

C-503(16)/02

9th March 2002

A COMPANY LIMITED BY GUARANTEE

AND

**LICENSED UNDER SECTION 28
OF THE COMPANIES ACT. 1994**

MEMORANDUM AND ARTICLES OF ASSOCIATION

(Including all amendment till last EGM held on 23-11-2013/Latest Amended)

OF

BANGLADESH MUNICIPAL DEVELOPMENT FUND (BMDF)

THE COMPANIES ACT XVIII OF 1994

COMPANY LIMITED BY GUARANTEE WITHOUT SHARE CAPITAL

Registered under Sections 28 and 29 of the Companies Act, 1994

MEMORANDUM OF ASSOCIATION

OF

BANGLADESH MUNICIPAL DEVELOPMENT FUND (BMDF)

- I. The name of company is **BANGLADESH MUNICIPAL DEVELOPMENT FUND (BMDF)**.
- II. The registered office of the company shall be located in Bangladesh.
- III. The company is established for achievement of the following primary and ancillary objectives:
 - A. PRIMARY OBJECTIVES :**
 1. To extend financial support to the eligible City Corporations and Pourashavahs of Bangladesh hereinafter referred to collectively as Urban Local Bodies with a view to strengthening their institutional and financial capacity to plan, finance, implement and operate infrastructure services in a cost effective and efficient manner.
 2. To procure, arrange, secure, receive and accept, loans aid, grants and donations from any lawful source and to create a fund thereof and make available the same for utilization by Urban Local Bodies on transparent terms and conditions.
 3. To operate the fund and finances of the company; to open bank accounts for deposit of such money and its withdrawal; to appoint any bank to perform the treasury/fund management functions for the company.
 4. To provide and render financial and technical assistance and advice to Urban Local Bodies seeking to develop infrastructure investment projects on a self selecting basis wherein such bodies shall undertake reforms to meet eligibility criteria in order to obtain funding.

5. To create, establish, and support mechanisms to ensure that the systems and criteria for financing infrastructure investment projects are objectively verifiable and transparent thereby reducing discretionality and ensuring optimal utilization of funds.
6. To mobilize, enhance and encourage fuller participation by organized civil society in devising and determining priorities for municipal investments, their execution, monitoring and evaluation.
7. To encourage and promote greater participation of private sector entities in the provision, management and operation of infrastructure services in a cost effective and efficient manner.
8. To provide and disseminate relevant information and appropriate advisory services to prepare Urban Local Bodies to identify, prepare, implement and evaluate viable infrastructure projects, which meet the company's eligibility criteria.
9. To support, sponsor, conduct and arrange, on a demand basis, training programmes, seminars, workshops and meetings to generate dialogue and interaction amongst local government bodies, non government, semi government and government departments and agencies, international, bilateral, and UN agencies, voluntary agencies and societies, institutions and individuals in regard to urban and municipal development issues, policies and projects in Bangladesh as they affect objectives of the company.
10. To establish in any place in Bangladesh such offices, agencies and local units as may be necessary for managing the affairs of the company.
11. To initiate and undertake appropriate training for company personnel as well as for staff of Urban Local Bodies to promote greater efficiency on the part of company as well as to ensure better understanding by Urban Local Bodies' staff of the company's procedures and operational requirements, particularly issues pertaining to, inter alia, lending and financial policies, eligibility criteria, and procurement.
12. To obtain membership in appropriate national and international bodies, institutions, organisations and subscribe to appropriate business and sector publications, for furtherance of the objectives of the company.
13. To purchase, sell transfer, mortgage, put under lien or encumbrance, take on lease, or hire or otherwise acquire, erect or adopt moveable or immovable properties, for the time being, and to put or use all or any portion of the same as considered necessary for the activities undertaken by the company.

14. To enter into any arrangement with the Government or any other authority, local municipal or otherwise, public or quasi public that are conducive to the achievement of company's objectives.
15. To recruit, appoint, take on lien, deputation or on contract, competent staff to carry out all or such functions, activities and assignment as would ensure efficiency and sustainability of the company.
16. To engage in such other lawful activities as are conducive, incidental or ancillary to the attainment and furtherance of the objectives of the company.
17. To ensure timely repayment of loans received by the company including payments of interests thereon.
18. The company and its fund shall not provide any assistance to organisations institutions and firms in which its board members or any close relatives of the board member have beneficial involvement as a sponsor, officer trustee and/or member of the board of Director, or governing body under any other name.
19. The objectives as set forth in any of the above sub-clauses shall be separate and independent objectives, except where the context is otherwise expressly required and shall in no way be limited or restricted by reference to the terms of any of the sub-clauses or the objectives therein specified or the powers thereby conferred. No sub-clauses shall be deemed merely subsidiary or auxiliary to the objectives mentioned herein above or herein after and the company shall have full powers to exercise all or any of the powers conferred by any part of this clause.

B. ANCILLARY OBJECTIVES:

Pursuant to the aforesaid objectives and subject to the applicable laws, if any, the company may:

1. Raise funds and accept donations, grants, loans or financial assistance from any government, private or other sources and agencies, institutions in Bangladesh and abroad for use in work consistent with the purposes and objectives stated herein.
2. Acquire, takeover or accept by way of gift, the assets of any other organisations bodies or societies with similar objectives or undertake and accept the management of any endowment or trust fund set up with similar objectives as that of the company.
3. Prepare and adopt bye-laws, make operational rules and regulations, code of practice and rules of business not inconsistent

with law or this Memorandum, and consistent with the provisions of the Development Credit Agreement entered into between the Government of Bangladesh and the International Development Association in regard to the Bangladesh Municipal Services Project signed on 26th April 1999, which provides for the establishment of this company for facilitating the proper functioning and administration of the company and its fund, transaction of its affairs and implementation of the projects and programs sponsored by it and Urban Local Bodies cooperating with the company.

4. Institute, conduct, defend or compromise legal proceedings before any forum court or tribunal by or against the company or its members or employees in respect of matters affecting the functioning of the company.
5. Contract out any technical or operational functions to suitable consultants and firms.
6. Engage in such other lawful acts alone or in connection with other organisations or persons as the company may deem necessary, incidental or conducive to the attainment of the above objectives.

It is hereby declared that:

1. All income of the fund shall be utilized toward the achievement of the objects herein contained.
2. The company shall apply all its surplus over expenditure and other income from its business activity or from any of its property, howsoever derived solely towards the promotion of the objectives as set forth in this Memorandum of Association and there should be no distribution of profit.
3. The company is being formed as a company limited by guarantee under the Companies Act, 1994.
4. Payment of remuneration for services or otherwise to its members, whether holding office or not, is prohibited.
5. Money of the institution is to be kept in a scheduled bank.
6. Any money held idle may be invested in government securities.
7. If upon winding up and dissolution of the company and the fund created thereunder any funds or assets remain after satisfaction of all debts and liabilities, such funds and assets, whatsoever, shall not be paid to or distributed amongst the members of the company but shall be given or transferred to some other institution(s) having purpose(s) similar to the objectives stated herein, such institution(s) to be determined by the members of the company or before the time of dissolution under advisement to the Government of Bangladesh.
8. Notwithstanding anything contained in the foregoing object clauses of this memorandum of Association, nothing shall be

considered as empowering the company to undertake or indulge in the business of banking within the meaning of Banking Companies Act, 1991 or any investment, insurance or managing agency business directly or indirectly as restricted under the law or any unlawful business or operation.

- IV. The liability of its members is limited.
- V. Every member of the company undertakes to contribute to the assets of the company in the event of its being wound up while he is a member or within one year after dissolution for payment of the debts and liabilities of the company contracted before they ceased to be a member and the cost charges and expenses of winding up and for the adjustment of the rights of the contributors among themselves such amount as may be required not exceeding one hundred taka.

We, the several persons whose names and addresses are subscribed below, are desirous of being formed into a Company limited by Guarantee under the provisions of the Companies Act, 1994, and in pursuance of this Memorandum of Association:-

Sl. No.	Name and address	Description of the subscribers	Occupation	Signature of subscribers
1.	Mr. A Y B I Siddiqui Secretary, Local Govt. Division.	Chairman	Service	
2.	Mr. Siddiquir Rahman Choudhury Joint Secretary Ministry of Finance.	Member	Service	
3.	Mr. Md. Aatur Rahman Mazumder Joint Secretary Planning Division.	Member	Service	
4.	Mr. Kamal Uddin Director General, IMED	Member	Service	
5.	Mr. Md. Allah Malik Kazemi Executive Director Bangladesh Bank.	Member	Service	
6.	Mr. Md. Shafiqur Rahman Chariman, Chandpur Pourashava.	Member	Chairman	
7.	Mr. Md. Abdul Wahab Sarker Chairman, Parbatipur Pourashava	Member	Chairman	
8	Mr. Md. Shamim Al-Razi Chairman, Singra Pourashava	Member	Chairman	
9.	Mr. Kazi Rafiqul Alam Executive Director Dhaka Ahsania Mission	Member	Service	

Date, the.....**7th**..... day of**March**.....2002

Witness to the signatories with address:

THE COMPANIES ACT XVIII OF 1994

ARTICLES OF ASSOCIATION

OF

BANGLADESH MUNICIPAL DEVELOPMENT FUND

**(A Company Limited by Guarantee without Share Capital)
Registered under Sections 28 and 29 of the Companies Act, 1994**

PRELIMINARY

1. Whereas it has been agreed by the persons hereunto referred to as subscribers to establish and incorporate a company limited by guarantee without share capital under the provisions of the Companies Act, 1994 (hereinafter referred to as “the Act”) in the name of BANGLADESH MUNICIPAL DEVELOPMENT FUND, in accordance with the provisions of Memorandum of Association hereto annexed and subject to regulations hereinafter contained, and pursuant to in the Development Credit Agreement for Bangladesh Municipal Services project signed between the Government of Bangladesh and the International Development Association dated 26th April, 1999 in so far as it pertains to the working of the Bangladesh Municipal Development Fund, and subject to the regulations contained in the Operational Manual which shall constitute the regulations for the management of the company and for the observance of members thereof and their representatives and the same shall, subject to any exercise of the powers of the company, in reference to the repeal or alteration of, or addition to, its regulations by special resolution as prescribed by the said Act, be sure as are contained in these Articles.

INTERPRETATION

2. The marginal notes hereto shall not affect the construction hereof, and in these presents, unless there be something in the subject or context inconsistent therewith:
 - i. “The Act” means the Companies Act, 1994 and every statutory modification thereof for the time being in force.
 - ii. “Association” means the International Development Association (IDA).
 - iii. “The Board of Directors” means the Board of Directors of the company as constituted under the Act and the provisions of these presents.

- iv. “The Chairman” means the Chairman of the Board of Directors of the company from time to time duly nominated under the provisions of these presents.
- v. “Civil Society Member” means a member representing any section of civil society in the company’s Board and who is not a government employee.
- vi. “The Company” and / or “the Fund” means Bangladesh Municipal Development Fund (BMDF).
- vii. Development Credit Agreement (DCA) refers to the credit agreement entered into by and between the people’s Republic of Bangladesh and International Development Association for financing of the Bangladesh Municipal Services Project (BMSP), signed on April 26, 1999, which provides for the establishment of the BMDF.
- viii. “Government” means the Government of the People’s Republic of Bangladesh (GOB).
- ix. “The Managing Director” means the Managing Director of the company, also referred to as the Chief Executive Officer (CEO) duly appointed from time to time under the provisions of these presents.
- x. “Member” means a member of the Company whose name appears and/or is borne on the Register of members.
- xi. “Month” means English calendar month.
- xii. “The Office” means the Registered Office for the time being of the company.
- xiii. “These presents” means and includes the Articles of Association and any modification or alteration thereof for the time being in force.
- xiv. “Proxy” includes an attorney duly constituted or appointed under an instrument of proxy power of attorney or other authority in writing.
- xv. “The Register” means the register of members to be kept pursuant to the Companies Act, 1994.
- xvi. “Seal” means the common seal of the company.
- xvii. “Special Resolution” and “Ordinary Resolution” have the meanings assigned thereto respectively under the Companies Act, 1994.
- xviii. “Urban Local Body” (ULB) means any Pourashava, city corporation, town committee or any other urban local government body within Bangladesh.
- xix. “In writing” and “Written” includes printing, lithography, type writing, telex, tele facsimile (Fax) and other modes of representing or reproducing words in a visible form.
- xx. Words importing the singular number only, include the plural number.
- xxi. Words importing the plural number only, include the singular number.
- xxii. Words importing the masculine gender only, include the feminine gender.
- xxiii. Words importing the feminine gender only, include the masculine gender.
- xxiv. Words importing persons include bodies corporate and otherwise, firms, registered or un-registered associations and non-government, semi-government and government organizations.
- xxv. Words or expressions in these Articles shall except where it is not repugnant to the subject or the context, bear the same meanings as in a standard English

dictionary. In interpreting each of the Articles, and in the event of any interpretive issue, the terms and conditions of the Development credit Agreement shall prevail in accordance with the provisions of the Act.

BUSINESS OF THE FUND

3. The business of the company, its affairs and/or functions shall comprise of achieving the objectives of the memorandum and include undertaking all or any of the several objectives, and any act, or deed done in pursuance thereof, ancillary and /or incidental thereto as expressed in, and authorised by the Memorandum of Association hereto annexed, and can be commenced immediately after incorporation of the Fund as the directors may think fit.

MEMBERSHIP

4. The subscribers to these presents and to the Memorandum of Association hereunto annexed or such other persons as shall be admitted to membership of the company as admitted from time to time and shall be deemed to have agreed to become a member of the Company in accordance with and in pursuance to these presents and whose names appear in the register of the members shall be the members of the company.
5. The minimum number of members of the company shall be seven (7) which shall include (a) Secretary of the Local Government Division (LGD) of the Ministry of Local Government, Rural Development & Cooperatives, (b) one representative of Bank and Financial Institutions Division of the Ministry of Finance, (c) one representative from Bangladesh Bank, (d) one representative from Planning Commission, (e) one representative from IMED, (f) one representative from NGO (to be nominated by NGO Bureau), (g) **Three Municipal Mayors** (formally titled as Chairman) **taking one from each category of to be nominated by LGD for two years, (h) One member of executive committee of Municipal Association of Bangladesh** (to be nominated by Municipal Association of Bangladesh for one year).
6. Any person interested in the promotion of good governance and engaged in any voluntary activities with a proven record of experience is eligible to become a civil society member of the general body on invitation by board of directors, except a person who is a loan defaulter, or is a sponsor of company which is a loan defaulter, or a person who holds political office or is an office-bearer of a political party or otherwise is ineligible to hold any such post under or by any law. Such person may be associated with a government agency, voluntary organisation or a private individual having record of community service but his membership in the Fund shall be in his individual capacity.

7. The Civil Society Member shall have a maximum tenure of five years, after which time such membership shall automatically expire and such member shall not be eligible for membership for a period of five years from expiration of their tenure.
8. The company shall maintain a roll of members, clearly indicating their full names, addresses and occupations. Every member shall sign the same. If a member of the Fund changes his address, he shall forthwith notify his new address to the managing director of the fund, who shall thereupon cause the new address to be entered in the roll of the members. Where, however, a member does not notify any change of address to the managing director the address appearing in the roll of members shall be deemed to be correct address of the member. The said roll of members also called a register of members, shall be maintained at the registered office of the Fund.
9. Membership of the company may be terminated on the occurrence of any of the following events:
 - i. On the member's death, resignation, insolvency, lunacy or conviction for a criminal or civil offense.
 - ii. When a member does not attend three consecutive general meetings of the Fund without prior leave of absence granted by the Board of Directors.
 - iii. When the Fund in a general meeting, by a simple majority decides to terminate the membership of any person who acts in a manner prejudicial to the interests of the fund, fails to fulfill any obligation required by the fund or acts in a manner which is not conducive to the welfare of the Fund.
10. Subject to the foregoing and / or other provisions, membership of the company shall be open to all resident Bangladeshi citizens.
11. If a vacancy occurs, among the members, such vacancy shall be filled within 60 days from the date of the vacancy in accordance with the provisions of the Act and these Articles.
12. When a member desires to resign from his membership of the company, he shall forward his letter of resignation to the Managing Director of the company and such resignation shall take effect from the date of its acceptance by the company.
13. The company shall function notwithstanding any vacancy in any of its bodies and no act, direction or processing of the fund shall be rendered invalid merely by reason of such vacancy or because of any defect in the appointment of any of the officers of the company.
14. Members of the Fund shall not be paid any remuneration or dividend.

AUTHORITIES OF THE FUND

15. The following shall be the authorities of the Fund.
 - i. General Body
 - ii. Board of Directors
 - iii. Chairman of the Board
 - iv. Managing Director / Chief Executive Officer
 - v. Such other bodies committees, sub-committees or panels as may be appointed and/or constituted from time to time, by the Board of Directors of the Company.

THE GENERAL BODY

16. There shall be a general body of the Fund and it shall be composed of all members of the company.
17. The Chairman of the company shall preside over all meetings of the general body.
18. The Chairman of the company may invite any person other than a member to attend a meeting of the general body. Such invitee to, be known as special invitee, shall not, however, be entitled to vote at the meeting.
19. The general body shall have the following powers and functions namely :
 - (a) to give overall policy guidance and direction for the efficient functioning of the company;
 - (b) to approve the annual budget of the Fund drawn up by the Board of Directors of the company;
 - (c) to consider and approve the balance sheet and audited accounts for the previous year;
 - (d) to consider and approve the annual report prepared by the Board of Directors of the company;
 - (e) to amend these presents, if deemed necessary, by way of addition, alteration, modification or substitutions in accordance with the Act and pursuant to the provisions of the DCA.
 - (f) to perform such other functions as are entrusted to it;
 - (g) to delegate such of its powers and functions to other authorities of the company as it may consider necessary and proper;
 - (h) to appoint auditors except the first auditors who shall be appointed by Board of Directors;
 - (i) to admit new members to the company;
 - (j) to terminate membership of any member.

GENERAL MEETINGS

20. The first Annual General Meeting of the company shall be held at such time not more than eighteen months after the incorporation of the company, and at such place, time and date, as the Board of Directors may determine.
21. Subsequent Annual General Meetings of the company shall be held at least once in every calendar year at such time and place as may be determined by the Board of Directors, but no more than fifteen calendar months after the holding of the last Annual General Meeting and not later than six months from the closing of the annual accounts.
22. The above named General Meetings shall be called Annual General Meetings. All other meetings of the company shall be called Extraordinary General Meetings.
23. The Directors may at any time call an Extraordinary General Meeting and shall, on the requisition of members representing not less than one-tenth of the voting power on the date of deposit of requisition, proceed to call an Extraordinary General Meeting.
24. Any such requisition shall specify the objectives of the meeting required and shall be signed by the requisitionists, and shall be deposited at the Registered Office. The meeting must be convened for purposes specified in the requisition, and if convened otherwise than by the Board of Directors, for those purposes only.
25. If the Board of Directors do not proceed to cause a meeting to be held within twenty one days from the date of requisitions being deposited, the requisitionists or a majority of them may themselves convene a meeting to be held not later than three months from the date of deposit of the requisition.
26. Any meeting covered by the requisitionists shall be convened in the same manner, as nearly as possible as that in which meetings are to be convened by the Board of Director.
27. Subject to the provisions of the Act, relating to special resolutions at least twenty one days notice (exclusive of the day on which the notice is served or deemed to be served but inclusive of the day on which the notice is given), specifying the place the day and the hour of the meeting and in case of special business of the general nature of such business, shall be given of every general meeting whether annual or extraordinary to the members in the manner in which notices are required to be served in accordance with the provisions herein below. Notwithstanding anything contained herein before, a meeting may be convened by such shorter notice and in such manner as those members may think fit with the consent of all the members entitled to receive notice thereof and the permission of the registrar of companies.
28. The accidental omission to give any such notice to or the non-receipt of notice by any of the member shall not invalidate the proceeding of any such meeting.

PROCEEDING AT GENERAL MEETING

29. The business of an annual general meeting shall be to receive and consider the income and expenditure account and balance sheet, the annual report of the Board of Directors and of the auditors, the election of members of the Board of Directors, if required or found necessary and the election/appointment of the auditor(s) and fixation of their remuneration and to transact any other business which may be transacted at an annual general meeting. All other business transacted at the annual general meeting and all business transacted at an extraordinary general meeting shall be deemed special.
30. Five members of the company, present personally shall constitute a quorum for a General Meeting for all purposes. No business shall be transacted at any general meeting unless the quorum requisite be present at the commencement of business.
31. If within half an hour of the time appointed for the meeting a quorum is not present, the meeting if called on the requisition of members, shall be dissolved; in any other case, it shall stand adjourned to the same day in the next week at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members being not less than three, shall be a quorum.
32. The Chairman of the company shall be entitled to take the chair at every general meeting of the company. If there is no Chairman or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or is unable to be present due to illness or any other cause, or is unwilling to act, the members of the Board of Directors present may choose one amongst themselves to act as Chairman of the meeting and in default of their doing so, the members present shall choose one of the members of the Board of Directors to take the chair and if no such member is present or such member is not willing to take the chair, the members present shall choose one amongst themselves to act as the Chairman of the meeting.
33. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
- 34.34. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded in accordance with the provisions of the Act, and unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously or by a particular majority, an entry to that effect in the book of the proceedings of the Fund shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favor of or against, that resolution.

35. If a poll is duly demanded, it shall be taken in such manner as the Chairman shall direct and the result of the poll shall be deemed to be the resolution of the meeting at which the poll is demanded.
36. In the case of any equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.
37. A poll demanded on the question of adjournment of a meeting shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place as the Chairman of the meeting shall direct.
38. The demand of a poll shall not prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

VOTES OF MEMBERS

39. On a show of hands and on a poll every member present in person shall have one vote.

BOARD OF DIRECTORS

40. The Board of Directors, subject to the general control and supervision of the General Body, shall generally pursue and carry out the objectives of the company as set forth in the Memorandum of Association hereto annexed. The Board of Directors shall be responsible for the management and administration of the affairs of the company in accordance with the Articles of Association, the rules and by-laws made thereunder, and pursuant to the provisions of the DCA and in accordance with the Act.
41. The affairs of the company shall be managed by a Board of Directors, which shall have the responsibility to determine the direction and scope of the activities of the Fund in accordance with the objectives specified in memorandum of association and pursuant to the provisions of the DCA in so far as they pertain to the functioning of the BMDF and in accordance with the Act. It shall have the responsibility to approve investment projects, and make loans, investments, technical assistance grants, or other financial assistance to ULBs as well as to approve and administer the annual and supplementary budgets.

42. The composition of the Board of Directors shall be as follows:
1. Secretary of the Local Government Division (LGD) of the Ministry of Local Government, Rural Development & Cooperatives,
 2. One representative of Bank and Financial Institutions Division of the Ministry of Finance,
 3. One representative from Bangladesh Bank,
 4. One representative from Planning Commission,
 5. One representative from IMED,
 6. One representative from NGO (to be nominated by NGO Bureau),
 7. Three Municipal Mayors (formally titled as Chairman) taking one from each category of to be nominated by LGD for **two** years, and
 8. One member of executive committee of Municipal Association of Bangladesh (to be nominated by Municipal Association of Bangladesh for one year).
43. (i) The Secretary of the Local Government Division (LGD) of the Ministry of Local Government, Rural Development & Cooperatives, who is appointed as the Chairman, shall not be subject to retirement form the office of Director of the Company/Fund.
- (ii)The Municipal Mayors (formally titled as Chairman) nominated by LGD as the Members of the Board of Directors shall hold office only up to the next two Annual General Meeting. After Completion of two successive Annual General Meeting LGD shall nominate three new Municipal Mayors to be members of the Board of Directors.**
- (iii) Subject to Articles 43(i) and (ii) above all other directors shall hold office for a term of three years unless otherwise decided by the company.
44. Excluding the first term ending on the date of the first annual general meeting, no member of the Board of Directors, other than those mentioned in Article 43 (i) and (ii) shall serve for more than tow consecutive terms of three years each.
45. Members of the Board of Directors shall function in their individual capacity exercising individual judgment in accordance with these Articles, and shall not be subjected to or be bound by instructions or orders of the office, organisation or agencies with which they may be associated.
46. No action or decision by the Board of Directors shall be rendered invalid or inoperative on account of any vacancy or vacancies in the composition of the Board of Directors.

MEETING OF THE BOARD OF DIRECTORS

47.
 - (a) The Board of Directors shall hold at least six regular meetings in every year and shall be called by notice under the signature of the Managing Director.
 - (b) All meetings of the Board of Directors shall be presided over by the Chairman of the board or in his absence, by any member who is called upon to preside over by the directors present at such meeting.
 - (c) Minutes of the meetings of the Board of Directors shall be recorded by the Managing Director or in his absence by a member of the Board of Directors, appointed by the Chairman. The minutes shall be duly approved or corrected at the following regular meeting and filed in the permanent records of the company.
 - (d) Members of the Board of Directors shall be reimbursed for their out of pocket expenses for attending Board meetings. Save as aforesaid, members of the Board of Directors, shall not receive any compensation for their services to the company and/or any profit out of the business of the company.
48. Every notice calling for a meeting of the Board of Directors shall state in writing the date, time and place of the meeting and shall be sent to every member of the Board of Directors ordinarily seven clear days before the day appointed for the meeting.
49. Any inadvertent omission to give notice or the non-receipt or late receipt of a notice by any member shall not invalidate the proceedings of the meetings.
50. Three members of the Board of Directors present in person shall constitute a quorum of which at least one members shall represent civil society or Pourashavas. No meeting shall proceed with its business unless a quorum is present at the commencement of the business of the meeting. No quorum shall, however, be necessary for an adjourned meeting.
51. Each member of the Board of Directors has one vote. Thus each of the member representing the several agencies of the GOB in the Board shall each carry one vote notwithstanding the unified legal entity of the GOB. All matters at meetings of the Board of Directors shall be determined by a simple majority; provided that in case of equality of votes, the Chairman shall have a casting vote.
52. Any business which the Board of Directors may consider necessary to perform, except such as may be required to be placed before the general meeting of the general body, may be performed by a resolution in writing circulated among all members of the Board of Directors, and any such resolution so circulated and approved by a majority of the members signing, shall be as effective and binding as if a resolution had been passed at a meeting of the Board of Directors.

53. The proceeding of all meeting of Board of Directors and resolution passed by the circulation shall be recorded in a book, which shall be maintained by the Company for the purpose.
54. Board of Directors shall exercise all executive and financial powers of the Company, subject to such director as may be issued by the general body from time to time. However, before borrowing any money, the board of Directors shall obtain prior approval from the Bank and Financial Institutions Division of the Ministry of Finance.
55. In particular and without prejudice to the generality of the foregoing provisions, the Board of Directors shall have the powers, subject to the provisions hereof, to inter alia;
- (i) Establish by-laws and service rule of the company;
 - (ii) Establish operational policies and procedures including eligibility criteria for urban local bodies, and financial and technical assistance to ULBs, lending limits of the company to a single borrower and overall financing limits of the BMDF pursuant to the provisions of the DCA and in accordance with the Act;
 - (iii) Establish procedures for periodic auditing, reporting monitoring and evaluation of the activities funded by the company;
 - (iv) Prepare and execute detailed plans and programs for the furtherance of the objectives of the company;
 - (v) Consider the annual and supplementary budgets placed before it and pass them with such modification as may be deemed necessary for being submitted to the Bank and Financial Institutions Division of the Ministry of Finance for comments and thereafter modify budgets taking into view these comments and approve the budgets;
 - (vi) Prepare the annual report and cause the preparation of the accounts of the company for consideration of the general body;
 - (vii) Create posts and appoint such staff as may be required for the efficient management of the affairs of the company and regulate the recruitment and terms and conditions of their service;
 - (viii) Receive and to have custody of funds and resources of the company, operate the fund and manage the properties of the company;
 - (ix) Incur expenditure subject to the provisions of the approved budget;
 - (x) Enter, for and on behalf of the company, into agreement including those containing arbitration clauses;
 - (xi) Establish, maintain, amalgamate and/or close down company offices, etc. as may be deemed appropriate;
 - (xii) Enter into agreements with the government and with the approval of the government with foreign governments and international agencies and organisations and other public or private bodies or organisations or individuals for securing and/or accepting loans or grants to the Fund on mutually agreed terms and conditions provided that such terms and conditions shall not be contrary to or inconsistent with the objectives of the company as detailed in the Memorandum of Association hereto annexed and shall be consistent with the provisions of the DCA.

- (xiii) Take over, acquire (by purchase, gift, exchange, lease, hire or otherwise) from the government and with the approval of the government from foreign government and international agencies and organisations and without such approval other public or private bodies or organisation(s) or individuals, institutions, libraries, laboratories, museums, immovable or moveable properties, endowments or other funds together with any attendant obligations, so that neither the transaction nor the terms and conditions thereunder it is concluded is inconsistent with the objects set forth in the Memorandum of Association hereto annexed.
 - (xiv) Appoint boards, committees, sub-committees and panels, consisting of persons who may or may not be members of the company or employees of the company to deal with any specific task as may be determined from time to time.
 - (xv) To impose and recover fees and charges for the services rendered by the company; and
 - (xvi) To contract out operational and management functions as and when required to suitable firms or companies.
56. The Board of Directors may by resolution delegate such administrative, financial and other powers to its Managing Director, committees, sub-committees, panels and boards or any other officer of the company as it may consider necessary and proper, subject to the condition that action taken by them under the powers so delegated, shall have to be confirmed and/or ratified at the next meeting of the Board of Directors.

CHAIRMAN

57. (a) The secretary of the Local Government Division (LGD) of the Ministry of Local Government, Rural Development & Cooperatives shall be the Chairman of Company/Fund. He would not have any day to day responsibilities other than chairing general body meetings, Board of Director's Meetings and providing support to the company in its relations with government.
- (b) The Chairman shall not receive any compensation from the company, or any fulltime perks, except reimbursement for out of pocket expenses incurred in connection with the work of the Fund.

MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

58. The Managing Director shall serve as the Chief Executive Officer ("CEO") of the company and will be governed by such terms and conditions as may be determined by the Board of Directors from time to time and so long as he holds the post as such, shall be deemed to be a member of the Board of Directors and also a member of the general body of the company but he shall not have any voting right.

59. The Managing Director shall be appointed no later than 6 months from incorporation of the company through advertisement whose terms of reference shall be agreed upon with IDA for an initial five year term which may be renewed for periods of up to five years at a time.
60. A. The Chief Executive Officer shall be responsible for the day to day management of the company and without prejudice to the generality of the foregoing, he shall be responsible:
- (i) for ensuring that the company's objectives as contained in the memorandum are adhered to;
 - (ii) for the proper administration of the affairs, funds and resources of the company;
 - (iii) to open and operate bank accounts, make draw, endorse, sign, accept, negotiate and give all cheques, bills of lading, drafts, orders, bills of exchange, promissory notes and other negotiable instruments as may be required by and be in the interest of the company;
 - (iv) to secure the fulfillment of any contract agreement or engagement entered into by the company by mortgage or charge of all or any of the properties of the company from time to time or in such manner as he may think fit in the interest of the company;
 - (v) to appoint and at his discretion to remove or suspend managers, secretaries, officers, clerks and employees, either permanent or temporary, as he may think fit and to determine their powers and duties and fix their salaries or emoluments and to require security in such instances and to such amount as he thinks fit;
 - (vi) to prescribe the duties of all the employees and staff of the company;
 - (vii) to institute, conduct, defend or abandon any legal proceedings by or against the company or its officer or otherwise concerning the affairs of the company and also to compound and allow time for payment or satisfaction of any debt due and of any claims or demand by or against the company and for the purpose to appoint advocate(s);
 - (viii) to refer any claims or demands by or against the company to arbitration and observe and perform the awards;
 - (ix) for exercising supervisions and disciplinary control over the work and conduct of all employees of the company;
 - (x) for coordinating and exercising general supervision over all the activities of the company;
 - (xi) for any other task as may be delegated by the Board.
- B. The Managing Director may in writing delegate such of his powers as he may consider necessary to any officer of the company.

ADVISORY COMMITTEES

61. The company shall establish technical advisory committees comprising representatives of Pourashavas, civil society and the GOB. Such committee shall meet periodically and shall provide feedback and guidance to the company on its programs in the respective technical areas.

RESOURCES OF THE COMPANY

62. The company would be financed by a combination of financing from GOB, IDA and other bilateral and multilateral development partners as well as private donations.
63. All properties of the company, moveable and immovable, shall vest in the company and shall be administered by the Managing Director/CEO on behalf of the company within the parameters set by the company in its general meeting or as otherwise directed by the Board of Directors.
64. The income and the property of the company, however, derived shall be applied towards the promotion and furtherance of the objectives of the company as set forth in the memorandum of association hereto annexed save as otherwise provided elsewhere, no portion of the income and property of the company shall be paid or transferred directly or indirectly by way of dividend or by way of profit to persons who at any time are or have been members of the company or to any of them or to any person claiming through them or any of them provided that nothing herein shall prevent the payment in good faith any remuneration to any employee or other person in return for services rendered to the company or for traveling allowance, and other similar out of pocket expenses.
65.
 - (a) All funds should be paid into the company's account with the bankers of the company and shall not be withdrawn except by cheque signed by the CEO or by such officer of the company as may be duly empowered in this behalf by the CEO or the Board of Directors.
 - (b) Unless otherwise authorised by the Board of Directors, or the Managing Director of the company, no new account in the name of the company shall be opened.

TECHNICAL AND FINANCIAL OPERATING PROCEDURES

66. All procedures governing the appraisal of infrastructure investment projects as well as all technical functions of the company shall be detailed in the company's operational manual which shall be in effect no later than one year after incorporation of the company.
67. The operational manual shall provide detailed requirements for the appraisal process of projects which are in whole or in part financed by the company. Such operating procedures including selection and eligibility criteria, lending and

borrowing limits, financing terms, loan security for infrastructure investment projects and for ULBs shall be consistent with the terms and conditions stipulated in the DCA and shall be in accordance with the provisions of the Act. Any deviation in such and other substantive and procedural conditions, terms, policies, recommendations, provisions, principles of the DCA in the operational manual shall require the clearance of IDA and the GOB.

THE SEAL

68. The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors and in the presence of at least two members of the Board of Directors or such other persons as the Board of Directors may appoint for the purpose and they shall sign every instrument to which the seal of the company is affixed in their presence.

ACCOUNTS

69. The Board of Directors shall cause to keep proper account and record of all transactions as specified in the DCA with respect to :
- (i) all sums of money received and spent by the company and the matters respect of which receipt and expenditures takes place;
 - (ii) all sales and purchases of goods/services of the company;
 - (iii) the assets and liabilities of the company.
70. The books of account shall be kept at the registered office of the company or at such other place as the Board of Directors shall think fit and shall be opened to inspection by the members of the Board of Directors during business hours.
71. The Board of Directors shall from time to time determine whether and to what extent and at what time and places and under what conditions or regulations the accounts and books of company or any of them shall be open for the inspection of the members of the company (not being members of the Board of Directors) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board of Director or by the company in a general meeting.
72. The Board of Directors shall as required by the Act, cause to be prepared and to be laid before the company in a general meeting such profit and loss or income and expenditure accounts, balance-sheets, and report as are referred to in the Act.
73. The Income and Expenditure Account shall, in addition to the matters referred to in the Act, show, arranged under the most convenient heads, the amount of gross expenditure distinguishing the expenses of the establishment, salaries and other like matters. Every item of expenditure fairly chargeable against the year's

income shall be brought in to account, so that a just balance of income and expenditure may be laid before the meeting, and in cases where any item of expenditure which may in fairness be distributed over several years has been incurred in any one year, the whole amount of such items shall be stated by way of Note to the Accounts, with the addition of the reasons why only a portion of such expenditure is charged against the income of the year.

74. A balance-sheet shall be prepared in every year and laid before the company in the general meeting. The balance-sheet shall accompanied by a report of the Chief Executive Officer of the company as to the state of the fund's affairs, and the amount which the Board of Directors recommend to carry to a reserve fund.
75. A copy of the balance sheet and report shall, twenty one days previously to the meeting, be sent to the persons entitled to receive notices of the Annual General Meeting in the manner in which notices are to be given thereunder.
76. The Board of Directors shall in all respects comply with the relevant provisions of the Act, or any statutory modification thereof for the time being in force.

AUDIT

77. The company's account will be audited by independent commercial auditors as well as by the Comptroller and Auditor General (C&AG) of the GOB. The company at each Annual General Meeting shall appoint such commercial Auditor/s to hold office until the next Annual General Meeting and the following provisions shall have effect, that is to say:
 - (i) A member of the Board of Directors or officer of the company, or a partner of or person in the employment of such member of the Board of Directors or officer or any person, indebted to the company shall not be appointed auditor(s) of the company.
 - (ii) If any person after being appointed auditor becomes indebted to the company his appointment shall thereupon be terminated.
 - (iii) The first auditors of the company shall be appointed by the Board of Directors with the approval of the Bank and Financial Institutions Division within the 60 days of the date of incorporation and if so appointed shall hold office until the first annual general meeting unless previously removed by a resolution of the company in general meeting in which the members of the company may appoint auditor(s) as such meeting.
 - (iv) Retiring auditors(s) shall be eligible for re-election/re-appointment.
 - (v) No person other than retiring auditor shall be capable of being appointed to the office of the of the auditor of the Annual General Meeting unless notice of an intention to nominate him be given to the company not less

than fourteen days before the day appointed for the holding of such Annual General Meeting and upon receipt of such notice the provisions of the Act shall be complied with.

78. The appointment and the duties of the auditor(s) shall be regulated in accordance with the Act and shall be pursuant to the specific provisions in this regard in the DCA and any statutory or other modification thereof for the time being in force.
79. The remuneration of the auditor(s) of the company shall be fixed by the company in the general meeting except that the remuneration of any auditor(s) appointed before the first Annual General Meeting or to fill any casual vacancy may be fixed by the Board of Directors.
80. Every Auditor of the company shall have a right of access at all times to the books, assets and accounts and vouchers of the company and shall be entitled to require from the members of Board of Directors and officers of the company such information and explanation as may be necessary for the performance of the duties of the Auditor(s) shall make a report to the members of the Fund on the accounts examined by them, and on every balance-sheet, income and expenditure account laid before the company in the general meeting, during their tenure of office and the report shall state whether or not they have obtained all the information and explanations they have required and whether or not such balance-sheet, and income and expenditure account, exhibit the true and correct view of the state of the Fund's affair according to the best of their information and explanations given to them as shown by the books of the fund and whether or not in their opinion the books of accounts have been kept by the fund as required by the Act; where any of the matters referred to herein above and answered in the negative or with qualification, the report shall state the reasons for such answers and the report shall be attached to the balance-sheet, and income and expenditure account and such report shall be read before the fund in a general meeting and shall be opened to inspection by any member of the company.
81. In addition to the above mentioned audits the Bank and Financial Institutions Division of the Ministry of Finance may appoint auditors to carry out special audit.
82. A copy of the Commercial auditor's report shall be submitted to the Bank and Financial Institutions Division of the Ministry of Finance.
83. The Bank and Financial Institutions Division may give such instructions as considered appropriate, to the Board of Directors of the company, for taking necessary actions, on the basis of Audit Reports referred above.
84. The auditor(s) shall be entitled to receive notice of and to attend any general meeting of the company of which any account which have been examined or reported on by them is to be laid before the company and make any statements or explanation they desire with respect to the accounts.

85. Every account when audited and approved by the general meeting shall be conclusive except as regards any error discovered therein within three months after the approval thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected, certified by the auditor(s) and henceforth shall be conclusive.

NOTICE

86. A notice may be given by the company to any member either personally or by sending it by post to him to his registered address and if a member fails to notify the company of his registered address or the member has no registered address a notice addressed to him and advertised in a news paper circulating in the neighborhood of the registered office of the company shall be deemed to be duly given to him on the date on which the advertisement appears.
87. Where a notice is sent by post, service of the notice shall be deemed to be effective by properly addressing, preparing and posting a letter containing the notice and unless the contrary is proven such notice shall be deemed to be effective at the time when the letter would be delivered in the ordinary course of post.
88. Notice of every general meeting shall be given in such manner herein before authorised to every member of the company.

INDEMNITY

89. Every member of the general body, Board of Directors, Chairman, Chief Executive Officer or other officer or employee of the company shall be indemnified by the company against, out of funds of the company to pay, all cost, losses or expenses which they may incur or become liable to pay by reason of any contract entered into or act or deed done by them in discharge of their duties in good faith and any loss occasioned by any error of judgement, damage or misfortune which may happen in the execution of their duties in connection with affairs of the company unless the same shall happen through their own willful neglect or default.

AMENDMENT

90. These articles may, in accordance with the provisions of the Act, be amended, modified, substituted, altered or repealed by a three fourth majority of the members present and voting on a special resolution for the purpose at an extraordinary general meeting of the members, provided that a notice in writing specifying the intention to propose the resolution as a special resolution shall have been served on the members of the company at least twenty-one days prior to the meeting. All amendments, modifications shall be in accordance with the provisions of the DCA and shall be approved by IDA.

We, the several persons whose names and addresses are subscribed below, are desirous of being formed into a Company limited by Guarantee under the provisions of the Companies Act, 1994, and in pursuance of this Memorandum of Association:-

Sl. No.	Name and address	Description of the subscribers	Occupation	Signature of subscribers
1.	Mr. A Y B I Siddiqui Secretary, Local Govt. Division.	Chairman	Service	
2.	Mr. Siddiquir Rahman Choudhury Joint Secretary Ministry of Finance.	Member	Service	
3.	Mr. Md. Aatur Rahman Mazumder Joint Secretary Planning Division.	Member	Service	
4.	Mr. Kamal Uddin Director General, IMED	Member	Service	
5.	Mr. Md. Allah Malik Kazemi Executive Director Bangladesh Bank.	Member	Service	
6.	Mr. Md. Shafiqur Rahman Chariman, Chandpur Pourashava.	Member	Chairman	
7.	Mr. Md. Abdul Wahab Sarker Chairman, Parbatipur Pourashava	Member	Chairman	
8	Mr. Md. Shamim Al-Razi Chairman, Singra Pourashava	Member	Chairman	
9.	Mr. Kazi Rafiqul Alam Executive Director Dhaka Ahsania Mission	Member	Service	

Date, the^{7th}..... day of**March**.....2002

Witness to the signatories with address:

29 July 2015