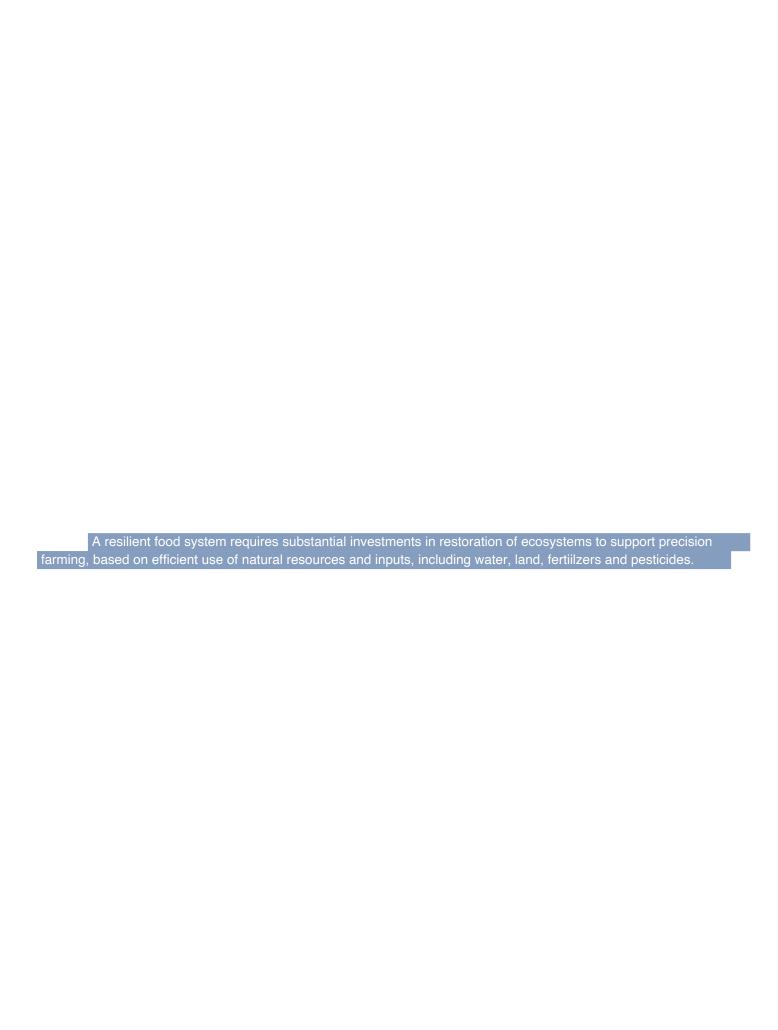
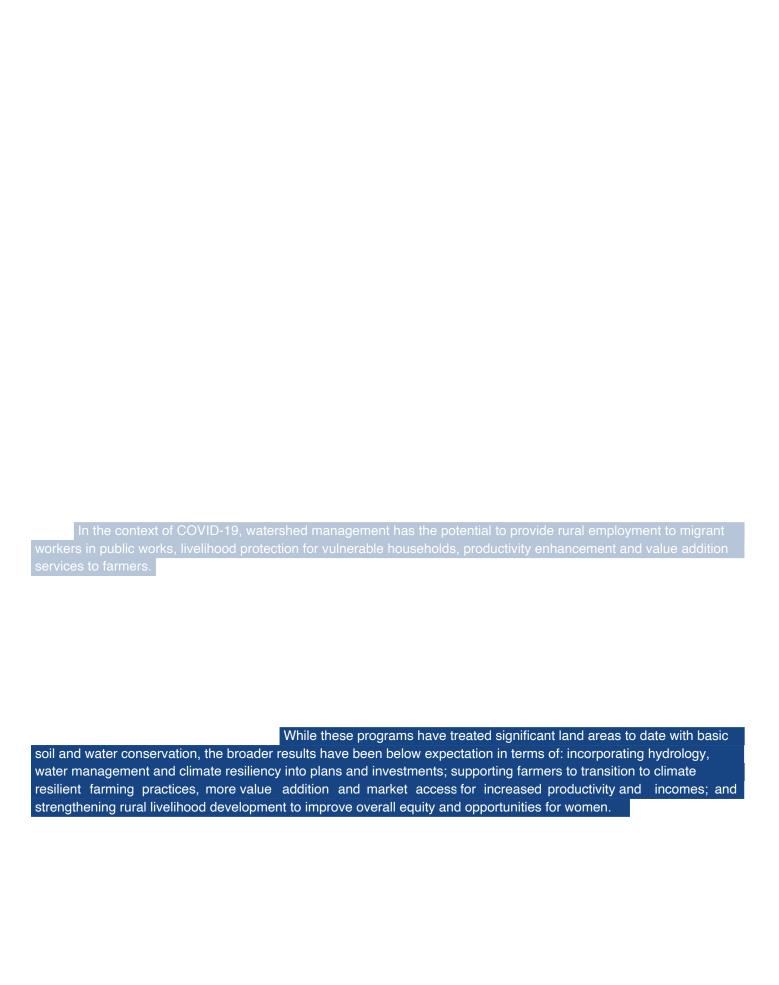
Real

GDP growth moderated from an average of 7.4 percent during FY15/16-FY18/19 to an estimated 4.0 percent in FY19/20. 1 The growth deceleration was mostly due to (i) shocks to the financial sector, and (ii) decline in private consumption growth. 2 Against this backdrop of pre-existing weaknesses, the outbreak of COVID-19 had a significant impact, with real GDP contracting by 7.3 percent in FY20/2. 3 On the fiscal side, the general government deficit widened significantly in FY20/21, owing to higher spending and low revenues. 4 With the easing of Covid-19 restrictions, GST collections for July, August and September 2021 have crossed INR 1 trillion mark. The robust Goods and Services Tax (GST) revenues are expected to continue as the economic recovery gathers momentum. Given the significant uncertainty pertaining to epidemiological developments, real GDP growth for FY21/22 is likely to be in the range of 7.5 to 12.5 percent. 5





A straight Investment Project Financing (IPF) model would not be suitable because it would not

provide the incentives needed to stimulate action and foster institutional improvements, without which, longer-term

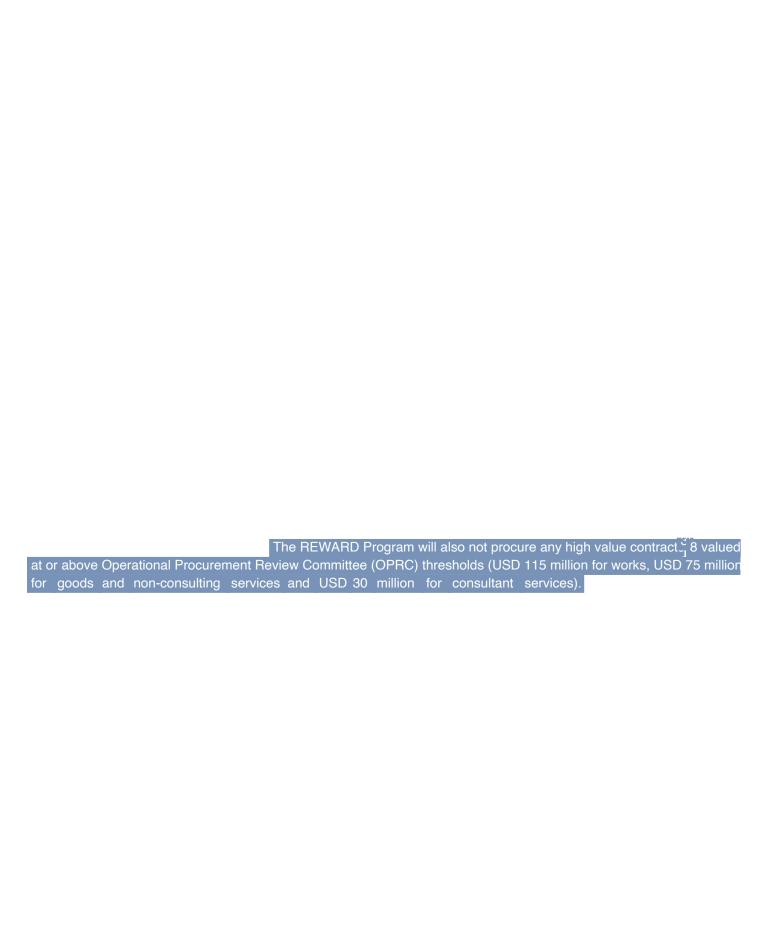
2 Lessons in the watersheds sector are based on secondary literature reviews and technical consultations with civil society organizations, donor

agencies (e.g.

The Odisha Mineral Bearing Area Development Corporation (OMBADC) set up

by the Government of Odisha (GoO) in 2014 also provides funds to watershed development in the mining districts of the state.

Empowering farmers with science-based and just-in-time agro-advisories, and communication technologies channels in partnership with agriculture extension systems, to		
equirements of small, marginal and women farmers.	anorea to m	
Enhancing livelihood and COVID-19 recovery by the poorest households and women, by	v: (i) aatabli	obing or
trengthening FPOs in select watershed clusters, including FPOs led by women; (ii) providing		
iii) establishing partnerships to enhance local and distant market linkages with farmers and FF	POs; (iv) de	veloping basic
gri-processing infrastructure in the FPOs to reduce losses; and (v) providing inputs to farmers vorkers linked to FPOs; all with an emphasis on climate mitigation and adaptation opportunitie		
ronkers inned to 11 0s, an with an emphasis on climate magation and adaptation opportunite	s along the	value chain.



PDO Indicators

- a n Percentage of Watershed Committees (WC) and Gram Panchayats (GP) which demonstrate satisfactory
 - watershed management as measured through a performance rating system
- b Land area treated with science-based watershed management technologies
- c) Number of farmers who adopt resilient agriculture technologies and practices
- d Increase in climate-adjusted soil moisture in targeted watershed areas
- e) Direct Program beneficiaries (number, disaggregated by gender and social group).

The sustainable development of watersheds based on better scientific inputs and technical capacities will lead to more effective conservation of soil, improved surface and groundwater availability and efficiency of use, and enhanced agricultural productivity and profitability, thereby generating sustainable improvement in incomes.

Multi-stakeholder platform.

Similarly, while the

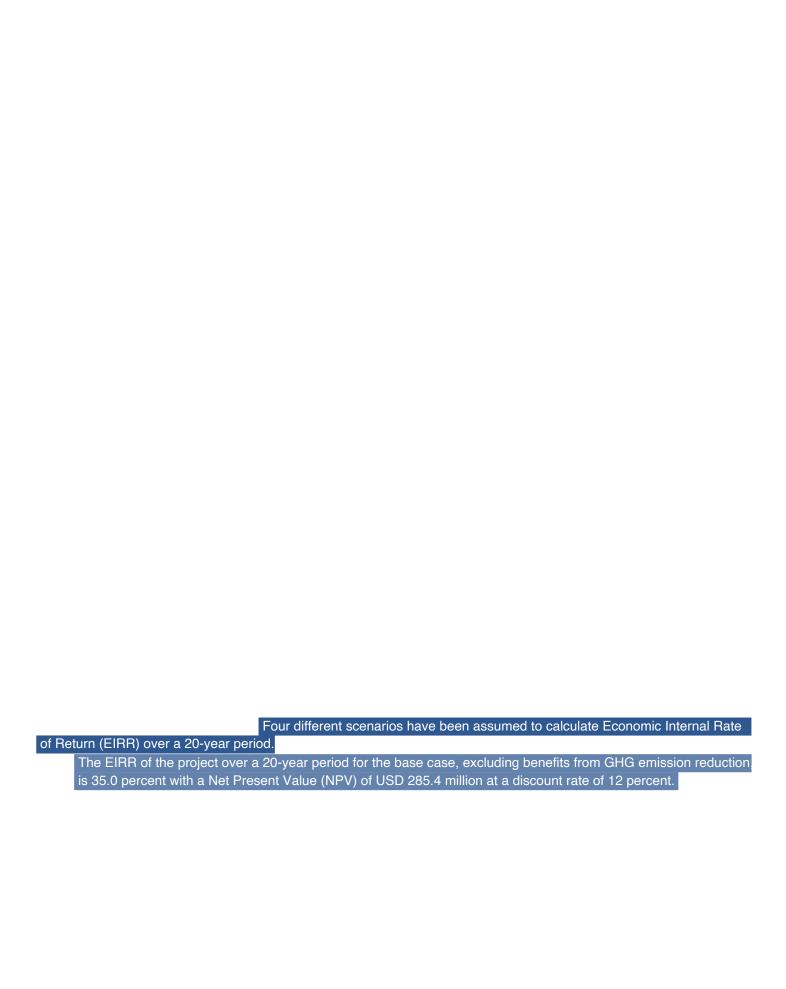
private sector can bring in much needed technology advancements and market linkages that benefit target communities, they in turn benefit through enhanced business opportunities.

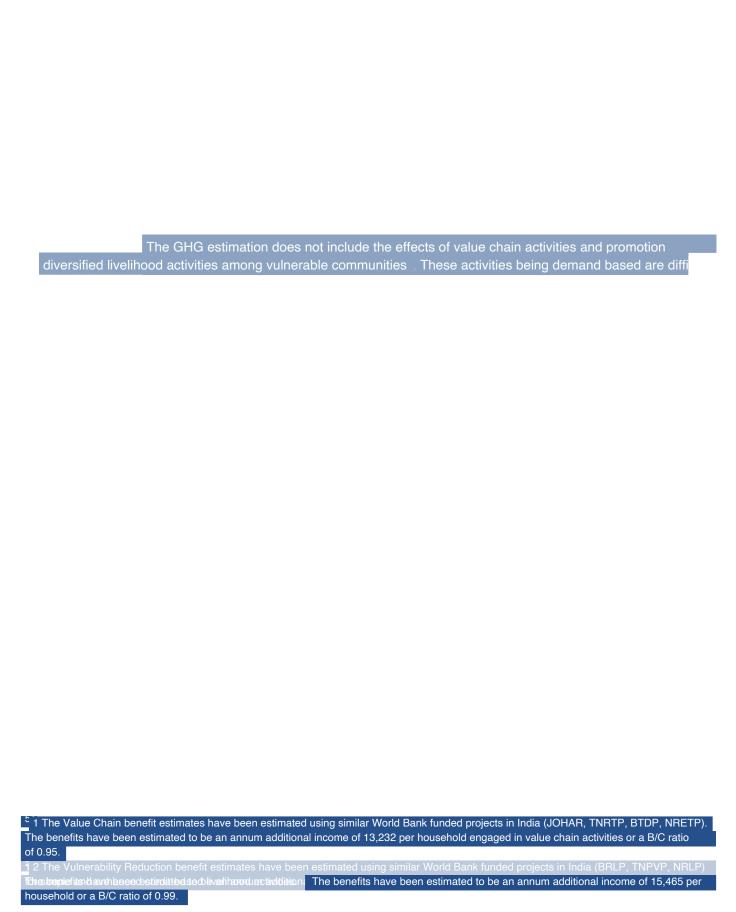


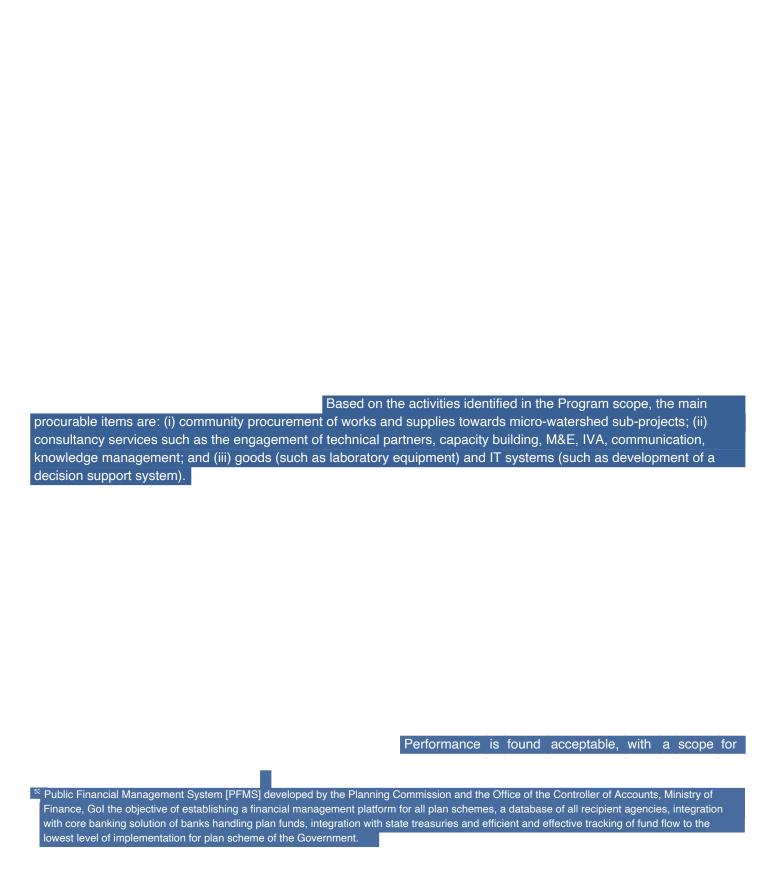
Concrete and measurable benefits to the communities are ensured through: treatment of 200,000 ha benefitting about 72,000 farmers; about 20 percent increase in soil moisture status; promoting adoption of climate resilient technologies by about 43,200 farmers; strengthening/establishing about 30 farmer producer collectives with forward and backward value chain linkages; and reach about 115,200 farmers with LRI and weather based agro-advisory services to help improve productivity.

The

incentives for key stakeholders are: (i) communities benefitting from improved productivity and livelihood opportunities; (ii) WCs/GPs having incentives and building capacities to improve their performance, which can also function as a good political incentive; (iii) district and block offices benefitting from improved team capacity and IT enabled tools (which contribute to reduced work load); (iv) SWDs benefitting from technical agency support, improved coordination with other line departments, and lessons from innovative pilots, all leading to more effective program management and enhanced results/impacts; and (v) generation of lessons that would help the DoLR to effectively implement the new national watershed program and achieve targets.











(Number) 0.00

Of which, farmers in Odisha.

(Number) 72,000.00

Of which, farmers in Odisha.

This DLI is defined as the number of Farmer Producer Organizations (FPOs) supported under the REWARD Program, that achieve an average annual sales turnover that is at least 25% higher than their baseline levels.

This	
cludes USD 115 million from IBRD and national and state program financing estimated at USD 295.96 million.5 📉 🗒 The	
nancing will support: (i) USD 6 million for DoLR expenditures on consultancies and/or goods for activities including capacity	
uilding, knowledge exchange, development of national standards around integrated watershed management; and (ii) USD million for the entire WDC-PMKSY operation in all two participating states based on USD 60 million for Karnataka, USD	
9 million for Odisha.	
5 Hillion for Calona.	
The Program will also promote appropriate performance incentives to the	
ommunity institutions, such as GPs and WCs, to strengthen active community participation and ownership of assets that	
ill lead to improved sustainability.	

Besides systematic procurement and vendor management guidelines that can reduce political patronage to some extent, the Program will further improve the situation through science-based watershed planning, better Standard Operating Procedures (SOPs), strengthened community engagement, performance monitoring, social audits, and performance incentives.

.3 Borrower Capacity

Based on discussions with the clients and sector experts, the Technical Assessment identified institutional weaknesses in the following thematic areas; improved science-based planning, human resource management, program management, community engagement, coordination between sector related line departments, private sector participation, M&E, O&M and knowledge sharing.

			also benefit through enhanced	
opportunities by bringing in mu	ch needed technology and	market linkages that ultimat	tely benefit the target commun	ities.
While science-based planning monitoring and rewards will en			tes for infrastructure, the perfo	ormance

The main economic benefits are expected from: (i) increased efficiencies in watershed planning
and implementation leading to shorter planning and implementation time; (ii) increases in the area under production and crop productivity through improved soil and water conservation practices and adoption of recommended agricultural
practices; (iii) diversification from food grains into climate-adaptive, pulses and oilseeds based on improved advisory; (iv) improved post-harvest management, value addition and marketing; and (v) vulnerability reduction initiatives for the
landless and marginalized communities within the watershed development areas. It is expected that facilitating value chain links will lead to increased incomes of beneficiaries due to: (i) higher prices for the agricultural produce through
better aggregation, better market information, and new market channels; (ii) potentially reduced input costs such as fertilizers resulting from more detailed soil nutrient information; and (iii) increased employment and value addition from
post-harvest activities, including aggregation, cleaning, grading, sorting and processing.
The EIRR of the project over a 20-year period for the base case, excluding benefits from GHG emission reduction is 35.0 percent with a Net Present Value (NPV) of USD 285.4 million at a discount rate of 12 percent.

The benefits from the dissemination of agro-advisory services to improve farmers decisions and resilience improves the base case EIRR (excluding benefits from GHG emissions) to 31.8 perce 15 The benefits of the value chain activities increase the base case EIRR (excluding benefits from GHG emission) to 32.8 perce 6 and the benefits from vulnerability reduction activities (excluding benefits from GHG emission) further improve the EIRR to 35.0 percent.7°, 7

The EIRR calculations also assume a five percent operations and maintenance costs and a 15 percent tax rate on project costs (to account for transfer payments) over the 20-year period for which the EIRR has been calculated.

The GHG estimation does not include the effects of

value chain activities and promotion of diversified livelihood activities among vulnerable commun ities. These activities

Effective value

chains will be critical to improve the incomes of farmers in the Program.

In addition, in Karnataka, the Program will leverage the experience of the MSP Forum,

being facilitated by 2030 WRG, in enabling private sector participation.

🛂 6 The Value Chain benefit estimates have been estimated using similar World Bank funded projects in India (JOHAR, TNRTP, BTDP, NRETP). The benefits have been estimated to be an annum additional income of 13,232 per household engaged in value chain activities or a B/C rat

eduction benefit estimates have been estimated using similar World Bank funded projects in India (BRLP, TNPVP, The benefits have been estimated to be an annum additional incom

of 15,465 per household or a B/C ratio of 0.99

It is observed that open tendering method was used for for these cases with adequate
procurement cycle time; and while no cases for cost over-run and no complaints were received, there is room for improving bidder participation and avoid time extensions.

			Establishing high lavel according	attender
hodies in the state governme	ent on the lines of Multi Stake	holder Platforms, supporte	Establishing high-level coordinated by the 2030 Water Resources Gro	
for convergence of watershee	d issues will benefit the envir	onment with convergence	ed by the 2030 Water Resources Gro of state specific goals on forest cove	
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for convergence of watershed agriculture and horticulture	d issues will benefit the envir development for developi	onment with convergence ing rainfed districts.	ed by the 2030 Water Resources Gro of state specific goals on forest cove	oup, er,
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While watershed

development programs have treated significant land areas with basic soil and water conservation, there have been gaps in terms of: incorporating hydrology, water management,

The climate co-benefit estimation in WB-financed projects is based on the Joint MDB methodology that has been developed by a group of multilateral development banks (MDBs), composed of the African Development Bank (AfDB), the Asian Development Bank (ADB), the Asian Infrastructure Investment Bank (AIIB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank Group (IDBG), the Islamic Development Bank (IsDB), the New Development Bank (NDB) and the World Bank Group (WBG).

Pilot on science-based fertilizer demand and supply that involves aligning demand and supply of fertilizers through interventions such as building farmer awareness on soil nutrient status to improve productivity by addressing climate impact on soil quality.

Value chain interventions focusing on production enhancement, post harvest management, infrastructure development, and forward and backward linkages of producers to markets.

The GHG estimation

does not include the effects of value chain activities and promotion of diversified livelihood activities among vulnerable communities.

Value chain investments that integrate climate mitigation and adaptation opportunities (such as use of renewable energy in agri-processing, energy efficient agriculture infrastructure, climate risk resilient infrastructure development).