

CONFORMED COPY

CREDIT NUMBER 2394 IN  
(Amendment)

Agreement Amending  
Development Credit Agreement

(Family Welfare (Urban Slums) Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 21, 2000

CREDIT NUMBER 2394 IN  
(Amendment)

AGREEMENT AMENDING  
DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated August 21, 2000, between INDIA, acting by its President (the Borrower) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) by the Development Credit Agreement dated February 4, 1994 (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 fifty-seven million seven hundred thousand Special Drawing Rights

(SDR 57,700,000) (the Credit) to assist in financing the Project described in Schedule 2 to the Development Credit Agreement;

(B) by the Project Agreement dated February 4, 1994 (the Project Agreement) between the Association and the States of Andhra Pradesh, Karnataka and West Bengal (the Project States), the Project States have agreed to undertake certain obligations in respect of the carrying out of

Part A of the Project;

(C) project cost savings have arisen under the Project due to, inter alia, foreign exchange rate changes and the availability of alternative sources of funding for certain expenditures previously agreed to be financed out of the proceeds of the Credit;

(D) the Borrower has requested the Association to agree to use these project cost savings under the Project to finance (i) the costs of carrying out certain activities under Part A of the Project in certain additional cities and towns in the Project States and (ii) the costs of improving logistics systems for urban family welfare services in the States of Tamil Nadu and Uttar Pradesh, and the Association, after due consideration, has agreed to this request, but only on condition that (a) the Borrower agree to undertake certain additional obligations toward the Association, (b) the Project States agree to undertake certain additional obligations toward the Association and (c) the States of Tamil Nadu and Uttar 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 those additional activities in the Project States and in the States of Tamil Nadu and Uttar Pradesh, 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

##### Definitions

(i) The definition of "Project Cities" in Section 1.02 is deleted and replaced with the following:

"(k) "Project Cities" means, collectively, BCC, CMDA, MCH, and other cities, towns and other municipal authorities in any of the Project States, designated by the Association at the request of the Borrower as cities, towns or other municipal authorities eligible for participating in the carrying out of Part A of the Project;"

(ii) The following definitions are added at the end of Section 1.02:

"(w) "New Project Cities Project Implementation Plan" means each of the project implementation plans of the Project States, dated July 1998 for Andhra Pradesh, July 1998 for Karnataka and June 1998 for West Bengal, for the carrying out of Part A of the Project in the Project Cities, other than BCC, CMDA and MCH, designated by the Association to be eligible for participating in the carrying out of Part A of the Project pursuant to paragraph (k) of this Section as of the date of the Agreement Amending Development Credit Agreement (as hereinafter defined), all approved by the Association, as the same may be amended from time to time with the agreement of the Association;

(x) "Tamil Nadu" means the State of Tamil Nadu, a State of India, and includes any successor thereto;

(y) "Tamil Nadu Agreement" means the agreement between the Association and Tamil Nadu 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 Tamil Nadu Agreement;

(z) "Tamil Nadu Project Implementation Plan" means the project implementation plan of Tamil Nadu for the carrying out of Part C of the Project in Tamil Nadu, dated October 1998 and approved by the Association, as the same may be amended from time to time with the agreement of the Association;

(aa) "Uttar Pradesh" means the State of Uttar Pradesh, a State of India, and includes any successor thereto;

(bb) "Uttar Pradesh Agreement" means the agreement between the Association and Uttar 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 Uttar Pradesh Agreement;

(cc) "Uttar Pradesh Project Implementation Plan" means the project implementation plan of Uttar Pradesh for the carrying out of Part C of the Project in Uttar Pradesh, dated October 1998 and approved by the Association, as the same may be amended from time to time with the agreement of the Association;

(dd) "Agreement Amending Development Credit Agreement" means the Agreement Amending Development Credit Agreement of even date herewith, between the Borrower and the Association; and

(ee) "Agreement Amending Project Agreement" means the Agreement Amending Project Agreement of even date herewith, between the Association and the Project States."

### ARTICLE III

#### Execution of the Project

(i) Section 3.01 (b) is deleted and replaced with the following:

"Section 3.01. (b) Without any limitation or restriction upon any of its other obligations under this Agreement, the Borrower shall cause the Project States to perform in accordance with the provisions of the Project Agreement, Tamil Nadu in accordance with the provisions of the Tamil Nadu Agreement and Uttar Pradesh in accordance with the provisions of the Uttar Pradesh Agreement, all the obligations of the Project States, Tamil Nadu and Uttar Pradesh therein set forth, respectively, 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, Tamil Nadu and Uttar 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) The words ", Tamil Nadu and Uttar Pradesh" are added after the words "Project States" in Section 3.01 (c).

(iii) The following is added at the end of Section 3.03: ", by Tamil Nadu pursuant to Section 2.03 of the Tamil Nadu Agreement and by Uttar Pradesh pursuant to Section 2.03 of the Uttar Pradesh Agreement."

ARTICLE V

Remedies of the Association

(i) New paragraphs (c) and (d) are added in Section 5.01 and read as follows:

"(c) Tamil Nadu or Uttar Pradesh shall have failed to perform any of its obligations under the Tamil Nadu Agreement or the Uttar Pradesh Agreement, as applicable.

(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 Tamil Nadu or Uttar Pradesh will be able to perform its obligations under the Tamil Nadu Agreement or the Uttar Pradesh Agreement, as applicable."

(ii) The words "or (c)" are added after the words "paragraph (a)" in Section 5.02.

ARTICLE VI

Effective Date; Termination

New Sections 6.04, 6.05, 6.06 and 6.07 are added and read as follows:

"Section 6.04. 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 Tamil Nadu Agreement and the Uttar Pradesh Agreement on behalf of Tamil Nadu and Uttar Pradesh, respectively, have been duly authorized or ratified by all necessary governmental action.

Section 6.05. As part of the evidence to be furnished pursuant to Section 6.04, the Borrower shall furnish to the Association opinions satisfactory to the Association of counsel acceptable to the Association showing that the Tamil Nadu Agreement and the Uttar Pradesh Agreement have been duly authorized or ratified by, and executed and delivered on behalf of, Tamil Nadu and Uttar Pradesh, respectively, and are legally binding upon Tamil Nadu and Uttar Pradesh in accordance with their terms.

Section 6.06. (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 6.04.

(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 6.07. 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:

Expenditures Category Financed	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of to be
(1) For Part A of the Project:		
(a) Civil works	21,900,000	90%
(b) Equipment, vehicles, 100% of foreign medicines, furniture, IEC and Maternal and Child Health expenditures materials (ex-factory cost), of local expenditures for items procured	11,800,000	100% of and 80% other locally
(c) Consultants, PMPs and PVOs' services and training	7,700,000	100%
(d) Incremental local expenditures until 31, 1995, and thereafter	10,000,000	90% of March 65%
(2) For Part B of the Project:		
(a) Consultants' services	-----	-----
(b) Equipment, vehicles and furniture	-----	-----
(3) For Part C of the Project:		
(a) Civil works	2,120,000	90%

(b)	Equipment and foreign furniture expenditures, local expenditures (ex-factory cost), of local expenditures for items procured	530,000	100% of          and 80%   other locally
(c)	Consultants' services and training	160,000	100%
(d)	Incremental operating costs	490,000	65%
(4)	Unallocated	3,000,000	
	TOTAL	57,700,000	

(ii) A new sub-paragraph (iii) is added to paragraph 2 (c) and reads as follows:

"(iii) consumables, rent and maintenance of vehicles, office equipment and buildings, all in respect of the Project."

(iii) New paragraphs 4 and 5 are added and read 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 (i) by or in any Project City other than BCC, CMDA and MCH under Part A of the Project or (ii) by or in Tamil Nadu or Uttar Pradesh under Part C of the Project.

5. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for: (a) goods and works under contracts costing less than \$50,000 equivalent each; (b) services under contracts costing less than \$100,000 equivalent each for employment of consulting firms and \$50,000 equivalent each for employment of individual consultants; (c) training; and (d) incremental operating costs; all under such terms and conditions as the Association shall specify by notice to the Borrower."

## SCHEDULE 2

### Description of the Project

A new Part C is added and reads as follows:

"Part C: Improving Logistics Systems

Improvement of logistics systems for urban family welfare

services in Tamil Nadu and Uttar Pradesh regarding procurement, transport and distribution of medical supplies by construction of storage facilities, provision of storage and material-handling equipment, provision of data processing equipment for computerized inventory management and provision of required technical assistance."

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 Lim

Country Director, India

