

CONFORMED COPY

LOAN NUMBER 3907 IN
(Amendment)

Agreement Amending
Project Agreement

(Second Madras Water Supply Project)

among

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

MADRAS METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD

and

TAMIL NADU WATER SUPPLY AND DRAINAGE BOARD

Dated June 12, 1997

LOAN NUMBER 3907 IN
(Amendment)

AGREEMENT AMENDING
PROJECT AGREEMENT

AGREEMENT, dated June 12, 1997, among INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and MADRAS METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD (Metro Water) and TAMIL NADU WATER SUPPLY AND DRAINAGE BOARD (TWAD).

WHEREAS (A) by the Loan Agreement dated November 20, 1995, as amended to date, (hereinafter called the Loan Agreement) between the Borrower and the Bank, the Bank has agreed to make available to the Borrower an amount in various currencies equivalent to two hundred seventy-five million eight hundred thousand dollars (\$275,800,000) and to carry out the Project described in Schedule 2 to the Loan Agreement;

(B) by a Project Agreement dated November 20, 1995, between the Bank and Tamil Nadu (hereinafter called the Tamil Nadu Agreement), Tamil Nadu has agreed to undertake certain obligations in respect of the carrying out of the Project;

(C) Tamil Nadu has advised the Bank that the name "Madras" has been changed to "Chennai" and "Madras Metropolitan Water Supply and Sewerage Board" has been changed to "Chennai Metropolitan Water Supply and Sewerage Board, and the Bank has taken note of these changes;

(D) by a Project Agreement dated November 20, 1995, (hereinafter called the Project Agreement) among the Bank, Madras Metropolitan Water Supply and Sewerage Board (now Chennai Metropolitan Water Supply and Sewerage Board) (hereinafter called Metro

Water) and Tamil Nadu Water Supply and Sewerage Board (hereinafter called TWAD), Metro Water and TWAD have agreed to undertake certain obligations in respect of the carrying out of the Project;

(E) the Borrower and Tamil Nadu (i) have requested the Bank to amend the description of the Project to drop the component concerning the laying of the pipeline from Veeranam Lake to Madras and to drop TWAD as one of the executing agencies to the Project, and (ii) notified the Bank to cancel, as a result, \$189.3 million out of the proceeds of the Loan; and

(F) the Bank, after due consideration, has agreed to this request;

NOW THEREFORE the parties hereto, hereby agree to the following amendments to the Project Agreement:

1. GENERAL

1. All the references to Parts B and C of the Project in the Project Agreement are deleted and replaced with the term "the Project."

2. The Project will be carried out solely by Metro Water, and TWAD will cease to be a Project executing agency.

3. All the references to TWAD in the Project Agreement are deleted.

2. ARTICLE II

In Section 2.03 (b) (i), delete "future operation of assets created under Parts (B) and (C) of the Project," and replace with "future operation of the Project."

3. SCHEDULE 1

Section 1

1. Delete the words "and works" in Part A.

2. Parts B.2. (a) and (c) are deleted, and Part (b) is renumbered as (a).

3. Part C is deleted and replaced with the following:

"Part C: Other Procurement Procedures

1. National Competitive Bidding

(a) Except as provided in paragraph 3 below, contracts for civil works may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(b) Except as provided in paragraph 2 below, contracts for goods and equipment estimated to cost the equivalent of \$300,000 or less per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. National Shopping

Goods and equipment estimated to cost \$25,000 equivalent per item up to an aggregate of \$1 million equivalent may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Procurement of Small Works

Works estimated to cost \$20,000 equivalent or less per contract, and \$3,000,000 equivalent or less in the aggregate, may be procured either (i) under lump sum, fixed priced contracts awarded on the basis of quotations obtained from three qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the

required completion date, a basic form of agreement acceptable to the Bank, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully, or (ii) through direct contracting in accordance with the provisions of paragraph 3.7 of the Guidelines, and with the Bank's prior agreement, or (iii) with prior approval of the Bank through force account in accordance with the provisions of paragraph 3.8 of the Guidelines and procedures satisfactory to the Bank."

4. SCHEDULE 2

Paragraph 2 is deleted.

5. Entry into Force and Effect

This Agreement shall enter into force and effect as of the date first written above upon signature by the authorized representatives of the Bank and Metro Water and TWAD.

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

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

By /s/ Richard Skolnik
Acting Director Country Department II
South Asia Region

CHENNAI METROPOLITAN WATER SUPPLY
AND SEWERAGE BOARD
(Formerly MADRAS METROPOLITAN WATER
SUPPLY AND SEWERAGE BOARD)

By /s/ Sudhakar Rao
Authorized Representative

TAMIL NADU WATER SUPPLY AND
DRAINAGE BOARD

By /s/ Sudhakar Rao
Authorized Representative

