

CONFORMED COPY

CREDIT NUMBER 2569 BD

Project Agreement

(Jamuna Bridge Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

JAMUNA MULTIPURPOSE BRIDGE AUTHORITY

Dated February 25, 1994

CREDIT NUMBER 2569 BD

PROJECT AGREEMENT

AGREEMENT, dated February 25, 1994, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and JAMUNA MULTIPURPOSE BRIDGE AUTHORITY (JMBA).

WHEREAS (A) by the Development Credit Agreement of even date herewith between People's Republic of Bangladesh (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to one hundred forty-three million six hundred thousand Special Drawing Rights (SDR 143,600,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that JMBA agree to undertake such obligations toward the Association as are set forth in this Agreement;

(B) by a subsidiary loan agreement to be entered into between the Borrower and JMBA, the proceeds of the credit provided for under the Development Credit Agreement will be relented to JMBA on the terms and conditions set forth in said Subsidiary Loan Agreement; and

WHEREAS JMBA, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Development Credit Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. JMBA declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, environmental and resettlement practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 2.02. Except as the Association shall otherwise agree, procurement of the civil 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 1 to this Agreement.

Section 2.03. JMBA shall carry out 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 the Project Agreement.

Section 2.04. JMBA shall duly perform all its obligations under the Subsidiary Loan Agreement. Except as the Association shall otherwise agree, JMBA shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Loan Agreement or any provision thereof.

Section 2.05. (a) JMBA shall, at the request of the Association, exchange views with the Association with regard to the progress of the Project, the performance of its obligations under this Agreement and under the Subsidiary Loan Agreement, and other matters relating to the purposes of the Credit.

(b) JMBA shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the Credit, or the performance by JMBA of its obligations under this Agreement and under the Subsidiary Loan Agreement.

Section 2.06. JMBA shall carry out Part B.1 of the Project in accordance with the principles, objectives and provisions of the Resettlement Action Plan with the assistance of its Resettlement Unit, and a non-governmental organization, under arrangements satisfactory to the Association and for such purpose shall: (a) take or cause to be taken all necessary measures to ensure that all Project Affected People shall promptly after their displacement: (i) improve or at least regain the standard of living they were enjoying prior to their displacement; (ii) be relocated as village units, or families in accordance with their preference; (iii) be fully integrated into the community to which they are resettled; and (iv) be provided with appropriate compensation and adequate social and physical rehabilitation infrastructure, including community facilities and services, all in accordance with the Resettlement Action Plan; and (b) carry out monitoring and evaluating of the implementation of the Resettlement Plan for the Project Affected People through project management consultants employed pursuant to the provisions of Section 6.01 (c) of the Development Credit Agreement and cause such consultants to prepare and furnish to JMBA and the Association quarterly reports of its findings and recommendations.

Section 2.07. JMBA shall maintain the Resettlement Unit with adequate staff having qualifications and experience satisfactory to the Association, such Unit to be assigned with such powers, functions, responsibilities, funds and other resources as shall be required to enable it to assist in implementing the Resettlement Action Plan as set forth in Section 2.06 hereof.

Section 2.08. (a) JMBA shall carry out, with the participation of the Borrower and the Association, not later than December 31, 1996, a mid-term review of the progress made in carrying out the Project. This review shall cover, among other things:

- (i) the performance of JMBA and the contractors in implementing the Project;

- (ii) the availability of the Borrower's counterpart funding, and the adequacy of its budgetary allocations for the Project;
- (iii) the implementation of the Resettlement Action Plan, the Environmental Action Plan and the Bridge-end Facilities Land Use Plan; and
- (iv) recommendations for modifications to the implementation of the Project.

(b) JMBA shall transmit to the Association, at least 60 days prior to the mid-term review described in paragraph (a) above, a report in scope and detail satisfactory to the Association describing the status of the items referred to in paragraph (a) above, and of Project implementation generally.

(c) Based on such review, JMBA shall promptly prepare an action plan, acceptable to the Association, for the further implementation of the Project and shall thereafter implement such action plan in a manner satisfactory to the Association.

Section 2.09. (a) During the construction of the Jamuna bridge and its associated structures under Part A of the Project, JMBA shall carry out semi-annual reviews of the adequacy of the engineering design of such bridge and structures and the need for any changes thereto through an international panel of experts consisting of experts, inter alia, in the fields of bridge design and construction, river engineering, construction management, environment and resettlement.

(b) JMBA shall promptly implement the recommendations made by such panel of experts in a manner satisfactory to the Association.

ARTICLE III

Management and Operations of JMBA

Section 3.01. JMBA shall carry on its operations and conduct its affairs in accordance with sound administrative, financial and engineering practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. JMBA shall at all times operate and maintain its plant, machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering and financial practices.

Section 3.03. Without limiting the generality of Section 3.02 hereof, JMBA shall under arrangements satisfactory to the Association cause the Jamuna bridge and the related structures constructed under Part A of the Project to be periodically inspected in accordance with sound engineering practice in order to determine whether there are any deficiencies in the conditions of such structures, or in the quality and adequacy of maintenance or methods of operation of the same, which may endanger their safety. To this end, JMBA shall propose to the Association appropriate arrangements for the Association's review no later than one year before the expected completion of such structures.

Section 3.04. JMBA shall take out and maintain with responsible insurers, or make other provision satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

Section 3.05. JMBA shall: (a) by December 31, 1996 complete a study in accordance with appropriate methodology and terms of reference, satisfactory to the Association, on: (i) the level and structure of tolls and other user charges to be levied on the Jamuna bridge after its completion; (ii) future tariff and financial policies for JMBA; and (b) by June 30, 1997 propose to the Association, for its approval: (i) the level and structure of such tolls and charges to be applied which shall be sufficient to cover full operating and maintenance costs and the amount by which debt service requirements exceed the provision for depreciation; (ii) future tariff and financial policies for JMBA; and (iii) the interest payment schedule on the proceeds of the Credit onlent to JMBA by the Borrower under the Subsidiary Loan Agreement which shall begin not later than the first ten years after the completion of construction of the Jamuna bridge.

ARTICLE IV

Financial Covenants

Section 4.01. (a) JMBA shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition.

(b) JMBA shall:

(i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) 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: (A) certified copies of its financial statements for such year as so audited, and (B) 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, accounts and financial statements as well as the audit thereof, as the Association shall from time to time reasonably request.

Section 4.02. JMBA shall: (a) not later than the start of Civil works under Part A.3 of the Project open and maintain in a commercial bank, under terms and conditions satisfactory to the Association, a Bridge Emergency Fund of at least \$10,000,000 equivalent which shall be used by JMBA to finance expenditures of an emergency nature during construction of the Jamuna bridge; and (b) in consultation with the Association replenish the said Fund as and when required to meet the required expenditures.

ARTICLE V

Effective Date; Termination;
Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 5.02. (a) This Agreement and all obligations of the Association and of JMBA thereunder shall terminate on the earlier of the following two dates:

(i) the date on which the Development Credit Agreement shall terminate in accordance with its terms; or

(ii) the date 20 years after the date of this Agreement.

(b) If the Development Credit Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify JMBA of this event.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE VI

Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Association:

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

Cable address:	Telex:
INDEVAS	248423 (RCA)
Washington, D.C.	82987 (FTCC)
	64145 (WUI) or
	197688 (TRT)

For JMBA:

The Executive Director
Jamuna Multipurpose Bridge Authority
Allembury, Tejgaon
Dhaka, Bangladesh

Cable address:	Telex:
JMBA	642232 JMBA BJ
Dhaka	

Facsimile:
880-2-813496

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of JMBA, or by JMBA on behalf of the Borrower under the Development Credit Agreement, may be taken or executed by the Executive Director or such other person or persons as the Executive Director shall designate in writing, and JMBA shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Gobind T. Nankani
Acting Regional Vice President
South Asia

JAMUNA MULTIPURPOSE BRIDGE AUTHORITY

By /s/ K. M. Ejazul Huq
Authorized Representative

SCHEDULE

Procurement and Consultants' Services

Section I: Procurement of Works

Part A: International Competitive Bidding

1. Civil works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines).

(a) For fixed-price contracts, the invitation to bid referred to in paragraph 2.13 of the Guidelines shall provide that, when contract award is delayed beyond the original bid validity period, the successful bidder's bid price will be increased for each week of delay by two predisclosed correction factors acceptable to the Association, one to be applied to all foreign currency components and the other to the local currency component of the bid price. Such an increase shall not be taken into account in the bid evaluation.

(b) In the procurement of civil works in accordance with this Part A, JMBA shall use the relevant standard bidding documents issued by the Bank, with such modifications thereto as the Association shall have agreed to be necessary for the purposes of the Project. Where no relevant standard bidding documents have been issued by the Bank, JMBA shall use bidding documents based on other internationally recognized standard forms agreed with the Association.

(c) Bidders for civil works shall be prequalified as provided in paragraph 2.10 of the Guidelines.

Part B: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A.1 hereof, JMBA may grant a margin of preference to domestic contractors in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

Part C: Review by the Association of Procurement Decisions

1. Review of prequalification:

With respect to the prequalification of bidders as provided in Part A.1 hereof, the procedures set forth in paragraph 1 of Appendix 1 to the Guidelines shall apply.

2. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract for civil works awarded under Part A hereof, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 4 to the Development Credit Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the Credit Account are to be made on the basis of statements of expenditure.

3. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

1. In order to assist JMBA in carrying out the Project, JMBA shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Bank on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank

as Executing Agency" published by the Bank in August 1981 (the Consultant Guidelines). For complex, time-based assignments, JMBA shall employ such consultants under contracts using the standard form of contract for consultants' services issued by the Bank, with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Bank, JMBA shall use other standard forms agreed with the Association.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Association review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to contracts estimated to cost less than \$50,000 equivalent each. However, this exception to prior Association review shall not apply to the terms of reference for such contracts or to the employment of individuals, to single source selection of firms, to assignments of a critical nature as reasonably determined by the Association.

