

CONFORMED COPY

CREDIT NUMBER 3163 BD

Development Credit Agreement

(Dhaka Urban Transport Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 17, 1999

CREDIT NUMBER 3163 BD

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated February 17, 1999, between PEOPLE'S REPUBLIC OF BANGLADESH (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

(B) Parts A (other than A.8) and C.1 of the Project will be carried out by Dhaka City Corporation (hereinafter called DCC) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to DCC part of the proceeds of the Credit as provided in this Agreement; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement and in the Project Agreement of even date herewith between the Association and DCC;

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through December 2, 1997), with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) A new paragraph (12) is added to Section 2.01 to read as set forth below, and the existing paragraphs (12) through (14) of said Section are accordingly

renumbered as paragraphs (13) through (15):

"12. 'Participating Country' means any country that the Association determines meets the requirements set forth in Section 10 of Resolution No. 183 of the Board of Governors of the Association, adopted on June 26, 1996; and 'Participating Countries' means, collectively, all such countries."

(b) The second sentence of Section 5.01 is modified to read:

"Except as the Borrower and the Association shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a Participating Country or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Association, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations."

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "DCC" means the Dhaka City Corporation established and operating under the DCC Ordinance;

(b) "DCC Ordinance" means the Dhaka City Corporation Ordinance, 1983 (XL, of 1983) of the Borrower, as amended from time to time to the date of this Agreement;

(c) "Project Agreement" means the agreement between the Association and DCC of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

(d) "Subsidiary Grant Agreement" means the agreement to be entered into between the Borrower and DCC pursuant to Section 3.01 (d) of this Agreement, as the same may be amended from time to time;

(e) "RHD" means the Roads and Highways Department within the Borrower's Ministry of Communications;

(f) "BRTA" means the Bangladesh Road Transport Authority within the Borrower's Ministry of Communications;

(g) "RAJUK" means the Rajdhani Unnayan Kartipakha (Capital City Development Authority) within the Ministry of Housing and Public Works of the Borrower;

(h) "DOE" means the Department of Environment within the Borrower's Ministry of Environment and Forest;

(i) "GDTPCB" means the Greater Dhaka Transport Planning and Coordination Board established under Government Order No. Development 2/DUTP-9/97 (Part-2) 374, dated September 17, 1998, issued by the Ministry of Communications of the Borrower;

(j) "Other Implementing Agencies" means GDTPCB, RHD, BRTA, RAJUK and DOE, collectively;

(k) "DMA" means the Dhaka Metropolitan Area as defined in the Dhaka Metropolitan Development Plan (1995-2015) by RAJUK;

(l) "Bangladesh Bank" means the Central Bank of Bangladesh established under Bangladesh Bank Order, 1972 (P.O. No. 127 of 1972) as amended to the date of this Agreement;

(m) "Special Accounts" means the accounts referred to in Section 2.02(b) of this Agreement; and

(n) "Resettlement Action Plan" means the Plan dated October 1998, satisfactory to the Association, for the resettlement and rehabilitation of project affected people.

## ARTICLE II

## The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to one hundred twenty-nine million three hundred thousand Special Drawing Rights (SDR 129,300,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement 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 and to be financed out of the proceeds of the Credit.

(b) The Borrower may, for the purposes of the Project, open and maintain in dollars two special deposit accounts in Bangladesh Bank on terms and conditions satisfactory to the Association. Deposits into, and payments out of, each Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2004 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on May 1 and November 1 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each May 1 and November 1 commencing May 1, 2009 and ending November 1, 2038. Each installment to and including the installment payable on November 1, 2018 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out Parts A.8, B and C.2 of the Project through the Other Implementing Agencies with due diligence and efficiency and in conformity with appropriate financial, administrative and engineering practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without any limitation or restriction upon any of its other obligations under the Development Credit Agreement, the Borrower shall cause DCC to perform in accordance with the provisions of the Project Agreement all of the obligations of DCC therein set forth, shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable DCC to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(c) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out its part of the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

(d) The Borrower shall make part of the proceeds of the Credit available to DCC under a subsidiary grant agreement to be entered into between the Borrower and DCC, under terms and conditions which shall have been approved by the Association which shall include adequate Project management arrangements and procedures.

(e) The Borrower shall exercise its rights under the Subsidiary Grant Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Grant Agreement or any provision thereof.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. The Borrower and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of Parts A (other than Part A.8) and C.1 of the Project shall be carried out by DCC pursuant to Section 2.03 of the Project Agreement.

### ARTICLE IV

#### Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof, including the Implementing Agencies.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Accounts for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the

Association;

(ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning said records and accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall:

(i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Association's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, the Borrower shall carry out a time-bound action plan acceptable to the Association for the strengthening of its financial management system for the Project in order to enable the Borrower, not later than June 30, 2000, or such later date as the Association shall agree, to prepare quarterly Project management reports, acceptable to the Association, each of which:

(i) (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report, and (B) shows separately expenditures financed out of the proceeds of the Credit during the period covered by said report and expenditures proposed to be financed out of the proceeds of the Credit during the six-month period following the period covered by said report;

(ii) (A) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and (B) explains variances between the actual and previously forecast implementation targets; and

(iii) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Credit, as at the end of the period covered by said report.

(b) Upon the completion of the action plan referred to in paragraph (a) of this Section, the Borrower shall prepare, in accordance with guidelines acceptable to the Association, and furnish to the Association not later than 45 days after the end of each calendar quarter a Project Management Report for such period.

#### ARTICLE V

##### Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional events are specified:

(a) DCC shall have failed to perform any of its obligations under the Project Agreement.

(b) As a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that DCC will be able to perform its obligations under the Project Agreement.

(c) The DCC Ordinance shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of DCC to perform any of its obligations under the Project Agreement.

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of DCC or GDTPCB or for the suspension of its respective operations.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional events are specified:

(a) the event specified in paragraph (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower; and

(b) the events specified in paragraphs (c) and (d) of Section 5.01 of this Agreement shall occur.

#### ARTICLE VI

##### Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) that the Subsidiary Grant Agreement has been executed on behalf of the Borrower and DCC; and

(b) that the Association has received evidence that the Borrower has established Project management procedures and arrangements satisfactory to the Association.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

(a) that the Project Agreement has been duly authorized or ratified by DCC, and is legally binding upon DCC in accordance with its terms; and

(b) that the Subsidiary Grant Agreement has been duly authorized or ratified by the Borrower and DCC and is legally binding upon the Borrower and DCC in accordance with its terms.

Section 6.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

#### ARTICLE VII

##### Representatives of the Borrower; Addresses

Section 7.01. The Secretary, or the Additional Secretary, or any Joint Secretary/Joint Chief, Deputy Secretary/Deputy Chief, Senior Assistant Secretary/Assistant Secretary/Assistant Chief of the Economic Relations Division of the Ministry of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Economic Relations Division

Ministry of Finance  
Government of People's Republic of Bangladesh  
Dhaka, Bangladesh

Cable address:	Telex:
BAHIRSAMPAD	642226 SETU BJ
Dhaka	672796 SETU BJ

For the Association:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:	Telex:
INDEVAS	248423 (MCI) or
Washington, D.C.	64145 (MCI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Dhaka, Bangladesh, as of the day and year first above written.

PEOPLE'S REPUBLIC OF BANGLADESH

By /s/ A. K. M. Masihur Rahman  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Frederick T. Temple  
Country Director, Bangladesh

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works		
(a) for DCC	64,680,000	75%
(b) for the Other Implementing Agencies	23,080,000	75%
(2) Equipment and materials		
(a) for DCC	2,420,000	100% of foreign expenditures, 100% of local expenditures

				(ex-factory cost) and 80% of local expenditures for other items procured locally
(b)	for the Other Implementing Agencies	2,930,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80% of local expenditures for other items procured locally	
(3)	Incremental salaries and operating costs			
(a)	for DCC	810,000	90% through July 1, 2001; and 60% thereafter	
(b)	for the Other Implementing Agencies	810,000	90% through July 1, 2001; and 60% thereafter	
(4)	Consultants' ser- vices, training, studies, study tours, participatory activities and audit services	20,960,000	100%	
(5)	Resettlement Costs			
(a)	for DCC	450,000	90%	
(b)	for the Other Implementing Agencies	520,000	90%	
(6)	Unallocated	12,640,000		
	TOTAL	129,300,000		

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower;

(c) the term "incremental salaries and operating costs" means the cost of additional personnel contracted exclusively for purposes of the Project, and the cost of operation and maintenance of offices, vehicles and equipment procured for purposes of the Project;

(d) the term "participatory activities" means stakeholders meetings/surveys, awareness campaigns on traffic rules and safety, monitoring studies, project launching and the use of NGOs to facilitate such activities; and

(e) the term "resettlement costs" means the following costs incurred in the carrying out of Part C of the Project: community benefits, training, surveys, studies and institutional costs, including the use of NGOs.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR 4,380,000, may be made on account of payments made for expenditures before that



date but after March 1, 1998.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures (a) for goods and works under contracts costing less than \$200,000 equivalent each; (b) for consultants' services under contracts not exceeding the equivalent of \$100,000, in the case of firms, and \$50,000 in the case of individuals; (c) for all other activities under Category 4; and (d) under Categories 3 and 5, under such terms and conditions as the Association shall specify by notice to the Borrower.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to improve urban transport infrastructure and services and address long term transport planning, coordination and institutional issues in DMA.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

#### Part A: Infrastructure Development

1. Traffic management including improvement of about 30 intersections and adjacent roads, traffic flow improvements, parking facilities and provision of areas where access to motorized vehicles will be restricted.
2. Arterial road improvements including about 60 kms of road rehabilitation of existing priority roads and improvement of Tongi Link Road.
3. Bus route improvements including improvements to bus lanes, bus stops and other spot improvements.
4. Rehabilitation of three (3) existing bus terminals, including the adjacent roads thereto.
5. Pedestrian facilities improvements including construction of footbridges and improvement/construction of sidewalks.
6. Non-motorized transport network improvements including construction of secondary road links and underpasses.
7. Flood damage rehabilitation of roads and drainage.
8. Construction of grade separated interchanges at Jatrabari and Mahakhali.

#### Part B: Institutional Strengthening and Technical Assistance

1. Institutional support including strengthening of traffic management, project supervision and management, financial management, environmental management, performance monitoring and enforcement capacity of DCC and the Other Implementing Agencies through the provision of training, consultants' services and equipment.
2. Carrying out of policy support studies, including the preparation of long-term transport strategic plan in DMA and a feasibility study for Dhaka Ring Road, and detailed engineering design and other preparation work for a follow-up project.

#### Part C: Resettlement Action Plan

Carrying out a program of land acquisition and resettlement of project affected people for purposes of:

1. Part A of the Project (other than A.8); and
2. Part A.8 of the Project.

\* \* \*

The Project is expected to be completed by December 31, 2003.

## SCHEDULE 3

## Procurement and Consultants' Services

### Section I. Procurement of Goods and Works

#### Part A: General

1. Goods and works shall be procured in accordance with (a) 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 and in September 1997, subject to the modifications thereto set forth in paragraph 2 of this Part A (the Guidelines), and (b) the provisions of the following Parts of this Section 1.

2. In paragraphs 1.6 and 1.8 of the Guidelines, the references to "Bank member countries" and "member country" shall be deemed to be references, respectively, to "Participating Countries" and "Participating Country".

#### 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 and works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

##### (a) Prequalification

Bidders for civil works shall be prequalified in accordance with the provisions of paragraphs 2.9 and 2.10 of the Guidelines.

##### (b) Preference for domestically manufactured goods and domestic contractors

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 and works to be carried out by domestic contractors.

##### (c) Notification and Advertising

The invitation to prequalify or bid for each contract estimated to cost \$3,000,000 equivalent or more shall be advertised in accordance with the procedures applicable to large contracts under paragraph 2.8 of the Guidelines.

#### Part C: Other Procurement Procedures

##### 1. National Competitive Bidding

Works estimated to cost less than \$3,000,000 equivalent per contract, up to an aggregate amount not to exceed \$50,000,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

##### 2. International or National Shopping

Goods estimated to cost less than \$200,000 equivalent per contract, up to an aggregate amount not to exceed \$2,000,000 equivalent, may be procured under contracts awarded on the basis of international/national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

#### Part D: Review by the Bank of Procurement Decisions

##### 1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or 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 for works estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

(b) With respect to each contract for goods estimated to cost the equivalent of \$200,000 or more, the following procedures shall apply:

(i) prior to the selection of any supplier under shopping procedures, the Borrower shall provide to the Association a report on the comparison and evaluation of quotations received;

(ii) prior to the execution of any contract procured under shopping procedures, 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.

## Section II. Employment of Consultants

### Part A: General

1. Consultants' services shall be procured in accordance with (a) the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997, subject to the modifications thereto set forth in paragraph 2 of this Part A (the Consultant Guidelines), and (b) the provisions of the following parts of this Section II.

2. In paragraph 1.10 of the Consultant Guidelines, the references to "Bank member countries" and "member country" shall be deemed to be references, respectively, to "Participating Countries" and "Participating Country".

### Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services estimated to cost less than \$200,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

### Part C: Other Procedures for the Selection of Consultants

#### 1. Quality-based Selection

Services for the Resettlement Action Plan shall be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.

#### 2. Single Source Selection

Services for training, participatory and resettlement activities, and studies which are estimated to cost less than \$50,000 equivalent per contract, may be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

#### 3. Use of Non-Governmental Organizations

Services for training, participatory activities, studies and parts of the Resettlement Action Plan which are estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount of \$1,000,000 equivalent may, with the

Association's prior agreement, be procured in accordance with the provisions of paragraph 3.14 of the Consultant Guidelines.

4. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part D: Review by the Bank of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under 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 Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection 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 for the employment of consulting firms estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 1, 2 and (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$50,000 or more, but less than the equivalent of \$200,000, the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(c) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

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 Consultant Guidelines shall apply.

SCHEDULE 4

Implementation Program

1. The Borrower shall timely implement an Action Plan, satisfactory to the Association, for the carrying out of the Project.

2. The Borrower shall adequately staff by July 1, 1999, and thereafter maintain and operate in a manner satisfactory to the Association, the GDTPCB, the inter-agency unit responsible for overall transport planning and coordination for DMA.

3. The Borrower shall promptly: (a) establish and maintain until completion of the Project: (i) a Project Coordination Unit (PCU) within the Ministry of Communications under the GDTPCB for overall project oversight and coordination; (ii) a separate Project Implementation Unit (PIU) in RHD, for implementation of its part; and (b) appoint Project Coordinators in the Other Implementing Agencies.

4. The Borrower shall maintain until completion of the Project, the following committees with powers, functions and composition satisfactory to the Association:

(a) a Project Coordination Committee, headed by the Executive Director of GDTPCB, to be established by March 31, 1999;

(b) a Public Consultation Committee, headed by the DCC Mayor; and

(c) a Secretaries Committee, headed by the Secretary, MOC.

5. Without any limitation to the generality of Section 3.01 (a) and (b) of this Agreement, the Borrower shall provide its counterpart funds through two separate Project accounts, one for the parts of the Project to be carried out by DCC and the other for the parts of the Project to be carried out by the Other Implementing Agencies, to be established by the Borrower and replenished quarterly based on expected Project expenditures.

6. The Borrower shall establish by July 1, 1999, and thereafter maintain and operate, under terms and conditions satisfactory to the Association, including, inter alia, annual funding levels from the Borrower and DCC and involvement of the private sector in the supervision and audit thereof, a Road and Traffic Maintenance Fund for DMA for periodic and routine maintenance of DMA road infrastructure network.

7. The Borrower shall by the following dates or such other dates as may be agreed with the Association:

(a) by July 1, 1999, discontinue registration in Dhaka of additional two-stroke engine three-wheelers;

(b) by July 1, 2001, ban importation into Bangladesh of two-stroke engine three-wheelers and their engines, as well as reconditioned buses;

(c) by January 1, 2003, phase out from Dhaka all existing two-stroke engine three-wheelers; and

(d) (i) by June 30, 2000, develop vehicle-specific emission standards for all types of imported and locally assembled motor vehicles and a phased program, satisfactory to the Association, for the implementation thereof, and (ii) thereafter carry out such program.

8. The Borrower shall timely carry out a traffic diversion plan, satisfactory to the Association, coordinated with a staged construction process under the Project.

9. The Borrower shall timely carry out a Road Safety Action Plan satisfactory to the Association.

10. The Borrower shall timely carry out the Resettlement Action Plan, and coordinate resettlement activities with other Project components to ensure that the provisions in the Resettlement Action Plan in respect of any work site have been carried out before commencing civil works on such site.

11. The Borrower shall:

(a) have two performance audits of the Project conducted by an independent firm under terms of reference satisfactory to the Association, one by March 31, 2001 and the other by March 31, 2003, or such later dates as the Association may otherwise agree; and

(b) furnish to the Association the report of each audit one month upon the completion thereof.

12. Before undertaking any new transport infrastructure investment in DMA exceeding the equivalent of \$5,000,000 the Borrower shall exchange views with the Association and furnish to the Association the review by GDTPCB of such proposed investment, showing that said investment does not adversely affect the Project.

13. The Borrower shall allow private sector bus operators to enter freely into the DMA bus operators' market, provided they meet adequate safety and quality standards, and shall take all action necessary to ensure free and fair competition among all bus operators, including keeping the fare structure for premium bus operators deregulated.

14. The Borrower shall:

(a) by December 31, 2001, carry out a review of the growth, performance and quality of transport services in DMA provided by buses and other transport modes, as well as the fare structure and adequacy in meeting the needs of the urban poor and women commuters;

(b) promptly thereafter furnish to the Association the finding of such review and recommendations for any changes on regulations and policies regarding buses and other modes of transport; and

(c) timely carry out such recommendations as the Borrower and the Association shall have agreed upon.

15. The Borrower shall carry out in a timely manner the actions to be agreed with the Association pursuant to the findings and recommendations of the study of road user charges carried out under paragraph 8 of Schedule 4 to the Development Credit Agreement 2638-BD (Second Road Rehabilitation and Maintenance Project) between the Borrower and the Association, dated June 29, 1994.

16. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Association, the carrying out of its part of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about April 30, 2001, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of its part of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of its part of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association, by June 30, 2001, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

#### SCHEDULE 5

##### Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories 1 (a), 2 (a), 3 (a) and 5 (a), set forth in the table in paragraph 1 of Schedule 1 to this Agreement in respect of the DCC Special Account and Categories 1 (b), 2 (b), 3 (b), (4) and 5 (b) set forth in said table in respect of the Other Implementing Agencies Special Account;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$8,000,000 in respect of the DCC Special Account and an amount equivalent to \$4,000,000 in respect of the Other Implementing Agencies Special Account to be withdrawn from the Credit Account and deposited into the Special Accounts pursuant to paragraph 3(a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$5,000,000 in respect of the DCC Special Account and an amount equivalent to \$3,000,000 in respect of the Other Implementing Agencies Special Account until (i) in respect of the DCC Special Account the aggregate amount of withdrawals from the Credit Account allocated to Categories 1 (a), 2 (a), 3 (a) and 5 (a) plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions for Parts A (other than A.8) and C of the Project shall be equal to or exceed the equivalent of SDR 24,000,000, and (ii) in respect of the Other Implementing Agencies Special Account, the aggregate amount of withdrawals from the Credit Account allocated to Categories 1 (b), 2 (b), 3 (b), 4 and 5 (b) plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions for Part A.7 and Part B of the Project shall be equal to or exceed the equivalent of SDR 12,000,000.

2. Payments out of the respective Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the respective Special Account has been duly opened, withdrawals of the Authorized

Allocation and subsequent withdrawals to replenish the respective Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for deposit into the respective Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the respective Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the respective Special Account, the Borrower shall furnish to the Association requests for deposits into the respective Special Account at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the respective Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the respective Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the respective Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into any Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b)(ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Accounts;

(c) if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories for the respective Special Account, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to expenditures to be financed thereunder, shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the respective Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of any Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the respective Special Account (or, if the Association shall so

request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into any Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in any Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Accounts.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

