

CONFORMED COPY

CREDIT NUMBER 2783-1 BD
(Amendment)

Agreement Amending Development Credit Agreement

(Coastal Embankment Rehabilitation Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 24, 1999

CREDIT NUMBER 2783-1 BD
(Amendment)

AGREEMENT AMENDING DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 24, 1999, 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 (Coastal Embankment Rehabilitation Project) dated November 21, 1995 (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 requested the Association to provide additional assistance towards the financing of the Project by increasing the amount made available under the Development Credit Agreement by an amount in various currencies equivalent to twelve million Special Drawing Rights (SDR 12,000,000); 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 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:

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

Agreement."

Section 1.02. Section 1.02 of the Development Credit Agreement is amended by (i) inserting in Subsection (e) after the words "listed in" the words "paragraphs 1 and 2 of", and (ii) deleting the "and" at the end of Subsection (o), substituting "; and" for "." at the end of Subsection (p) and adding a new Subsection (q) as follows:

"(q) 'Amending Agreement' means the agreement amending the Development Credit Agreement (Coastal Embankment Rehabilitation Project) between the Borrower and the Association, dated November 21, 1995."

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 forty-six million one hundred thousand Special Drawing Rights (SDR 46,100,000) in two tranches, the first tranche being an amount in various currencies equivalent to thirty-four million one hundred thousand Special Drawing Rights (SDR 34,100,000) (the First Tranche) and the second tranche being an amount in various currencies equivalent to twelve million Special Drawing Rights (SDR 12,000,000) (the Second Tranche)."

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

"(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 initially be charged against the First Tranche until that tranche has been exhausted, and shall thereafter be charged against the Second Tranche."

Section 1.05. A proviso is added at the end of Subsection 2.04 (b) (i) of the Development Credit Agreement reading as follows:

"; provided, however, that the commitment charge on the Second Tranche shall accrue from a date sixty (60) days after the date of the Amending Agreement."

Section 1.06. Schedule 1 to the Development Credit Agreement is amended to read as set forth in Schedule 1 to this Amending Agreement.

Section 1.07. Schedule 2 to the Development Credit Agreement is amended to read as set forth in Schedule 2 to this Amending Agreement.

Section 1.08. Schedule 3 to the Development Credit Agreement is amended to read as set forth in Schedule 3 to this Amending Agreement.

Section 1.09. Schedule 4 is amended to add a new Section F, paragraph 14, as follows:

"14. The Borrower shall ensure that works to be carried out under Part A.3 of the Project shall be selected in accordance with criteria and procedures agreed between the Borrower and the Association."

Section 1.10. Paragraph 1 of Schedule 5 is amended to read as follows:

"(a) the term "eligible categories" means Categories (1) through (6) set forth in paragraph 1 of Schedule 1 to this Agreement;"

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 the execution and delivery of this Amending Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action, and the Amending Agreement is legally binding upon the Borrower in accordance with its terms.

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

of this Amending Agreement, there shall be furnished to the Association an opinion or opinions satisfactory to the Association of counsel acceptable to the Association showing 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.

Section 2.03. This Amending Agreement shall come into force and effect on the date upon which the Association dispatches to the Borrower notice of its acceptance of the evidence required by Sections 2.01 and 2.02 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.

Section 2.05. This Amending Agreement supersedes the letter from the Association dated June 25, 1997 amending the Development Credit Agreement, and the provisions of said letter are hereby revoked as of the day this Amending Agreement comes into force and effect.

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 Dhaka, Bangladesh, as of the day and year first above written.

PEOPLE'S REPUBLIC OF BANGLADESH

By /s/ Masihur Rahman

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Frederick T. Temple

Country Director, Bangladesh

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

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 (other than canal excavation) and construction materials	33,890,000	90%
(2) (a) Equipment and vehicles (other than motorcycles and bicycles for field staff)	310,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 70% of local

			expenditures for other items procured locally
(b)	Motorcycles and bicycles for field staff	40,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 70% of local expenditures for other items procured locally
(3)	BWDB engineering and administration costs	1,710,000	100%
(4)	Surveys under Part F.1 of the Project	230,000	90%
(5)	Operation and maintenance costs	2,550,000	85% through FY 1999, 65% in FY 2000 and FY 2001, and 45% thereafter
(6)	Consultants' services		100%
(a)	Under Part F.2 of the Project	3,000,000	
(b)	Under Parts B, C and D of the Project	950,000	
(7)	Unallocated	3,420,000	
	TOTAL	46,100,000	

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;

(c) the term "BWDB engineering and administration costs" means the costs incurred by BWDB after the date of this agreement and which are attributable to the implementation of the works to be carried out under Parts A.1 and A.2 of the Project, calculated as a percentage of the costs of such works on a basis acceptable to the Association; and

(d) the term "operation and maintenance costs" means the costs incurred after the date of this agreement on account of salaries, wages and contractual services for operation and maintenance of embankments in the polders included in the Project Area and associated drainage structures and channels, including work carried out by Force Account, but excluding works under Part A.3 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 civil works contracts costing less than the equivalent of US\$150,000 each and contracts for vehicles and equipment costing less than the equivalent of \$100,000 each, (b) for consultants' services under contracts not exceeding the equivalent of \$100,000, in the case of firms, and \$50,000 in the case of individuals, and (c) under categories (3), (4) and (5), under such terms and conditions as the Association shall specify by notice to the

Borrower.

5. All withdrawal applications under Category (1) of this Schedule shall include a certification by the consultants retained under the Project of the quantity and quality of the work performed.

SCHEDULE 2

Description of the Project

The objectives of the Project are to provide improved cyclone protection and increase agricultural production in the Project Area, through the carrying out of rehabilitation and improvement works on eleven sea-facing embankments and of complementary programs to improve the functioning of the polders where such works are being carried out and ten additional polders for which sea-facing embankment repairs are taking place under other financing arrangements. In addition, the Project will include emergency repairs to embankments damaged in the May 1997 cyclone, and studies and erosion control trials to prepare a proposed project for further improvements of coastal embankments.

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: Civil Works

Carrying out of a program of civil works during the period ending December 31, 2000, consisting of the following:

1. Major rehabilitation and improvement works on sea-facing embankments in the polders listed in paragraph 1 of the Attachment hereto, including major resectioning of about 65 km of embankment, retirement of about 73 km of embankment, replacement or construction of about 44 drainage structures in areas of major embankment repair, and repair or construction of about 11 km of protection works.

2. Minor rehabilitation and improvement works in the polders listed in paragraph 3 of the Attachment hereto, including minor embankment repairs (mainly on the non-coastal sections) and re-excavation of drainage canals.

3. (i) Emergency works in the polders listed in paragraph 1 of the Attachment hereto, including temporary closing of breaches in embankments up to normal high tide level, temporary protection of damaged embankments and repairs of regulators in the embankments.

(ii) Emergency works in the polders listed in paragraphs 2 and 4 of the Attachment hereto, including temporary closing of breaches in embankments up to normal high tide level, temporary protection of damaged embankments and repairs of regulators in the embankments. 4. Construction of experimental low-cost erosion control structures along the Meghna Estuary.

Part B: Afforestation

1. Planting and maintenance of trees and other vegetation on embankment slopes (about 1,700 hectares) and provision of fertilizers and pesticides for the first three years of afforestation.

2. Planting and maintenance of trees on about 2,800 ha of embankment foreshore.

3. Establishment and operation of nurseries to provide seedlings for the embankment and foreshore afforestation programs described in Parts B.1 and B.2 above.

Part C: Operation and Maintenance

Designing and implementation of improved operation and maintenance systems for the embankments and associated drainage gates and canals in the Project Area.

Part D: Resettlement

Carrying out of a program of resettlement of Project Affected Persons.

Part E: Environmental Measures

Carrying out of environmental monitoring of the Project and provision of mitigating measures, if needed.

Part F: Surveys, Investigations, Studies and Training

Carrying out of:

1. Surveys, during the period ending December 31, 2000, for minor civil works construction.
2. Studies for the preparation of a proposed project for further improvements of coastal polders and ancillary activities such as, for example, afforestation and improved operation and maintenance.
3. Activities to coordinate agricultural development programs being implemented in the Project Area by the Borrower and NGOs with the progress of physical infrastructure improvement under the Project.
4. Training of staff of implementing agencies, participating NGOs and community participants in maintenance of embankments, afforestation development and environmental management.

* * *

The Project is expected to be completed by June 30, 2002.

Attachment A to Schedule 2

Project Areas

1. The following are the names and numbers of polders where Parts A.1 and B through F of the Project shall be carried out. In addition, Part A.3 shall be carried out in polders g through k of this list.

- | | | |
|----|-------------|----------------|
| a. | Sharankhola | (P 35/1) |
| b. | Pathergatha | (P 40/2) |
| c. | Kuakata | (P 48) |
| d. | Ramgati | (P 59/2) |
| e. | Sudharam | (P 59/3B) |
| f. | Companiganj | (P 59/3C) |
| g. | Kurushkul | (P 66/1) |
| h. | Teknaf | (P 68) |
| i. | Matherbari | (P 70) |
| j. | Sandwip | (P 72) |
| k. | Hatiya | (P 73/1A & 1B) |

2. The following are the names and numbers of polders where Parts A.3 and B through F of the Project shall be carried out:

- | | | |
|----|--------------|-----------|
| a. | Sonagazi | (P 61/1) |
| b. | Patenga | (P 62) |
| c. | Chakoria | (P 64/2B) |
| d. | Moheskhali | (P 69) |
| e. | Kutubdia | (P 71) |
| f. | Sitakundu | (P 61/1) |
| g. | Bashkhali | (P 64/1A) |
| h. | Chanua | (P 64/1C) |
| i. | Cox's Bazaar | (P 66/3) |
| j. | Anowara | (P 63/1A) |

3. In addition, Part A.2 shall be carried out in polder g of paragraph 1 and polder c of paragraph 2.

4. The following are the names and numbers of polders outside the Project Area where emergency repairs under Part A.3 of the Project shall be carried out:

- | | | |
|----|--------|------------|
| a. | Pekua | (P 65/A-3) |
| b. | Pekua | (P 65/A-1) |
| c. | -- | (P 66/4) |
| d. | Teknaf | (P 67/A) |
| e. | Teknaf | (P 67) |

f.	Dhalghata	(P 70)
g.	Pekua	(P 65)
h.	Pekua	(P 65/A)
i.	Chakoria	(P 64/2A)
j.	Mirersari	(P 61/2)
k.	Anowara	(P 63/1B)
l.	Bashkhali	(P 64/2A)
m.	Magurkhali	(P 17/1)
n.	Aplia	(P 17/2)
o.	Shevna	(P 26)
p.	Dumuria	(P 27/1)
q.	Sharafpur	(P 29)
r.	Jalna	(P 28/2)
s.	Batiaghata	(P 31)
t.	Dakob	(P 32)
u.	Barishanta	(P 33)
v.	Ramuri	(P 9)
w.	Amadi	(P 10/12)
x.	Paikgacha	(P 16)
y.	Lata	(P 18/19)
z.	Shaldona	(P 23)
aa.	Deluti	(P 20)
bb.	Choto Deluti	(P 20/1)
cc.	Gongarampur	(P 30)
dd.	Gabura	(P 15)
ee.	Sundarban	(P 5)
ff.	Nalta	(P 3)
gg.	Shimanta	(P 1)
hh.	Satkhira-Ashasuni	(P 2)
ii.	Ashasuni	(P 4)
jj.	Satkhira	(P 6/A)
kk.	Padma-Pukur	(P 7/1)
ll.	Manipur	(P 7/2)
mm.	Kaira	(P 13-14/2)
nn.	Bandakandi	(P 14/1)
oo.	Bagerhat	(P 34/1)
pp.	Satgambuj	(P 34/3)
qq.	Mollikerbari	(P 35/3)
rr.	Molla Hat-Chitolmari	(P 36/1)
ss.	Jokhali	(P 34/2)
tt.	--	(P 66/2)
uu.	--	(P 67)
vv.	--	(P 64/1B)
ww.	--	(P 65/A-3)
xx.	--	(P 65/A-1)

5. Part F.2 may be carried out in all of the Borrower's territory.

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 (the Guidelines) and the following provisions of this Schedule, as applicable.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Schedule, works 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 works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Prequalification

Bidders shall be prequalified in accordance with the provisions of paragraphs 2.9 and 2.10 of the Guidelines.

(b) Preference for domestic contractors

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to works to be carried out by domestic contractors.

Part C: Other Procurement Procedures

1. National Competitive Bidding

(a) Works under Part A.2 and A.4 of the Project (except for the structures on the sea-facing embankments in Chakoria polder) and vehicles and equipment (except those provided for in paragraph 2 of this Part C) and construction materials for Part A.4 may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines. Such works shall be offered only to domestic contractors of Class A registration or foreign contractors meeting equivalent standards. Each work shall be grouped to provide a minimum contract size of \$150,000 equivalent. Bidders on contracts for structures shall be prequalified.

(b) Works under Part A.3 (ii) of the Project may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines. In the case of contracts estimated to cost \$150,000 equivalent or more, such works shall be offered only to domestic contractors of Class A registration or foreign contractors. In the case of contracts estimated to cost less than \$150,000 equivalent, such works may be offered to domestic contractors of Class A or Class B registration or foreign contractors.

2. International or National Shopping

Vehicles and equipment estimated to cost \$50,000 equivalent or less per contract and \$200,000 equivalent or less in the aggregate, may be procured under contracts awarded on the basis of international or national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Force Account

All operational works and emergency works following storms or floods under Part C of the Project, repairs of regulators under Part A.3 of the Project and surveys and studies under Part F.1 of the Project, which meet the requirements of paragraph 3.8 of the Guidelines, and, in the case of the emergency works, costing \$25,000 equivalent or less per package and \$500,000 equivalent or less in the aggregate, may be carried out by force account in accordance with the provisions of said paragraph of the Guidelines.

4. Community Participation

(a) Works required for routine maintenance under Part C of the Project may be carried out through community participation in accordance with procedures acceptable to the Association.

(b) Works required for periodic maintenance and emergency repairs under Part C of the Project other than those provided for in paragraph 3 of this Part C may be carried out through community participation or under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

5. Direct Contracting

Specialized works for the construction and installation of experimental erosion control structures under Part A 4 of the Project estimated to cost \$300,000 equivalent or less in the aggregate may, with the prior approval of the Association, be awarded to a firm which has been previously engaged in similar pilot schemes in accordance with paragraph 3.7 of the Guidelines.

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 each contract for works estimated to cost the equivalent of \$150,000 or more and each contract for vehicles and equipment estimated to cost the equivalent of \$100,000 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 (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 provisions 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 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. Single Source Selection

(a) Extension of contracts for international consultants previously financed under the EC Grant as well as new contracts for such consultants estimated to cost \$4,500,000 equivalent or less in the aggregate, and (b) services of NGOs or local consultants previously financed under the EC Grant as well as new contracts for the services of such NGOs or local consultants, estimated to cost the equivalent of \$500,000 or less per contract, up to an aggregate amount not to exceed the equivalent of \$1,300,000 may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

2. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 and 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 estimated to cost the equivalent of

\$200,000 or more, and all contracts with NGOs to carry out the services referred to in paragraph 10 of Schedule 4 of this Agreement the procedures set forth in paragraphs 1, 2 (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 estimated to cost the equivalent of \$100,000 or more, but less than the equivalent of \$200,000, the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2 (a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(c) 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 said approval shall have been given.

3. Post Review

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

