

**OFFICIAL
DOCUMENTS**

CREDIT NUMBER 5780-BD

Project Agreement

(Pro-Poor Slum Integration Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PALLI KARMA-SAHAYAK FOUNDATION

Dated JUNE 30 , 2016

PROJECT AGREEMENT

AGREEMENT dated *JUNE 30*, 2016, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and PALLI KARMA-SAHAYAK FOUNDATION (“PKSF” or “Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of same date between PEOPLE’S REPUBLIC OF BANGLADESH (“Recipient) and the Association. The Association and the PKSF hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Financing Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

- 2.01. The PKSF declares its commitment to the objectives of the Project. To this end, PKSF shall carry out Part 3 of the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the above-mentioned Parts of the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and PKSF shall otherwise agree, PKSF shall carry out Part 3 of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

- 3.01. For purposes of Section 8.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

- 4.01. PKSF’s Representative is its Managing Director.

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423(MCI)	1-202-477-6391

4.03. PKSF's Address is:

E-4/B Agargaon
Shere-e-Bangla Nagar
Dhaka 1207, Bangladesh

AGREED at Dhaka, People's Republic of Bangladesh,
as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



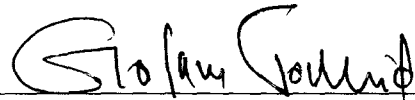
Authorized Representative

Name: ZAHID HUSSAIN

Title: ACTING COUNTRY DIRECTOR

PALLI KARMA-SAHAYAK ASSOCIATION

By



Authorized Representative

Name: GOLAM TOUHID

Title: Deputy Managing
Director

SCHEDULE

Execution of PKSF's Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements.

PKSF shall establish by no later than one (1) month after the Effective Date and thereafter maintain, throughout the period of implementation of the Project, the PKSF Project Monitoring Unit ("PKSF PMU") with functions and resources satisfactory to the Association, and with staff in adequate numbers and with qualifications, experience and terms of reference satisfactory to the Association. Without limitation on the foregoing, the PKSF PMU shall be headed by a full-time Project coordinator and responsible for carrying out the management, financial management, performance evaluations, safeguards, monitoring and reporting activities under Part 3 of the Project.

B. Credit Line Operations Manual

No later than the earlier of one (1) month after the Effective Date or the first date on which PKSF proposes to make a Sub-Loan, PKSF shall adopt and thereafter use in the implementation of the Project, throughout the period of implementation of the Project, a Credit Line Operations Manual ("CLOM"), in form and substance satisfactory to the Association. PKSF shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in the CLOM, provided, however, that in the case of any conflict between the arrangements and procedures set out in the CLOM and the provisions of this Agreement, the provisions of this Agreement shall prevail. Except as the Association shall otherwise agree in writing, PKSF shall not amend, abrogate or waive any provision of the CLOM.

C. Sub-loans

1. For purposes of the carrying out Part 3(a) of the Project, PKSF shall:
 - (i) appraise and select POs in accordance with the terms and conditions set forth in the CLOM;
 - (ii) relend to the POs a portion of the proceeds of the Financing under Participation Agreements on the terms and conditions set forth in the CLOM, including the terms and conditions set forth in the Annex to this Schedule;
 - (iii) exercise its rights under the Participation Arrangements in such manner as to protect its interests and the interests of the Association, comply with its

obligations under its respective Participation Agreement and achieve the purposes of the Project; and

- (iv) except as the Association shall otherwise agree, not materially assign, amend, abrogate or waive any Participation Agreements, or any provisions thereof.
2. PKSF shall ensure, and case each of the POs to ensure, that the Sub-loans are extended to only those Beneficiaries: (i) who privately hold or own the land on which the Shelter Support Sub-project shall be carried out; and (ii) with the purpose of carrying out in-situ improvements and/or renovations within such privately owned land.

D. Anti-Corruption

1. Notwithstanding the application of the Recipient's anti-corruption laws, PKSF shall ensure that Part 3 of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
2. Without limitation on the provisions of paragraph 1 above, PKSF shall: (a) carry out the Governance and Accountability Action Plan in accordance with its terms; and (b) submit reports on the status of the implementation of said plan as part of the Project Report (or such other frequency as may be agreed with the Association).

E. Safeguards

1. PKSF shall ensure that the Project is carried out in accordance with the provisions of the EMF and the relevant Safeguard Assessments and Plans.
2. Whenever an additional or revised Safeguard Assessment and Plan shall be required for any proposed Shelter Support Sub-project in accordance with the provisions of the EMF, PKSF shall cause each PO through its Participation Agreement to:
- (a) prior to the commencement of such Shelter Support Sub-project, have or cause to have such Safeguard Assessment and Plan: (i) prepared in accordance with the provisions of the EMF; (ii) furnished to the Association for review and approval; and (iii) thereafter adopted and disclosed as approved by the Association, in a manner acceptable to the Association; and
 - (b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such Safeguard Assessment and Plan.

3. PKSF shall, and shall cause each PO through its Participation Agreement, not amend, abrogate or waive, or permit to be amended, abrogated or waived, the EMF, or any Safeguard Assessments and Plans, unless the Association has provided its prior approval thereof in writing, and PKSF has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.
4. In the event of any conflict between the provisions of any of the EMF, or the Safeguard Assessments and Plans, and the provisions of this Agreement and/or the Financing Agreement, the provisions of this Agreement and/or the Financing Agreement shall prevail.
5. Without limitation on its other reporting obligations under this Agreement, PKSF shall collect, compile and submit to the Association on a bi-annual basis (or such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the ESMF with respect to all Shelter Support Sub-projects, including those made by PKSF and those made by POs, giving details of: (a) measures taken in furtherance of the said instrument; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the said measures; and (c) remedial measures taken or required to be taken to address such conditions.
6. PKSF shall ensure, and shall cause each of the POs through the Participation Agreements to ensure, that: (a) no land or land associated asset acquisition or resettlement of or other activity resulting in Affected Persons shall be necessary for any Shelter Support Sub-project; and (b) no Sub-loans will be utilized for any land, or other land associated asset acquisition, nor will any Sub-loan proceeds be utilized for resettlement of or other activity resulting in Affected Persons.
7. Prior to the provisions of any Sub-loans, PKSF shall:
 - (a) verify that the Grievance Redress Mechanisms to be set up by NHA for purposes of handling and tracking any complaints related to Part 3 of the Project, guiding resolution of such complaints, and tracking and publicizing resolution of such complaints, are effectively working as per the requirements of the SMF;
 - (b) publicize the Grievance Redress Mechanisms on its Project website; and
 - (c) take all actions necessary on its part to coordinate with NHA the handling of the Grievance Redress Mechanisms for Part 3 of the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

PKSF shall monitor and evaluate the progress of Part 3 of the Project and prepare Project Reports for Part 3 of the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each such Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later sixty (60) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. PKSF shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the PKSF, including the operations, resources and expenditures related to Part 3 of the Project.
2. PKSF shall prepare and furnish to the Association as part of the Project Report, not later than sixty (60) days after the end of each calendar quarter, interim unaudited financial reports for Part 3 of the Project covering the quarter, in form and substance satisfactory to the Association.
3. PKSF shall have its financial statements for Part 3 of the Project audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one (1) fiscal year of the Recipient. PKSF shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the Association not later than six (6) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.

Section III. Procurement

All goods, works and services required for Part 3 of the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.

Annex to the Schedule

Principal Terms and Conditions of the Participation Agreements

Each respective Participation Agreement shall contain provisions pursuant to which each respective PO shall undertake the obligation to:

- (a) (i) make Sub-loans for eligible Shelter Support Sub-projects on terms and conditions set forth in Sub-loan Agreements whereby the PFI shall obtain the right to:
 - (A) require the Beneficiary to carry out the activities financed out of the proceeds of a Sub-loan with due diligence and efficiency and in accordance with sound technical, economical, financial, managerial and environmental standards, including those set forth in the CLOM, the EMF, and the Anti-Corruption Guidelines;
 - (B) require: (i) that the goods to be financed out of the proceeds of the Sub-loan shall be procured in accordance with the provisions of Section III of the Schedule to this Agreement; (ii) that such goods shall be used exclusively in the carrying out of the activities financed out of the proceeds of the relevant Sub-Loan; and (iii) that the activities financed out of the proceeds of the relevant Sub-loan shall be completed before the Closing Date;
 - (C) require the Beneficiary to maintain financial records in a manner adequate to reflect the use of the Financing;
 - (D) inspect, by itself or jointly with representatives of the Recipient or the Association, if the Association shall so request, such goods and the sites, works, plants and construction included in the activities to be financed out of the proceeds of a Sub-loan, the operation thereof, and any relevant records and documents;
 - (E) obtain all such information as the Association or PKSf shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Beneficiary and to the benefits to be derived from the activities financed out of the proceeds of a Sub-loan; and
 - (F) suspend or terminate the right of the Beneficiary to the use of the proceeds of the Sub-loan, or declare to be immediately due and payable all or any part of the amount of the Sub-loan then

withdraw, upon failure by such Beneficiary to perform its obligations under the Sub-loan Agreement.

- (ii) inform the Beneficiaries about the Grievance Redress Mechanisms under the Project;
 - (iii) ensure that: (A) no land or land associated asset acquisition or resettlement of or other activity resulting in Affected Persons shall be necessary for any Shelter Support Sub-project; and (B) no Sub-loans will be utilized for any land, or other land associated asset acquisition, nor will any Sub-loan proceeds be utilized for resettlement of or other activity resulting in Affected Persons;
 - (iv) exercise its rights in relation to each such Sub-loan in such manner as to protect its interests and the interests of PKSf and the Association, comply with its obligations under its respective Participation Agreement, and achieve the purposes of the Project;
 - (v) not assign, amend, abrogate or waive any of its agreements providing for Sub-loans, or any provision thereof, without the prior consent of PKSf and the Association; and
 - (vi) supervise, monitor and report on the activities to be carried out by each Beneficiary in accordance with the provisions of the CLOM, and the EMF.
- (b)
- (i) exchange views with and furnish all such information to the Association or PKSf, as may be reasonably requested by the Association and PKSf, with regard to the progress of its activities under the Project, the performance of its obligations under its respective Participation Agreement, and other matters relating to the purposes of the Project;
 - (ii) prepare and submit to PKSf semi-annual reports on Sub-loan disbursements and repayments until the currency of the Participation Agreement; and
 - (iii) promptly inform the Association and PKSf of any condition which interferes or threatens to interfere with the progress of its activities under its respective Participation Agreement.