

CONFORMED COPY

CREDIT NUMBER 2232 - 1 BD  
(Amendment)

Agreement Amending Development Credit Agreement

(Third Inland Water Transport Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 24, 1999

CREDIT NUMBER 2232-1 BD  
(Amendment)

AGREEMENT AMENDING DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 24, 1999, between PEOPLE'S REPUBLIC OF BANGLADESH (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower and the Association have entered into a Development Credit Agreement (Third Inland Water Transport Project) dated June 17, 1991 (the Development Credit Agreement) as amended from time to time for the purpose of assisting in the financing of the project described in Schedule 2 to the Development Credit Agreement (the Project);

(B) part of the Project will be carried out by Bangladesh Inland Water Transport Authority (BIWTA) and for such purpose the Borrower and BIWTA have entered into a subsidiary loan agreement (BIWTA Subsidiary Loan Agreement) dated February 15, 1992;

(C) the Borrower has requested the Association to provide additional assistance towards the financing of the rehabilitation of infrastructure damaged by the May-September 1998 floods (the Floods) by increasing the amount made available under the Development Credit Agreement by an amount in various currencies equivalent to four million six hundred thousand Special Drawing Rights (SDR 4,600,000);

(D) the additional funds referred to in recital (C) shall be made available to BIWTA through the BIWTA Subsidiary Loan Agreement; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to provide such additional assistance to the Borrower upon the terms and conditions set forth in this Amending Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### Amendments of the Development Credit Agreement

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, as amended through December 2, 1997, with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) A new paragraph (15) is added to Section 2.01 to read as set forth below:

"15. 'Participating Country' means any country that the Association determines meets the requirements set forth in Section 10 of Resolution No. 183 of the Board of Governors of the Association, adopted on June 26, 1996; and 'Participating Countries' means, collectively, all such countries."; and

(b) Sub-paragraph (a) of Section 5.01 is modified to read:

"(a) on account of expenditures in the territories of any country which is not a Participating Country or for goods produced in, or services supplied from such territories;"

Section 1.02. Section 1.02 of the Development Credit Agreement is amended by addition of a new Subsection (k) as follows:

"(k) 'Amending Agreement' means this Agreement amending the Development Credit Agreement."

Section 1.03. Section 2.01 of the Development Credit Agreement is amended to read as follows:

"Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to thirty-five million nine hundred thousand Special Drawing Rights (SDR 35,900,000), being the sum of withdrawals of the proceeds of the Credit, with each withdrawal valued by the Association as of the date of such withdrawal. The Credit shall be in two tranches, the first tranche being an amount in various currencies equivalent to thirty-one million three hundred thousand Special Drawing Rights (SDR 31,300,000) (the First Tranche) and the second tranche being an amount in various currencies equivalent to four million six hundred thousand Special Drawing Rights (SDR 4,600,000)."

Section 1.04. In Section 2.02 of the Development Credit Agreement, the following new paragraph (C) is added:

"(c) Except as the Borrower and the Association shall otherwise agree, all amounts withdrawn from the Credit Account, or made subject to a special commitment pursuant to Section 5.02 of the General Conditions, shall initially be charged against the First Tranche until that tranche has been exhausted, and shall thereafter be charged against the Second Tranche."

Section 1.05. In Section 2.03 of the Development Credit Agreement, the Closing Date is amended to read June 30, 2000.

Section 1.06. A proviso is added at the end of subsection 2.04 (b) (i) of the Development Credit Agreement reading as follows:

"; provided, however, that the commitment charge on the Second Tranche shall accrue from a date sixty (60) days after the date of the Amending Agreement."

Section 1.07. Schedule 1 to the Development Credit Agreement is revised as per Annex 1 to this Amending Agreement.

Section 1.08. Schedule 2 to the Development Credit Agreement is revised as per Annex 2 to this Amending Agreement.

Section 1.09. A new Section III is added to Schedule 3 of the Development Credit Agreement reading as follows:

"Section III: Procurement for Financing Under Second Tranche  
Notwithstanding any other provisions set forth or referred to in the Development Credit Agreement as amended, the goods, works and services required for items to be financed under the Second Tranche shall be procured from the Participating Countries only."

## ARTICLE II

### Effective Date; Termination

Section 2.01. This Amending Agreement shall not become effective until evidence satisfactory to the Association shall have been furnished to the Association that: (a) the execution and delivery of this Amending Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action, and the Amending Agreement is legally binding upon the Borrower in accordance with its terms; (b) the BIWTA Subsidiary Loan Agreement has been amended in a manner satisfactory to the Association; and (c) consultants with qualifications, experience and terms of reference satisfactory to the Association have been appointed to assist BIWTA in carrying out the rehabilitation works of damage inflicted by the Floods.

Section 2.02. As part of the evidence to be furnished pursuant to Section 2.01 of this Amending Agreement, there shall be furnished to the Association an opinion or opinions satisfactory to the Association of Counsel acceptable to the Association showing on behalf of the Borrower, that this Amending Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and is legally binding upon the Borrower in accordance with its terms, and that the amended BIWTA Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower and BIWTA, and is legally binding upon the Borrower and BIWTA, respectively, in accordance with its terms.

Section 2.03. This Amending Agreement shall come into force and effect on the date upon which the Association dispatches to the Borrower notice of its acceptance of the evidence required by Section 2.01 of this Amending Agreement.

Section 2.04. If this Amending Agreement shall not have come into force and effect by a date ninety (90) days after the date of this Amending Agreement, this Amending Agreement and all obligations of the parties hereunder shall terminate, unless the Association establishes a later date for the purposes of this Section. If this Amending Agreement shall terminate under the provisions of this Section, the Development Credit Agreement shall continue in full force and effect, as if this Amending Agreement had not been executed.

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

PEOPLE'S REPUBLIC OF BANGLADESH

By /s/ Masihur Rahman

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Frederick T. Temple

Country Director, Bangladesh

Withdrawals of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

Expenditures Category Financed	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of to be
(1) (a) Dredging work under Part A of the Project	2,100,000	30%
(b) Dredging for re-habilitation of damage by the Floods	2,530,000	100%
(2) Goods and Works under Parts B and C of the Project	15,420,000	75%
(3) Equipment and Material		
(a) Part D except Part D (5) and D (6) of the expenditures, Project local expenditures (ex-factory cost) and local expenditures other items locally	10,800,000	100% of foreign 100% of 78% of for procured
(b) Part D (5) of the Project expenditures, local expenditures(ex-cost) and local expenditures for items locally	2,410,000	100% offoreign 100% of factory 78% of other procured
(4) Consultant's services	2,480,000	100%
(5) Unallocated	160,000	
TOTAL	35,900,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any

country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made:

(a) in respect of payments made for expenditures prior to the date of this Agreement;

(b) from Category (1) until an organizational unit shall have been established within BIWTA, with staff, resources, powers and responsibilities satisfactory to the Association, to be responsible for all BIWTA dredging operations; and

(c) from Category 3(b) until a study of the cost effectiveness and suitability of alternative electronic position fixing systems has been completed in accordance with terms of reference satisfactory to the Association and the findings and recommendations of said study have been submitted to the Association.

## ANNEX 2 SCHEDULE 2

### Description of the Project

The main objective of the Project is to assist the Borrower's strategy for the development of the inland water transport sector which includes: (a) improving waterway safety and environmental controls; (b) increasing inland passenger transport capacity; (c) improving capital asset utilization; (d) reducing inland water freight transport costs; (e) improving country boat operations; (f) improving the finances of BIWTA and BIWTC; and (g) improving institutional capacity for planning, policy formulation and training of inland vessel operators.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

#### Part A: Deepening of Waterways

Deepening selected waterways by carrying out about 12,500,000 cubic meters of dredging work in sections of the Meghna-Kushiyara, Kangsa and Titas rivers and certain patches of Class I and Class II waterways including the access to Baghabari Port, to an extent adequate to ensure that the required minimum navigable depth of water is available in such waterways during all seasons.

#### Part B: Upgrading Navigational Aids

Upgrading navigational aids for about 1,200 kilometers (km) of selected Class I and Class II waterways, the proposed Class II waterway from Bhairab Bazar to Chatak, waterway approaches to Mongla and Chittagong seaports and selected ferry routes, to provide secure day and night navigation on such waterways.

#### Part C: Inland Pontoon Facilities

Provision of pontoon facilities and access bridges for about 175 selected landing stations.

#### Part D: Strengthening BIWTA, BIWTC, DOS and Country Boat Owners' Associations:

##### Provision of Equipment

1. Strengthening BIWTA by provision of new equipment, rehabilitation of existing equipment and operation and maintenance of equipment including cutter suction dredges; dredge support equipment; communications systems; and inland survey work boats and accommodation barges.

2. Strengthening BIWTC by rehabilitation of selected BIWTC vessels in accordance with the BIWTC Strategic Plan; and provision of miscellaneous facilities and equipment for BIWTC operations.

3. Strengthening BIWTA by providing speed boats for safety patrols and equipment

for the Inland Deck Personnel Training Center of BIWTA.

4. Assistance to the Country Boat Owners' Associations to be established by BIWTA.
5. Strengthening BIWTA's Hydrography Department by providing an electronic position fixing system and rehabilitation of equipment and installation damaged by the Floods.
6. Strengthening DOS by providing equipment for environment protection and control.
7. Strengthening of BIWTA by rehabilitating their structures, jetty terminals, ghats, access roads, pontoons, ATN equipment and installations, hydrographics and dredging equipment damaged by the Floods, and provision of spares for dredging equipment.

Part E: Technical Assistance

1. Strengthening of BIWTA by provision of assistance to BIWTA for the implementation of the BIWTA Institutional Development Action Plan.
2. Strengthening of BIWTC by provision of assistance to BIWTC for the implementation of the BIWTC Strategic Plan.
3. Strengthening of BIWTA and DOS by provision of assistance for Project design and coordination.
4. Establishment of the Inland Ship Safety Administration within DOS.
5. Environmental protection and control of inland waterways by preparation for DOS of an environmental mapping of inland waterways as well as preparation and implementation of DOS regulations for environmental protection and control of inland waterways.
6. Strengthening of BIWTA's Inland Deck Personnel Training Center.

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The Project is expected to be completed by December 31, 1999.

