Senior Secretary Mohammad Mejbahuddin  
Economic Relations Division  
Ministry of Finance  
Block 8, Room 3  
Sher-e-Bangla Nagar  
Dhaka, Bangladesh

Dear Senior Secretary Mejbahuddin:

_Bangladesh Rural Water Supply and Sanitation Project_  
_Credit No. 5075-BD_  
_Amendment to the Financing Agreement_

We refer to the Financing Agreement dated April 12, 2012, between the People’s Republic of Bangladesh (“Recipient”) and the International Development Association (“Association”) for the above-mentioned Project (“Financing Agreement”). We also refer to the letter received from the Economic Relations Division (ERD) dated May 21, 2015, requesting certain amendments to the Financing Agreement including the partial cancellation of IDA proceeds.

We are pleased to inform you that after due consideration, the Association concurs with the above-mentioned request and proposes to amend the Financing Agreement as set forth below.

1. Schedule 1 (Project Description) to the Financing Agreement is hereby amended. The amended Schedule 1 (Project Description) is attached as Annex 1 to this amendment letter.

2. Section I.B of Schedule 2 (Project Execution) to the Financing Agreements is hereby amended as follows:

“The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and the GAAP.”

3. Section II.A.1.(b) of Schedule 2 (Project Execution) to the Financing Agreement is hereby deleted.

4. The table under Section IV.A.2 of Schedule 2 (Project Execution) to the Financing Agreement is hereby amended. The amended table is attached as Annex 2 to this amendment letter.

5. Definitions No. 9, 15, 25 and 28 of Section I (Definitions) to the Appendix of the Financing Agreement are hereby amended as follows:

“9. “Incremental Operating Costs” means expenditures incurred by DPHE for the purpose of financing the costs associated with the operation and maintenance of equipment and vehicles used for Project implementation, hiring of vehicles, travel
expenses, office rent, consumables, fuel, utilities, office supplies, bank charges and advertising costs, but excluding honoraria and sitting allowances of any kind, as well as salaries and allowances of DPHE staff and of the Recipient’s civil servants.”

“15. “Operational Manual for Rural Sanitation” means the Recipient’s manual issued on February 8, 2012, for the purpose of carrying out Part 3 of the Project, as the same may be amended from time to time, in consultation with, and with the approval of the Association, and such term includes any schedules to the Operational Manual for Rural Sanitation.”

“25. “Sub-project” means a scheme or activity financed or proposed to be financed under Part 1, Part 2, or Part 3.2 of the Project.”

“28. “GAAP” means the plan agreed between the Association and the Recipient, dated July 8, 2013, setting forth actions and measures to be taken by the Recipient to ensure integrity, transparency and accountability in the implementation of the Project and the use of the proceeds of the Financing; as such plan may be revised from time to time with the prior written agreement of the Association.”

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

Please confirm your agreement to the foregoing on behalf of the Recipient by countersigning and dating the corresponding form of confirmation set forth below, and returning one fully signed original of this letter to us.

Upon receipt by the Association of the copy of this amendment letter duly countersigned by the authorized representative of the Recipient, the above amendments to the Financing Agreement shall become effective as of the date of countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

Johannes Zutt
Country Director for Bangladesh

CONFIRMED:
PEOPLE'S REPUBLIC OF BANGLADESH
By: 

Name: KAZI SHOFIBUL AZAM
Title: Additional Secretary
Date: 30.6.2015
ANNEX 1

SCHEDULE 1

Project Description

The objective of the Project is to increase provision of safe water supply and hygienic sanitation in selected rural areas of Bangladesh.

The Project consists of the following parts:

Part 1. Rural Piped Water Supply

1.1. Construction and management of rural piped water schemes in selected areas through the provision of Capital Grants to Private Sponsors.

1.2. Design of individual piped water schemes, training of Private Sponsors on construction standards and operation modalities for piped water schemes, and training and capacity building of Union Parishads and communities on the operation and maintenance of piped water schemes and, the transition of operation and maintenance responsibilities.

1.3. Rehabilitation of existing rural piped water supply schemes.

Part 2. Non-piped Rural Water Supply

2.1. Construction of non-piped rural water supply schemes in selected areas, and establishment, in participating Union Parishads, of water and sanitation committees responsible for the mobilization of communities, preparation of action plans and the training of community groups in the selection of sites for managing and supervising the non-piped water supply schemes.

Part 3. Rural Sanitation

3.1. Implementation of a sanitation pilot based on the social marketing approach.

3.2. Construction of hygienic sanitation facilities in rural areas, including:

3.2.1. Type 1 Latrine: The earthen platform “off-set pour flash type prefabricated latrine” with bamboo mat fencing, pre-cast reinforced cement concrete (RCC) slab, column with ceramic pan, corrugated galvanized iron (CGI) sheet made roof.

3.2.2. Type 2 Latrine: The RCC platform “off-set pour flash type prefabricated latrine” with bamboo mat fencing, pre-cast RCC slab, column with ceramic pan, CGI sheet made roof.

3.2.3. Type 3 Latrine: The RCC platform “off-set pour flash type prefabricated latrine” with CGI sheet fencing, pre-cast RCC slab, column with ceramic pan, CGI sheet made roof.

Part 4. Capacity Strengthening and Technical Assistance

Capacity building to improve service delivery, including:

4.1 Capacity strengthening of DPHE’s personnel and other officials of the Recipient, including training and exposure visits.
4.2 Community mobilization and development of action plans for rural non-piped water supply schemes, as well as community awareness building, hygiene promotion and capacity building for hygienic sanitation practice.

4.3 Technical assistance for mapping, characterization and monitoring of safe groundwater resources.

4.4 Screening, selection, project development, detailed engineering, and budgeting for the implementation of water supply and sanitation services in small towns.

4.5 Technical assistance for supporting the implementation of the GAAP.

Part 5. Project Management and Support

Support to and technical assistance to DPHE in the area of Project management and administration, and Project implementation, including:

5.1 Support to establishment the Project Management Unit, including the provision of office equipment, a Project vehicle, an information technology system and a financial management and accounting system.

5.2 Support, through the provision of experts, in the technical, auditing, financial management, procurement, monitoring and evaluation, resettlement, and reporting areas.

5.3 Provision of water quality monitoring and environmental management equipment and expertise, including water quality test kits and Global Positioning System (GPS).

5.4 Provision of Incremental Operating Costs for the Project Management Unit, including expert advice.

Part 6. Contingency for Disaster Risk Response

Enhancement of preparedness for, and provision of, rapid response to disaster, emergency and/or catastrophic events, as needed.
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Consultants’ Services, and Training</td>
<td>7,340,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Works</td>
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<td></td>
</tr>
<tr>
<td>(i) Sub-projects under Part 1.1 of the Project</td>
<td>5,600,000</td>
<td>70%</td>
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<tr>
<td>(ii) Sub-projects under Part 1.3 of the Project</td>
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<td>100%</td>
</tr>
<tr>
<td>(iii) Sub-projects under Part 2 of the Project</td>
<td>12,600,000</td>
<td>100%</td>
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<tr>
<td>(iv) Sub-project under Part 3.2.1 of the Project</td>
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<td>56%</td>
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<tr>
<td>(v) Sub-project under Part 3.2.2 of the Project</td>
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<td>59%</td>
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<tr>
<td>(vi) Sub-project under Part 3.2.3 of the Project</td>
<td>510,000</td>
<td>75%</td>
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<tr>
<td>(vii) Under Part 4.3 of the Project</td>
<td>500,000</td>
<td>100%</td>
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<tr>
<td>(viii) Amount disbursed under Part 3.8 of the original Financing Agreement</td>
<td>200,000</td>
<td>100% for expenses incurred till the date of countersignature of this Amendment Letter</td>
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<tr>
<td>(3) Incremental Operating Costs</td>
<td>930,000</td>
<td>85%</td>
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<td>(4) Contingency for Disaster Risk</td>
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<td>100%</td>
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<td>Amount cancelled as of May 21, 2015</td>
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<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>48,400,000</strong></td>
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