

CONFORMED COPY

CREDIT NUMBER 3485 BD

Development Credit Agreement

(Legal and Judicial Capacity Building Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 30, 2001

CREDIT NUMBER 3485 BD

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated April 30, 2001, 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) the Borrower intends to contract from the Danish International Development Agency (DANIDA) a grant in an amount equivalent to two million four hundred thousand dollars (\$2,400,000) (the DANIDA Grant) to assist in financing Parts A.4 (a) and (b) of the Project on the terms and conditions set forth in an agreement to be entered into between the Borrower and DANIDA (the DANIDA Grant Agreement);

(C) the Borrower intends to contract from the Canadian International Development Agency (CIDA) a grant in an amount of three million Canadian dollars (C\$3,000,000) (the CIDA Grant) to assist in financing Part C of the Project on the terms and conditions set forth in an agreement to be entered into between the Borrower and CIDA (the CIDA Grant 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;

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 October 6, 1999), 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 11 of Resolution No. 194 of the Board of Governors of the Association, adopted on April 8, 1999; and 'Participating Countries' means, collectively, all such countries."; and

(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) "ADR" means alternative dispute resolution;

(b) "Bar Association" means the Supreme Court Bar Association or any District Bar Association;

(c) "Bar Council" means the Bar Council established and existing under the Borrower's Legal Practitioners and Bar Councils Order, 1972, or any successor thereto;

(d) "Chief Justice" means the Borrower's Chief Justice;

(e) "CMAC" means the Case Management and Court Administration Consultants appointed in accordance with the provisions of Section II of Schedule 3 to this Agreement for the purposes of the Project;

(f) "CMIS" means Court Management Information System;

(g) "District" means an administrative unit of the Borrower which goes by that name or any successor thereto;

(h) "District Courts" means collectively the courts of civil jurisdiction of a District; and "District Court" means each and any of those courts individually;

(i) "District Judge" means the judge heading the courts of civil jurisdiction of a District;

(j) "Eligible Categories" means in respect of the Special Account for Parts A.4 (b) (ii) and A.6 of the Project, Categories (1), (2), (3) and (4) (b) set forth in the table in Part A.1 of Schedule 1 to this Agreement; and in respect of the Special Account for the other Parts of the Project, Categories (1) through (4) set forth in the table in Part A.1 of Schedule 1 to this Agreement;

(k) "Eligible Expenditures" means in respect of the Special Account for Parts A.4 (b) (ii) and A.6 of the Project, the expenditures for goods and services referred to in Section 2.02 (a) of this Agreement and to be financed out of the proceeds of the Credit allocated from time to time to said Special Account's respective Eligible Categories; and, in respect of the Special Account for the other Parts of the Project, the expenditures for goods and services referred to in Section 2.02 (a) of this Agreement and to be financed out of the proceeds of the Credit allocated from time to time to said Special Account's respective Eligible Categories;

- (l) "First Stage I Districts" means the Districts of Khulna and Gazipur;
- (m) "Fiscal Year" or "FY" means the Borrower's fiscal year beginning on July 1 of a calendar year and ending on June 30 of the following calendar year;
- (n) "JATI" means the Judicial Administration Training Institute established and existing under the Borrower's Judicial Administration Training Institute Act, 1995, or any successor thereto;
- (o) "LC" means the Law Commission established and existing under the Borrower's Law Commission Act, 1996, or any successor thereto;
- (p) "MOL" means the Borrower's Ministry of Law, Justice and Parliamentary Affairs;
- (q) "MOU" means the Memorandum of Understanding dated September 19, 2000, entered into by MOL and PWD for the purposes of Parts A.4(b)(ii) and A.6 of the Project, as the same may be amended from time to time with the agreement of the Association;
- (r) "NGO" means a non-governmental organization;
- (s) "NLAO" means the National Legal Aid Organization established under the National Legal Aid Organization Act, 2000, to carry out the State-sponsored legal aid program of the Borrower;
- (t) "Other Stage I Districts" means the Districts of Dhaka, Comilla and Rangpur;
- (u) "PD" or "Project Director" means the Project Director referred to in paragraph B.2 (b) of Schedule 4 to this Agreement;
- (v) "Project Districts" means the Stage I Districts and the Stage II Districts collectively; and "Project District" means each and any of those Districts individually;
- (w) "Project Entities" means the Supreme Court, MOL, JATI and LC collectively; and "Project Entity" means each and any of those entities individually;
- (x) "Project Management Report" means each report prepared in accordance with Section 4.02 of this Agreement;
- (y) "Project Oversight Committee" means the Borrower's Project Oversight Committee, consisting of the Chief Justice, the Borrower's Law Minister and the Chairman of the Law Commission;
- (z) "PWD" means the Public Works Department of the Borrower's Ministry of Housing and Public Works;
- (aa) "RAC" means the Reform Advisory Consultants appointed in accordance with the provisions of Section II of Schedule 3 to this Agreement for the purposes of the Project; and
- (bb) "Registrar" means the Registrar of the Supreme Court;
- (cc) "SCPIC" means the Supreme Court Project Implementation Committee constituted by the Chief Justice, consisting of Supreme Court Judges and the Registrar;
- (dd) "Special Accounts" means the accounts referred to in Part B of Schedule 1 to this Agreement;
- (ee) "Stage I Districts" means the First Stage I Districts and the Other Stage I Districts collectively; and "Stage I District" means each and any of those Districts individually;
- (ff) "Stage II Districts" means the Borrower's Districts of Bagerhat, Barisal, Bhola, Bogra, Chittagong, Cox's Bazar, Feni, Gopalganj, Madaripur, Munshiganj, Moulavibazar, Mymensingh, Pabna, Rajshai, Sylhet and Thakurgaon, or such other Districts as may be substituted therefor with the agreement of the Association, collectively; and "Stage II District" means each and any of those Districts

individually;

(gg) "Strategy Paper" means the Borrower's Strategy Paper on Legal and Judicial Reforms dated September 14, 2000, as confirmed through the Borrower's letter to the Association dated September 19, 2000, and as may be amended from time to time with the agreement of the Association;

(hh) "Supreme Court" means the Borrower's Supreme Court, consisting of the Appellate Division and the High Court Division; and

(ii) "Taka" or "Tk" means the currency of the Borrower.

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 twenty-three million six hundred thousand Special Drawing Rights (SDR 23,600,000).

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 for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of works, goods and services required for the Project and to be financed out of the proceeds of the Credit.

Section 2.03. The Closing Date shall be June 30, 2007 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 canceled; 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 March 1 and September 1 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each March 1 and September 1 commencing September 1, 2011 and ending March 1, 2041. Each installment to and including the installment payable on March 1, 2021 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 per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; 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

repayment of installments under paragraph (a) above by: (A) 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; and (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above 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.

(d) 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 the Project through MOL, the Supreme Court, JATI, LC and PWD with due diligence and efficiency, in conformity with appropriate administrative, financial, engineering, legal and judicial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) 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 the Project in accordance with: (i) the Implementation Program set forth in Schedule 4 to this Agreement; and (ii) the policies and principles set forth in the Strategy Paper.

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. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan designed to ensure the continued achievement of the objectives of the Project; and

(b) afford the Association a reasonable opportunity to exchange views with the Borrower on said plan.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Association, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

(i) have the records, accounts and financial statements referred to in

paragraph (a) of this Section and the records and accounts for the Special Accounts for each fiscal year audited, in accordance with auditing standards acceptable to the Association, 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 the financial statements referred to in paragraph (a) of this Section for such year as so audited, and (B) an opinion on such statements, records and accounts and 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 such records and accounts, and the audit thereof, and concerning said auditors, as the Association may 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 Project Management Reports or statements of expenditure, the Borrower shall:

(i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and separate 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 Project Management Reports or 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 the financial management system referred to in paragraph (a) of said Section 4.01 in order to enable the Borrower, not later than June 30, 2002, 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 (1) of the General Conditions, the following additional events are specified:

(a) The DANIDA Grant Agreement and/or the CIDA Grant Agreement shall have failed to become effective by June 30, 2001, or such later date as the Association may agree; provided, however, that the provisions of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

(b) (i) Subject to subparagraph (ii) of this paragraph, the right of the Borrower to withdraw the proceeds of the DANIDA Grant and/or the CIDA Grant made to the Borrower for the financing of the Project shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the DANIDA grant Agreement and/or the CIDA Grant Agreement.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that: (A) such suspension, cancellation or termination is not caused by the failure of the Borrower to perform any of its obligations under the DANIDA Grant Agreement and/or the CIDA Grant Agreement; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional event is specified: the event specified in paragraph (b) (i) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (b) (ii) of that Section.

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) the Financial Management Specialist and the Accountant referred to in paragraph B.2 (b) (ii) (B), and the Procurement Specialist referred to in paragraph B.2 (b) (ii) (C), of Schedule 4 to this Agreement have been appointed by MOL in accordance with the provisions of Section II of Schedule 3 to this Agreement;

(b) the Reforms Advisory Consultants (RAC) and the Case Management/Court Administration Consultants (CMAC) required for the Project have been selected, and contracts with them have been signed, in accordance with the provisions of Section II of Schedule 3 to this Agreement; and

(c) the Project Concept Paper (PCP) for the Project has been approved by the Executive Committee of the National Economic Council (ECNEC) of the Borrower.

Section 6.02. 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

Representative of the Borrower; Addresses

Section 7.01. The Secretary or Additional Secretary or any Joint Secretary/Joint Chief, Deputy Secretary/Deputy Chief, Senior Assistant Secretary or 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 the People's Republic of Bangladesh
Dhaka, Bangladesh

Cable address:	Telex:	Facsimile:
BAHIRSAMPAD Dhaka	642226 SETU BJ 672796 SETU BJ	(88-02) 811-3088

For the Association:

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

Cable address:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	(202) 477-6391

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/ Masihur Rahman

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Frederick T. Temple

Country Director, Bangladesh

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

A. General

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	9,640,000	80%
(2) Equipment, vehicles, office furniture and	2,700,000	100% of foreign expenditures, 100% of local

	reading materials		expenditures (ex-factory cost) and 85% of local expendi- tures for other items procured locally
(3)	Consultants' services and training	7,710,000	100%
(4)	Incremental staff and operating costs:		
	(a) NLAO costs	770,000	50% of amounts disbursed in any FY
	(b) Other costs	690,000	100% in FY 2001; 80% in FY 2002; 60% in FY 2003; 40% in FY 2004; 20% in FY 2005; and 0% thereafter
(5)	Unallocated	2,090,000	
	TOTAL	23,600,000	

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; and

(c) the term "incremental staff and operating costs" means: (i) in respect of Category (4) (a), the costs of legal aid and legal services provided or financed by NLAO; and (ii) in respect of Category (4) (b): (aa) the salaries and allowances of staff appointed to positions created in MOL, PWD, the Supreme Court and the District Courts on or after July 1, 2000 and engaged on a full-time basis for purposes of implementation of the Project; (bb) the operating costs of equipment and vehicles procured under the Project; and (cc) the costs of operating and maintaining office buildings acquired for purposes of the Project, including the provision of utilities and supplies.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made:

(a) 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 1,000,000, may be made on account of payments made for expenditures before that date but after July 1, 2000; and

(b) from Category (4) (a), unless and until evidence satisfactory to the Association has been furnished to the Association that NLAO has become operational in accordance with the recommendations of the study conducted under Part D (iv) of the Project and as agreed with the Association.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for: (a) goods and works, under contracts costing less than \$200,000 equivalent each; (b) services, under contracts costing less than \$100,000 equivalent each for employment of firms, or under contracts costing less than \$50,000 equivalent each for employment of individuals; and (c) training and incremental staff and operating costs, other than NLAO costs, all under such terms and conditions as the Association shall specify by notice to the Borrower.

B. Special Accounts

1. The Borrower shall open and maintain in Taka two separate special deposit accounts, one for Parts A.4 (b) (ii) and A.6 of the Project and another for the other Parts of the Project, in a commercial bank, on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure and attachment.

2. After the Association has received evidence satisfactory to it that a Special Account has been opened, withdrawals from the Credit Account of amounts to be deposited into said Special Account shall be made as follows:

(a) until the Association shall have received: (i) the first Project Management Report referred to in Section 4.02 (b) of this Agreement; and (ii) a request from the Borrower for withdrawal on the basis of Project Management Reports, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

(b) upon receipt by the Association of a Project Management Report pursuant to Section 4.02 (b) of this Agreement, accompanied by a request from the Borrower for withdrawal on the basis of Project Management Reports, all further withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of each Special Account shall be made exclusively for Eligible Expenditures. For each payment made by the Borrower out of a 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.

4. Notwithstanding the provisions of Part B.2 of this Schedule, the Association shall not be required to make further deposits into any Special Account:

(a) if the Association determines at any time that any Project Management Report does not adequately provide the information required pursuant to Section 4.02 of this Agreement;

(b) if the Association determines at any time that all further withdrawals should be made by the Borrower directly from the Credit Account; or

(c) 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: (A) the records and accounts for any Special Account; or (B) the records and accounts reflecting expenditures with respect to which withdrawals were made on the basis of Project Management Reports.

5. The Association shall not be required to make further deposits into any Special Account in accordance with the provisions of Part B.2 of this Schedule 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 Section 6.02 of the General Conditions. Upon such notification, the Association shall determine, in its sole discretion, whether further deposits into the Special Accounts may be made and what procedures should be followed for making such deposits, and shall notify the Borrower of its determination.

6. (a) If the Association determines at any time that any payment out of any Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association, provide such additional evidence as the Association may request, or deposit into said Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment. 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 determines at any time that any amount outstanding in any Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, 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 a Special Account.

(d) Refunds to the Association made pursuant to sub-paragraph (a), (b) or (c) of this paragraph 6 shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Development Credit Agreement.

Annex A to SCHEDULE 1

Operation of Special Accounts When Withdrawals Are
Not Made On the Basis of Project Management Reports

1. For the purposes of this Annex, the term "Authorized Allocation" means: (i) in respect of the Special Account for Parts A.4 (b) (ii) and A.6 of the Project, an amount equivalent to \$850,000 to be withdrawn from the Credit Account and deposited into said Special Account pursuant to paragraph 2 of this Annex; provided, however, that, unless the Association shall otherwise agree, said Authorized Allocation shall be limited to an amount equivalent to \$500,000 until the aggregate amount of withdrawals from the Credit Account of amounts allocated to said Special Account's Eligible Categories, plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions in respect of amounts allocated to said Categories, shall equal or exceed the equivalent of SDR 2,000,000; and (ii) in respect of the Special Account for the other Parts of the Project, an amount equivalent to \$1,050,000 to be withdrawn from the Credit Account and deposited into said Special Account pursuant to paragraph 2 of this Annex; provided, however, that, unless the Association shall otherwise agree, said Authorized Allocation shall be limited to an amount equivalent to \$800,000 until the aggregate amount of withdrawals from the Credit Account of amounts allocated said Special Account's Eligible Categories, plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions in respect of amounts allocated to said Categories, shall equal or exceed the equivalent of SDR 3,000,000.

2. Withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

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

(b) For replenishment of said Special Account, the Borrower shall furnish to the Association requests for deposit into said Special Account at such intervals as the Association shall specify. 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 Part B.3 of Schedule 1 to this Agreement 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 said 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 said Special Account for Eligible Expenditures. Each such deposit into said Special Account shall be withdrawn by the Association from the Credit Account under one or more of said Special Account's Eligible Categories.

3. The Association shall not be required to make further deposits into a Special Account, once the total unwithdrawn amount of the Credit allocated to said Special Account's Eligible Categories, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions in respect of expenditures to be financed out of the proceeds of the Credit allocated to said Categories, shall equal the equivalent of twice the amount of said Special Account's Authorized Allocation. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to said 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 said Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

Annex B to SCHEDULE 1

Operation of Special Accounts When Withdrawals Are
Made On the Basis of Project Management Reports

1. Except as the Association may otherwise specify by notice to the Borrower, all withdrawals from the Credit Account shall be deposited by the Association into the respective Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into a Special Account shall be withdrawn by the Association from the Credit Account under one or more of said Special Account's Eligible Categories.
2. Each application for withdrawal from the Credit Account for deposit into a Special Account shall be supported by a Project Management Report.
3. Upon receipt of each application for withdrawal of an amount of the Credit, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the respective Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Association has determined, based on the Project Management Report accompanying said application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such report; provided, however, that the amount so deposited, when added to the amount indicated by said Project Management Report to be remaining in said Special Account, shall not exceed the equivalent of \$2,000,000 in respect of the Special Account for Parts A.4 (b) (ii) and A.6 of the Project, and \$3,000,000 in respect of the Special Account for the other Parts of the Project.

SCHEDULE 2

Description of the Project

The objective of the Project is to support measures: (a) to enhance the efficiency, effectiveness and accountability of the civil justice system, with a view particularly to reducing/eliminating the case backlog and expediting the clearance rate; and (b) to improve access to justice, particularly for women and the poor.

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: Judicial Capacity Building

1. Strengthening of Case Management by:

- (a) summarily clearing as much of the case backlog as possible through a "purge" of "dead" or inactive cases;
- (b) encouraging judges to become proactive in enforcing the procedural codes, and, for this purpose and as necessary, strengthening/updating the procedural codes, rules, orders and forms (through the exercise of the Supreme Court's rule-making powers or through legislation), in such areas as mandatory time-limits for processing cases, punitive costs and other sanctions, summary judgement procedures, enforcement of domestic and foreign judgements, and appeals, revisions and injunctions/stay orders;
- (c) inducting modern case management techniques into the courts' working, aimed at: (i) the resolution of the case through a consensual process (such as ADR); or (ii) should a trial be necessary, the early identification of disputed issues of law and fact and the establishment and enforcement of a procedural calendar and rules for the life of the case; and
- (d) providing the necessary tools such as: (i) bench-books for judges, clerical procedural manuals for court room staff, and trial practice manuals for litigating counsel; (ii) standardized legal/judicial and administrative forms; and (iii) improved court-room equipment and technology.

2. Improvement of Court Administration

- (a) at the national level by: (i) restructuring and reorganizing the

Registrar's office along modern lines, so as to give it an enhanced role in such areas as general administration, human resources, research and case management support, in respect of the judiciary as a whole; (ii) establishing a modern planning, budgeting and financial management function in the Registrar's office, including a system of preparing and updating multi-year projections of the judiciary's needs and plans to address those needs, and of preparing separate annual capital and general budgets for the judiciary based on such plans; and (iii) delegating to the Registrar's office spending authority within the approved budget;

(b) at the district level by: (i) upgrading the office of the administrative officer, shrestadar (office superintendent) and nazir (chief process server) in the District Judge's court; and (ii) introducing suitable office structure/s for pooling and reorganizing administrative and clerical staff in the District Courts, so as to promote economy and efficiency; and

(c) by providing the necessary staff, training, office manuals (documenting the new procedures and standard forms), office space and technology (the last linked to the CMIS developed under Part A.3 of the Project).

3. Phased Installation of an Automated Court Management Information System (CMIS):

(a) consisting of inter-related modules as follows: (i) a case management or case classification and status module, to facilitate case filing and monitoring, scheduling and tracking, and caveat matching; (ii) a legal framework module, to facilitate access to the legislative code and the case law databases; and (iii) a court administration module, to facilitate planning and budgeting, financial management, staff-related information and reporting, court inspection and statistics gathering and records management; and

(b) including: (i) the development of a Local Area Network (LAN) to provide access to the databases developed under the Project and to the Internet and Email; and

(ii) the provision of computer hardware and software, and training.

4. (a) Provision of training: (i) to District Court judges, in such areas as general administration, substantive and procedural law (including economic law), case management, gender sensitivity, the English language, judgement writing, computer use, judicial ethics and performance standards; and (ii) to other court staff, in such areas as general administration, computer use and performance standards, all in accordance with an agreed training plan, updated from time to time with the agreement of the Association; and

(b) to that end: (i) the upgrading of JATI's training facilities, including the development of modern teaching methods; the provision of teaching/office equipment and materials; and the development of a library; (ii) the construction of its new building; and (iii) the revamping of its staffing structure to shift the focus from administration to teaching, including the establishment of a small core group of full-time instructors, the development of a suitable incentive scheme for them and the provision of intensive training to them.

(c) Provision of facilities for Supreme Court judges to attend workshops, conferences and seminars in subjects of relevance to their work, including economic law, case management and gender-related issues.

5. Establishment of:

(a) schemes for District Court judges, to provide them with incentives in keeping with the dignity and stature of the judicial office, including: (i) transport and telephone facilities, wherever needed; and (ii) special training opportunities, including travel to overseas conferences/seminars; and

(b) ways and means of enhancing accountability at all levels of the judiciary, including: (i) the induction of a modern code of conduct for judges; (ii) the introduction of performance standards and evaluation systems for judges and staff; (iii) the strengthening of the court inspection system; and (iv) the publication by the Supreme Court of an annual report, and the carrying out of user surveys, on the state of the courts.

6. Carrying out of a phased program of upgrading and repair/maintenance of court buildings in the Project Districts, to provide: (a) improved court room (ejlas) facilities, office space for judges and their staffs commensurate with the dignity and stature of a court; (b) waiting, consultation and study rooms for litigants and their

counsel and staff;

(c) separate waiting rooms and other facilities for women and children; (d) space required for new and more efficient filing and records storage systems; and (e) for security needs, automation and increasing volumes of court users.

Part B: Improvement of Access to Justice; Promotion of Legal Literacy and Public Awareness

1. Improvement of access to justice by such means as: (a) raising the level of awareness of gender-related issues in the judiciary, particularly through training of judges and increasing the representation of women on the Bench; (b) establishing and/or promoting alternative dispute resolution (ADR) mechanisms, including commercial arbitration and NGO-sponsored traditional community-based schemes for settlement of disputes (including shalish); (c) strengthening, improving and revitalizing the Small Cause Courts; and (d) providing improved access for the indigent litigant to NLAO-sponsored legal aid and legal services.

2. Promotion of legal literacy and public awareness by such means as: (a) NGO-sponsored community-based legal literacy and gender awareness programs; (b) an MOL-sponsored legal awareness media campaign to keep the public informed of the judicial system and the progress of reforms under the Project; and (c) Bar Association/Bar Council-sponsored programs for educating members of the Bar about said reforms and their benefits and for soliciting views on the subject.

Part C: Supporting Legal Reform Capacity Building

Enhancement of the legal reform capacity needed to support the judicial reform program by strengthening:

- (i) the Law Commission (LC) through: (a) the expansion of its membership selected from a wider spectrum of legal experience, including judges of differing seniority, and practicing and academic lawyers; (b) the appointment of additional staff, including researchers, legal officers and a full-time administrator; (c) the development of a modern and advanced methodology; (d) the establishment of links with advanced legal research institutes, think tanks and other law commissions; (e) the establishment of a multi-year work program; and (f) the provision of computerized research facilities and a better library; and
- (ii) MOL's Drafting Wing through: (a) its reorganization into a Division and the establishment in it of a legislative drafting cadre/service; (b) the development and implementation of a training and development program for legislative draftsmen; (c) the development of drafting standards and a drafting manual; and (d) the provision of networked computerized research facilities, with links to the legislative code and the case law databases, and improved library facilities.

Part D: Preparation of Future Reforms/Other Studies

1. Provision of technical assistance:

(a) to give final shape to the proposed structure and terms of reference for:

(i) a central administrative office for the judiciary; (ii) a national judicial pay commission; and (iii) a judicial service commission; and

(b) to conduct a study to recommend ways for an improved NLAO to become fully functional as an effective legal aid organization, and to help prepare and put in place the policies, principles and procedures, and the organizational structure and staffing plan, needed for this purpose.

2. (a) Carrying out of a baseline study to establish benchmarks for measuring improvements under the Project with respect to: (i) the effectiveness, efficiency and productivity of the courts; and (ii) the availability, accessibility and effectiveness of alternative forums, such as Small Cause Courts and NGO-sponsored ADR, and other means, such as legal aid and legal literacy programs, for the indigent litigant; and

(b) Periodic updating of data, through such means as user and other surveys, focus groups, conferences and workshops.

* * *

The Project is expected to be completed by December 31, 2006.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Good 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, September 1997 and January 1999 (the Guidelines); and (b) the provisions of the following Parts of this Section I.

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 "articipating Country".

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods 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 to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of contracts

To the extent practicable, contracts shall be grouped in bid packages estimated to cost \$200,000 equivalent or more each.

(b) Preference for domestically manufactured goods

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.

(c) Notification and Advertising

The bid for each contract estimated to cost \$10,000,000 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

(a) Except as provided in paragraph 2 of this Part B: (i) goods estimated to cost less than \$200,000 but more than \$20,000 equivalent per contract, up to an aggregate amount not to exceed \$2,400,000 equivalent; and (ii) works may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(b) The following provisions shall apply to contracts awarded in accordance with the provisions of sub-paragraph (a) of this paragraph:

(i) Grouping of Works Contracts

To the extent practicable, works contracts shall be grouped in bid packages according to location.

(ii) Improvement of Bidding Procedures

In order to ensure economy, efficiency, transparency and broad consistency with the provisions of Section 1 of the Guidelines:

- (aa) standard bidding documents approved by the Association shall be used;
- (bb) invitations to bid shall be advertised in at least one widely circulated national daily newspaper, and bidding documents shall be made available to prospective bidders at least 28 days prior to the deadline for the submission of bids;
- (cc) bids shall not be invited on the basis of a percentage premium or discount over the estimated cost;
- (dd) bidding documents shall be made available, by mail or in person, to all who are willing to pay the required fee;
- (ee) foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders;
- (ff) qualification criteria (in case pre-qualification was not carried out) shall be stated in the bidding documents, and, if a registration process is required, a foreign firm determined to be the lowest evaluated bidder shall be given a reasonable opportunity of registering, without let or hindrance;
- (gg) bidders may deliver bids, at their option, either in person or by courier service or by mail;
- (hh) all bidders shall provide bid security as required in the bidding documents. A bidder's bid security shall apply only to a specific bid;
- (ii) bids shall be opened in public in one location, immediately, but no later than one hour, after the deadline for submission of bids;
- (jj) evaluation of bids shall be made in strict adherence to the criteria set forth in the bidding documents, in a format and within a specified period agreed with the Association;
- (kk) bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the Association;
- (ll) a split award or a lottery in award of contracts shall not be made. When two or more bidders quote the same lowest price, an investigation shall be carried out to determine if there is any evidence of collusion, following which: (A) if collusion is determined, the parties involved shall be disqualified and the award shall then be made to the next lowest evaluated and qualified bidder, or (B) if no evidence of collusion can be confirmed, then fresh bids shall be invited after receiving the concurrence of the Association;
- (mm) contracts shall be awarded to the lowest evaluated bidders within the initial period of bid validity so that extensions are not necessary. Extension of bid validity may be sought only under exceptional circumstances.
- (nn) extension of bid validity period shall not be allowed without the prior concurrence of the Association: (A) for the first request for extension if it is longer than eight weeks; and (B) for all subsequent extensions irrespective of the period;
- (oo) negotiations shall not be allowed with the lowest evaluated or any other bidders;
- (pp) re-bidding shall not be carried out without the Association's prior concurrence; and
- (qq) all contractors or suppliers shall provide performance security as indicated in the contract documents. A contractor's or a supplier's performance security shall apply only to a specific contract under which it was furnished.

2. National Shopping

Goods estimated to cost \$20,000 equivalent or less per contract, up to an aggregate amount not to exceed \$500,000 equivalent, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations 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

With respect to: (i) the first contract for goods, irrespective of value, and each subsequent contract for goods estimated to cost the equivalent of \$200,000 or more; and (ii) the first contract for works, irrespective of value, and each subsequent 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.

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 Association in January 1997 and revised in September 1997 and January 1999, 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

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.

Part C: Other Procedures for the Selection of Consultants

1. Selection under a Fixed Budget

Services to be provided by NGOs and media agencies under Part B of the Project shall be procured under contracts awarded in accordance with: (a) the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines; and (b) other principles, criteria and procedures acceptable to the Association.

2. Least-cost Selection

Services for preparation of engineering, architectural and structural designs and works assessment, technical auditing and project performance auditing may be procured under contracts awarded in accordance with the provisions of paragraph 3.1 and 3.6 of the Consultant Guidelines.

3. 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 Association 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 \$100,000 or more, the procedures set forth in paragraphs 1, 2 (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 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

A. The Supreme Court

1. The Supreme Court shall carry out Parts A.1, A.2 (except for A.2 (a) (iii)), A.3 (except for the legislative code database), A.4 (c), A.5 (b), A.6 and B.1 (c) (in consultation with MOL) of the Project.

2. Day-to-day responsibility for carrying out the Supreme Court's activities under the Project shall be assigned: (a) within the Supreme Court, to the Registrar; and (b) within each Project District, to the District Judge in charge; each of whom shall be assisted by the RAC and CMAC Teams as necessary, and shall be overseen by the Supreme Court Project Implementation Committee (SCPIC).

3. General oversight of the Supreme Court's activities under the Project shall be exercised through SCPIC, which shall be maintained throughout the Project implementation period, with authority, inter alia:

(a) to expand its membership as necessary and/or co-opt such other members from time-to-time as may be needed, including District Court judges and CMIS/automation experts;

(b) to give policy and operational directions to the Registrar and to each District Judge in charge of a Project District, as necessary; and, in particular, to rule on any problems or issues concerning the Project, which the Registrar and/or each such District Judge is unable to resolve him or herself; and

(c) to meet, at least once every month or more frequently if so requested by the Registrar or any District Judge in charge of a Project District, to take stock of progress of the work.

4. Specific oversight of reforms of the procedural codes required for purposes of Parts A.1 (b) and (c) of the Project shall also be exercised through SCPIC, which shall have authority, inter alia,:

(a) to determine the nature of expert and consultants' services required for purposes of said reforms; to help select such experts and consultants; to hold such experts and consultants accountable for their work; to examine, comment on, and evaluate proposals for reform prepared by such experts and consultants or received from other sources; to invite the views of judges, lawyers and other stakeholders on such proposals; and to recommend such proposals, if considered suitable, for adoption to the Supreme Court Rules Committee or, if legislation is involved, to MOL; and

(b) to meet, at least once every month or more frequently if so requested by the Registrar, to take stock of progress of the work.

B. MOL

1. MOL shall:

(a) specifically carry out: (i) the legislative reforms needed in support of Parts A.1 (b) and (c), B. 1(b), (c) and (d), and C (i) of the Project; and (ii) Parts A.2 (a) (iii) (to the extent relevant), A.3 (a) (ii) (to the extent of the legislative code database), A.5 (a) (in consultation with the Supreme Court), B.1 (a) (in consultation with the Supreme Court), B.1 (b), B.1 (d), B.2, C (ii) and D (in consultation with the Supreme Court) of the Project; and

(b) generally coordinate and facilitate the Project as a whole.

2. Day-to-day responsibility for carrying out MOL's activities under the Project shall vest in its Secretary, who shall be assisted:

(a) for purposes of Project implementation, by the head of MOL's Drafting Wing; and

(b) for purposes of Project coordination and facilitation, by a Project Director (PD), who shall be:

(i) an MOL officer not below the rank of Deputy Secretary/Deputy Chief;

(ii) assisted by other senior staff including: (A) a Deputy Director; (B) a Financial Management Specialist and an Accountant; and (C) a Procurement Specialist;

(iii) advised in all technical matters relating to legal and judicial reform by the RAC Team, led by a Resident Legal Adviser; and

(iv) responsible, inter alia, for procurement of goods, services and works in accordance with the wishes and needs of, and in consultation with, the Project Entities; monitoring of progress of various Project components; provision of technical advice and direction and/or trouble-shooting services, through the RAC Team, to the Project Entities; handling of Project-related financial management matters; preparation of PMRs and other reports required by the Association from time-to-time; and coordination of Project supervision missions and discussions requested by the Association and other donors, and interaction with other agencies of the Borrower, the Bar Council, the Bar Associations and NGOs.

3. General oversight of the services delivered by NGOs under Parts B.1 (b) and B.2 (a) of the Project shall be exercised through a Legal Services Support Committee, which shall be jointly constituted by MOL and the Supreme Court not later than June 30, 2001, and which shall:

(a) consist of a retired Supreme Court judge, as chairman; PD, as secretary; a District Judge; an academic with a background in legal services; a senior advocate of the Supreme Court Bar or the District Bar; a representative of the Association of Development Agencies of Bangladesh; a representative of the National Women's Organization (Jatiya Mahila Sangstha); and a representative of the Bangladesh Human Rights Commission (when established), of all of whom at least two shall be women; and

(b) meet at least twice a year to review and monitor the quality of service delivery at the grass roots level.

C. JATI

1. JATI shall carry out Parts A.4 (a) (as required by the Supreme Court) and A.4 (b) of the Project.

2. Day-to-day responsibility for carrying out JATI's activities under the Project shall vest in its Director General, who shall be assisted by a full-time instructor.

D. LC

1. LC shall: (a) provide assistance to MOL in connection with the legislative reforms needed in support of Parts A.1 (b) and (c), B.1(b), (c) and (d), and C (i) of the Project; and (b) carry out Part C (i) of the Project.

2. Day-to-day responsibility for carrying out LC's activities under the Project shall vest in one of its Members designated by its Chairman, who shall: (i) be assisted by its Secretary and at least two researchers/legal officers, to be appointed not later than June 30, 2001; (ii) consult with, and fully reflect the views of, SCPIC on any matter of legislative reform concerning the court system; and (iii) consult with, and fully reflect the views expressed or proposals made by, the Experts Group on any matter of reform of the procedural codes.

E. PWD

1. PWD shall procure and supervise the works to be carried out under Parts A.4 (b) (ii) and A. 6 of the Project: (a) in accordance with MOU; (b) in close consultation with the Project Entities concerned; and (c) in close coordination with, and subject to quality control by MOL.

2. PWD shall maintain suitable financial management staff for purposes of Parts A.4 (b) (ii) and A.6 of the Project.

F. Project Oversight Committee

General oversight of the Project shall be exercised through the Project Oversight Committee, which shall be maintained throughout the Project implementation period, with authority, inter alia:

(a) to give policy and operational directions to the Project Director and to the Project Entities, as necessary; and, in particular, to rule on any problems or issues concerning the Project, which the Project Director and/or the Project Entities are unable to resolve themselves; and

(b) to meet at least once every calendar quarter, or more frequently if so requested by the Project Director or the Resident Legal Adviser or any of the Project Entities, to take stock of progress under the Project.

G. Project Consultative Group

MOL shall, in consultation with the Supreme Court and not later than June 30, 2001, establish a Project Consultative Group, which shall:

(a) consist of about 20 members representative of a broad spectrum of interests, including the Attorney General's office, the University Grants Commission, PWD, business chambers, legal aid organizations, women's organizations and other NGOs, Bar Associations, academia, District Court judges, consumer associations, the Bangladesh Medical Association, the Association of Engineers and trade unions; and

(b) meet at least once a year to hear reports from the Project Director on the progress of the Project; and to contribute views on any issues referred to it by the Project Director or otherwise raised by any of its members.

H. Project Phasing

Except as the Association shall otherwise agree, the Borrower shall carry out the Project in stages in accordance with a phasing plan satisfactory to the Association so that:

(a) under the first stage of the Project, expected to last about twenty-four (24) months from the commencement of the Project:

(i) the reforms and related Project activities, to be carried out in the Supreme Court under Parts A.2(a) and (c) (to the extent relevant), A.3 and A.5(b) of the Project, shall be completed;

(ii) the reforms and related Project activities, to be carried out in the First Stage I Districts under Parts A.1, A.2(b) and (c) (to the extent relevant), A.3, A.4(a), A.5, B and D.2 of the Project, shall be initiated on a trial basis, together with the first phase of the court upgrading and repair/maintenance program to be

carried out under Part A.6 of the Project;

(iii) the upgrading program, to be carried out in JATI under Part A.4(b) of the Project, shall be commenced; and

(iv) the reforms and related Project activities, to be carried out in LC and MOL's Drafting Wing under Parts C (i) and (ii) of the Project, respectively, shall be completed.

(b) under the second stage of the Project, expected to be commenced about twenty (20) months after the commencement of the first stage of the Project and to last about eighteen (18) months thereafter:

(i) the reforms and related Project activities, as previously tested and carried out in the First Stage I Districts and to be replicated in the Other Stage I Districts under Parts A.1, A.2(b) and (c) (to the extent relevant), A.3, A.4(a), A.5, B and D.2 of the Project, shall be completed, together with the second phase of the court upgrading and repair/maintenance program to be carried out under Part A.6 of the Project;

(ii) the strengthening of the procedural codes, as needed to be carried out under Part A.1(b) of the Project, shall be completed; and

(iii) the upgrading program, to be carried out in JATI under Part A.4(b) of the Project and commenced during the first stage of the Project, shall be completed.

(c) under the third and final stage of the Project, expected to be commenced about thirty-six (36) months after the commencement of the first stage of the Project and to last about eighteen (18) months thereafter:

(i) the reforms and related Project activities, as previously tested and carried out in the Stage I Districts and to be further replicated in the Stage II Districts under Parts A.1, A.2 (b) and (c) (to the extent relevant), A.3, A.4 (a), A.5, B and D.2 of the Project, shall be completed, together with the third and final phase of the court upgrading and repair/maintenance program to be carried out under Part A.6 of the Project; and

(ii) the studies, to be carried out under Part D.1 of the Project, shall be completed.

I. Progress Reports

Without limiting the generality of Article IX of the General Conditions and except as the Association shall otherwise agree, the Borrower shall furnish to the Association, not later than forty-five (45) days after the end of each calendar quarter and in form and substance satisfactory to the Association, a consolidated progress report on the carrying out by the Project Entities of their respective activities under the Project during such quarter.

J. Mid Term Review

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 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 October 31, 2003, 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 the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association, by January 31, 2004, 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.

