

---

LOAN NUMBER 2863/2864-BAN (SF)

LOAN AGREEMENT  
(Special Operations)

(Greater Dhaka Sustainable Urban Transport Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 17 DECEMBER 2012

---

BAN 42169

## **LOAN AGREEMENT (Special Operations)**

LOAN AGREEMENT dated 17 December 2012 between PEOPLE'S REPUBLIC OF BANGLADESH ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

### WHEREAS

(A) the Borrower has applied to ADB for two loans from its Special Funds resources for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(B) by an agreement of even date herewith between the Borrower and ADB ("Ordinary Operations Loan Agreement"), ADB has agreed to lend to the Borrower from its ordinary capital resources an amount of one hundred million Dollars (\$100,000,000) ("Ordinary Operations Loan") for the purposes of the Project;

(C) the Borrower has also applied to AFD (as defined below), for a loan in an amount forty five million Dollars equivalent (\$45,000,000) for the purposes of financing a portion of the Project;

(D) the Borrower has, through ADB, also applied to GEF (as defined below), for a grant in an amount of four million six hundred thousand Dollars (\$4,600,000) for the purposes of financing a portion of the Project; and

(E) ADB has agreed to make a loan to the Borrower from ADB's Special Funds resources upon the terms and conditions set forth herein;

NOW THEREFORE the parties agree as follows:

## **ARTICLE I**

### **Loan Regulations; Definitions**

Section 1.01. All provisions of the Special Operations Loan Regulations of ADB, dated 1 January 2006 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Loan Agreement have the following meanings:

(a) "AFD" means the Agence Francaise de Developpement;

(b) "BBA" means the Bangladesh Bridge Authority under the MOC, and any successor thereto;

- (c) "BRT" means bus rapid transit;
- (d) "CAPP" means the community awareness and participation plan prepared for the Project and agreed between the Borrower and ADB;
- (e) "CNG" means compressed natural gas;
- (f) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2010, as amended from time to time);
- (g) "Consulting Services" means the services to be financed out of the proceeds of the Loan as described in paragraph 2 of Schedule 1 to this Loan Agreement, but excluding any services provided in relation to Goods and Works;
- (h) "DNCC" means the Dhaka North City Corporation, and any successor thereto;
- (i) "DTCA" means the Dhaka Transportation Coordination Authority, and any successor thereto;
- (j) "DTCB" means the Dhaka Transportation Coordination Board, and any successor thereto;
- (k) "Environmental Management Plan" or "EMP" means environmental management plan for the Project, including any update thereto, incorporated in the IEE;
- (l) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (m) "GAP" means the gender action plan prepared for the Project and agreed between the Borrower and ADB;
- (n) "GCC" means the Gazipur City Corporation to be established by the Borrower, and any successor thereto;
- (o) "GEF" means the Global Environmental Facility;
- (p) "GEF Grant" means the grant provided by GEF to the Borrower in the amount equivalent to four million six hundred thousand Dollars (\$4,600,000) to finance a portion of Part C of the Project;
- (q) "Goods" means equipment and materials to be financed out of the proceeds of the Loan, including related services such as installation, commissioning, training, and initial maintenance, but excluding Consulting Services;
- (r) "Implementing Agencies" or "IAs" means RHD, BBA, LGED, and SPO;
- (s) "Initial Environmental Examination" or "IEE" means the initial environmental examination for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(t) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) on the SPS;

(u) "ITS" means intelligent transport systems;

(v) "LGD" means the Local Government Division under the MLGRDC, and any successor thereto;

(w) "LGED" means the Local Government Engineering Department under the MLGRDC, and any successor thereto;

(x) "Loan A" means the loan from ADB's Special Funds resources with soft terms and amount in various currencies equivalent to twenty nine million one hundred seventy nine thousand Special Drawing Rights (SDR 29,179,000);

(y) "Loan B" means the loan from ADB's Special Funds resources with hard terms and amount in various currencies equivalent to nine million seven hundred twenty six thousand Special Drawing Rights (SDR 9,726,000);

(z) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2007, as amended from time to time);

(aa) "MLGRDC" means the Borrower's Ministry of Local Government, Rural Development and Cooperatives, and any successor thereto;

(bb) "MOC" means the Borrower's Ministry of Communication, and any successor thereto;

(cc) "MOF" means the Borrower's Ministry of Finance, and any successor thereto;

(dd) "NGOs" means non-governmental organizations;

(ee) "NMT" means non-motorized transport;

(ff) "OCR Loan" means the loan referred to in Recital (B) of this Loan Agreement;

(gg) "O&M" means operation and maintenance;

(hh) "PAM" means the project administration manual for the Project dated 14 March 2012 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;

(ii) "PPMS" means project performance monitoring system;

(jj) "PPP" means public-private partnership;

(kk) "Procurement Guidelines" means ADB's Procurement Guidelines (2010, as amended from time to time);

(ll) "Procurement Plan" means the procurement plan for the Project dated 14 March 2012 and agreed between the Borrower and ADB, as updated from time to time in

accordance with Procurement Guidelines, Consulting Guidelines, and other arrangements agreed with ADB;

(mm) “Project Executing Agency” or “EA” for the purposes, and within the meaning, of the Loan Regulations means MOC acting through the Roads Division, or any successor thereto acceptable to ADB, which is responsible for overall Project coordination, supervision, and execution;

(nn) “Project facilities” means the facilities, equipment and vehicles provided under the Project;

(oo) “Resettlement Plan” or “RP” means the resettlement plan for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(pp) “RHD” means the Roads and Highways Department under the MOC, and any successor thereto;

(qq) “Roads Division” means the Roads Division of the MOC, and any successor thereto;

(rr) “Safeguard Monitoring Report” means each report prepared and submitted by the Borrower to ADB that describes progress with implementation of and compliance with the EMP and the RP (as applicable), including any corrective and preventative actions;

(ss) “Safeguard Policy Statement” or “SPS” means ADB’s Safeguard Policy Statement (2009);

(tt) “SPO” means the special project organization to be established by the Roads Division to manage the BRT in accordance with paragraph 4 of Schedule 5 to this Loan Agreement; and

(uu) “Works” means construction or civil works to be financed out of the proceeds of the Ordinary Operations Loan, including services such as drilling or mapping, and Project related services that are provided as part of a single responsibility or turnkey but excluding Consulting Services.

## **ARTICLE II**

### **The Loan**

Section 2.01. ADB agrees to lend to the Borrower from ADB's Special Funds resources two loans: (i) one in an amount in various currencies equivalent to twenty nine million one hundred seventy nine thousand Special Drawing Rights (SDR 29,179,000) (Loan A), and (ii) the other in an amount in various currencies equivalent to nine million seven hundred twenty six thousand Special Drawing Rights (SDR 9,726,000) (Loan B and, together with the Loan A, the Loans).

Section 2.02. (a) In respect of the Loan A withdrawn from the Loan Account ("Loan Account A") and outstanding from time to time, the Borrower shall pay to ADB an interest charge at the rate of 1% per annum during the grace period and 1.5% per annum thereafter.

(b) In respect of the Loan B withdrawn from the Loan Account ("Loan Account B" and, together with Loan Account A, the "Loan Accounts") and outstanding from time to time, the Borrower shall pay to ADB an interest charge at the rate of 1% per annum during the grace period and 1.5% per annum thereafter.

(c) The term "grace period" as used in paragraphs (a) and (b) of this Section means the period prior to the first Principal Payment Date in respect of each of the Loans in accordance with the amortization schedule set forth in Schedule 2A to this Loan Agreement for Loan A and Schedule 2B to this Loan Agreement for Loan B.

Section 2.03. The interest charge and any other charge on the Loans shall be payable semiannually on 15 April and 15 October in each year.

Section 2.04. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Accounts in accordance with the amortization schedule set forth in Schedule 2A to this Loan Agreement for Loan A and Schedule 2B to this Loan Agreement for Loan B.

Section 2.05. The currency of repayment of the principal amount of the Loan and the currency of payment of the interest charge for the purposes of Sections 4.03(a) and 4.04 of the Loan Regulations shall be the Dollar.

### **ARTICLE III**

#### **Use of Proceeds of the Loans**

Section 3.01. The Borrower shall cause the proceeds of the Loans to be applied to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement.

Section 3.02. The proceeds of the Loans shall be allocated and withdrawn in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, the Borrower shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loans in accordance with the provisions of Schedule 4 to this Loan Agreement.

Section 3.04. Except as ADB may otherwise agree, the Borrower shall cause all items of expenditure financed out of the proceeds of the Loans to be used exclusively in the carrying out of the Project.

Section 3.05. Withdrawals from the Loan Accounts in respect of Goods and Consulting Services shall be made only on account of expenditures relating to:

- (a) Goods which are produced in and supplied from and Consulting Services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement; and
- (b) Goods and Consulting Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.06. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 31 December 2017 or such other date as may from time to time be agreed between the Borrower and ADB.

## **ARTICLE IV**

### **Particular Covenants**

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Loan Agreement.

Section 4.02. (a) The Borrower shall (i) maintain, or cause to be maintained, separate accounts for the Project; (ii) have such accounts and related financial 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; (iii) furnish to ADB, as soon as available but in any event not later than 6 months after the end of each related fiscal year, 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 Loans proceeds and compliance with the financial covenants of this Loan Agreement as well as on the use of the procedures for imprest account and statement of expenditures), all in the English language; and (iv) furnish to ADB such other information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

(b) The Borrower shall enable ADB, upon ADB's request, to discuss the Borrower's financial statements for the Project and its financial affairs related to the Project from time to time with the auditors appointed by the Borrower pursuant to subsection (a) hereinabove, 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 Borrower unless the Borrower shall otherwise agree.

Section 4.03. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

**ARTICLE V****Effectiveness**

Section 5.01. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

**ARTICLE VI****Miscellaneous**

Section 6.01. The Secretary of the Economic Relations Division of MOF is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Borrower

Economic Relations Division  
Ministry of Finance  
Government of the People's Republic of Bangladesh  
Sher-e-Bangla Nagar  
Dhaka 1207  
Bangladesh

Facsimile Number:

+880 2 811 3088.

For ADB

Asian Development Bank  
6 ADB Avenue  
Mandaluyong City  
1550 Metro Manila  
Philippines

Facsimile Numbers:

+63 2 636-2444

+63 2 636-2293.



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

PEOPLE'S REPUBLIC OF BANGLADESH

By   
\_\_\_\_\_  
SAIFUDDIN AHMED  
Authorized Representative

ASIAN DEVELOPMENT BANK

By   
\_\_\_\_\_  
M. TERESA KHO  
Country Director  
Bangladesh Resident Mission

## SCHEDULE 1

### Description of the Project

1. The objective of the Project is to improve GCC and DNCC areas' public transport system that will benefit about 1 million people in GCC and DNCC areas.

2. The Project shall comprise:

#### **Part A: GCC and DNCC Areas' Main Urban Corridor Restructuring**

- (i) design and construct a 20 kilometer BRT route between Gazipur and the international airport in Dhaka;
- (ii) construct two mixed-traffic lanes, one NMT lane in each direction, and sidewalks along the BRT;
- (iii) improve 155 access feeder roads for NMT;
- (iv) construct a high capacity drainage system along the BRT route;
- (v) construct BRT depot and terminal facilities in Gazipur; and
- (vi) develop a PPP/BOT scheme for the BRT terminal in DNCC area.

#### **Part B: Effective Project Management and Sustainable BRT Operations**

- (i) establish and support the operation of the SPO;
- (ii) restructure and transform DTCCB to DTCA;
- (iii) design an operation and business model for the BRT system;
- (iv) facilitate the consolidation of the existing bus industry to operate the BRT;
- (v) provide capacity building to the SPO and DTCA staff and to private bus operators in areas needed for the operation of the BRT;
- (vi) set up a compensation mechanism and fleet scrapping program for private bus operators that will not participate in the BRT scheme;
- (vii) procure about 50 articulated bus to be leased to selected private bus operators;
- (viii) procure and install ITS for the BRT;
- (ix) provide training to bus drivers to improve skills and provide testing of the BRT before commencement of operations; and
- (x) conduct media and community awareness campaigns.

#### **Part C: Improved urban quality of the Corridor:**

- (i) procure and install about 1000 energy-efficient street lighting along the corridor;
- (ii) improve municipal infrastructures, including of about 10 local markets, 9 drainage system, 141 local roads and 2 pedestrian friendly pilot roads; and
- (iii) procure and install equipment for the traffic police, including 70 BRT-priority traffic lights, 150 closed-circuit television cameras, and mobile emission testing devices.

Consulting services will be provided to support the above activities.

3. The Project is expected to be completed by 30 June 2017.

**SCHEDULE 2 A****Amortization Schedule****(Greater Dhaka Sustainable Urban Transport Project – Loan A)**

Date Payment Due	Payment of Principal (Expressed in Special Drawing Rights)
15 October 2020	607,896
15 April 2021	607,896
15 October 2021	607,896
15 April 2022	607,896
15 October 2022	607,896
15 April 2023	607,896
15 October 2023	607,896
15 April 2024	607,896
15 October 2024	607,896
15 April 2025	607,896
15 October 2025	607,896
15 April 2026	607,896
15 October 2026	607,896
15 April 2027	607,896
15 October 2027	607,896
15 April 2028	607,896
15 October 2028	607,896
15 April 2029	607,896
15 October 2029	607,896
15 April 2030	607,896
15 October 2030	607,896
15 April 2031	607,896
15 October 2031	607,896
15 April 2032	607,896
15 October 2032	607,896
15 April 2033	607,896
15 October 2033	607,896
15 April 2034	607,896
15 October 2034	607,896
15 April 2035	607,896
15 October 2035	607,896
15 April 2036	607,896
15 October 2036	607,896
15 April 2037	607,896

Date Payment Due	Payment of Principal (Expressed in Special Drawing Rights)
15 October 2037	607,896
15 April 2038	607,896
15 October 2038	607,896
15 April 2039	607,896
15 October 2039	607,896
15 April 2040	607,896
15 October 2040	607,896
15 April 2041	607,896
15 October 2041	607,896
15 April 2042	607,896
15 October 2042	607,896
15 April 2043	607,896
15 October 2043	607,896
15 April 2044	607,888
TOTAL	29,179,000

\* The arrangements for payment are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.

**SCHEDULE 2 B****Amortization Schedule****(Greater Dhaka Sustainable Urban Transport Project – Loan B)**

<u>Date Payment Due</u>	<u>Payment of Principal</u> <u>(Expressed in Special Drawing Rights)</u>
15 October 2020	202,625
15 April 2021	202,625
15 October 2021	202,625
15 April 2022	202,625
15 October 2022	202,625
15 April 2023	202,625
15 October 2023	202,625
15 April 2024	202,625
15 October 2024	202,625
15 April 2025	202,625
15 October 2025	202,625
15 April 2026	202,625
15 October 2026	202,625
15 April 2027	202,625
15 October 2027	202,625
15 April 2028	202,625
15 October 2028	202,625
15 April 2029	202,625
15 October 2029	202,625
15 April 2030	202,625
15 October 2030	202,625
15 April 2031	202,625
15 October 2031	202,625
15 April 2032	202,625
15 October 2032	202,625
15 April 2033	202,625
15 October 2033	202,625
15 April 2034	202,625
15 October 2034	202,625
15 April 2035	202,625
15 October 2035	202,625
15 April 2036	202,625
15 October 2036	202,625
15 April 2037	202,625

<u>Date Payment Due</u>	<u>Payment of Principal</u> <u>(Expressed in Special Drawing Rights)</u>
15 October 2037	202,625
15 April 2038	202,625
15 October 2038	202,625
15 April 2039	202,625
15 October 2039	202,625
15 April 2040	202,625
15 October 2040	202,625
15 April 2041	202,625
15 October 2041	202,625
15 April 2042	202,625
15 October 2042	202,625
15 April 2043	202,625
15 October 2043	202,625
15 April 2044	202,625
TOTAL	9,726,000

\* The arrangements for payment are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.

**SCHEDULE 3****Allocation and Withdrawal of Loans Proceeds**General

1. The attached table A to this Schedule set forth the Categories of items of expenditure to be financed out of the proceeds of the Loan A and the allocation of the Loan A proceeds to each such Category ("Table A") and the attached table B to this Schedule set forth the Categories of items of expenditure to be financed out of the proceeds of the Loan B and the allocation of the Loan B proceeds to each such Category ("Table B") (Table A and Tables shall be referred to as Tables). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Tables.)

Percentages of ADB Financing

2. Except as ADB may otherwise agree, each item of expenditure shall be financed out of the proceeds of the Loans on the basis of the percentages set forth in the Tables.

Interest Charge

3. The amounts allocated to Category 5 in Table A and Category 4 in Table B are for financing the interest charge on the Loans during the implementation period of the Project.

Reallocation

4. Notwithstanding the allocation of Loans proceeds and the withdrawal percentages set forth in the Tables,

(a) if the amount of the Loans allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loans which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Loans allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

5. Except as ADB may otherwise agree, the Loans proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.



Imprest Account and Statement of Expenditures

6. (a) Except as ADB may otherwise agree, LGED shall establish immediately after the Effective Date, 2 imprest accounts, one for Loan A and another for Loan B, at Bangladesh Bank. The SPO shall also establish one imprest account immediately after the Effective Date, for Loan A, at Bangladesh Bank. The imprest accounts shall be established, managed, replenished and liquidated in accordance with the Loan Disbursement Handbook, and detailed arrangements agreed upon between the Borrower and ADB. The imprest accounts shall only be used for the purposes of the Project. The currency of the imprest accounts shall be Dollar. The ceiling for the aggregate amount of both of the imprest accounts shall not exceed the lower of (i) the estimated expenditure to be financed from the imprest account for the first 6 months of Project implementation, or (ii) the equivalent of 10% of the Loan amount.

(b) The statement of expenditures procedure may be used by LGED for reimbursement of eligible expenditures and to liquidate advances provided into the imprest accounts, in accordance with the Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB. Any individual payment to be reimbursed or liquidated under the statement of expenditures procedure shall not exceed the equivalent of \$100,000.

Retroactive Financing

7. Withdrawals from the Loan Accounts may be made for reimbursement of eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement in connection with consulting services and SPO operating costs, subject to a maximum amount equivalent to 20% of the Loan amount.

Conditions for Withdrawals from the Loan Accounts

8. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the Loan Accounts for the compensation mechanism and fleet scrapping program until the Borrower meets the conditions set out in paragraph 7 of Schedule 5 to this Loan Agreement.

TABLE A

<b>ALLOCATION AND WITHDRAWAL OF ADF LOAN (SOFT TERMS) PROCEEDS (Greater Dhaka Sustainable Urban Transport Project)</b>			
<b>CATEGORY</b>			<b>ADB FINANCING</b>
<b>Number</b>	<b>Item</b>	<b>Total Amount Allocated for ADB Financing (SDR)  Category</b>	<b>Percentage and Basis for Withdrawal from the Loan Account</b>
1	Mechanical & Equipment - Other Equipment	6,160,000	83% of the total expenditure claimed
2	Environment and Social - Fleet Scrapping Program.	6,257,000	100% of total expenditure claimed*
3	Consulting Services	5,097,000	60% of total expenditure claimed*
4	SPO Operating Costs	9,084,000	81% of total expenditure claimed
5	Interest Charges	687,000	100% of amounts due
6	Unallocated	1,894,000	
	Total	29,179,000	

\*Exclusive of taxes and duties imposed within the territory of the Borrower

TABLE B

<b>ALLOCATION AND WITHDRAWAL OF ADF LOAN (HARD TERMS) PROCEEDS (Greater Dhaka Sustainable Urban Transport Project)</b>			
<b>CATEGORY</b>			<b>ADB FINANCING</b>
<b>Number</b>	<b>Item</b>	<b>Total Amount Allocated for ADB Financing (SDR)  Category</b>	<b>Percentage and Basis for Withdrawal from the Loan Account</b>
1	Mechanical & Equipment - Other Equipment	1,,297,000	17% of the total expenditure claimed
2	Mechanical & Equipment – buses	3,566,000	66% of the total expenditure claimed
3	Consulting Services	3,437,000	40% of total expenditure claimed*
4	Interest Charges	259,000	100% of amounts due
5	Unallocated	1,167,000	
	Total	9,726,000	

\*Exclusive of taxes and duties imposed within the territory of the Borrower

## SCHEDULE 4

### Procurement of Goods, Works and Consulting Services

#### General

1. The procurement of Goods, Works and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
2. All terms used in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

#### Goods and Works

3. Except as ADB may otherwise agree, Goods and Works shall only be procured on the basis of the methods of procurement set forth below:
  - (a) International Competitive Bidding;
  - (b) National Competitive Bidding; and
  - (c) Shopping.
4. The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

#### Domestic Preference

5. The Borrower may grant a margin of preference in the evaluation of bids under international competitive bidding in accordance with paragraphs 2.55(a) and 2.56 of the Procurement Guidelines for domestically manufactured Goods.

#### National Competitive Bidding

6. The Borrower and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the Borrower's national competitive bidding procedures are consistent with the Procurement Guidelines. Any modifications or clarifications to such procedures agreed between the Borrower and ADB shall be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after approval of such change by the Borrower and ADB.

#### Consulting Services

7. Except as ADB may otherwise agree, the Borrower shall apply quality- and cost-based selection for selecting and engaging Consulting Services.

Industrial or Intellectual Property Rights

8. (a) The Borrower shall ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) The Borrower shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

9. The Borrower shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the Consulting Services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

ADB's Review of Procurement Decisions

10. Contracts procured under international competitive bidding procedures and contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

## SCHEDULE 5

### Execution of Project; Financial Matters

#### Implementation Arrangements

1. The Borrower, the EA and each of the IAs shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

#### Counterpart Funding

2. The Borrower shall provide counterpart funds for Project implementation on time. The Borrower shall provide the required counterpart funds for the Project to the EA and the IAs, together with the ADB loan proceeds.

#### Project Coordination

3. The Borrower shall ensure that all its ministries, agencies and divisions involved in the implementation of the Project, including the local government authorities, give their full cooperation to ensure smooth implementation of the Project. Specifically, the Borrower shall cause the DCC and GCC, once GCC is established, to give full, timely and efficient cooperation in issuing any licenses, permits or approvals required.

#### SPO

4. Within 6 months after the Effective Date, the Borrower and the EA shall have incorporated the SPO in accordance with the Borrower's company laws and legislations. Within 9 months after the Effective Date, the Borrower and the EA shall have finalized the SPO organizational structure, business model and key staff selection criteria, satisfactory to ADB; and within 12 months after the Effective Date, the SPO have recruited and appointed its key staff and shall have started its operation. Once established, the SPO shall assume the role as one of the IAs. SPO shall assume IA role after (i) ADB is satisfied that SPO has the capacity and resources to carry out its duty as an IA, and (ii) a Project Agreement has been signed between ADB and the SPO.

#### BRT Terminal in Dhaka

5. The Borrower shall provide the land required for the development of the BRT terminal near the international airport in Dhaka as part of an intermodal hub. The Borrower shall further ensure that the piece of land registered in the name of the Bangladesh Railway, located within the compound of the railway station near the international airport in Dhaka, which has been identified and agreed between the Borrower and ADB, shall be designated for the location of the intermodal hub.

Environment

6. The Borrower shall ensure or cause the EA and the IAs to ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to environment, health and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the IEE, the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Compensation Mechanism and Fleet Scrapping Program

7. The Borrower shall ensure that the SPO, with the support from the operational design and business model consultants, prepare a compensation mechanism and fleet scrapping program for bus operators that will be affected by the Project. The compensation mechanism and fleet scrapping program shall, among others, cover (i) the level of compensation for bus operators excluded from the BRT operation that will be out of business; (ii) the level of compensation for bus operators excluded from the BRT operation, but will continue its operation on other routes; (iii) the level of compensation for bus operators that will participate in the BRT operations, but will have to replace their buses; and (iv) the compensation payment mechanism. The Borrower shall further ensure that no disbursement shall be made under the compensation mechanism and fleet scrapping program until the compensation mechanism and fleet scrapping program has been submitted and approved by the Borrower and ADB.

Land Acquisition and Involuntary Resettlement

8. The Borrower shall ensure or cause the EA and the IAs to ensure that all land and all rights-of-way required for the Project are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Borrower relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; and (c) all measures and requirements set forth in the RP, and any corrective or preventative actions set forth in the Safeguards Monitoring Report.

9. Without limiting the application of the Involuntary Resettlement Safeguards or the RP, the Borrower shall ensure or cause the EA and the IAs to ensure that no physical or economic displacement takes place in connection with the Project until:

- (a) compensation and other entitlements have been provided to affected people in accordance with the RP; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with the RP.

Human and Financial Resources to Implement Safeguards Requirements

10. The Borrower shall make available or cause the EA and the IAs to make available necessary budgetary and human resources to fully implement the EMP and the RP.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

11. The Borrower shall ensure or cause the EA and the IAs to ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures relevant to the contractor set forth in the IEE, the EMP and RP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report;
- (b) make available a budget for all such environmental and social measures;
- (c) provide the Borrower with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP and the RP;
- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (e) reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.

Safeguards Monitoring and Reporting

12. The Borrower shall do the following or cause the EA and the IAs to do the following:

- (a) submit semiannual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission;
- (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP and the RP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan;
- (c) no later than 6 months after the Effective Date, engage qualified and experienced external expert[s] or qualified NGO[s] under a selection process and terms of reference acceptable to ADB, to verify information produced through the Project monitoring process, and facilitate the carrying out of any verification activities by such external experts; and
- (d) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP and the RP promptly after becoming aware of the breach.



Prohibited List of Investments

13. The Borrower shall ensure that no proceeds of the Loans are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Gender

14. The Borrower shall ensure that the EA and the IAs adopt and implement the GAP in a timely manner over the entire Project period, and that adequate resources are allocated for this purpose. In particular the Borrower shall cause the EA and the IAs to ensure that the targets stated in the GAP shall be achieved. The EA and the IAs shall conduct training for all Project staff on the GAP. Implementation of the GAP shall be closely monitored, and the progress shall be reported to ADB.

Labor

15. The Borrower, the EA and the IAs shall ensure that the contractors, comply with all applicable labor, health, and safety laws and regulations of the Borrower and, in particular, (a) do not employ child labor for construction and maintenance activities, and (b) provide appropriate facilities (latrines, etc.) for workers at construction sites. The Borrower shall require contractors not to differentiate wages between men and women for work of equal value. The Borrower, the EA and the IAs shall ensure that specific clauses shall be included in bidding documents to ensure adherence to these provisions, and that compliance shall be strictly monitored during Project implementation.

CAPP

16. The Borrower shall ensure that the EA and the IAs adopt and implement the CAPP in a timely manner over the entire Project period, and that adequate resources are allocated for this purpose.

Operation & Maintenance

17. The Borrower shall ensure that the EA and the IAs maintain the Project facilities and that proper technical supervision and adequate routine funds for this purpose are provided. The funds for the O&M shall be allocated annually and released on a timely basis. Furthermore, the Borrower shall cause the EA and the IAs to ensure that all equipment and spare parts financed under the Project shall exclusively be used for the maintenance and operation of the Project.

Project Performance Monitoring System

18. Within 9 months after the Effective Date, the EA and SPO with the support of the consultants shall establish a Project Performance Monitoring System in line with the targets, indicators set in the Project's design monitoring framework. Within 12 months of the Effective Date, the baseline data corresponding to indicators and targets set out in the Project status report shall be updated during the detailed design stage, disaggregated by income levels and sex as required. After the initial baseline survey, the EA with support of

the consultants, shall conduct annual survey and quarterly monitoring of indicators and submit quarterly report to ADB throughout Project implementation.

#### Governance and Anticorruption

19. The Borrower, the EA and the IAs shall (i) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (ii) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

20. The EA and the IAs shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

21. Within 12 months after the Effective Date, the EA shall create a Project website to disclose information about various matters on the Project, including procurement. With regard to procurement, the website shall include information on the list of participating bidders, name of the winning bidder, basic details on bidding procedures adopted, amount of contract awarded, and the list of goods/services procured.

22. Within 12 months after the Effective Date, the EA shall prepare a grievance redress mechanism, acceptable to ADB, and establish a special committee to receive and resolve complaints/grievances or act upon reports from stakeholders on misuse of funds and other irregularities, including grievances due to resettlement. The special committee shall (i) make public of the existence of this grievance redress mechanism, (ii) review and address grievances of stakeholders of the Project, in relation to either the Project, any of the service providers, or any person responsible for carrying out any aspect of the Project; and (iii) proactively and constructively responding to them.