
CREDIT NUMBER 3778-1 BOS

Agreement Amending RS Project Agreement

(Social Insurance Technical Assistance Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

REPUBLIKA SRPSKA

Dated _____ **, 2005**

CREDIT NUMBER 3778-1 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 (Social Insurance Technical Assistance Project) dated July 7, 2003 (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 Credit Agreement (the Subsidiary Credit Agreement) for that purpose;

(C) the Association and Republika Srpska entered into a Project Agreement dated July 7, 2003 (the Project Agreement) for the purpose of carrying out Part B 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 one million four hundred thousand Special Drawing Rights (SDR 1,400,000);

(E) by the Agreement Amending the Development Credit Agreement dated July 7, 2003, 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 one million four hundred thousand Special Drawing Rights (SDR 1,400,000) (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 and consultants’ services required for Part B of 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. Schedule 2 (Procurement) of the Project Agreement will 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

A. International Competitive Bidding

Except as otherwise provided in Part B of this Section, goods 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. Shopping. Goods estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded on the basis of Shopping.

2. Direct Contracting. Goods which the Association agrees meet the requirements for Direct Contracting, and which are of a proprietary nature and cost less than \$30,000 equivalent in the aggregate, 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. Least-cost Selection. Services for Project audits starting the second year of Project implementation, and which the Association agrees meet the requirements of paragraph 3.6 of the Consultant Guidelines, may be procured under contracts awarded on the basis of Least-cost Selection in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. Single Source Selection. Services for Project audits up to an aggregate amount not to exceed \$50,000 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. 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.

4. 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, contracts for tasks under Part A.3 and part B.3 of the Project may be awarded to individual consultants on a sole-source basis, subject to prior approval of the Association.

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 procured on the basis of International Competitive Bidding or Direct Contracting; (b) the first two contracts for goods procured on the basis of Shopping; (c) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more; (d) each contract provided by an individual consultant procured on a sole source basis or estimated to cost the equivalent of \$50,000 or more; and (e) the first two contracts for consultants' services provided by a firm procured on the basis of Consultants' Qualifications. 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 later of: the date upon which the Agreement Amending the Development Credit Agreement becomes effective or the date when this Agreement Amending the Project Agreement has been executed by the parties hereto.

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