

October 10, 2000

The Secretary to the Government of India
Department of Economic Affairs
Ministry of Finance
New Delhi, PIN 11001
India

The Chief Secretary
Government of Andhra Pradesh
Hyderabad, Andhra Pradesh 500022
India

Dear Sirs:

Re: Andhra Pradesh Hazard Mitigation and Emergency Cyclone
Recovery Project (Cr. 2950/Ln. 4156)
Amendment of Development Credit Agreement and Project Agreement

We refer to the Development Credit Agreement (DCA) between India (the Borrower) and the International Development Association (the Association), the Loan Agreement between the Borrower and the International Bank for Reconstruction and Development (the Bank), and the Project Agreement between the Association, the Bank and the State of Andhra Pradesh, all dated June 3, 1997, as amended. We also refer to the findings of the Association/Bank mission mounted in November, 1999 and June 2000, the Operational Action Plans agreed upon, and subsequent discussions between the officials of the Governments of India and Andhra Pradesh and Bank staff, on the need for allowing more time for certain Project activities to be completed, and to that end, amending the DCA and the Project Agreement, as necessary.

We are pleased to inform you that, after due consideration, the Association has agreed to amend the DCA and the Project Agreement as follows:

DCA:

1. Section 1.01. is amended to include the following new definitions, and the word 'and' at the end of Section 1.01(i) is hereby deleted:
 - '(k) "APSRAC" means Andhra Pradesh State Remote Sensing Applications Center;
 - '(l) "AP's OAP" means Andhra Pradesh's Operational Action Plan dated July 27, 2000, for carrying out Parts A.1, B and C of the Project, as furnished to the Association and as may be amended from time to time with the agreement of the Association;
 - (m) "IMD's OAP" means IMD's Operational Action Plan dated July 27, 2000, for carrying out Part A.2 of the Project, as furnished to the Association and as may be amended from time to time with the agreement of the Association.
 - (n) "Water User Associations" means the Water User Associations established pursuant to the Andhra Pradesh Farmers' Management of Irrigation Systems Act, 1997, to facilitate the participation of farmers in the management of irrigation systems, including the maintenance of drainage systems.'
2. Section 3.01.(a) (i) is amended to read as follows:

"The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and to this end, shall:

 - (i) carry out Part A.2 of the Project with due diligence and efficiency and in conformity with IMD's OAP and appropriate administrative and financial practices, and shall provide promptly as needed, the funds and services required for Part A.2 of the Project; and
 - (ii) without any limitation or restriction upon any of its other obligations under this Agreement, shall cause Andhra Pradesh to perform in accordance with the provisions of the Project Agreement and AP's OAP all the obligations of

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 Andhra Pradesh to perform such obligations, and shall not take or permit to be taken any other action which would prevent or interfere with such performance."

3. Section 3.04. is amended to read as follows:

"The Borrower, through IMD shall carry out Part A.2 of the Project, (enhancement of the cyclone early system), in conformity with IMD's OAP, to be completed by January 31, 2003."

4. The expected date of completion of the Project referred to in Schedule 2 is amended to read "January 31, 2003".

Project Agreement:

5. Section 2.01(b) is amended to read as follows:

"Without limitation upon the provisions of paragraph (a) of this Section and except as the Association, the Bank and Andhra Pradesh shall otherwise agree, Andhra Pradesh shall carry out Parts A.1, B and C of the Project in accordance with the Implementation Program set forth in the Schedule to this Agreement and AP's OAP."

6. Section 2.02. is amended to read as follows:

"Except as the Association and the Bank shall otherwise agree: (a) procurement of the goods, works and consultant services required for the Project and to be financed out of the proceeds of the Credit and the Loan shall be governed by the provisions of Schedule 3 to the DCA; and (b) all contracts for civil works required for Part B of the Project shall be entered into by October 31, 2000."

7. Paragraph 2(d) of the Schedule is amended to read as follows:

"(d) provide in each year of the Project an annual maintenance budget for the core infrastructure sectors at levels acceptable to the Association and the Bank, and in particular, ensure that a proportion of the funds allocated under such budget to Water User Associations is earmarked for the maintenance of drainage systems."

8. Paragraph 6 of the Schedule is amended to read as follows:

"In connection with the carrying out of the reconstruction of flood banks for the town of Badhrachalam, Andhra Pradesh, shall not later than June 30, 2001, implement the Resettlement Action Plan, dated July 29, 1999, and approved by the Association and the Bank, for the resettlement and rehabilitation of people affected by such reconstruction in accordance with the objective, policies and procedures, time schedule and other provisions set out therein and shall not take any action which would prevent or interfere with such implementation."

9. Paragraph 7 of the Schedule is amended to read as follows:

"In connection with the carrying out of the reconstruction of flood banks for the town of Dayyamvagu, Andhra Pradesh, shall not later than June 30, 2001, implement the Resettlement Action Plan, dated July 29, 1999, and approved by the Association and the Bank, for the resettlement and rehabilitation of people affected by such reconstruction in accordance with the objective, policies and procedures, time schedule and other provisions set out therein and shall not take any action which would prevent or interfere with such implementation."

10. A new paragraph 8 is added to the Schedule, and the existing paragraph 8 is amended and re-numbered paragraph 9, all to read as follows:

"8. Improvements to Medium Drains and Roads

In connection with the improvement to medium drains in the district of Nellore, the strengthening and widening of the Karimnagar-Kamareddy road in Karimnagar district and the Ananthavaram-Pallakuru road in East Godavari district, Andhra Pradesh shall implement not later than March 31, 2001, the Resettlement Action Plans, dated March 4, 1999, May 7, 1999, and May 13, 1999, respectively, and

approved by the Association and the Bank, for the resettlement and rehabilitation of people affected by such activities, in accordance with the objective, policies and procedures, time schedule and other provisions set out therein and shall not take any action which would prevent or interfere with such implementation.

9. Andhra Pradesh shall ensure that (i) an official or officials of DMU having experience and qualifications satisfactory to the Association and the Bank will be specifically assigned at all times during the period of Project implementation to the task of (i) coordinating, managing and monitoring the implementation of the Resettlement Action Plans referred to in paragraphs 6, 7 and 8 above; and (ii) monitoring the carrying out of the reconstruction of flood banks for the towns of Badhrachalam and Dayyamvagu, improving medium drains in Nellore district, and strengthening and widening of Karimnagar-Kamareddy road in Karimnagar district and Ananthavaram-Pallamkuru road in East Godavari district, in accordance with environmental designs and guidelines satisfactory to the Association and the Bank."

We are pleased to acknowledge receipt of AP's OAP referred to in Section 1.01(k) of the DCA as amended by this letter, and IMD's OAP referred to in Section 1.01(l) of the DCA as amended by this letter, and these are appended hereto for the record as Attachments I and II, respectively.

We realize that, in order for the Project activities to be financed out of the proceeds of Credit and the Loan through to the end of the new Project completion date of January 31, 2003, the current Closing Date of July 31, 2001 will need to be extended. In this connection, we would like you to know that the Association and the Bank would be prepared to consider such extension, possibly up to January 31, 2003, if so requested by the Borrower at an appropriate stage. However, the extension will be considered for purposes of Parts A.1 and C of the Project only if all target dates set out in AP's OAP and falling due before April 30, 2001 have been achieved, and for purposes of Part A.2 of the Project, only if the Doppler weather radar system contracts have been awarded not later than March 31, 2001.

Except as specifically amended hereby, all other provisions of the DCA and the Project Agreement remain in full force and effect. Upon receipt of the original copy of this amendment letter duly countersigned by the representative(s) of the Borrower and Andhra Pradesh, the above amendments shall become effective as of the date of countersignature of this amendment letter.

Please confirm the agreement of the Borrower and Andhra Pradesh to the amendments set out above by countersigning the form of confirmation set forth below and returning to the Association one fully signed original of the amendment letter, and retaining one original for each of your records.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Edwin Lim
Country Director, India
South Asia Region

CONFIRMED:

INDIA

By /s/ V. Vumlunmang
Deputy Secretary, Ministry of Finance
Department of Economic Affairs

Date: October 10, 2000

STATE OF ANDHRA PRADESH:

By /s/ R.P. Watal
Planning Secretary

Date: October 10, 2000

