

CONFORMED COPY

CREDIT NUMBER 2470 IN (Amendment)

Agreement Amending Development Credit Agreement

(Second Integrated Child Development Services Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 29, 2000

CREDIT NUMBER 2470 IN (Amendment)

AGREEMENT AMENDING
DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated September 29, 2000, between INDIA, acting by its President (the Borrower) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) by the Development Credit Agreement dated March 23, 1993 (the Development Credit Agreement) between the Borrower and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to one hundred forty-one million six hundred thousand Special Drawing Rights (SDR 141,600,000) (the Credit) to assist in financing the Project described in Schedule 2 to the Development Credit Agreement;

(B) by the Project Agreement dated March 23, 1993 (the Project Agreement) between the Association and the States of Bihar and Madhya Pradesh (the Project States), the Project States have agreed to undertake certain obligations in respect of the carrying out of the Project;

(C) project cost savings have arisen under the Project due to, inter alia, foreign exchange rate changes;

(D) the Borrower has requested the Association to agree to use these project cost savings under the Project to finance, inter alia, the costs of carrying out part of the ICDS (as defined in the Development Credit Agreement) activities currently included in the Andhra Pradesh Economic Restructuring Project (Cr. No. 3103-IN/Ln. No. 4360-IN) (APERP) financed by the Association and the International Bank for

Reconstruction and Development (the Bank) and carried out by the State of Andhra Pradesh (Andhra Pradesh), and the Association, after due consideration, has agreed to this request, but only on condition that (i) the Borrower agree to undertake certain additional obligations toward the Association and (ii) Andhra Pradesh agree to undertake certain obligations toward the Association; and

WHEREAS the Borrower, in consideration of the Association's agreement to finance the costs of carrying out part of the ICDS activities currently included in APERP, has agreed to undertake those additional obligations toward the Association and, to this end, to amend the Development Credit Agreement as set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree to amend the Development Credit Agreement as follows:

ARTICLE I

General Conditions; Definitions

- (i) The following definitions are added at the end of Section 1.02:
- (n) "Agreement Amending Development Credit Agreement" means the Agreement Amending Development Credit Agreement of even date herewith, between the Borrower and the Association;
- (o) "Andhra Pradesh" means the Borrower's state of Andhra Pradesh, or any successor thereto;
- (p) "Andhra Pradesh Agreement" means the agreement between the Association and Andhra Pradesh of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Andhra Pradesh Agreement;
- (q) "Andhra Pradesh Project Implementation Plan" means the Project Implementation Plan of Andhra Pradesh and its relevant departments for implementing Part H of the Project approved by the Association;
- (r) "IEC" means information, education and communication; and
- (s) "NGOs" means non-governmental organizations established under the relevant laws of the Borrower and the relevant Project State or Andhra Pradesh."

ARTICLE II

The Credit

- (i) In Section 2.03, the words "September 30, 2000" is deleted and replaced with the words "September 30, 2002."

ARTICLE III

Execution of the Project

- (i) Section 3.01 (a) is deleted and replaced with the following:
- "Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, without any limitation or restriction upon any of its other obligations under this Agreement, shall cause the Project States to perform in accordance with the provisions of the Project Agreement and Andhra Pradesh to perform in accordance with the provisions of the Andhra Pradesh Agreement, all the respective obligations of the Project States and Andhra Pradesh therein set forth, shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable the Project States and Andhra Pradesh to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance."

- (ii) In Section 3.01(b), the words "and Andhra Pradesh" are added after the words "Project State".
- (iii) At the end of Section 3.04, the following is added: "and by Andhra Pradesh pursuant to Section 2.03(a) of the Andhra Pradesh Agreement."
- (iv) At the end of Section 3.05, the following is added: "and the reviews referred to in paragraphs 5 and 13 of Schedule 2 to the Andhra Pradesh Agreement."

ARTICLE V

Remedies of the Association

- (i) In Section 5.01, new paragraphs (c) and (d) are added and read as follows:
- "(c) Andhra Pradesh shall have failed to perform any of its obligations under the Andhra Pradesh Agreement.
- (d) As a result of events which have occurred after the date of the Agreement Amending Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that Andhra Pradesh will perform its obligations under the Andhra Pradesh Agreement."
- (ii) In Section 5.02, the words "or (c)" are added after the words "paragraph (a)."

ARTICLE VI

Effective Date; Termination

- (i) New Sections 6.05, 6.06, 6.07 and 6.08 are added and read as follows:
- "Section 6.05. The Agreement Amending Development Credit Agreement shall not become effective until evidence satisfactory to the Association shall have been furnished to the Association that the execution and delivery of the Andhra Pradesh Agreement on behalf of Andhra Pradesh has been duly authorized or ratified by all necessary governmental action.
- Section 6.06. As part of the evidence to be furnished pursuant to Section 6.05, the Borrower shall furnish to the Association an opinion satisfactory to the Association of counsel acceptable to the Association showing that the Andhra Pradesh Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, Andhra Pradesh and is legally binding upon Andhra Pradesh in accordance with its terms.
- Section 6.07. (a) Except as the Borrower and the Association shall otherwise agree, the Agreement Amending Development Credit Agreement shall enter into effect on the date on which the Association dispatches to the Borrower notice of its acceptance of the evidence required by Section 6.05.
- (b) If, before the effective date of the Agreement Amending Development Credit Agreement, any event shall have occurred which would entitle the Association to suspend the right of the Borrower to make withdrawals from the Credit Account, the Association may postpone the dispatch of the notice referred to in paragraph (a) of this Section until such event or events shall have ceased to exist.
- Section 6.08. If the Agreement Amending Development Credit Agreement shall not have entered into effect by ninety (90) days after its date, the Agreement Amending Development Credit Agreement and all obligations of the parties thereunder shall terminate, unless the Association, after consideration of the reasons for the delay, shall establish a later date for the purposes of this Section. The Association shall promptly notify the Borrower of such later date."

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

(i) The table in paragraph 1 is deleted and replaced with the following table:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works	46,000,000	90%
(2) Furniture, equipment, IEC materials, vehicles and medicines	19,600,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost), and 80% of local expenditures for other items procured locally
(3) Consultants' services, training, publicity services, services of NGOs		100%
(a) Part G	0	
(b) Other	14,000,000	
(4) Incremental operating costs	61,000,000	75% of local expenditures
(5) Unallocated	1,000,000	
TOTAL	141,600,000	

(ii) A new paragraph 4 is added and reads as follows:

"4. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of the Agreement Amending Development Credit Agreement on account of activities carried out by or in Andhra Pradesh except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR 25,000,000, may be made on account of payments made for expenditures before that date but after August 1, 1997."

SCHEDULE 2

Description of the Project

(i) After the first paragraph, a new paragraph is added and reads as follows:

"The objectives of the Project as it relates to Andhra Pradesh are to assist Andhra Pradesh to improve the nutrition and health of young children, women, particularly pregnant and lactating mothers, and adolescent girls, by increasing the quality, impact, and cost-effectiveness of the Integrated Child Development Services program."

(ii) A new Part H is added and reads as follows:

"Part H: Integrated Child Development Services Component for Andhra Pradesh

1. Improving the quality and convergence of ICDS services through the establishment of about 2,700 mini-anganwadi centers and improving operations at about 39,000 anganwadi centers, including provision of drugs at these and other anganwadi centers.
2. Strengthening women's empowerment through training and awareness campaigns for adolescent girls, and provision of drugs and a learning course for adolescent girls between the ages of 11 and 16 years.
3. Expanding ICDS program in about 143 blocks through the provision of civil works, staff, equipment, materials and training.
4. Establishment of a state level management unit integrated with the existing ICDS program and implementing a program of institutional development.
5. Establishment of a training-cum-IEC resource center and provision of pre-service, in-service and state-specific orientation training for ICDS functionaries with enhanced financial norms.
6. Carrying out a program of IEC, including organization of communication materials and media services workshops for all levels of functionaries and preparation of materials and media services.
7. Strengthening the capacity to monitor and evaluate this part of the Project through, inter alia, improving the management information system for ICDS operations, carrying out operational research on the feasibility of community supported supplementary nutrition program, carrying out social assessments, and provision of training to ICDS functionaries in the area of participatory rapid appraisal."

(iii) In the last sentence, the words "March 31, 2000" is deleted and replaced with the words "March 31, 2002."

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in New Delhi, India, as of the day and year first above written.

INDIA

By /s/ Rahul Bhatnagar

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edwin R. Lim

Country Director, India

