

CONFORMED COPY

CREDIT NUMBER 2567 BD  
(Third Amendment)

Third Agreement Amending  
Development Credit Agreement

(Jute Sector Adjustment Credit)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 30, 1996

CREDIT NUMBER 2567 BD  
(Third Amendment)

THIRD AGREEMENT AMENDING  
DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated December 30, 1996, 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 (Jute Sector Adjustment Credit), dated February 25, 1994, (the Development Credit Agreement) for the purpose of assisting in the financing of the program referred to in Recital (A) of the Preamble to the Development Credit Agreement (the Program);

(B) the Borrower and the Association have entered into an Agreement Amending Development Credit Agreement (Jute Sector Adjustment Credit), dated June 6, 1994, (Amending Agreement) for the purpose of providing additional assistance in the financing of the Program;

(C) the Borrower has requested the Association to provide additional assistance towards the financing of the Program by increasing the amount made available under the Development Credit Agreement by an amount in various currencies equivalent to two million Special Drawing Rights (SDR 2,000,000); 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 Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Amendments of the Development  
Credit Agreement

Section 1.01. The last clause of Whereas (A) of the Preamble is amended to read as follows:

" , and requesting assistance from the Association in support of the Program during the execution thereof; "

Section 1.02. Paragraph (a) of Section 1.01 is amended to read as follows:

"(a) Section 2.01, paragraph 9, is modified to read:

"'Project' means the program, referred to in the Preamble to the Development Credit Agreement, in support of which the Credit is made.;"

Section 1.03. The following paragraphs are added at the end of Section 1.01:

"(d) Section 4.01 is modified to read:

"Except as the Borrower and the Association shall otherwise agree, withdrawals from the Credit Account shall be made in the currency of the deposit account specified in Section 2.02 of the Development Credit Agreement.;"

(e) Section 5.01 is modified to read:

"The Borrower shall be entitled to withdraw the proceeds of the Credit from the Credit Account in accordance with the provisions of the Development Credit Agreement and of these General Conditions.;"

(f) the last sentence of Section 5.03 is deleted; and

(g) Section 9.04 is deleted and Sections 9.05, 9.06 (as modified above), 9.07 and 9.08 are renumbered, respectively, Sections 9.04, 9.05, 9.06 and 9.07."

Section 1.04. The references to paragraphs 4 (A) and (B) of Schedule 1 to the Development Credit Agreement in Section 1.02 (n), and (o), respectively, are replaced by references to Section 2.02 (d) (A), and (d) (B), respectively.

Section 1.05. Section 1.02 of the Development Credit Agreement is amended by replacing "SDR 40,000,000" by "SDR 42,000,000" in Subsection (o); substituting "; and" for "." at the end of Subsection (p); and adding a new Subsection (q) as follows:

"(q) 'Third Amending Agreement' means the Third Agreement Amending the Development Credit Agreement (Jute Sector Adjustment Credit) between the Borrower and the Association, dated February 25, 1994."

Section 1.06. The following subsection is added at the end of Section 1.02:

"(r) 'Deposit Account' means the account referred to in Section 2.02 (a) of this Agreement."

Section 1.07. 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 one hundred seventy-nine million four hundred ten thousand Special Drawing Rights (SDR 179,410,000) (the Credit), which includes an original amount in various currencies equivalent to one hundred seventy-five million Special Drawing Rights (SDR 175,000,000), and an additional amount in various currencies equivalent to two million four hundred ten thousand Special Drawing Rights (SDR 2,410,000) (the Additional Financing) and a further additional amount in various currencies equivalent to two million Special Drawing Rights (SDR

2,000,000) (the Third Additional Financing)."

Section 1.08. Section 2.02 is amended to read as follows:

"Section 2.02. (a) The Borrower shall open, prior to furnishing to the Association the first request for withdrawal from the Credit Account, and thereafter maintain in Bangladesh Bank, a deposit account in dollars on terms and conditions satisfactory to the Association. All withdrawals from the Credit Account shall be deposited by the Association into the Deposit Account.

(b) Subject to the provisions of paragraphs (c), (d) and (e) of this Section, the Borrower shall be entitled to use the proceeds of the Credit withdrawn from the Credit Account and deposited in the Deposit Account in support of the Program.

(c) The Borrower undertakes that the proceeds of the Credit shall not be used to finance expenditures excluded pursuant to the provisions of Schedule 1 to this Agreement. If the Association shall have determined at any time that any proceeds of the Credit shall have been used to make a payment for an expenditure so excluded, the Borrower shall, promptly upon notice from the Association: (i) deposit into the Deposit Account an amount equal to the amount of said payment; or (ii) if the Association shall so request, refund such amount to the Association. Amounts refunded to the Association upon such request shall be credited to the Credit Account for cancellation.

(d) No withdrawal shall be made out of the:

(A) Category (A) Proceeds of the Credit after the aggregate of the Category A Proceeds of the Credit withdrawn from the Credit Account and the total amount of such commitments shall have reached: (a) the equivalent of SDR 35,000,000, unless the Association shall be satisfied, after an exchange of views as described in Section 3.01 of this Agreement based on evidence satisfactory to the Association: (i) that the macroeconomic policy framework of the Borrower is consistent with the Program; (ii) with the progress achieved by the Borrower in the carrying out of the Program; and (iii) that the actions described in Schedule 2 to this Agreement have been taken; and (b) thereafter, the equivalent of SDR 85,000,000, unless the Association shall be satisfied, after an exchange of views as described in Section 3.01 of this Agreement based on evidence satisfactory to the Association: (i) that the macroeconomic policy framework of the Borrower is consistent with the Program; (ii) with the progress achieved by the Borrower in the carrying out of the Program; and (iii) that the actions described in Schedule 3 to this Agreement have been taken; and

(B) Category B Proceeds of the Credit unless the Association shall be satisfied, after an exchange of views as described in Section 3.01 of this Agreement based on evidence satisfactory to the Association: (i) that the macroeconomic policy framework of the Borrower is consistent with the Program; (ii) with the progress achieved by the Borrower in the carrying out of the Program; and (iii) that the actions described in Schedule 4 to this Agreement have been taken.

(e) If, after the exchange of views described in paragraph (d) above, the Association shall have given notice to the Borrower that the progress achieved in the carrying out of the Program or that the actions taken are not satisfactory and, within 90 days after such notice, the Borrower shall have not achieved progress or taken actions satisfactory to the Association, then the Association may, by notice to the Borrower, cancel the unwithdrawn amount of the Credit or any part thereof.

(f) After a date twelve months from the date of this Third Amending Agreement, no withdrawals shall be made out of the proceeds of the Third Additional Financing. At any time after such date, the Association may, by notice to the Borrower, cancel the unwithdrawn amount of the Third Additional Financing from the Credit Account or any part thereof and reduce the amounts set forth in paragraph (d) (B) hereof by such canceled amount."

Section 1.09. A further proviso is added at the end of Section 2.04 (b) of the Development Credit Agreement reading as follows:

"and that any commitment charge on the Third Additional Financing shall accrue from a date sixty days after the date of the Third Amending Agreement."

Section 1.10. Section 3.02 is amended to read as follows:

"Section 3.02. Upon the Association's request, the Borrower shall:

(a) have the Deposit Account audited in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(b) furnish to the Association as soon as available, but in any case not later than six months after the date of the Association's request for such audit, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(c) furnish to the Association such other information concerning the Deposit Account and the audit thereof as the Association shall have reasonably requested.".

Section 1.11. Section 3.03 is deleted.

Section 1.12. Schedule 1 is amended to read as set forth in Attachment 1 to this Third Amending Agreement.

Section 1.13. Schedule 2 is deleted and Schedules 3, 4 and 5 are renumbered as Schedules 2, 3 and 4, respectively with each title modified to read: "Actions Referred to in Section 2.02 (d) A (a) (iii), 2.02 (d) A (b) (iii) and 2.02 (d) B (iii), respectively, of this Agreement."

## ARTICLE II

### Effective Date; Termination

Section 2.01. This Third Amending Agreement shall not become effective until evidence satisfactory to the Association shall have been furnished to the Association that the execution and delivery of this Third Amending Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action.

Section 2.02. As part of the evidence to be furnished pursuant to Section 2.01 of this Third 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 Third 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.

Section 2.03. This Third Amending Agreement shall come into force and effect on the date upon which the Association dispatches to the Borrower notice of effectiveness of this Third Amending Agreement.

Section 2.04. If this Third Amending Agreement shall not have come into force and effect by a date ninety (90) days after the date of this Third Amending Agreement, this Third 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 Third Amending Agreement shall terminate under the provisions of this Section, the Development Credit Agreement shall continue in full force and effect, as if this Third Amending Agreement had not been executed.

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

PEOPLE'S REPUBLIC OF BANGLADESH

By /s/ M. Swaleheen

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Mieko Nishimizu

Acting Regional Vice President  
South Asia

Attachment 1

"SCHEDULE 1

Excluded Expenditures

For purposes of Section 2.02 (c) of this Agreement, the proceeds of the Credit shall not be used to finance any of the following expenditures:

1. expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower;
2. expenditures for goods or services supplied under a contract which any national or international financing institution or agency other than the Bank or the Association shall have financed or agreed to finance, or which the Bank or the Association shall have financed or agreed to finance under a loan or another credit;
3. expenditures for goods included in the following groups or subgroups of the SITC, or any successor groups or subgroups under future revisions to the SITC, as designated by the Association by notice to the Borrower:

Group	Subgroup	Description of Items
112	-	Alcoholic beverages
121	-	Tobacco, unmanufactured, tobacco refuse
122	-	Tobacco, manufactured (whether or not containing tobacco substitutes)
525	-	Radioactive and associated materials
667	-	Pearls, precious and semi-precious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971	-	Gold, non-monetary (excluding gold ores and concentrates)

4. expenditures for goods intended for a military or para-military purpose or for luxury consumption;

5. expenditures for environmentally hazardous goods. For purposes of this paragraph the term "environmentally hazardous goods" means goods, the manufacture, use or import of which is prohibited under the laws of the Borrower or international agreements to which the Borrower is a party; and

6. in furtherance of the purposes of Section 5.01 of the General Conditions, expenditures: (a) in the territories of any country which is not a member of the Bank or for goods produced in, or services supplied from, such territories; or (b) on account of any payment to persons or entities, or any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations."

