phase I and Phase II is Category "B". Environmental and Social Impact Management Plan (ESIMP) has been proposed to ensure implementation monitoring and reporting to NDB on E&S aspects. Implementation of E&S management and monitoring, ESIMP, and regular supervision will ensure compliance with the country system requirements.</p>						
Financing Aspects	<p>The total cost of the Project is estimated to be USD 495 million. NDB will finance USD 345 million in two loan tranches under a multi-tranche financing facility, accounting for 70% of the total Project cost. Tranche I loan amount is USD 100 million and Tranche II loan amount is USD 245 million. The remaining portion of Project cost will be financed by Government of Rajasthan. Tranche I loan was approved in 2017 and Tranche II loan was approved in 2022.</p> <table border="1"> <thead> <tr> <th>Source of Fund</th><th>Amount (USD million)</th></tr> </thead> <tbody> <tr> <td>New Development Bank</td><td>345</td></tr> <tr> <td>Government of Rajasthan</td><td>150</td></tr> </tbody> </table>	Source of Fund	Amount (USD million)	New Development Bank	345	Government of Rajasthan	150
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Implementation	<p>The Project is planned to be implemented by February 2025. Suppliers for the Project will be selected through competitive and transparent</p>						

	bidding process. Government of Rajasthan will be the Project Entity and Rajasthan Water Resources Department will be the Implementing Agency.
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