Development Credit Agreement
(Inland Water Transport Rehabilitation Project)

BETWEEN

PEOPLE'S REPUBLIC OF BANGLADESH

AND

INTERNATIONAL DEVELOPMENT ASSOCIATION

DATED AUGUST 10, 1973
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DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated August 10, 1973, between PEOPLE'S REPUBLIC OF BANGLADESH (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

ARTICLE I

General Conditions; Definitions

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969, with the same force and effect as if they were fully set forth herein, subject, however, to the deletion of Sections 5.01 and 6.02(h) thereof and to the renumbering of Section 6.02(i) into 6.02(h) thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, 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) "BIWTC" means Bangladesh Inland Water Transport Corporation established by Presidential Order No. 28 dated March 26, 1972;

(b) "BESC" means Bangladesh Engineering and Shipbuilding Corporation established by Presidential Order No. 27 dated March 26, 1972;

(c) "CPT" means Chittagong Port Trust established by the Port Act Amendment Ordinance, 1960; and

(d) "BIWTA" means Bangladesh Inland Water Transport Authority established by the Inland Water Transport Authority Ordinance No. 75 of 1958.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, an
amount in various currencies equivalent to four million one hundred thousand dollars ($4,100,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule shall be amended from time to time, for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 under the Development Credit Agreement; provided, however, that, except as the Association shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. The Closing Date shall be June 30, 1975 or such other date as shall be agreed between the Borrower and the Association.

Section 2.04. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.05. Service charges shall be payable semi-annually on February 1 and August 1 in each year.

Section 2.06. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each February 1 and August 1 commencing February 1, 1984, and ending August 1, 2023, each installment to and including the installment payable on August 1, 1993 to be one-half of one per cent (1/2 of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent (1-1/2%) of such principal amount.

Section 2.07. The currency of the United Kingdom of Great Britain and Northern Ireland is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. The Borrower shall carry out the Project or cause the Project to be carried out, through BIWTC, BESC, CPT and BIWTA, under the supervision of the Borrower's Planning Commission, with due diligence and efficiency and in conformity with appropriate engineering and financial practices.
Section 3.02. (a) The Borrower shall, by September 30, 1973 (or such other date as may be agreed upon between the Borrower and the Association) furnish to the Association for its approval a detailed list of the spare parts, tools and equipment to be financed under Part A of the Project, including specifications and cost estimates.

(b) Modifications to the list referred to in paragraph (a) of this Section 3.02 made subsequent to the Association’s approval of said list which do not exceed the equivalent of one thousand dollars ($1,000) for any one item or in aggregate ten per cent (10%) of the proceeds of the Credit allocated to any one Category in Schedule 1 to this Agreement, and which are in accordance with appropriate engineering and financial practices, may be made without the prior approval of the Association. All other modifications to said list shall require the prior approval of the Association.

Section 3.03. (a) In order to assist the Borrower in preparing tender documents, evaluating bids and supervising execution of works under Part B of the Project, the Borrower shall employ engineering consultants acceptable to the Association upon terms and conditions satisfactory to the Association.

(b) In carrying out Part B of the Project, the Borrower shall employ or cause to be employed contractors acceptable to the Association upon terms and conditions satisfactory to the Association.

Section 3.04. Except as the Association shall otherwise agree, the goods and services (other than services of consultants) required for the Project shall be procured in accordance with, and subject to, the provisions set forth in Schedule 3 to this Agreement.

Section 3.05. (a) The Borrower undertakes to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Credit against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

(b) Except as the Association shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively for the Project.

Section 3.06. (a) The Borrower shall furnish to the Association, promptly upon their preparation, the plans, specifications, contract documents and work and procurement schedules for the Project, and any material modifications thereof or additions thereto, in such detail as the Association shall reasonably request.
(b) The Borrower: (i) shall maintain records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Credit, and to disclose the use thereof in the Project; (ii) shall enable the Association's accredited representatives to examine the Project, the goods financed out of the proceeds of the Credit and any relevant records and documents; and (iii) shall furnish to the Association all such information as the Association shall reasonably request concerning the Project, the expenditure of the proceeds of the Credit and the goods and services financed out of such proceeds.

Section 3.07. The Borrower shall ensure that all equipment and facilities included in the Project will at all times be properly and efficiently operated and adequately maintained and repaired in accordance with appropriate engineering and financial practices.

ARTICLE IV
Consultation, Information and Inspection

Section 4.01. The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, the Borrower and the Association shall from time to time, at the request of either party:

(a) exchange views through their representatives with regard to the performance of their respective obligations under the Development Credit Agreement, the administration, operations, resources and expenditures of the departments or agencies of the Borrower responsible for carrying out any part of the Project, and other matters relating to the purposes of the Credit; and

(b) furnish to the other all such information as it shall reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower, including its balance of payments, and the external debt of the Borrower and of any agency of the Borrower.

Section 4.02. (a) The Borrower shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the administration, operations, resources and expenditures of the departments or agencies of the Borrower responsible for carrying out any part of the Project.
(b) The Borrower and the Association shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit, the maintenance of the service thereof or the performance by either of them of its obligations under the Development Credit Agreement.

Section 4.03. The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

ARTICLE V

Taxes and Restrictions

Section 5.01. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territories.

Section 5.02. The Development Credit Agreement shall be free from any taxes on or in connection with the execution, delivery or registration thereof, imposed under the laws of the Borrower or laws in effect in its territories.

Section 5.03. The payment of the principal of, and service charges on, the Credit shall be free from all restrictions, regulations, controls and moratoria of any nature imposed under the laws of the Borrower or laws in effect in its territories.

ARTICLE VI

Remedies of the Association

Section 6.01. If any event specified in Section 7.01 of the General Conditions shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Association, at its option, may by notice to the Borrower declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and upon any such declaration such principal and service charges shall become due and payable immediately, anything to the contrary in the Development Credit Agreement notwithstanding.
ARTICLE VII

Termination

Section 7.01. The date of November 8, 1973 is hereby specified for the purposes of Section 10.04 of the General Conditions.

ARTICLE VIII

Representative of the Borrower; Addresses

Section 8.01. The Secretary of the Planning Commission of the Borrower is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 8.02. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For the Borrower:

Planning Commission
Bangladesh Secretariat
Dacca
Bangladesh

Cable address:

PLANCOM
Dacca

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.
IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

PEOPLE’S REPUBLIC OF BANGLADESH

By /s/ Faruz Aziz Khan  
Authorized Representative  
on behalf of the President

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Mervyn L. Weiner  
Director, Regional Projects Department  
Asia Regional Office
SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of imported items to be financed out of the proceeds of the Credit and the allocation of amounts of the Credit to each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. For BIWTC:</td>
<td></td>
</tr>
<tr>
<td>(a) Spare Parts for Fleet</td>
<td>750,000</td>
</tr>
<tr>
<td>(b) Tools and Equipment for Repair Yards</td>
<td>750,000</td>
</tr>
<tr>
<td>II. For BESC:</td>
<td></td>
</tr>
<tr>
<td>Spare Parts, Tools and Equipment</td>
<td>750,000</td>
</tr>
<tr>
<td>III. For CPT:</td>
<td></td>
</tr>
<tr>
<td>(a) Repair or Modification of Off-Shore Oil Terminal</td>
<td>1,300,000</td>
</tr>
<tr>
<td>(b) Consultants' Services for (a)</td>
<td>100,000</td>
</tr>
<tr>
<td>(c) Spare Parts for Port Equipment</td>
<td>200,000</td>
</tr>
<tr>
<td>IV. For BIWTA:</td>
<td></td>
</tr>
<tr>
<td>(a) Spare Parts for Fleet and Port Equipment</td>
<td>100,000</td>
</tr>
<tr>
<td>(b) Survey Equipment</td>
<td>100,000</td>
</tr>
<tr>
<td>V. Unallocated</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4,100,000</td>
</tr>
</tbody>
</table>

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:
(a) expenditures in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower;

(b) expenditures prior to the date of this Agreement, except that withdrawals may be made in respect of Category III(b) on account of expenditures incurred after May 15, 1973; and

(c) payments for taxes imposed directly under the laws of the Borrower or laws in effect in its territories on goods or services, or on the importation, manufacture, procurement or supply thereof.

3. Notwithstanding the allocation of an amount of the Credit set forth in the second column of the table in paragraph 1 above:

(a) if the estimate of the expenditures under any Category shall decrease, the amount of the Credit then allocated to such Category and no longer required therefor will be reallocated by the Association by increasing correspondingly the unallocated amount of the Credit;

(b) if the estimate of the expenditures under any Category shall increase, a corresponding amount will be allocated by the Association, at the request of the Borrower, to such Category from the unallocated amount of the Credit, subject, however, to the requirements for contingencies, as determined by the Association, in respect of any other expenditures; and

(c) if the Association shall have reasonably determined that the procurement of any item in any Category is inconsistent with the procedures set forth or referred to in Section 3.04 of this Agreement, no expenditures for such item shall be financed out of the proceeds of the Credit and the Association may, without in any way restricting or limiting any other right, power or remedy of the Association under the Development Credit Agreement, by notice to the Borrower, cancel such amount of the Credit as, in the Association's reasonable opinion, represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Credit.

4. Notwithstanding any other provision hereof:

(a) if, upon the award of a contract for the carrying out of Part B of the Project, the Association, in consultation with the Borrower, shall determine that the amount of the Credit allocated to Category III(a) exceeds the expenditures estimated to be made under such contract for goods produced in or services supplied from the territories, and in the currency, of any country other than the Borrower, the Association may, by notice to the Borrower, cancel an amount of the Credit equivalent to such excess: and
(b) if, by November 30, 1973 (or such other date as may be agreed upon between the Borrower and the Association) contractors shall not have been employed in accordance with the provisions of this Agreement to carry out Part B of the Project, the Association may, by notice to the Borrower, delete Part B from Schedule 2 to this Agreement, delete Category III(a) from the first column of the table in paragraph 1 above and cancel an amount of $1,300,000 of the Credit.
SCHEDULE 2

Description of the Project

The Project consists of the following parts:

Part A: Provision of spare parts, tools and equipment required by BIWTC, BESC, CPT and BIWTA in support of a program of inland water transport rehabilitation.

Part B: Repair or modification of the Off-Shore Oil Terminal at Chittagong.

The Project is expected to be completed by December 31, 1974.
SCHEDULE 3

Procurement

Part A of the Project

Except with respect to items required for rehabilitation or maintenance of existing equipment for which purpose spare parts, tools or equipment are to be obtained directly from the manufacturer, or with respect to any purchase order for goods estimated to cost less than the equivalent of $5,000, all spare parts, tools or equipment to be acquired under Part A of the Project shall be procured on the basis of international competition under procedures consistent with the Guidelines for Procurement under World Bank Loans and IDA Credits, dated April, 1972, as revised in October, 1972. Any contract for goods estimated to cost the equivalent of $50,000 or more shall require the prior approval of the Association. With respect to any other contract, two conformed copies thereof shall be furnished to the Association promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of any such contract.

Part B of the Project

A contract for repair under Part B of the Project may be negotiated with the original contractor. If not, a contract for modification under Part B of the Project will be awarded on the basis of international competition under procedures consistent with the Guidelines for Procurement under World Bank Loans and IDA Credits, dated April 1972, as revised in October 1972, and in accordance with the following procedures:

1. Before bids are invited, the Borrower shall furnish to the Association, for its comments, the text of the invitations to bid and the specifications and other bidding documents, and shall make such modifications in the said documents as the Association shall reasonably request. Any further modification to the bidding documents shall require the Association’s concurrence before it is issued to the prospective bidders.

2. After bids have been received and evaluated, the Borrower shall, before a final decision on the award is made, inform the Association of the name of the bidder to whom it intends to award the contract and shall furnish to the Association, in sufficient time for its review, a detailed report on the evaluation and comparison of the bids received, together with the reasons for the intended award. The Association shall, if it determines that the intended award would be
Inconsistent with the procedures set forth or referred to in this Agreement, promptly inform the Borrower and state the reasons for such determination.

3. The terms and conditions of the contract shall not, without the Association’s concurrence, materially differ from those on which bids were asked.

4. Two conformed copies of each contract shall be furnished to the Association promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of any such contract.