Senior Secretary Mohammad Mejhahuddin  
Economic Relations Division  
Ministry of Finance  
Block 8, Room No. 3  
Sher-e Bangla Nagar  
Dhaka, Bangladesh

Dear Senior Secretary Mejbahuddin:

Second Rural Transport Improvement Project (Credit No. 5107 - BD)  
Amendment to the Financing Agreement

We refer to the Financing Agreement dated October 23, 2012, between the People’s Republic of Bangladesh (the Recipient) and the International Development Association (the Association) related to the above-mentioned Project.

We also referred to the Mid Term Review Mission held on December 17-27, 2015, in which the Recipient and the Association agreed on the need of restructuring the Project in order to adjust results indicators and end-targets of physical sub-components. Therefore, the Association proposes the following changes to the Financing Agreement:

1. Schedule 1 (Project Description) shall be replaced by the Attachment No.1 to this Amendment Letter.

2. Section II.A.1 (Project Reports) of Schedule 2 shall be amended as follows:

   “1.  
   (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. Each Project Report shall cover the period of one (1) fiscal quarter, and shall be furnished to the Association not later than fifteen (15) days after the end of the period covered by such report.

   (b) Notwithstanding the provisions of sub-paragraph (a) above and except as the Association shall otherwise agree, the Recipient shall prepare monthly reports indicating the progress of Project activities and any issues arising in relation thereto. Each monthly report shall be furnished to the Association not later than the fifteenth day of the month following the month covered by such report.”
(3) The revised Project indicators, including the results framework, shall be the ones set forth in the Attachment No. 2 of this Amendment Letter.

Except as specifically amended by this Amendment Letter, all other provisions of the above-mentioned legal agreements shall remain unchanged, in full force and effect.

The Association will disclose this Amendment Letter and related information in accordance with the World Bank’s Policy on Access to Information. The Recipient hereby consents to such disclosure.

Please confirm your acceptance to the foregoing by signing and dating the two originals, retaining one original for your records and returning the other original to the Association. Upon receipt by the Association of the original Amendment Letter countersigned by you, in a manner satisfactory to the Association, this Amendment Letter will become effective as of the date of its countersignature.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By Rajashree Paralkar
Acting Country Director
Bangladesh

AGREED:

PEOPLE’S REPUBLIC OF BANGLADESH

Authorized Representative

Name: Kazi Shofiqul Azam
Title: Additional Secretary
Economic Relations Division
Ministry of Finance
Govt. of the People’s Republic of Bangladesh
Date: 22.11.2016
Attachment No. 1

Project Description

The objectives of the Project are to improve rural accessibility in Project areas (twenty-six Project districts) and strengthen institutional capacity for sustainable rural road maintenance.

The Project consists of the following parts:

Part A. Accessibility Improvement

1. Improvement of about four hundred fifty (450) kilometers of *Upazila* roads and about three hundred seventy (370) kilometers of Union Parishad roads in twenty-six Project districts through the upgrade of earthen roads to paved roads, including appropriate road safety measures, the acquisition of land for *Upazila* roads, road safety activities and activities by women’s groups.

2. (a) Rehabilitation and periodic maintenance of about four thousand (4,000) kilometers of *Upazila* and Union Parishad roads in twenty-six Project districts, including appropriate road safety measures; and (b) maintenance of about four hundred twenty-eight (428) kilometers of *Upazila* and Union Parishad roads over a period of five (5) years through performance-based maintenance contracts.

3. (a) Pilot of low-cost dredging of two rural waterways; (b) support for removal of temporarily constructed earthen bunds across waterways; (c) carrying out of protection works at erosion-prone and vulnerable points along bank lines; and (d) installation of navigational aids to enhance safety.

4. Construction of river jetties at about ten (10) locations.

5. Improvement and development of about thirty-three (33) growth center markets, including strengthening the management and operation of the growth center market committees.

6. Project supervision and monitoring.

Part B. Institutional Strengthening, Capacity Building and Governance Enhancement

1. Support to the implementation of the LGED Management Improvement Plan, including strategic enhancements in LGED’s capacity, effectiveness, governance and accountability in: (a) maintenance management (policy, planning and operations); (b) planning, design and quality management; (c) environmental and social impact management; (d) performance management, including monitoring and evaluation; (e) information and communications technology-management information systems technology, facilities and capacity building; and (f) training and human resource development capacity.

2. Strengthening of the capacity of LGED for Project performance monitoring and management, including performance audits and socio-economic and monitoring surveys.

Part C. Rural Transport Safety

Provision of technical assistance and advisory services to: (a) strengthen road safety capacity of LGED and the central road safety unit within LGED; (b) upgrade LGED design standards, codes,
and practices in road safety engineering; (c) develop a comprehensive road safety training program for LGED, including rural road safety engineering, road safety auditing, monitoring and evaluation, safety during road works and other key aspects; (d) improve rural road accident data collection process, database and analysis capacity through piloting local accident data collection at the Upazila and Union levels in eight districts; and (e) provide training for representatives of local government entities and communities, traffic police, school teachers, members of the rural rickshaw drivers’ associations and other local road transport operators, and local-level works contractors, and associated advocacy, monitoring and survey activities in the concerned Project districts.

Part D. Contingent Emergency Response

Support to emergency response and reconstruction during emergencies or crises.
Results Framework

**Project Development Objective:** To improve rural accessibility in project areas (covering 26 districts) and strengthen institutional capacity for sustainable rural road maintenance

### Project Development Objective Indicators

<table>
<thead>
<tr>
<th>Indicator Name</th>
<th>Core</th>
<th>Unit of Measure</th>
<th>Baseline</th>
<th>Cumulative Target Values</th>
<th>Frequency</th>
<th>Data Source /Methodology</th>
<th>Responsibility for Data Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in population living within 2 km of all season upazila and union roads improved under RTIP II in 26 project districts</td>
<td></td>
<td>Percentage</td>
<td>0%</td>
<td>-</td>
<td>-</td>
<td>Baseline, mid-term and at the end of the project</td>
<td>LGED</td>
</tr>
<tr>
<td>Increase of upazila and union roads under RPM and PBMC sub-components of RTIP II in good condition (IRI below 7) in 26 project districts (4,428 km of paved roads)</td>
<td></td>
<td>Percentage</td>
<td>0%</td>
<td>40%</td>
<td>80%</td>
<td>Baseline, mid-term, and end of project</td>
<td>Surveys on road conditions</td>
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<tr>
<td>Indicator Name</td>
<td>Core</td>
<td>Unit of Measure</td>
<td>Baseline</td>
<td>Cumulative Target Values</td>
<td>Frequency</td>
<td>Data Source /Methodology</td>
<td>Responsibility for Data Collection</td>
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<td>-------------------------------------------------------------------------------</td>
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<tr>
<td>Increase in level of satisfaction from road users in the project influence area</td>
<td></td>
<td>Percentage</td>
<td>0%</td>
<td>-</td>
<td>3%</td>
<td>Baseline, mid-term, and end of project</td>
<td>LGED</td>
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<tr>
<td>Increase in maintenance budget needs met for the rural roads</td>
<td></td>
<td>Percentage</td>
<td>0%</td>
<td>1%</td>
<td>9%</td>
<td>Every year</td>
<td>Budget reports</td>
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</table>

**Intermediate Results Indicators**

<table>
<thead>
<tr>
<th>Indicator Name</th>
<th>Core</th>
<th>Unit of Measure</th>
<th>Baseline</th>
<th>Cumulative Target Values</th>
<th>Frequency</th>
<th>Data Source /Methodology</th>
<th>Responsibility for Data Collection</th>
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<tbody>
<tr>
<td>Accessibility Improvement Component</td>
<td></td>
<td>Km</td>
<td>0</td>
<td>-</td>
<td>(i) 14</td>
<td>Baseline, mid-term, fourth year and end of project</td>
<td>LGED</td>
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<tr>
<td>(i) Upgrading of UZR, and (ii) Improvement of UNRs</td>
<td></td>
<td></td>
<td></td>
<td>(i) 65</td>
<td>(i) 75</td>
<td>Project Progress Report</td>
<td></td>
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<tr>
<td>Rehabilitation and periodic maintenance: (i) RPM roads, and (ii) Performance Based Maintenance</td>
<td></td>
<td>km</td>
<td>0</td>
<td>0</td>
<td>(i) 710</td>
<td>Annually</td>
<td>Project Progress Report</td>
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<tr>
<td>Indicator Name</td>
<td>Core</td>
<td>Unit of Measure</td>
<td>Baseline</td>
<td>Cumulative Target Values</td>
<td>Frequency</td>
<td>Data Source /Methodology</td>
<td>Responsibility for Data Collection</td>
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<td></td>
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<td></td>
<td>YR1</td>
<td>YR2</td>
<td>YR3</td>
<td>YR4</td>
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<td>Contract (PBMC) roads</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Construction of ghts (river jetties)</td>
<td></td>
<td>Nbr</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>10</td>
<td>-</td>
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<td>Rehabilitation of inland waterways (dredging contracts completed)</td>
<td></td>
<td>Percentage</td>
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<td>-</td>
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<td>50%</td>
<td>-</td>
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<td>Institutional Strengthening, Capacity Building and Governance Enhancement Component</td>
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<td>Business Plan developed for the Maintenance Policy</td>
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<td>Text</td>
<td></td>
<td></td>
<td></td>
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<td>Implementation of key MIP (ORA) actions</td>
<td></td>
<td>Percentage</td>
<td>20%</td>
<td>-</td>
<td>30%</td>
<td>45%</td>
<td>60%</td>
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<tr>
<td>LGED implementation of Integrated Decision Support System (IDSS)</td>
<td></td>
<td>Text</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td></td>
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<tr>
<td>LGED implementation of comprehensive IT-based maintenance management system</td>
<td>Functionally limited non-networked RIS</td>
<td>Draft IT-ICT-MIS plan and uFMS report prepared</td>
<td>IT-based MMS is functional</td>
<td>Annually</td>
<td>Project progress reports and IPA reports</td>
<td>LGED</td>
<td></td>
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