
CREDIT NUMBER 3672-1 BOS

Agreement Amending RS Project Agreement

(Solid Waste Management Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

REPUBLIKA SRPSKA

Dated _____ **, 2005**

CREDIT NUMBER 3672-1-BOS

AGREEMENT AMENDING RS PROJECT AGREEMENT

AGREEMENT, dated _____, 2005 between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and REPUBLIKA SRPSKA (Republika Srpska).

WHEREAS (A) BOSNIA AND HERZEGOVINA (the Borrower) and the Association have entered into a Development Credit Agreement (Solid Waste Management Project) dated July 12, 2002 (the Development Credit Agreement) for the purpose of assisting in the financing of the Project described in Schedule 2 to the Development Credit Agreement (the Project);

(B) the Borrower has made available a portion of the proceeds to Republika Srpska and entered into a Subsidiary Finance Agreement (the Subsidiary Finance Agreement) for that purpose;

(C) the Association and Republika Srpska entered into a Project Agreement dated July 12, 2002 (the Project Agreement) for the purpose of carrying out part of the Project;

(D) the Borrower has requested the Association to provide additional assistance in support of the Project by increasing the amount made available under the Development Credit Agreement by an amount in various currencies equivalent to five million three hundred thousand Special Drawing Rights (SDR 5,300,000);

(E) by the Agreement Amending the Development Credit Agreement dated July 12, 2002, between Bosnia and Herzegovina (the Borrower) and the Association, the Association has agreed to make available to the Borrower an additional amount in various currencies equivalent to five million three hundred thousand Special Drawing Rights (SDR 5,300,000) (the Additional Financing), on the terms and conditions set forth in the aforementioned Agreement; and

WHEREAS Republika Srpska in consideration of the Association's entering into the Agreement Amending the Development Credit Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Amendments to the Project Agreement

Section 1.01. Section 2.02 of the Project Agreement will be amended to read as follows:

“Section 2.02. (a) Except as the Association shall otherwise agree, procurement of the goods, works and consultants’ services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 2 to this Agreement, as said provisions may be further elaborated in the Procurement Plan.

(b) The Borrower shall update the Procurement Plan in accordance with terms of reference acceptable to the Association, and furnish such update to the Association not later than twelve (12) months after the date of the preceding Procurement Plan, for the Association’s approval. Promptly following each approval by the Association of the updated Procurement Plan, the Borrower shall provide a copy of such update to each of the Entities.”

Section 1.02. Paragraph 2 in Schedule 1 (Implementation Program) of the Project Agreement shall be amended by adding a new subparagraph (c) to read as follows:

“(c) before commencing any work on newly identified waste management infrastructure, an environmental assessment, acceptable to the Association, shall be carried out, and the Environmental Management Plan, if deemed necessary by the Association, shall be amended accordingly.”

Section 1.03. Schedule 2 (Procurement) of the Project Agreement shall be amended as follows:

“SCHEDULE 2

Procurement

Section I. General

A. All goods, works and services (other than consultants’ services) shall be procured in accordance with the “Guidelines: Procurement under IBRD Loans and IDA Credits” dated May 2004 (the Procurement Guidelines), and with the provisions of this Schedule.

B. All consultants’ services shall be procured in accordance with the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” dated May 2004 (the Consultant Guidelines), and with the provisions of this Schedule.

C. The capitalized terms used below in this Schedule to describe particular procurement methods or methods of review by the Association of particular contracts, have the meanings ascribed to them in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

Section II. Particular Methods of Procurement of Goods and Works

A. International Competitive Bidding

Except as otherwise provided in Part B of this Section, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Borrower. To the extent practicable, contracts shall be grouped in bid packages suitable for competitive bidding.

B. Other Procurement Procedures

1. National Competitive Bidding. Works estimated to cost less than \$1,000,000 equivalent per contract, up to an aggregate amount not to exceed \$7,600,000, may be procured under contracts awarded on the basis of National Competitive Bidding and the following additional provisions:

(a) Registration

- (i) Bidding shall not be restricted to pre-registered firms;
- (ii) Where registration is required, bidders: (1) shall be allowed a reasonable time to complete the registration process; and (2) shall not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification; and
- (iii) Foreign bidders shall not be precluded from bidding. If a registration process is required, a foreign bidder declared the lowest evaluated bidder shall be given a reasonable opportunity to register.

(b) Advertising

Invitations to bid shall be advertised in at least one (1) widely circulated national daily newspaper allowing a minimum of thirty (30) days for the preparation and submission of bids.

(c) Pre-qualification

When pre-qualification shall be required for large or complex works, invitations to pre-qualify for bidding shall be advertised in at least one (1) widely circulated national daily newspaper a minimum of thirty (30) days prior to the deadline for the submission of pre-qualification applications. Minimum experience, and technical and financial requirements, shall be explicitly stated in the pre-qualification documents.

(d) Participation by Government-owned enterprises

Government-owned enterprises in Bosnia and Herzegovina, including those in the Federation and Republika Srpska, shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the contracting authority. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

(e) Bidding Documents

Procuring entities shall use the appropriate ECA sample bidding documents, modified as acceptable to the World Bank, for the procurement of goods, works or services.

(f) Bid Opening and Bid Evaluation

- (i) Bids shall be opened in public, immediately after the deadline for submission of bids;
- (ii) Evaluation of bids shall be made in strict adherence to the monetarily quantifiable criteria declared in the bidding documents; and
- (iii) Contracts shall be awarded to the qualified bidder having submitted the lowest-evaluated, substantially responsive bid and no negotiation shall take place.

(g) Price Adjustment

Civil works contracts of long duration (more than eighteen (18) months) shall contain an appropriate price adjustment clause.

(h) Rejection of Bids

- (i) All bids shall not be rejected and new bids solicited without the Association's prior concurrence.

- (ii) When the number of bids received is less than three (3), re-bidding shall not be carried out without the Association's prior concurrence.

2. Shopping. (a) Works estimated to cost less than \$50,000 equivalent per contract may be procured on the basis of Shopping under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) 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 Association, 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.

(b) Goods estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded on the basis of Shopping.

3. Direct Contracting. Goods and works which the Association agrees meet the requirements for Direct Contracting may, with the Association's prior agreement, be procured in accordance with the provisions of said procurement method.

Section III. Particular Methods of Procurement of Consultants' Services

A. Quality- and Cost-based Selection. Except as otherwise provided in Part B of this Section, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$100,000 equivalent per contract may comprise entirely national consultants.

B. Other Procedures

1. Selection Based on Consultants' Qualifications. Services estimated to cost less than \$100,000 equivalent per contract, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines. In exceptional cases and with the Association's prior agreement, this threshold may be increased to \$200,000 equivalent per contract.

2. Single Source Selection. Services for local Solid Waste Utility to provide ad hoc on site training to Participating Utilities and for best operational and maintenance practices for the Participating Utilities in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for Single Source Selection, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.

3. Individual Consultants. Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis.

Section IV. Review by the Association of Procurement Decisions

Except as the Association shall otherwise determine by notice to the Borrower, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods or works procured on the basis of International Competitive Bidding; (b) each contract for goods or works estimated to cost the equivalent of \$500,000 or more; (c) the first two (2) contracts for works procured on the basis of National Competitive Bidding; (d) each contract for consultants' services provided by a firm on a single source basis or estimated to cost the equivalent of \$100,000 or more; and (e) each contract provided by an individual consultant procured on a sole source basis or estimated to cost the equivalent of \$30,000 or more. All other contracts shall be subject to Post Review by the Association."

ARTICLE II

Effective Date; Termination

Section 2.01. This Agreement shall come into force and effect on the date upon which the Agreement Amending the Development Credit Agreement becomes effective.

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

REPUBLIKA SRPSKA

By

Authorized Representative