April 28, 2014

Mr. Showkat Hossain
President
Institute of Chartered Accountants of Bangladesh
Ca Bhaban, 100 Kazi Nazrul Islam Avenue
Dhaka 1000

Re: Bangladesh: IDF Grant for Strengthening Financial Reporting Framework and Audit Practice Project
IDF Grant No. TF016566

Dear Mr. Hossain:

In response to the request for financial assistance made on behalf of the Institute of Chartered Accountants of Bangladesh ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank") proposes to extend to the Recipient, for the benefit of the Republic of Bangladesh ("Member Country"), a grant from the World Bank’s Institutional Development Fund ("IDF") in an amount not to exceed four hundred thousand United States Dollars (U.S.$400,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Joanne Zutt
Country Director for Bangladesh
South Asia Region
AGREED:
INSTITUTE OF CHARTERED ACCOUNTANTS

By Showkat Hossain
Authorized Representative
Name SHOWKAT HOSSAIN
Title President, ICAB
Date April 20, 2014

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions


1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

(a) “APM” means audit practice manual.

(b) “ICAB” means the Institute of Chartered Accountants of Bangladesh, established under the Bangladesh Chartered Accountants Order 1973 (P.O. No.2 of 1973), dated January 6, 1973.

(c) “MOF” means the Member Country’s Ministry of Finance, or any successor thereof.

(d) “Procurement Laws” means, collectively, the Member Country’s Public Procurement Act 2006, the Member Country’s Public Procurement Rules, 2008 (as amended in August 2009), and the Member Country’s Procurement Act (1st Amendment) 2009.

(e) “PSE” means public sector entities.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to support the MOF and ICAB in strengthening the existing financial reporting framework of public enterprises and improve the capacity of the Recipient to educate, train, and regulate the accounting profession in Bangladesh. The Project consists of the following parts:

Part A: Updating and Implementing a Reporting Framework for the PSE. Improving the quality of financial reporting standards by adopting a comprehensive financial reporting framework for the entire public sector entities and publication of the annual financial reports based on the revised framework.

Part B: Strengthening Professional Education Standards. Modernizing e-learning facility by organizing a pool of external resources to provide training to students, chartered accountants and practicing accounting firms.
Part C: Enhance Audit Quality Assurance and Monitoring System. Strengthening the Audit Quality Assurance Department of ICAB by providing training to staff in tracking system, monitoring checklists and assessment templates, and assisting pilot accounting firms in complying with the APM.

Part D. Provision for Grant audit.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and, upon the World Bank’s request, prepare Project Reports, in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators set forth below in paragraph (b) of this Section and as may be agreed with the World Bank. Each Project Report shall cover such period as shall be indicated in the World Bank’s request and shall be furnished to the World Bank not later than one month after the date of such request.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

(i) Collaboration between MOF and ICAB to enhance the quality of financial reporting by public sector entities established.

(ii) Public sector reporting framework approved by the MOF.

(iii) Completed pilots in at least 10 PSE publishing annual financial reports.

(iv) ICAB approved and implemented internationally accredited professional accounting curriculum.

(v) At least 50 selected firms in full compliance with the Audit Quality Assurance and Practice Manual.

(c) The Recipient shall, upon the World Bank’s request, prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.04. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.05. **Procurement**

(a) **General.** All goods and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:


(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants' services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) **Definitions.** The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) **Particular Methods of Procurement of Goods.** The following methods other than International Competitive Bidding may be used for procurement of goods and non-consulting services for those contracts which are specified in the Procurement Plan: (a) Shopping, and (b) Direct Contracting, following the procedures of the Procurement Laws.

(d) **Particular Methods of Procurement of Consultants' Services**

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
The following methods may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants' Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

(e) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

**Article III**

**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>80,920</td>
<td>100</td>
</tr>
<tr>
<td>(2) Consultants’ Services</td>
<td>190,500</td>
<td>100</td>
</tr>
<tr>
<td>(3) Training and Workshops</td>
<td>119,580</td>
<td>100</td>
</tr>
<tr>
<td>(4) Audit Fees</td>
<td>9,000</td>
<td>100</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>400,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this Section, the term “Training and Workshop” means reasonable expenditures incurred by the Recipient for carrying out of training and workshop activities including expenditures for facilities rental, materials printing and photocopying, supplies, course fees and travel and subsistence of trainees and resource persons.
3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is three years after the date of countersignature of this Agreement by the Recipient.

**Article IV**

**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the President.

4.02. **Recipient's Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

   The Institute of Chartered Accountants of Bangladesh
   CA Bhaban, 100 Kazi Nazrul Islam Avenue
   Dhaka, 1215, Bangladesh

   Facsimile:
   +8802-9115340, +8802-9117521

4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

   International Bank for Reconstruction and Development
   1818 H Street, N.W.
   Washington, D.C. 20433
   United States of America

   Cable: INTBAFRAD
   Telex: 248423 (MCI) or 64145 (MCI)
   Facsimile: 1-202-477-6391