

INDIA

**POST-TSUNAMI LIVELIHOODS PROGRAMME FOR THE COASTAL
COMMUNITIES OF TAMIL NADU**

DESIGN DOCUMENT

APPRAISAL

MAIN REPORT

ATTACHMENT 1

MINUTES OF NEGOTIATIONS

India
Post-Tsunami Sustainable Livelihoods Programme for the
Coastal Communities of Tamil Nadu

Agreed Minutes of Negotiations

1. The negotiations between the Government of India (GOI), Government of Tamil Nadu and IFAD on the above project were held in IFAD Headquarters in Rome from 4 to 6 October 2005.
2. The negotiating delegations were composed of the following:

Government of India (the India Delegation)

Mr Rajeev P. Singh
 Director
 Department of Economic Affairs
 Ministry of Finance

Head of Delegation

Mr Gurbans Singh
 Coordination Support Officer, TRP Cell
 Planning Commission

Mr C.V. Sankar
 Officer on Special Duty (Relief and Rehabilitation)
 Government of Tamil Nadu

Mr Brajendra Navnit
 Deputy Secretary
 Finance Department
 Government of Tamil Nadu

IFAD (the IFAD Delegation)

Mr Anshuman Saikia
 Staff Consultant
 Asia and the Pacific Division

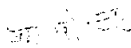
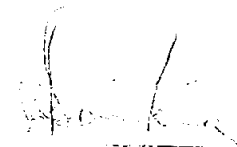
Head of Delegation

Ms Cynthia Licul
 Counsel
 Office of the General Counsel

Mr John McGhie
 Loan Officer
 Loans and Grants Administration Unit, Controller's Office

Ms Dorothy Bellogini
 Programme Assistant
 Asia and the Pacific Division

Mr John Mifsud
 Office of the General Counsel
 Observer

3. The IFAD Special Advisor on Cofinancing for the tsunami response, Mr My Huynh Cong, also participated in the discussions concerning the possibility of cofinancing arrangements for the programme.
4. Negotiations were conducted on the basis of the draft Programme Loan Agreement dated 15 August 2005, Programme Agreement dated 6 October 2005, and Design Document dated April 2005. The draft Design Document, Programme Loan Agreement and Programme Agreement were discussed, amendments agreed upon and the negotiated text of the agreements was initialled.
5. These minutes record the understanding reached in respect of various provisions of the negotiated text of the Programme Loan and Programme Agreements.
6. All definitions referred to in the Programme Loan Agreement are applicable to these Minutes of Negotiations.

Design Document

7. The IFAD Delegation confirmed that the IFAD Executive Board had approved a loan of SDR 9.95 million (equivalent to USD 15 million) towards the funding of the programme. As a result, there now exists a temporary financing gap of USD 15 million for the overall programme as costed in the Design Document. The India Delegation was briefed about the consultations already carried out by IFAD with a number of potential foreign donors who might be able to fill the financing gap, should the Borrower so desire. It was also confirmed to them that the IFAD Executive Board was notified in April 2005 that should no suitable funding source be identified to fill the financing gap, a new request for additional financing will be submitted in April 2006 for its approval. It is expected that IFAD's Executive Board will approve the new loan to cover the financing gap. The India Delegation informed the IFAD Delegation that should resources be mobilised from a bilateral donor on favourable terms, these should be channelled through IFAD. If no cofinancing is found to cover the financing gap, the Government of India requests IFAD to provide a second loan from its own resources.
8. The India Delegation suggested that vehicles provided under the programme loan funds would, wherever possible, be hired rather than purchased. The IFAD Delegation concurred with this, the cost of which will be borne under expenditure Category VIII.
9. The India Delegation informed the IFAD Delegation that programme staff may be outsourced through human resources agencies. The IFAD Delegation accepted this mode of recruitment.

Programme Loan Agreement

10. **Section 1.04, Obligations of the Borrower and the Programme Parties.** The IFAD Delegation reiterated the principle set forth in Section 1.04 of the Loan Agreement.
11. **Section 2.01, Loan Amount.** The IFAD Delegation explained the procedures applied for the US Dollar amount of the loan as per the Appraisal Report in SDRs. The IFAD Loan, amounting to nine million nine hundred and fifty thousand Special Drawing Rights (SDR 9 950 000) is equivalent to USD 15 000 000 at the operational rate of USD 1.51083 to the SDR. This operational rate is the IMF rate prevailing on the last working day of March 2005, the month preceding the date of approval of the loan by the IFAD Executive Board. It is understood that the rate to be used for withdrawal of proceeds of the loan will be as of value date of payments.
12. **Section 2.06, Repayment of Principal.** The IFAD Delegation also explained the principles applied in determining the repayment schedule of the IFAD loan. A copy of the repayment schedule so determined is attached (Attachment 1).

MR. H. N. S.

13. **Article 3.05(a), Additional Resources.** The financing of the programme does not contemplate Government of India contributions at this point.

14. **Article VI, Remedies of the Fund.** In discussing Section 6.02 of the loan agreement, the IFAD Delegation brought to the attention of the India Delegation that the development of its policy on Preventing Fraud and Corruption in its Activities and Operations is on-going, and that IFAD is in the process of finalising the policy in the very near future.

15. **Section 7.03, Deadline for Effectiveness.** The IFAD Delegation agreed to a deadline for effectiveness of 180 days, but would urge that the Government of Tamil Nadu endeavours to make the programme effective within that time. The Government of Tamil Nadu responded that it is likely to meet the effectiveness conditions before 180 days.

Schedule 2 – Allocation and Withdrawal of Loan Proceeds

16. The two delegations agreed that the minimum amount for submitting records evidencing statement of expenditures would be USD 20 000. The performance of the programme on timely submission of audits over the first two years would be used as a factor to determine a possible hike in the minimum limit.

Schedule 3

17. **Section 5.1.1.** The two Delegations recognise that the Programme Director's reasonable tenure and performance are important for achieving the programme objectives. To this end, IFAD will bring any relevant issues to the attention of the State, which will take appropriate action.

Schedule 4 – Procurement

18. The India Delegation requested that the minimum amount for procurement under Local Competitive Bidding be increased. The IFAD Delegation agreed to increase the amount for Civil Works to USD 35 000 equivalent or more. Procurement of Goods and Consultant Services will remain at USD 25 000 equivalent or more.

19. The India Delegation proposed that an acceptable method of advertising under Local Competitive Bidding would be by placing the advertisement on the Government of Tamil Nadu website; the IFAD Delegation confirmed that this was an adequate means of publicity and in conformity with the revised Procurement Guidelines of the Fund.

General

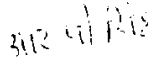
20. The IFAD Delegation informed the India Delegation that, following usual practices for all IFAD loans, it will be filing this agreement with the Treaty Section of the United Nations.

21. The IFAD Delegation requested that IFAD logos be attached to equipment and facilities purchased with loan proceeds during the project period in accord with GCs.

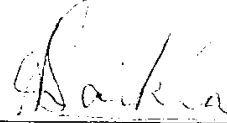
22. The IFAD Delegation informed the India Delegation that an Implementation Edition of the Design Document will be prepared, incorporating all changes resulting from these negotiations.

For the Government of India

**For the International Fund for
Agricultural Development**



Rajeev P. Singh
Director
Department of Economic Affairs
Ministry of Finance
(Head of Delegation)



Anshuman Saikia
Staff Consultant
Asia and the Pacific Division
Programme Management Department
(Head of Delegation)

For the Government of Tamil Nadu



Mr C.V. Sankar
Officer on Special Duty (Relief and
Rehabilitation)
Government of Tamil Nadu

Rome, 6 October 2005



Borrower: REPUBLIC OF INDIA

Project Name: POST-TSUNAMI SUSTAINABLE LIVELIHOODS PROGRAMME FOR THE COAST

Loan Amount: 9 950 000.00

Board Date: 19/04/2005

Payment Date: 15 / 4

40 Years, including 10 Years Grace (60 Instalments)

15 / 10

Instalment Number	Instalment Date	Instalment Amount	Outstanding Capital
1	15/10/2015	165 834.00	9 784 156.00
2	15/04/2016	165 834.00	9 618 332.00
3	15/10/2016	165 834.00	9 452 498.00
4	15/04/2017	165 834.00	9 286 664.00
5	15/10/2017	165 834.00	9 120 830.00
6	15/04/2018	165 834.00	8 954 996.00
7	15/10/2018	165 834.00	8 789 162.00
8	15/04/2019	165 834.00	8 623 328.00
9	15/10/2019	165 834.00	8 457 494.00
10	15/04/2020	165 834.00	8 291 660.00
11	15/10/2020	165 834.00	8 125 826.00
12	15/04/2021	165 834.00	7 959 992.00
13	15/10/2021	165 834.00	7 794 158.00
14	15/04/2022	165 834.00	7 628 324.00
15	15/10/2022	165 834.00	7 462 490.00
16	15/04/2023	165 834.00	7 296 656.00
17	15/10/2023	165 834.00	7 130 822.00
18	15/04/2024	165 834.00	6 964 988.00
19	15/10/2024	165 834.00	6 799 154.00
20	15/04/2025	165 834.00	6 633 320.00
21	15/10/2025	165 834.00	6 467 486.00
22	15/04/2026	165 834.00	6 301 652.00
23	15/10/2026	165 834.00	6 135 818.00
24	15/04/2027	165 834.00	5 969 984.00
25	15/10/2027	165 834.00	5 804 150.00
26	15/04/2028	165 834.00	5 638 316.00
27	15/10/2028	165 834.00	5 472 482.00
28	15/04/2029	165 834.00	5 306 648.00
29	15/10/2029	165 834.00	5 140 814.00
30	15/04/2030	165 834.00	4 974 980.00
31	15/10/2030	165 834.00	4 809 146.00
32	15/04/2031	165 834.00	4 643 312.00
33	15/10/2031	165 834.00	4 477 478.00
34	15/04/2032	165 834.00	4 311 644.00
35	15/10/2032	165 834.00	4 145 810.00
36	15/04/2033	165 834.00	3 979 976.00
37	15/10/2033	165 834.00	3 814 142.00
38	15/04/2034	165 834.00	3 648 308.00
39	15/10/2034	165 834.00	3 482 474.00
40	15/04/2035	165 834.00	3 316 640.00
41	15/10/2035	165 834.00	3 150 806.00
42	15/04/2036	165 834.00	2 984 972.00
43	15/10/2036	165 834.00	2 819 138.00
44	15/04/2037	165 834.00	2 653 304.00
45	15/10/2037	165 834.00	2 487 470.00
46	15/04/2038	165 834.00	2 321 636.00
47	15/10/2038	165 834.00	2 155 802.00
48	15/04/2039	165 834.00	1 989 968.00
49	15/10/2039	165 834.00	1 824 134.00
50	15/04/2040	165 834.00	1 658 300.00
51	15/10/2040	165 834.00	1 492 466.00
52	15/04/2041	165 834.00	1 326 632.00
53	15/10/2041	165 834.00	1 160 798.00
54	15/04/2042	165 834.00	994 964.00
55	15/10/2042	165 834.00	829 130.00
56	15/04/2043	165 834.00	663 296.00
57	15/10/2043	165 834.00	497 462.00
58	15/04/2044	165 834.00	331 628.00
59	15/10/2044	165 834.00	165 794.00
60	15/04/2045	165 794.00	0.00
Total		9 950 000.00	