



**CREDIT NUMBER 3672-1 BOS**

**AGREEMENT AMENDING  
DEVELOPMENT CREDIT AGREEMENT**

AGREEMENT, dated \_\_\_\_\_, 2005 between BOSNIA AND HERZEGOVINA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) 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 the Federation of Bosnia and Herzegovina (the Federation) and to Republika Srpska respectively and entered into Subsidiary Finance Agreements with the Federation and Republika Srpska respectively for that purpose;

(C) the Borrower has requested the Association to provide additional assistance towards the financing of the Project in an amount in various currencies equivalent to five million three hundred thousand Special Drawing Rights (SDR 5,300,000); 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 Amending Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

**ARTICLE I**

**Amendments to the Development Credit Agreement**

Section 1.01. Section 1.01 of the Development Credit Agreement is amended to read as follows:

“A. The “General Conditions Applicable to Development Credit Agreements” of the Association, dated January 1, 1985 (as amended through October 6, 1999) (the 1999 General Conditions) constitute an integral part of this Agreement and apply to the Initial Financing (as hereinafter defined).

B. The “General Conditions Applicable to Development Credit Agreements” of the Association, dated January 1, 1985 (as amended through May 1, 2004), with the modifications set forth below (the General Conditions), constitute an

integral part of this Agreement and apply in respect of the Additional Financing (hereinafter defined):

- (a) Section 5.08 of the General Conditions is amended to read as follows:

*“Section 5.08. Treatment of Taxes*

Except as otherwise provided in the Development Credit Agreement, the proceeds of the Credit may be withdrawn to pay for taxes levied by, or in the territory of, the Borrower on the goods or services to be financed under the Credit, or on their importation, manufacture, procurement or supply. Financing of such taxes is subject to the Association’s policy of requiring economy and efficiency in the use of the proceeds of its credits. To that end, if the Association shall at any time determine that the amount of any taxes levied on or in respect of any item to be financed out of the proceeds of the Credit is excessive or otherwise unreasonable, the Association may, by notice to the Borrower, adjust the percentage for withdrawal set forth or referred to in respect of such item in the Development Credit Agreement as required to be consistent with such policy of the Association.”

- (b) Section 6.03 (c) of the General Conditions is amended by replacing the words “corrupt or fraudulent” with the words “corrupt, fraudulent, collusive or coercive”.

Section 1.02. Section 1.02. of the Development Credit Agreement is amended by adding new paragraphs (aa) through (ee) to read as follows:

(aa) “Agreement Amending the Project Agreement” means either the Agreement Amending the Federation Project Agreement or the Agreement Amending the RS Project Agreement (defined hereafter), as the case may be, and the term “Agreements Amending the Project Agreements” means said agreements collectively;

(bb) “Agreement Amending the Federation Project Agreement” means the agreement between the Association and the Federation of even date herewith;

(cc) “Agreement Amending the RS Project Agreement” means the agreement between the Association and Republika Srpska of even date herewith;

(dd) “Amending Agreement” means this Agreement Amending the Development Credit Agreement (Solid Waste Management Project) between the Borrower and the Association, dated July 12, 2002; and

(ee) “Procurement Plan” means the Borrower’s procurement plan, dated May 18, 2005, as the same shall be updated from time to time in accordance with the provisions of Section 3.02 to this 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 nineteen million six hundred thousand Special Drawing Rights (SDR 19,600,000) (the Credit), consisting of: (i) an original amount in various currencies equivalent to fourteen million three hundred thousand Special Drawing Rights (SDR 14,300,000) (the Initial Financing); and (ii) an additional amount in various currencies equivalent to five million three hundred thousand Special Drawing Rights (SDR 5,300,000) (the Additional Financing).”

Section 1.04. The following new paragraph (c) is added to Section 2.02. of the Development Credit Agreement:

“(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 be withdrawn from the Initial Financing until such Financing has been exhausted, and thereafter shall be from the Additional Financing.”

Section 1.05. The Closing Date set forth in Section 2.03 of the Development Credit Agreement shall be extended to “November 30, 2009.”

Section 1.06. A provision is added at the end of Section 2.04. (b) (i) of the Development Credit Agreement to read as follows:

“; provided, however, that the commitment charge on the Additional Financing shall accrue from a date sixty (60) days after the date of the Amending Agreement.”

Section 1.07. The word “Credit” referred to in Section 2.07 (a), (b) and (c) of the Development Credit Agreement is deleted and replaced with the words “Initial Financing”.

Section 1.08. Section 2.08 of the Development Credit Agreement is renumbered as Section 2.09, and a new Section 2.08 is added, to read as follows:

“Section 2.08. The Borrower shall repay the principal amount of the Additional Financing in semiannual installments payable on each April 15 and October 15, commencing October 15, 2015 and ending April 15, 2025. Each installment shall be five percent (5%) of such principal amount”.

Section 1.09. Section 3.01 (b) of the Development Credit Agreement is amended to read as follows:

“(b) The Borrower shall make available from the proceeds of Credit: (i) to the Federation an amount equivalent to SDR 7,040,000 from the Initial Financing and an amount equivalent to SDR 3,644,000 from the Additional Financing under the Federation Subsidiary Finance Agreement, satisfactory to the Association; and (ii) to RS an amount equivalent to SDR 3,520,000 from the Initial Financing and an amount equivalent to SDR 1,656,000 from the Additional Financing, under the RS Subsidiary Finance Agreement, satisfactory to the Association, for relending by each Entity to its participating Utilities on terms and conditions set forth in paragraph (c) of this Section 3.01.”

Section 1.10. Section 3.02 of the Development Credit Agreement is amended to read as follows:

“Section 3.02. (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 the Federation Project Agreement and of Schedule 2 to the RS Project 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 1.11. Paragraph 1 of Schedule 1 (Withdrawal of the Proceeds of the Credit) of the Development Credit Agreement is hereby amended as set forth in the Annex to this Agreement.

Section 1.12. The Project Completion Date set forth in Schedule 2 of the Development Credit Agreement is extended to “May 31, 2009.”

## **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) this Amending Agreement and the Agreements Amending the Project Agreement have been executed on behalf of the Association and each Entity; and

(b) the Federation Subsidiary Finance Agreement and the RS Subsidiary Finance Agreement have been amended to make available the portion of Additional Financing to the Federation and RS respectively as provided in this Amending Agreement.

Section 2.02. As part of the evidence to be furnished pursuant to Section 2.01 of this Agreement, there shall be furnished to the Association an opinion or opinions satisfactory to the Association of counsel acceptable to the Association showing:

(a) 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;

(b) that the Agreements Amending the Project Agreements have been duly authorized or ratified by the Federation and RS respectively, and are legally binding upon the Federation and RS respectively in accordance with their respective terms; and

(c) that the Amendments to the Subsidiary Finance Agreements referred to in Section 2.01(b) of this Amending Agreement have been duly authorized or ratified by and are legally binding upon the Borrower and the Federation and RS respectively in accordance with their respective terms.

Section 2.03. This Amending Agreement shall come into force and effect on the date upon which the Association shall dispatch to the Borrower notice of its acceptance of the evidence required pursuant to 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 the City of Sarajevo, Bosnia and Herzegovina, as of the day and year first above written.

BOSNIA AND HERZEGOVINA

By

Authorized  
Representative

INTERNATIONAL DEVELOPMENT  
ASSOCIATION

By

Authorized  
Representative

**SCHEDULE 1**

**Withdrawal of the Proceeds of the Credit**

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

		<b>Amount of Financing Allocated (Expressed in SDR)</b>		<b>Percentages of Expenditures To be Financed</b>
	<u>Category</u>	<u>Initial Financing</u>	<u>Additional Financing</u>	
(1)	Works under Parts A, B and C	6,320,000	3,300,000	80%
(2)	Goods under Parts A, B and C	1,900,000	1,130,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost), 80% of expenditures for other items procured locally
(3)	Engineering/ Consultants’ Services	1,190,000	670,000	100% of foreign expenditures, 80% of local expenditures for consultants domiciled within the territory of the Borrower
(4)	Incremental Operating Costs	1,150,000	200,000	80% until January 2005, 70% thereafter until Project completion
(5)	Unallocated	<u>3,740,000</u>	<u>-</u>	
	<b>TOTAL</b>	<b><u>14,300,000</u></b>	<b><u>5,300,000</u></b>	



