Agreement Amending
RS Project Agreement

(Forest Development and Conservation Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

REPUBLIKA SRPSKA

Dated August 31, 2007
AGREEMENT AMENDING
RS PROJECT AGREEMENT

AGREEMENT, dated August 31, 2007, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and Agreement Amending Republika Srpska Project Agreement (the Republika Srpska).

WHEREAS (A) BOSNIA AND HERZEGOVINA (the Borrower) and the Association have entered into a Development Credit Agreement (Forest and Development and Conservation 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 the Republika Srpska and entered into a Subsidiary Credit Agreement (the Subsidiary Credit Agreement) for that purpose;

(C) the Association and the 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 two million three hundred thousand Special Drawing Rights (SDR 2,300,000);

(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 two million three hundred thousand Special Drawing Rights (SDR 2,300,000) (the Additional Financing), on the terms and conditions set forth in the aforementioned Agreement; and

WHEREAS the 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 is amended to read as follows:

“Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works 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.”

Section 1.02. A new paragraph 4 is added to Schedule 1 (Implementation Program) to read as follows:

“4. The Republika Srpska shall ensure that its Ministry of Agriculture, Forestry and Water Resource Management, no later than February 28, 2008: (i) initiates the process of hiring at least two members of staff to be responsible for maintaining the state forestry inventory and forest management information systems; and (ii) promptly provides the necessary financial resources required to maintain the staff.”

Section 1.03. Section 1 of Schedule 2 (Procurement) of the Project Agreement is amended as follows:

“Section I. Procurement of Goods and Works

Part A: General

1. 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, September 1997 and January 1999 (the Guidelines) and the provisions of the following Parts of this Section I.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and 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 goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.
(a) **Grouping of contracts**

To the extent practicable, contracts for office equipment shall be grouped in bid packages estimated to cost $100,000 equivalent or more each.

(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. **International Shopping**

   Goods estimated to cost less than $100,000 equivalent per contract may be procured under contracts awarded on the basis of international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

2. **National Shopping**

   Goods estimated to cost less than $50,000 equivalent per contract may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. **National Competitive Bidding**

   Works estimated to cost less than $100,000 per contract may be procured in accordance National Competitive Bidding, subject to the following additional provisions:

   (a) **Registration**

      (i) Bidding shall not be restricted to pre-registered firms;

      (ii) Where registration is required, bidders: (1) shall be allowed a reasonable time to complete the registration process; and (2) shall not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification; and

      (iii) Foreign bidders shall not be precluded from bidding. If a registration process is required, a foreign bidder declared the lowest evaluated bidder shall be given a reasonable opportunity to register.
(b) Advertising

Invitations to bid shall be advertised in at least one (1) widely circulated national daily newspaper allowing a minimum of twenty one (21) days for the preparation and submission of bids.

(c) Pre-qualification

When pre-qualification shall be required for large or complex works, invitations to pre-qualify for bidding shall be advertised in at least one (1) widely circulated national daily newspaper a minimum of thirty (30) days prior to the deadline for the submission of pre-qualification applications. Minimum experience, and technical and financial requirements, shall be explicitly stated in the pre-qualification documents.

(d) Participation by Government-owned enterprises

Government-owned enterprises in Bosnia and Herzegovina, including those in the Federation and Republika Srpska, shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the contracting authority. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

(e) Bidding Documents

Procuring entities shall use the appropriate standard bidding documents for the procurement of goods, works or services, acceptable to the Association.

(f) Bid Opening and Bid Evaluation

(i) Bids shall be opened in public, immediately after the deadline for submission of bids.

(ii) Evaluation of bids shall be made in strict adherence to the monetarily quantifiable criteria declared in the bidding documents.

(iii) Contracts shall be awarded to the qualified bidder having submitted the lowest-evaluated, substantially responsive bid and no negotiation shall take place.
(g) **Price Adjustment**

Civil works contracts of long duration (more than eighteen (18) months) shall contain an appropriate price adjustment clause.

(h) **Rejection of Bids**

(i) All bids shall not be rejected and new bids solicited without the Association’s prior concurrence.

(ii) When the number of bids received is less than three, re-bidding shall not be carried out without the Association’s prior concurrence.

The Association’s Europe and Central Asia Regional Sample Bidding Documents, modified as acceptable to the Association, shall be used.

Part D: Review by the Association of Procurement Decisions

1. **Procurement Planning**

   Prior to the issuance of any invitations 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**

   (a) With respect to each contract to be procured in accordance with the provisions of Part B of Section I of this Schedule 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.

   (b) With respect to: (i) each contract to be procured in accordance with the provision of Part C.1 of Section I of this Schedule estimated to cost less than $100,000; and (ii) the first three contracts to be procured in accordance with the procedures referred in Part C.3 of Section I of this Schedule, the following procedures shall apply:

   (i) prior to the execution of any contract, the Borrower shall provide to the Association a report on the comparison and evaluation of quotations/bids received;
prior to the execution of any contract procured, the Borrower shall provide to the Association a copy of the specifications and the draft contract; and

(iii) the procedures set forth in paragraphs 2 (f), 2 (g) 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.”

**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 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 /s/ Marco Mantovanelli
Authorized Representative

**REPUBLICA SRPSKA**

By /s/ Aleksandar Dzombic
Authorized Representative