

CONFORMED COPY

CREDIT NUMBER 3276 BD

Development Credit Agreement

(Fourth Fisheries Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 5, 1999

CREDIT NUMBER 3276 BD

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated September 5, 1999, between PEOPLE'S REPUBLIC OF BANGLADESH (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

(B) the Borrower intends to obtain from the Global Environment Facility (GEF) a grant (the GEF Grant) in an amount equivalent to three million seven hundred thousand Special Drawing Rights (SDR 3,700,000) to assist in financing the Project on the terms and conditions set forth in the Global Environment Facility Trust Fund Grant Agreement (the GEF Grant Agreement) of even date herewith, entered into between the Borrower (therein referred to as the Recipient) and the International Bank for Reconstruction and Development acting as an implementing agency of the GEF (the Bank);

(C) the Borrower intends to obtain from the United Kingdom of Great Britain and Northern Ireland (United Kingdom), acting through the Department for International Development (DFID) a grant (the DFID Grant) in an amount of \$15,500,000 equivalent to assist in financing part of the Project on the terms and conditions set forth in an agreement (the DFID Grant Agreement) to be entered into between the Borrower and the United Kingdom; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, (as amended through December 2, 1997) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

- (a) "BWDB" means the Bangladesh Water Development Board established and operating pursuant to the Bangladesh Water and Power Development Board Order, 1972 (P.O. No. 59 of 1972) as amended to the date of this Agreement;
- (b) "DOF" means the Department of Fisheries within the Borrower's Ministry of Fisheries and Livestock;
- (c) "LGED" means the Local Government Engineering Department within the Borrower's Ministry of Local Government, Rural Development and Cooperatives;
- (d) "Implementing Agencies" means BWDB, DOF and LGED collectively;
- (e) "BFRI" means the Bangladesh Fisheries Research Institute under the Ministry of Fisheries and Livestock of the Borrower;
- (f) "Third Fisheries Project" means the Project financed under the Development Credit Agreement No. 2146-BD between the People's Republic of Bangladesh and the International Development Association, dated June 8, 1990;
- (g) "FY" means the Borrower's fiscal year commencing on July 1 and ending on June 30;
- (h) "Special Accounts" means the accounts referred to in Section 2.02 (b) of this Agreement; and
- (i) "TK" means Taka, the currency of the Borrower.

ARTICLE II

The Credit

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 twenty million six hundred thousand Special Drawing Rights (SDR 20,600,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower may, for the purposes of the Project, open and maintain in Taka two separate special deposit accounts (the DOF Special Account and the BWDB Special Account) in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of each respective Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 2004 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent ($3/4$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on January 15 and July 15 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each January 15 and July 15 commencing July 15, 2009, and ending January 15, 2039. Each installment to and including the installment payable on July 15, 2019, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by: (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(d) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project through the Implementing Agencies with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and fisheries resource management practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. 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 3 to this Agreement.

Section 3.03. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan for the future operation of the Project; and

(b) afford the Association a reasonable opportunity to exchange views with the Borrower on said plan.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof, including the Implementing Agencies.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Accounts for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning said records and accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall:

(i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, and other documents) evidencing such expenditures;

(iii) enable the Association's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, the Borrower shall carry out a time-bound action plan acceptable to the Association for the strengthening of its financial management system for the Project in order to enable the Borrower, not later than June 30, 2001, or such later date as the Association shall agree, to prepare quarterly Project management reports, acceptable to the Association, each of which:

- (i) (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report, and (B) shows separately expenditures financed out of the proceeds of the Credit during the period covered by said report and expenditures proposed to be financed out of the proceeds of the Credit during the six-month period following the period covered by said report;
- (ii) (A) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and (B) explains variances between the actual and previously forecast implementation targets; and
- (iii) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Credit, as at the end of the period covered by said report.

(b) Upon completion of the action plan referred to in paragraph (a) of this Section, the Borrower shall prepare, in accordance with guidelines acceptable to the Association, and furnish to the Association not later than 45 days after the end of each calendar quarter a Project Management Report for such period.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional events are specified:

(a) The Recipient shall have failed to perform any of its obligations under the GEF Grant Agreement.

- (b) (i) Subject to subparagraph (ii) of this paragraph, the right of the Borrower to withdraw the proceeds of the DFID Grant shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the DFID Grant Agreement.
- (ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that: (A) such suspension, cancellation or termination is not caused by the failure of the Borrower to perform any of its obligations under the DFID Grant Agreement; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01(h) of the General Conditions, the following additional event is specified, namely that the event specified in paragraph (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following event is specified as an additional condition to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions, namely, that all conditions precedent to the effectiveness of the DFID Grant Agreement (other than the effectiveness of this Agreement) have been fulfilled.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Secretary, or any Additional Secretary, Joint Secretary, Joint Chief, Deputy Secretary, Deputy Chief, Senior Assistant Secretary, Assistant Secretary, Assistant Chief of the Economic Relations Division of the Ministry of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Economic Relations Division
Ministry of Finance
Government of the People's Republic of Bangladesh
Dhaka, Bangladesh

Cable address:

BAHIRSAMPAD
Dhaka

Telex:

642226 SETU BJ
672796 SETU BJ

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INDEVAS
Washington, D.C.

Telex:

248423 (MCI) or
64145 (MCI)

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

PEOPLE'S REPUBLIC OF BANGLADESH

By /s/ A.K.M. Masihur Rahman

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Frederick T. Temple

Country Director Bangladesh

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 Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works		85%
(a) for DOF and LGED (excluding Part A. 4)	4,300,000	
(b) for BWDB	5,110,000	
(2) Goods		100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80% of local expenditures for other items procured locally
(a) for DOF and LGED	2,540,000	
(b) for BWDB	80,000	
(3) Fingerlings	2,240,000	100% of expenditures excluding expenditures financed by local communities in accordance with paragraph 6(a)(ii) of Schedule 4
(4) Incremental staff salaries and operating costs of DOF	3,680,000	100% in FY 2000; 80% in FY 2001; 60% in FY 2002; and 40% thereafter
(5) Consultants' services including private auditors		100%
(a) for DOF and LGED	660,000	
(b) for BWDB	220,000	
(6) Unallocated	1,770,000	
TOTAL	20,600,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; and

(c) the term "incremental staff salaries and operating costs" means the cost of additional personnel engaged exclusively for purposes of the Project, and the cost of operation and maintenance of offices, vehicles and equipment procured for purposes of the Project.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures: (a) for goods and works under contracts costing less than \$200,000 equivalent each; (b) for consultants' services under contracts not exceeding the equivalent of \$100,000 each, in the case of firms, and \$50,000 in the case of individuals; and (c) under Categories 3 and 4, under such terms and conditions as the Association shall specify by notice to the Borrower.

Description of the Project

The objective of the Project is to support sustainable growth in and equitable distribution of the benefits generated from increased fish and shrimp production for domestic consumption and exports.

The Project will contribute to poverty alleviation in Bangladesh by improving the livelihoods of poor people dependent on fisheries resources. In addition, while not directly monitored under the Project, the increased production will have important nutritional and health benefits, particularly for the poor since fish contributes about 60% of animal protein in their diet.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A: Community-based Inland Open-water Fisheries Management:

1. Stocking, by local fishing communities, with assistance of DOF and NGOs, of about 60,000 ha of floodplains of about 3,000 ha maximum size (and one larger floodplain) with fingerlings, including training of the fishing communities to manage the floodplains in a sustainable manner.
2. Construction, by BWDB with assistance of DOF, local fishing communities and NGOs, of about eight pilot fish passes and modifications of about five existing sluice gates into structures that facilitate fish migration.
3. Restoration (channel and beel re-excavation), by LGED, with assistance of DOF, local fishing communities and NGOs, of ten fish habitats.
4. Establishment, by DOF with assistance of local fishing communities and NGOs, of about 50 aquatic sanctuaries.

Part B: Coastal Shrimp Aquaculture

1. Completion of construction, by BWDB, with assistance of DOF, local communities and NGOs, in four shrimp polders started under Third Fisheries Project of improved polder embankments, sluices, and foot bridges over water channels, and training of the community to manage shrimp production in an environmentally and socially appropriate manner, and assistance in organizing the community to maintain the infrastructure.
2. Construction, by BWDB with assistance of DOF, local communities and NGOs, in one new shrimp polder of improved polder embankments, sluices and foot bridges over water channels, and training of the community to manage shrimp production in an environmentally and socially appropriate manner, and assistance in organizing the community to maintain the infrastructure.
3. Improvements, by DOF with assistance of consultants and NGOs, in shrimp fry collection methods.

Part C: Freshwater Aquaculture Extension and Training

Carrying out of freshwater aquaculture extension and training, by DOF, with NGOs and private sector assistance, in about 30 districts covering 200 thanas of 8,000 villages.

Part D: Aquatic Resources Development, Management and Conservation Studies

1. Preparation and implementation, by DOF with assistance of BFRI and consultants, of hilsa management development plan outlining technical, ecological, legal and institutional activities that need to be implemented to sustain the hilsa fishery.
2. Carrying out aquatic resources development, management, and conservation studies including assessment of ecosystem integrity and sustainability within the context of large-scale water projects, monitoring of floodplain fisheries productivity and biological and genetic diversity, evaluation of dynamics of introduced exotic species and impacts upon native biodiversity, and evaluation of impact of shrimp seed collection on coastal biodiversity and fisheries productivity.
3. Carrying out studies to monitor the effects of the Project on fisheries resources.
4. Carrying out studies to consider future opportunities for aquaculture and

fisheries development and prepare project proposals for future consideration.

Part E: Institutional Support to DOF and Training of NGOs

1. Provision of technical assistance to DOF for project management, on-the-job, in-service, and overseas training, particularly in economics, social development, community development, and participation skills.
2. Provision of technical assistance in the areas of community management, fisheries socio-economics, fisheries resources management, training (for DOF staff and NGOs) and extension for freshwater and shrimp aquaculture, monitoring and evaluation, financial management, institutional development, and training management.
3. Strengthening of DOF through the financing of incremental costs for office and field equipment, vehicles, staff, and operation of Project facilities.
4. Strengthening of DOF through carrying out of civil works for construction of ten new District Fisheries Offices in districts that lack these buildings.
5. Strengthening of DOF through carrying out of civil works for rehabilitation of DOF facilities (including Fish Seed Multiplication Farms and Fisheries Training Centers) damaged by the 1998 floods.

* * *

The Project is expected to be completed by June 30, 2004.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: General

Goods and works shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996 and September 1997 and January 1999 (the Guidelines), and the following provisions of Section I of this Schedule.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.
2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

Preference for Domestically Manufactured Goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Other Procurement Procedures

1. National Competitive Bidding

(a) Goods estimated to cost less than \$200,000 equivalent per contract, up to an aggregate amount not to exceed \$4,000,000 equivalent, and all civil works may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(b) The provisions under the following subparagraph (c) shall apply to goods and works to be procured under contracts awarded in accordance with the provisions of subparagraph (a) of this paragraph 1.

(c) Improvement of Bidding Procedures

In order to ensure economy, efficiency, transparency and broad consistency with the provisions of Section 1 of the Guidelines:

- (i) invitations to bid shall be advertised in at least one widely circulated national daily newspaper, at least 30 days prior to the deadline for the submission of bids;
- (ii) bid documents shall be made available, by mail or in person, to all who are willing to pay the required fee;
- (iii) evaluation of bids shall be made in strict adherence to the criteria disclosed in the bidding documents, in a format and specified period agreed by the Association;
- (iv) bids shall be opened in public in one place, immediately after the deadline for submission of bids;
- (v) foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders;
- (vi) qualification criteria (in case pre-qualification was not carried out) shall be stated in the bidding documents, and, if a registration process is required, a foreign firm declared as the lowest evaluated bidder shall be given a reasonable opportunity of registering, without let or hindrance;
- (vii) contracts shall be awarded to the lowest evaluated bidders;
- (viii) post bidding negotiations shall not be allowed with the lowest evaluated or any other bidders;
- (xix) bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the Association;
- (x) re-bidding shall not be carried out without the Association's prior concurrence;
- (xi) all bidders/contractors shall provide bid/performance security as indicated in the bidding/contract documents;
- (xii) a bidder's Bid Security shall apply only to a specific bid, and a contractor's performance security shall apply only to the specific contract under which it was furnished;
- (xiii) bids shall not be invited on the basis of percentage premium or discount over the estimated cost;
- (xiv) extension of bid validity shall not be allowed unless justified by exceptional circumstances; and
- (xv) there shall not be any restrictions on the means of delivery of the bids.

2. International or National Shopping

Goods estimated to cost less than \$20,000 equivalent per contract, up to an aggregate amount not to exceed \$100,000 equivalent, may be procured under contracts awarded on the basis of international/national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Community Participation

Fingerlings shall be procured in accordance with procedures acceptable to the Association.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall

be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

With respect to the first two contracts for civil works and the first two contracts for goods for each of the three Implementing Agencies, and thereafter each contract for works or goods estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997 and January 1999 (the Consultant Guidelines), and the following provisions of Section II of this Schedule.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provision shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph: the short list of consultants for services for the Project, estimated to cost less than \$200,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Least-cost Selection

Services for auditing may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.01 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part D: Review by the Association of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 1, 2 and (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

SCHEDULE 4

Implementation Program

1. The Borrower shall promptly establish and maintain until completion of the Project a Project Management Unit with powers, functions and composition satisfactory to the Association.

2. The Borrower shall maintain until completion of the Project a Project Steering Committee comprising NGO, private sector, and public sector representatives under the chairmanship of the Secretary, Ministry of Fisheries and Livestock, to guide the Project during implementation.

3. The Borrower shall cause the Ministry of Land (MOL) to:

(a) transfer management of jalmohals in floodplains selected to be supported under the Project to DOF for a period of seven years from the date of selection for Project support. DOF to transfer the management of fisheries to fishing communities for the same length of time;

(b) transfer fisheries management of rivers, channels and beels selected for fish habitat restoration to DOF for seven years from the date of selection for Project support. DOF to put the habitats under community-based management, also for the same length of time; and

(c) not renew leases to canals in polders proposed to be taken up for shrimp development under the Project, and take all action necessary on its part to ensure that Parts B.1 and 2 of the Project are carried out only in areas where leases have expired and have not been renewed.

4. The Borrower shall cause the Ministry of Water Resources to:

(a) permit construction of fish passes and modification to selected existing sluice gates on existing embankments to make them more suitable for fish migration; and

(b) allow borrow pits developed under the Project to be leased through DOF to groups of poor fishing families for a period of seven years.

5. The Borrower shall cause DOF and BWDB to ensure that any civil works, other than DOF facilities, will be preceded by agreement with the community involving them in the design concepts, site selection, general supervision of implementation work, and operation and maintenance.

6. The Borrower shall take reasonable action to:

(a) ensure that Beneficiaries under Part A 1 of the Project:

(i) pay gear-based fishing licensing fees sufficient to cover DOF lease payment to the Ministry of Land for jalmohals in floodplains transferred to DOF according to paragraph 3 of this Schedule; and

(ii) contribute their share of fingerling stocking as follows:

(A) 10% of the cost of fingerlings (up to a maximum of 10 kg/ha) in the first year of floodplain stocking;

(B) 40% of the cost of fingerlings (up to a maximum of 10 kg/ha) in the second year of floodplain stocking;

- (C) 70% of the cost of fingerlings (up to a maximum of 10 kg/ha) in the third year of floodplain stocking;
- (D) 100% thereafter; and
- (E) 100% of any costs of fingerling stocking above 10 kg/ha.

(b) ensure that Beneficiaries under Parts A. 2 and 3 of the Project pay gear-based fishing licensing fees sufficient to cover estimated average annual operations and maintenance of these facilities.

7. The Borrower shall take reasonable action to ensure that stocking under Part A. 1 of the Project will be with indigenous species only unless the results of studies under Part D. 2 of the Project demonstrate to the satisfaction of the Association that use of exotic species is not harmful to biodiversity.

8. The Borrower shall ensure that the Implementing Agencies use criteria satisfactory to the Association for selecting sites for Part A of the Project.

9. The Borrower shall cause DOF, with respect to Part A 1 of the Project, to ensure that:

(a) the floodplains for the first year's stocking are selected from among those stocked under the Third Fisheries Project where baseline data for monitoring exist and that an NGO will be involved with each community for at least 6 months in advance of the stocking date; and

(b) for new floodplains, a full year monitoring and NGO assistance will be conducted and provided, respectively, in advance of stocking.

10. The Borrower shall ensure that a full feasibility study, including economic, financial, technical, social, environmental, and community organizational aspects is carried out before commencing civil works in Parts B. 1 and 2 of the Project.

11. The Borrower shall cause BWDB to employ engineering firms to handle the design of civil works, assist in evaluation of bids, and supervise construction under Parts B. 1 and 2 of the Project.

12. The Borrower shall ensure that Fish Seed Multiplication Farms to be rehabilitated under the Project shall only be used for the purposes of developing improved brood stock of the major fishes artificially propagated in the country and not for seed multiplication for commercial purposes.

13. The Borrower shall carry out any land acquisition under the Project in accordance with policies and procedures satisfactory to the Association.

14. The Borrower shall appoint by (i) March 31, 2001; and (ii) June 30, 2003, under terms and conditions satisfactory to the Association, qualified private firms to carry out by: (i) September 30, 2001; and (ii) December 31, 2003, respectively two independent performance evaluations including review of the financial management system and verification of procurement.

15. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Association, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about September 30, 2001, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association, by December 31, 2001, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the

matter.

SCHEDULE 5

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories 1(a), 2(a), 3, 4 and 5(a) set forth in the table in paragraph 1 of Schedule 1 to this Agreement in respect of DOF Special Account and Categories 1(b), 2(b) and 5(b) set forth in the table in paragraph 1 of Schedule 1 to this Agreement in respect of BWDB Special Account.

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means in respect of each Special Account, an amount equivalent to the dollar figure specified below for each such Special Account, to be withdrawn from the Credit Account and deposited into the respective Special Account pursuant to paragraph 3 (a) of this Schedule: (i) DOF Special Account, TK73,000,000; (ii) BWDB Special Account TK49,000,000, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to TK48,500,000 in respect of the DOF Special Account and an amount equivalent to TK32,000,000 in respect of the BWDB Special Account until (i) in respect of the DOF Special Account, the aggregate amount of withdrawals from the Credit Account allocated to Categories 1(a), 2 (a), 3, 4 and 5 (a) plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 3,000,000, and (ii) in respect of the BWDB Special Account, the aggregate amount of withdrawals from the Credit Account allocated to Categories 1 (b), 2 (b) and 5 (b) plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 2,000,000.

2. Payments out of the respective Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the respective Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the respective Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for deposit into the respective Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the respective Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the respective Special Account, the Borrower shall furnish to the Association requests for deposits into the respective Special Account at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the respective Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the respective Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the respective Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into any Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b)(ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Accounts;

(c) if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories for the respective Special Account, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the respective Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of any Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the respective Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into any Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in any Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Accounts.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

