August 6, 2017

Secretary Mr. Kazi Shofiqul Azam  
Economic Relations Division  
Ministry of Finance  
Block 8, Room 3  
Sher-e-Bangla Nagar  
Dhaka

Dear Secretary Azam:

_Bangladesh: Chittagong Water Supply Improvement and Sanitation Project_  
(Credit Number 4734-BD)  
_Amendment Letter_

We refer to the Financing Agreement between the People’s Republic of Bangladesh (the “Recipient”) and the International Development Association (the “Association”) dated July 26, 2010 and amended as of today (“Financing Agreement”) and the Project Agreement between the Association and the Chittagong Water Supply and Sewerage Authority (“Project Implementing Entity”) dated July 26, 2010 and amended as of today (“Project Agreement”) for the Chittagong Water Supply Improvement and Sanitation Project (the “Project”).

We also refer to our discussions during appraisal related to the extension of the Closing Date in order to finalize certain activities as well as the need of aligning standard definitions of “Incremental Operating Costs” and “Training” across the portfolio. Accordingly, we are pleased to inform you that the Association hereby proposes to amend the Financing Agreement as follows:

1. Paragraph 2 under Section IV.B.2. of Schedule 2 of the Financing Agreement shall be read as follows:

   “2. The Closing Date is March 31, 2020.”

2. The following Definitions shall be included in the Definitions Section of the Financing Agreement and shall be read as follows:

   ““Incremental Operating Costs” means the reasonable costs required for the day-to-day coordination, administration and supervision of Project activities, including leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises, office supplies, utilities, consumables, communication expenses, translation, printing, photocopying and postal expenses, bank charges, advertising expenses, insurance, costs of clearing, forwarding, inspection, survey and transportation of goods, Project-related meeting expenses, Project-related travel, provided that such Operating Costs are paid to the eligible recipient through banking system (except for petty cash expenses following Recipient’s existing policy); but excluding salaries, per diem, fuel, allowances and honorarium and/or other sitting allowances and honorarium of any other nature.”

   ““Training” means the reasonable costs required for the participation of personnel involved in training activities, seminars and workshops under the Project which have been approved by the Association in writing on annual basis, including: (a) travel, hotel, and subsistence costs for training, seminars and workshop participants provided that such allowances are paid directly to...”
the eligible recipient using the banking system; and (b) costs associated with rental of training, seminar and workshop facilities, preparation and reproduction of training, seminar and workshop materials, costs of academic degree studies, and other costs directly related to training course or workshop preparation and implementation, but excluding Recipient’s civil service sitting allowances and honorarium of any other nature."

Except as specifically amended by this Amendment Letter, all other provisions of the Financing Agreement shall remain unchanged and in full force and effect.

The Association will disclose this Amendment Letter and related information on this Financing Agreement in accordance with the Association’s Policy on Access to Information. By entering into this Amendment Letter, the Recipient consents to disclosure of this Amendment Letter and related information.

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. This Amendment Letter will become effective the date on which an original of this Amendment Letter countersigned by you is delivered to the Association and the additional financing for the Project is declared effective by the Association.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By Rajashree S. Paralkar
Acting Country Director for Bangladesh
South Asia Region

AGREED:
PEOPLE’S REPUBLIC OF BANGLADESH

By: Authorized Representative

Name: Mahmuda Begum
Title: Additional Secretary
Date: August 6, 2017