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LOAN NUMBER 2555-BAN(SF)

PROJECT AGREEMENT

(Urban Public and Environmental Health Sector Development Project)

between

ASIAN DEVELOPMENT BANK

and

BARISAL CITY CORPORATION  
CHITTAGONG CITY CORPORATION  
DHAKA CITY CORPORATION  
KHULNA CITY CORPORATION  
RAJSHAHI CITY CORPORATION  
SYLHET CITY CORPORATION

DATED 14 OCTOBER 2009

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PAG: BAN 39305

## **PROJECT AGREEMENT**

PROJECT AGREEMENT dated 14 October 2009 between ASIAN DEVELOPMENT BANK ("ADB") of the one part and the BARISAL CITY CORPORATION, CHITTAGONG CITY CORPORATION, DHAKA CITY CORPORATION, KHULNA CITY CORPORATION, RAJSHAHI CITY CORPORATION, and SYLHET CITY CORPORATION (each a "City Corporation", and collectively "City Corporations") of the other part.

### **WHEREAS**

(A) by a Loan Agreement of even date herewith ("Project Loan Agreement") between the People's Republic of Bangladesh ("Borrower") and ADB, ADB has agreed to make to the Borrower a loan in various currencies equivalent to thirty eight million four hundred eighty two thousand Special Drawing Rights (SDR 38,482,000) on the terms and conditions set forth in the Project Loan Agreement, but only on the condition that a portion of the proceeds of the Loan be made available to the City Corporations and that the City Corporations agree to undertake certain obligations towards ADB as set forth in this Project Agreement; and

(B) the City Corporations, in consideration of ADB entering into the Project Loan Agreement with the Borrower, have agreed to undertake the obligations relating to their respective parts of the Project set forth in this Project Agreement;

NOW THEREFORE the parties agree as follows:

## **ARTICLE I**

### **Definitions**

Section 1.01. Wherever used in this Project Agreement, unless the context otherwise requires, the terms defined in the Project Loan Agreement and in the Loan Regulations (as so defined) have the respective meanings therein set forth, except that for purposes of this Project Agreement, the term "Project" means such parts of the Project to be carried out by each of the City Corporations as determined by the Borrower and ADB in the course of Project implementation.

## ARTICLE II

### Particular Covenants

Section 2.01. (a) The City Corporations shall carry out the Project with due diligence and efficiency, and in conformity with sound administrative, financial, engineering, urban public and environmental health practices.

(b) In the carrying out of the Project and operation of the Project facilities, the City Corporations shall perform all obligations set forth in the Project Loan Agreement to the extent that they are applicable to the City Corporations.

Section 2.02. The City Corporations shall make available, promptly as needed, the facilities, services, equipment, land and other resources which are required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 2.03. (a) In the carrying out of the Project, the City Corporations shall employ competent and qualified consultants and contractors, acceptable to ADB, to an extent and upon terms and conditions satisfactory to ADB.

(b) Except as ADB may otherwise agree, all Goods, Works and consulting services to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 4 to the Project Loan Agreement. ADB may refuse to finance a contract where Goods, Works or consulting services have not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

Section 2.04. The City Corporations shall carry out the Project in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB. The City Corporations shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.

Section 2.05. (a) The City Corporations shall take out and maintain with responsible insurers, or make other arrangements satisfactory to ADB for, insurance of the Project facilities to such extent and against such risks and in such amounts as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, the City Corporations undertake to insure, or cause to be insured, the Goods to be imported for the Project and to be financed out of the proceeds of the Loan against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such Goods.

Section 2.06. The City Corporations shall maintain, or cause to be maintained, records and accounts adequate to identify the Goods, Works and consulting services and other items of expenditure financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost

thereof) and to reflect, in accordance with consistently maintained sound accounting principles, its operations and financial condition.

Section 2.07. (a) ADB and the City Corporations shall cooperate fully to ensure that the purposes of the Loan will be accomplished.

(b) The City Corporations shall promptly inform ADB of any condition which interferes with, or threatens to interfere with, the progress of the Project, the performance of their obligations under this Project Agreement or financing arrangements, or the accomplishment of the purposes of the Loan.

(c) ADB and the City Corporations shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Project, the City Corporations and the Loan.

Section 2.08. (a) The City Corporations shall furnish to ADB all such reports and information as ADB shall reasonably request concerning (i) the Loan and the expenditure of the proceeds thereof; (ii) the Goods, Works and consulting services and other items of expenditure financed out of such proceeds; (iii) the Project; (iv) the administration, operations and financial condition of the City Corporations; and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, the City Corporations shall furnish to ADB quarterly reports on the execution of the Project and on the operation and management of the Project facilities. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the quarter under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following quarter.

(c) Promptly after physical completion of the Project, but in any event not later than 3 months thereafter or such later date as ADB may agree for this purpose, the City Corporations shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and initial operation of the Project, including its cost, the performance by the City Corporations of their obligations under this Project Agreement and the accomplishment of the purposes of the Loan.

Section 2.09. (a) The City Corporations shall (i) maintain separate accounts for the Project and for its overall operations; (ii) have such accounts and related financial statements (balance sheet, statement of income and expenses, and related statements) audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; and (iii) furnish to ADB, promptly after their preparation but in any event not later than 6 months after the close of the fiscal year to which they relate, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the Loan proceeds and compliance with the financial covenants of the Project Loan Agreement as well as on the use of the procedures for imprest account/statement of expenditures), all in the English language. The City Corporations shall furnish to ADB such further information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

(b) The City Corporations shall enable ADB, upon ADB's request, to discuss the financial statements and the financial affairs of the City Corporations from time to time with the auditors, appointed by the City Corporations pursuant to Section 2.09(a) hereabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB, provided that any such discussion shall be conducted only in the presence of an authorized officer of the City Corporations unless the City Corporations shall otherwise agree.

Section 2.10. The City Corporations shall enable ADB's representatives to inspect the Project, the Goods and Works financed out of the proceeds of the Loan and any relevant records and documents.

Section 2.11. (a) The City Corporations shall, promptly as required, take all action within their authority to maintain their corporate existence, to carry on their operations, and to acquire, maintain and renew all rights, properties, powers, privileges and franchises which are necessary in the carrying out of the Project or in the conduct of their business.

(b) The City Corporations shall at all times conduct their business in accordance with sound administrative, financial, urban public and environmental health practices, and under the supervision of competent and experienced management and personnel.

(c) The City Corporations shall at all times operate and maintain their plants, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound administrative, financial, engineering, urban public and environmental health, and maintenance and operational practices.

Section 2.12. Except as ADB may otherwise agree, the City Corporations shall not sell, lease or otherwise dispose of any of their assets which shall be required for the efficient carrying on of their operations or the disposal of which may prejudice their ability to perform satisfactorily any of their obligations under this Project Agreement.

Section 2.13. Except as ADB may otherwise agree, the City Corporations shall apply the proceeds of the Loan to the financing of expenditures on the Project in accordance with the provisions of the Project Loan Agreement and this Project Agreement, and shall ensure that all Goods, Works and consulting services financed out of such proceeds are used exclusively in the carrying out of the Project.

Section 2.14. Except as ADB may otherwise agree, the City Corporations shall duly perform all their obligations under the financing arrangements with the Borrower, and shall not take, or concur in, any action which would have the effect of assigning, amending, abrogating or waiving any rights or obligations of the parties under such financing arrangements.

Section 2.15. The City Corporations shall promptly notify ADB of any proposal to amend, suspend or repeal any provision of their enabling legislation or charter

and shall afford ADB an adequate opportunity to comment on such proposal prior to taking any action thereon.

### **ARTICLE III**

#### **Effective Date; Termination**

Section 3.01. This Project Agreement shall come into force and effect on the date on which the Project Loan Agreement shall come into force and effect. ADB shall promptly notify the City Corporations of such date.

Section 3.02. All the provisions of this Project Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Project Loan Agreement.

### **ARTICLE IV**

#### **Miscellaneous**

Section 4.01. Any notice or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand, mail, or facsimile to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For ADB

Asian Development Bank  
P.O. Box 789  
0980 Manila, Philippines

Facsimile Numbers:

632 636 2444  
632 636 2293

For BARISAL CITY CORPORATION

Barisal City Corporation  
Barisal

Facsimile Number:

88-0431-2173362

For CHITTAGONG CITY CORPORATION

Chittagong City Corporation  
Chittagong

Facsimile Number:

88-031-610007

For DHAKA CITY CORPORATION

Dhaka City Corporation  
Nagar Bhaban  
Dhaka City

Facsimile Number:

88-02-9563514

For KHULNA CITY CORPORATION

Khulna City Corporation  
Khulna

Facsimile Number:

88-041-2830383

For RAJSHAHI CITY CORPORATION

Rajshahi City Corporation  
Rajshahi

Facsimile Number:

88-0721-772140

For SYLHET CITY CORPORATION

Sylhet City Corporation  
Sylhet

Facsimile Number:

88-0821-719335.


Section 4.02. (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement by or on behalf of each of the City Corporations may be taken or executed by its mayor or chief executive officer or by such other person or persons as he/she shall so designate in writing notified to ADB.

(b) The City Corporations shall furnish to ADB sufficient evidence of the authority of each person who will act under paragraph (a) of this Section, together with the authenticated specimen signature of each such person.

Section 4.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Project Agreement to be signed in their respective names and to be delivered at the principal office of ADB, as of the day and year first above written.

ASIAN DEVELOPMENT BANK

By   
MD. NURUL HUDA  
Officer-in-Charge  
Bangladesh Resident Mission

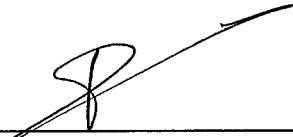
BARISAL CITY CORPORATION

By   
MD. MATIUR RAHMAN  
Chief Health Officer

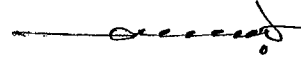
CHITTAGONG CITY CORPORATION

By   
SLIM AKHTER CHOWDHURY  
Chief Health Officer

DHAKA CITY CORPORATION

By   
MD. NURUL HAQUE  
Chief Executive Officer

KHULNA CITY CORPORATION



By \_\_\_\_\_  
TAPAN KUMAR GOSH  
Chief Executive Officer

RAJSHAHI CITY CORPORATION



By \_\_\_\_\_  
MD. ABUL FAZAL  
Chief Health Officer

SYLHET CITY CORPORATION



By \_\_\_\_\_  
HARUN-OR-RASHID MOLLAH  
Chief Executive Officer (in-charge)