

CONFORMED COPY

**CREDIT NUMBER 3307 IN
(Amendment)**

Agreement Amending Development Credit Agreement

(Uttar Pradesh and Uttaranchal Third District Primary Education Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 12, 2003

**CREDIT NUMBER 3307 IN
(Amendment)**

**AGREEMENT AMENDING
DEVELOPMENT CREDIT AGREEMENT**

AGREEMENT dated May 12, 2003, between INDIA, acting by its President (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association);

WHEREAS (A) by the Development Credit Agreement dated February 23, 2000, between the Borrower and the Association (the Development Credit Agreement), the Association agreed to make available to the Borrower an amount in various currencies equivalent to one hundred thirty-two million three hundred thousand Special Drawing Rights (SDR 132,300,000) (the Credit) to assist in financing the Project described in Schedule 2 to the Development Credit Agreement;

(B) by the Project Agreement dated February 23, 2000 between the Association and the State of Uttar Pradesh (the Project Agreement), the State of Uttar Pradesh (Uttar Pradesh) agreed to undertake certain obligations with respect to the carrying out of the Project;

(C) the Borrower has advised the Association through Gazette Notice No. 37 dated August 25, 2000 of the enactment of the Uttar Pradesh Reorganisation Act, 2000 creating the new State of Uttaranchal (Uttaranchal), formerly a part of Uttar Pradesh; and

(D) the Borrower has requested the Association to amend the Development Credit Agreement to take into account the creation of the State of Uttaranchal and the obligation of Uttaranchal to carry out part of the Project.

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

A. The Preamble

1. Recital B is amended to read as follows:

“the Project will be carried out by the State of Uttar Pradesh with the assistance of the Uttar Pradesh Sabhee Ke Liye Shiksha Pariyojana Parishad, also known as the Uttar Pradesh Education for All Project Board (EFAPB), and the State of Uttaranchal with the assistance of the Uttaranchal Sabhi Ke Liye Shiksha Parishad

(USKLSP), with the assistance of the Borrower and, as part of such assistance, the Borrower will make the proceeds of the Credit provided for in Article II of this Agreement available to EFAPB and USKLSP, as set forth in this Agreement; and”

2. The final paragraph of the Preamble is amended to read as follows:

“WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement and in the agreement of even date herewith between the Association, Uttar Pradesh and Uttaranchal (the Project Agreement), as amended from time to time;”

B. General Conditions; Definitions

1. The following paragraphs of Section 1.02 are amended to read as follows:

(f) “District” means the administrative units into which Uttar Pradesh and Uttaranchal are divided;

(g) “Divisional Office” means each divisional office established by Uttar Pradesh and Uttaranchal, respectively, responsible for, *inter alia*, monitoring the implementation of the Project over a number of Project Districts;

(j) “DPO” means each District Project Office of EFAPB (as hereinafter defined) and USKLSP (as hereinafter defined), respectively, in a Project District responsible for, *inter alia*, carrying out day-to-day Project implementation at the district level;

(l) “Education Guarantee Scheme” means the Scheme for both Uttar Pradesh and Uttaranchal, set out in Government Order No. 2605/15-5-99 - 44/99 dated May 26, 1999, as may be amended from time to time;

(q) “Fiscal Year” or “FY” means the fiscal year of the Borrower, the Project States (as hereinafter defined), and the Project Implementation Entities (as hereinafter defined), which begins on April 1 of a calendar year and ends on March 31 of the following calendar year;

(r) “Friends for Education Scheme” means the Scheme to employ Para-teachers, for both Uttar Pradesh and Uttaranchal, as set out in Government Order No. 2604/15-05-99 - 282/98, as may be amended from time to time;

(s) “Joint Review Mission” means each review mission carried out by the Association with the participation of the Borrower and other donors two times in a year for the purpose of reviewing the implementation of the Project as

well as other primary education projects in the Project States (as hereinafter defined);

(t) “Memorandum of Understanding” or “MOU” means, collectively, the Memorandum of Understanding entered into between the Borrower and EFAPB dated February 23, 2000, and the Memorandum of Understanding between the Borrower and USKLSP dated February 17, 2001, pursuant to Section 6.01 of this Agreement;

(u) “NGO” means a Non Governmental Organization established and operating under the relevant laws of the Borrower or the Project States (as hereinafter defined);

(y) “Project Agreement” means the agreement between the Association, and the Project States (as hereinafter defined) 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 Project Agreement;

(z) “Project District” means each of the districts in the Project States respectively, selected with the agreement of the Association, in which the Project will be implemented;

(aa) “Project Implementation Plan” means, collectively, the Project Implementation Plan of the Borrower, Uttar Pradesh and EFAPB for the Project, dated September 15, 1999, and the Project Implementation Plan of the Borrower, Uttaranchal and USKLSP for the Project, dated December 25, 2001;

(cc) “SCERT” means collectively the State Council of Educational Research and Training in Uttar Pradesh and the State Council of Educational Research and Training in Uttaranchal, each responsible for, *inter alia*, developing curricular material and training modules and training resource persons to train teachers;

(ff) “SIEMAT” means the State Institute for Educational Management and Training in Uttar Pradesh responsible for, *inter alia*, training educational management personnel and providing technical support in educational planning and management in both Uttar Pradesh and Uttaranchal;

(hh) “SPO” means the State Project Office of the Project Implementing Entities, respectively, responsible for, *inter alia*, supervising and coordinating Project implementation at each respective State level;

(kk) "Village Panchayat" means Village (Gram) Panchayat constituted in accordance with the provisions of the Uttar Pradesh Panchayat Raj

Act, 1947, applicable to both Uttar Pradesh and Uttaranchal, as amended from time to time;

2. The term 'and' is deleted from the end of Section 1.02 (jj), and the period at the end of definition (kk) is deleted and replaced by a semi-colon.

3. The following definitions are added at the end of Section 1.02:

(ll) "Agreement Amending the Development Credit Agreement" means the Agreement Amending the Development Credit Agreement between the Borrower and the Association dated May 12, 2003";

(mm) "Agreement Amending Project Agreement" means the Agreement Amending the Project Agreement of even date herewith, between the Association, Uttar Pradesh and Uttaranchal;

(nn) "Project Implementation Entity" means in the case of: (i) Uttar Pradesh, EFAPB; and (ii) Uttaranchal, USKLSP, and "Project Implementation Entities" means collectively EFAPB and USKLSP;

(oo) "Project States" means Uttar Pradesh and Uttaranchal and the term "Project State" means each such Project State;

(pp) "USKLSP" means Uttaranchal Sabhi Ke Liye Shiksha Parishad, a society established and registered under the Societies Registration Act, 1860 of the Borrower as applicable to Uttaranchal and as may be amended from time to time; and

(qq) "Uttaranchal" means the Borrower's state of Uttaranchal, or any successor thereto.

3. Section 1.03 is amended to read as follows:

"Section 1.03. Any reference in the General Conditions to Project implementation entity shall be deemed to be a reference to the Project Implementation Entity of a Project State".

C. Execution of the Project

1. Section 3.01 is amended to read as follows:

"Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project, and, to this end, without any limitation or restriction upon any of its other obligations under this Agreement, shall cause each of the Project States and their respective Project Implementation Entity to perform in

accordance with the provisions of the Project Agreement and their respective MOU's, all the obligations of the Project State and its respective Project Implementation Entity therein set forth, shall take or 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 its respective Project Implementation Entity to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall make the proceeds of the Credit available on a grant basis to the Project Implementation Entities, in accordance with the provisions of MOU's satisfactory to the Association.

(c) Without prejudice to any other provision of this Agreement, the Borrower shall ensure that the Project Implementation Entities receive, out of the Borrower's resources, adequate resources for the carrying out of the Project on a six monthly basis, in a timely manner, for anticipated expenditures under their respective approved annual work plans."

2. Section 3.03 is amended to read as follows:

"Section 3.03. The Borrower and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) shall be carried out by the Project States and each Project Implementation Entity pursuant to Section 2.03 of the Project Agreement."

3. Section 3.04 is amended to read as follows:

"Section 3.04. The Borrower shall carry out, or cause to be carried out in each Project State, the DPEP in accordance with the DPEP Guidelines and shall not make any change to the DPEP or the DPEP Guidelines, including in respect of its financial and administrative procedures, which would, in the reasonable opinion of the Association, materially and adversely affect the ability of the Borrower, the Project State, or its Project Implementation Entity to carry out the Project."

4. Section 3.05 is amended to read as follows:

"Section 3.05. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Association, the carrying out of the Project and the achievement of the objectives thereof; and

(b) carry out with the Association, each of the Project States and their respective Project Implementation Entities, the reviews referred to in paragraph 11 of Schedule 2 to the Project Agreement, and after the first review, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the first report referred to therein and the Association's views on the matter."

D. Remedies of the Association

Section 5.01 is amended to read as follows:

"Section 5.01. Pursuant to Section 6.02 (l) of the General Conditions, the following additional events are specified:

(a) Each or both Project States shall have failed to perform any of their obligations under the Project Agreement.

(b) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that a Project State will be able to perform its respective obligations under the Project Agreement.

(c) Each or both Project States shall have reduced the level of their budgetary expenditure for elementary education (net of Project expenditures) below the level, in real terms (adjusted to reflect a change in the Borrower's wholesale price index), of such expenditure in FY 1997-98.

(d) Any provision of the MOU's shall have been changed so as to materially or adversely affect the ability of a Project Implementation Entity to carry out the Project.

E. Effective Date; Termination

The following new Sections are added at the end of Article VI:

"Section 6.04. The following events are specified as additional conditions to the effectiveness of the Agreement Amending the Development Credit Agreement within the meaning of Section 12.01(b) of the General Conditions:

(a) the Borrower and USKLSP have entered into a Memorandum of Understanding satisfactory to the Association; and

(b) a legal opinion satisfactory to the Association, showing that the Agreement Amending the Project Agreement has been duly authorized or ratified

by, and executed and delivered on behalf of Uttaranchal, and is legally binding upon Uttaranchal in accordance with its terms, is received by the Association.

Section 6.05. If the Agreement Amending the Development Credit Agreement shall not have entered into effect within ninety (90) days of the date thereof, all obligations of the parties hereunder shall terminate, unless the Association after due consideration establishes a later date for purposes of this Section, and informs the Borrower of such later date.”

F. Withdrawal of the Proceeds of the Credit

Paragraph 4 (c) of Part B is amended to read as follows:

“4. Notwithstanding the provisions of Part B.2 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(c) if the Borrower, a Project State or a Project Implementation Entity shall have failed to furnish to the Association within the period of time specified in Section 4.01 (b) (ii) of this Agreement and Section 3.01 (b) (ii) of the Project Agreement, any of the audit reports required to be furnished to the Association pursuant to said Sections in respect of the audit of: (A) the records and accounts for the Special Account, or (B) the records, accounts and financial statements reflecting expenditures with respect to which withdrawals were made on the basis of Project Management Reports or statements of expenditure.”

G. Description of the Project

The objectives of the Project, as set forth in the first paragraph of Schedule 2, are modified to read as follows:

“The objective of the Project is to assist the Project States and the Project Implementation Entities in building and strengthening their respective States, district and sub-district institutional capacity to ensure that more children, especially children from socially disadvantaged groups, complete a five-year primary education cycle of appropriate quality in the respective Project Districts.”

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

INDIA

By

/s/ Adarsh Kishore
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Carter

/s/ Michael F.
Country Director, India