

Project Summary

| Project Overview | |
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| Project Name | Rajasthan Water Sector Restructuring Project |
| Country | The Republic of India |
| Sector | Water Resource Management; Sustainable Infrastructure |
| Approval Date (by the Board) | 20 November 2017 |
| Closing Date | 13 February 2024 |
| Total Project Cost | USD 495 million |
| Loan Amount | USD 345 million |
| Borrower | The Republic of India |
| Implementation Agency | Rajasthan Water Resources Department |

I. Introduction

Rajasthan, as India's largest state by area, is also India's driest state. The utilizable surface water and groundwater resources have 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, Rajasthan has an availability of water per capita about 780 cubic meters per year. This number is severely low by 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 the output of the sector only accounts for 28% of the state's GDP. In this context, Rajasthan Water Sector Restructuring Project (the Project) is designed, with the support from the New Development Bank (NDB) and counterpart funds from the government of Rajasthan. The Project is in alignment with the NDB's objective to promote renewable energy development.

II. Project Description

The objective of this Project is to rehabilitate Indira Gandhi Canal system to prevent seepage, conserve water, and enhance water use efficiency. The Indira Gandhi Canal system was designed as one of the largest irrigations systems, to carry about 8 million

acre feet of surplus water from Ravi and Beas rivers to arid Rajasthan state. The Project will improve the capacity utilization of the irrigation system, through rehabilitating the deteriorating canal lining, rehabilitating waterlogged areas, promoting micro-irrigation and improving the current facilities.

The Project will also provide technical support to the local water users' associations to optimize the irrigation operations in the Project area. With this Project, both drinking water facilities and irrigation water facilities will be improved.

III. Environmental and Social Aspects

The Project helps preserve water and enhance efficiency. It brings timely attention to the pressing need for rehabilitation of the canal lining and waterlogged areas to solve water seepage issue. Ensuring water supply for both drinking and irrigation is significant for life quality of the people and the development of agriculture industry, which the majority of the population depends on for sustenance.

Environmental and social impact of the activities proposed under Tranche 1 loan are related to construction activities and disposal of silt. These impacts will be minimal. Chemical analysis of silt indicated that it is non-toxic and can be safely disposed. The local government has prepared a silt disposal plan. There will be not rehabilitation issues. Risk classification of Tranche 1 subprojects is Category "C". Assessments of Tranche 2 and Tranche 3 subprojects identified possible environmental impacts from certain segments of the main canal passing through wooded areas. Early mitigation of the potential impacts from Tranche 2 and 3 subprojects will be fully taken into consideration during Tranche 1 activities.

IV. Financials

The total cost of the Project is estimated to be USD 495 million. The NDB will finance the Project with a long term loan of USD 345 million, accounting for 70% of the total cost. The government of Rajasthan will finance USD 150 million. The loan from NDB will be provided in 3 tranches: first loan tranche of USD 100 million in 2017, followed by second loan tranche of USD 120 million and third loan tranche of USD 125 million.

| Financier | Amount (\$ million) |
|----------------------|----------------------------|
| New Development Bank | 345 |

V. Implementation

The Project is estimated to be implemented over 5 year. Suppliers for the Project will be selected through a competitive and transparent bidding process. Rajasthan Water Resources Department will be responsible for on-ground implementation.

The loan will be repayable in 38 structured semi-annual installments over 19 years.

VI. Contact

New Development Bank: projects@ndb.int