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CREDIT NUMBER 5780-BD

# **Project Agreement**

**(Pro-Poor Slums Integration Project)**

**between**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**and**

**NATIONAL HOUSING AUTHORITY**

Dated *JUNE 30,* , 2016

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## **PROJECT AGREEMENT**

AGREEMENT dated June 30, 2016, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and NATIONAL HOUSING AUTHORITY ("NHA") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between the PEOPLE'S REPUBLIC OF BANGLADESH ("Recipient") and the Association. The Association and the NHA 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 NHA declares its commitment to the objectives of the Project. To this end, NHA shall carry out Parts 1, 2, 4 and 5 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.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the NHA shall otherwise agree, NHA shall carry out Parts 1, 2, 4 and 5 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. NHA's Representative is its Chairman.

4.02. The Association's Address is:

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

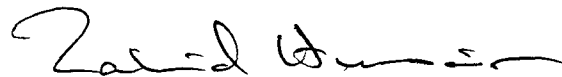
4.03. The NHA's Address is:

82 Segunbagicha  
Dhaka 1000, 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: SAHID HUSSAIN  
ACTING

Title: COUNTRY DIRECTOR

NATIONAL HOUSING AUTHORITY

By



Authorized Representative

Name: SAM FAZLUL KABIR

Title: Member (E+C) NHA.

## **SCHEDULE**

### **Execution of NHA's Respective Parts of the Project**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements**

##### **1. Project Steering Committee**

NHA 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 Project Steering Committee ("PSC") with a mandate, composition and resources satisfactory to the Association. Without limitation on the foregoing, the PSC shall: (a) be chaired by the Secretary of MHPW and comprise representatives of the relevant secretaries, among others; and (b) meet as frequently as necessary to: (i) provide strategic and policy direction on all activities under the Project; (ii) facilitate the coordination of Project activities; and (iii) address any obstacle during the implementation of the Project.

##### **2. Project Monitoring Unit, Staffing and Field Officers**

NHA shall:

- (a) by no later than one (1) month after the Effective Date, establish and thereafter, maintain, throughout the period of implementation of the Project, the NHA Project Monitoring Unit ("NHA 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 NHA PMU shall be headed by a full-time Project director and be responsible for carrying out the management, financial management, performance evaluations, safeguards, monitoring and reporting activities under Parts 1,2, 4 and 5 of the Project;
- (b) by no later than one (1) month after the Effective Date, recruit and thereafter maintain, throughout the period of implementation of the Project: (i) one (1) financial management associate and one (1) accountant, both to be placed with the NHA PUM and with qualifications, experience and terms of reference satisfactory to the Association; and (ii) one (1) internal audit firm with qualifications, experience and terms of reference satisfactory to the Association; and
- (c) deploy and thereafter maintain, throughout the period of implementation of the Project, officers to NHA field offices in the Designated

Municipalities, as the case maybe, who shall be responsible for the day-to-day coordination and administration of the relevant Project activities.

3. Municipal Committees and Primary and Secondary Infrastructure Sub-projects

NHA shall ensure that only those activities prepared, selected and implemented in accordance with the eligibility criteria for Primary and Secondary Infrastructures Sub-projects set out in the PIM, EMF and SMF shall be financed out of the proceeds of the Financing, and to that end, prior to the carrying out of any activity under Part 2(a) of the Project, NHA shall:

- (a) establish and thereafter maintain, throughout the period of implementation of the Project, a Municipal Level Committee (“MLC”) within each Designated Municipality, with functions, composition and resources satisfactory to the Association. Without limitation on the foregoing, each MLC shall be: (i) headed by one (1) NHA executive engineer and comprised of relevant agencies and representatives from local communities of the Designated Municipality; and (ii) responsible for, *inter alia*, ensuring that all activities to be carried within the Designated Municipality are fully aligned with municipal urban plans; and
- (b) execute with each Designated Municipality a memorandum of understanding, by which, *inter alia*, (i) NHA shall agree to identify activities eligible to be designated as Primary and Secondary Infrastructure Sub-projects and to carry out the eligible Primary and Secondary Infrastructure Sub-Projects; and (ii) such Designated Municipality shall agree, to administrate and manage such Primary and Secondary Infrastructure Sub-Project after their conclusion, including their operation and maintenance.

4. Tertiary Infrastructure Sub-projects

(a) NHA shall ensure that only those activities prepared, selected and implemented in accordance with the eligibility criteria for Tertiary Infrastructure Sub-projects set out in the PIM, EMF and SMF shall be financed out of the proceeds of the Financing, and to that end, prior to the carrying out of any activity under Part 2(b) of the Project, NHA shall:

- (i) appraise and select Selected Communities and identify activities eligible to be designated as Tertiary Infrastructure Sub-projects, in each case in accordance with the terms and conditions set forth in PIM;

- (ii) enter into memoranda of understanding with the Selected Communities in accordance with the terms and conditions set forth in the PIM, including, *inter alia*, the endorsement of the Selected Communities to all the activities to be carried out under the Tertiary Infrastructure Sub-projects, the obligation of the Selected Communities with respect to the operation and maintenance of the Tertiary Infrastructure Sub-projects and the capacity building activities to be carried by NHA regarding operation and maintenance of the Tertiary Infrastructure Sub-projects;
  - (iii) exercise its rights under the above-mentioned memoranda in such manner as to protect its interests and the interests of the Association, comply with its obligations under its respective memoranda and achieve the purposes of the Project; and
  - (iv) except as the Association shall otherwise agree, not materially assign, amend, abrogate or waive any memoranda, or any provisions thereof.
- (b) Where, in the interest of the Project, community participation in procurement has been identified in the Procurement Plan for procuring activities under a Tertiary Infrastructure Sub-project, NHA shall, prior to the carrying out of any such activities, hire a Selected Community through a Community Participation Agreement on terms and conditions approved by the Association, which shall include, *inter alia*:
  - (i) the Selected Community's obligations to: (A) carry out the activities under the selected Tertiary Infrastructure Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association; (B) maintain policies and procedures to enable to monitor the progress of the activities under the Tertiary Infrastructure Subproject and the achievement of its objectives; (C) abide by, and comply with, the terms and conditions of the PIM, EMF, SMF and each EMP, SMP and RAP prepared, as applicable; (D) accept physical or documentary inspection by NHA and/or the Association, in relation to the carrying out of the Tertiary Infrastructure Subproject; and (E) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing; and

- (ii) NHA's right to suspend or terminate the right of the Selected Community to use the proceeds provided through the Community Participation Agreement or obtain a refund of all or any part of the amount of the proceeds then paid, upon the Beneficiary's failure to perform its obligations under the Community Participation Agreement.

**B. Project Implementation Manual**

By no later than the earlier of one (1) month after the Effective Date or the first date on which NHA proposes to make the proceeds of the Financing available to Selected Community, NHA shall adopt and thereafter maintain, throughout the period of implementation of the Project, a Project Implementation Manual ("PIM"), in form and substance satisfactory to the Association. NHA shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in the PIM, provided, however, that in the case of any conflict between the arrangements and procedures set out in PIM and the provisions of this Agreement, the provisions of this Agreement shall prevail. Except as the Association shall otherwise agree, NHA shall not amend, abrogate or waive any provision of the PIM.

**C. Anti-Corruption**

1. Notwithstanding the application of the Recipient's anti-corruption laws, NHA shall ensure that Parts 1, 2, 4 and 5 of the Project are carried out in accordance with the provisions of the Anti-Corruption Guidelines.
2. Without limitation on the provisions of paragraph 1 above, NHA 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).

**D. Safeguards**

1. NHA shall ensure that Parts 1, 2, 4, and 5 of the Project are carried out in accordance with the provisions of the EMF, SMF and the relevant Safeguard Assessments and Plans.
2. Whenever a new, additional or revised Safeguard Assessment and Plan shall be required for any proposed activity under NHA's Respective Part of the Project in accordance with the provisions of the EMF and SMF, NHA shall, or shall cause each Designated Municipality with respect to Primary and Secondary Infrastructure Sub-projects and each Selected Community with respect to Tertiary Infrastructure Sub-projects, as the case may be, to:



- (a) prior to the commencement of such activity, have such Safeguard Assessment and Plan: (i) prepared in accordance with the provisions of the EMF and SMF; (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;
  - (b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such Safeguard Assessment and Plan; and
  - (c) take all necessary actions to minimize to the extent possible any involuntary relocation of persons, or their loss of shelter, assets, or access to assets, or loss of income sources or means of livelihood, temporarily or permanently on any Project site. In the case of any resettlement activity under the Project involving Affected Persons, NHA shall ensure that no displacement shall occur before necessary resettlement measures consistent with the SMF and with the RAP applicable to such activity have been executed, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, prior to displacement of persons or the commencement of works or other Project activities.
- 3. NHA shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the EMF, SMF or any Safeguard Assessments and Plans, unless the Association has provided its prior approval thereof in writing, and NHA 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, SMF 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. NHA shall maintain monitoring and evaluation protocols and record keeping procedures agreed with the Association and adequate to enable the Recipient and the Association to supervise and assess, on an on-going basis, the implementation of and compliance with the terms and conditions of the EMF, SMF and the Safeguard Assessments and Plans.
- 6. Without limitation on the foregoing, NHA shall ensure that in any Project activity involving the voluntary provision or donation of land or land associated assets, planning and verification procedures for such donation acceptable to the Association have been followed and documented in a manner meeting acceptable to the Association prior to the commencement of the relevant Project activities.

7. NHA shall at all times remain the entity duly authorized and responsible for land acquisition and resettlement, compensation and rehabilitation or other assistance in connection with NHA's Respective Parts of the Project during Project implementation and shall: (a) ensure that the following are financed exclusively out of its own resources or other resources of the Recipient and not out of the proceeds of the Loan; and (b) provide, promptly as needed, the resources needed for this purpose: (i) all land required for the purposes of the Project; and (ii) all resettlement and rehabilitation compensation and other assistance to Affected Persons, in each case in accordance with the SMF and the RAPs.
8. NHA shall:
  - (a) establish, prior to the carrying out of any activities under Parts 1, 2 or 4 of the Project, and thereafter maintain until completion of the Project, independent Grievance Redress Mechanisms, acceptable to the Association, in the Designated Municipalities as per the requirement of the SMF; including, *inter alia*, (i) the establishment and maintenance of Grievance Redress Committees in each of those municipalities ("GRCs") 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; and (i) the appointment of focal points to support each Selected Community, adequate numbers and with qualifications, experience and terms of reference satisfactory to the Association.
  - (b) provide at all time until completion of the Project on the Project website, information about existing complaints handling systems related to any activity under the Project (including PKSf's Respective Part);
  - (c) provide, promptly as needed, all resources necessary for the Grievance Redress Mechanisms to operate as required by this Agreement, the PIM and the SMF;
  - (d) publicize the Grievance Redress Mechanism on its Project website and at community meetings at each Designated Municipality and at each Project site;
  - (e) include in each Project Report, a report on Grievance Redress Mechanism cases, resolutions, challenges, staffing and budget and other resources required; and
  - (f) take all actions necessary on its part to coordinate with PKSf the handling of the Grievance Redress Mechanisms for PKSf's Respective Part.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

NHA shall monitor and evaluate the progress of Parts 1, 2, 4 and 5 of the Project and prepare Project Reports for Parts 1, 2, 4 and 5 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 forty-five (45) days after the end of the period covered by such report.

**B. Financial Management, Financial Reports and Audits**

1. NHA 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 NHA, including the operations, resources and expenditures related to Parts 1, 2, 4 and 5 of the Project.
2. NHA shall prepare and furnish to the Association as part of the Project Report, not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for Parts 1, 2, 4 and 5 of the Project covering the quarter, in form and substance satisfactory to the Association.
3. NHA shall have its financial statements for Parts 1, 2, 4 and 5 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 fiscal year of the Recipient. NHA 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 Parts 1, 2, 4 and 5 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.