Financing Agreement

(Leveraging ICT for Growth, Employment and Governance Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated NOVEMBER 26, 2012
FINANCING AGREEMENT

AGREEMENT dated NOVEMBER 2-6, 2012, entered into between PEOPLE'S REPUBLIC OF BANGLADESH ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

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

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to forty-four million two hundred thousand Special Drawing Rights (SDR 44,200,000) (variously, "Credit" and "Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are March 1 and September 1 in each year.
2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollars.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Bangladesh Computer Council in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

4.02. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is the Secretary or the Additional Secretary, or any Joint Secretary, Joint Chief, Deputy Secretary, Deputy Chief, Senior Assistant Secretary, Senior Assistant Chief, Assistant Secretary, or Assistant Chief of the Economic Relations Division of its Ministry of Finance.

5.02. The Recipient's Address is:

Economic Relations Division
Ministry of Finance
Government of the People's Republic of Bangladesh
Sher-E-Bangla Nagar
Dhaka, Bangladesh
Facsimile:

88028113088

5.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Facsimile:

1-202-477-6391
AGREED at Dhaka, People's Republic of Bangladesh, as of the day and year first above written.

PEOPLE'S REPUBLIC OF BANGLADESH

By

[Signature]

Authorized Representative

Name: Jamal Mahmood
Title: Senior Secretary

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Ellen A. Goldstein
Title: Country Director
SCHEDULE 1

Project Description

The objectives of the Project are to: (i) catalyze the growth of the Recipient’s Information Technology (IT) and IT-enabled services (IT/ITES) industry for employment creation and export diversification; and (ii) establish basic e-government foundations to support public sector modernization.

The Project consists of the following parts:

Part 1. IT/ITES Industry Development

1.1. Training of about 10,000 non-computer science graduates from universities and colleges in IT services skills, and training and certification of faculty.

1.2. Training of about 20,000 trainees in language, customer service, cultural sensitization, and PC/keyboarding, and the provision of Grants to eligible companies according to eligibility criteria agreed with the Association and set forth in the Operational Manual.

1.3. Provision of support to a local leading academic institution to provide IT/ITES focusec supervisory/ middle management training programs in partnership with overseas institutions.

1.4. Building of capacity in BCC as an anchor institution for IT/ITES industry development, including the setting up of an IT/ITES unit in BCC; provision of assistance to BCC in the development of an industry development strategy and roadmap; and the setting up of an advisory body to guide BCC’s efforts.

1.5. Building of capacity of the local industry, including the setting up of a forum among the various industry associations, and the provision of support to local companies in adopting globally accepted certifications for IT/ITES.

1.6. Provision of industry promotion support to improve investor awareness and perception of the Recipient as an IT/ITES destination, including thereby the development of an industry promotion plan; the provision of business development assistance in the form of contact databases; the carrying out of outreach programs to chief executive officer-level clients, the provision of support to high-level achievers among the industry champions within the government for external client engagements; and the development of promotional tools and materials.
Part 2. e-Government

2.1. Expansion and strengthening of BCC’s capacity to provide shared IT hosting facilities (including the existing datacenter and shared disaster recovery site) to other agencies of the Recipient; and setting up of remote conferencing facilities as communication technologies for virtual “face-to-face” collaboration between the agencies, particularly within Dhaka.

2.2. Establishment of a suitable enterprise architecture for coordinating investments across the Recipient’s agencies, including the development of an e-government interoperability framework to facilitate the exchange of information across agencies; the establishment of a suitable information security program; and the setting up of a national computer incident response team to facilitate and support said program.

2.3. Carrying out of capacity building for public sector staff on e-government skills, including: (a) the development of a public sector e-government skills development program; (b) training of relevant staff of the Recipient’s agencies on basic systems, networks, computer support, management, and use of Information Communication Technology (ICT) for enhanced transparency and social accountability (including Right to Information services); and (c) training of higher level staff in IT planning, strategizing, and project and change management skills.

Part 3. Project Management Support

3.1. Provision of support for: (a) the establishment of the Project Coordination Unit; (b) the coordination and management of Project activities, including procurement, financial management, monitoring and evaluation, social impact assessments, and IT/ITES industry surveys; and (c) the establishment of ICT-based communication channels for, *inter alia*, the dissemination of Project-related information to the public, the reporting of feedback and complaints, and the verification of training sites and activities.

3.2. Provision of support to hire, based on applicable provisions of Section III of Schedule 2 to this Agreement, of required Project component leaders and specialists in, *inter alia*, procurement, financial management, accounting, communications, and monitoring and evaluation; and supporting the operational needs of the PCU.

3.3. Provision of support to hire specialists and associates in the areas of IT/ITES industry development, e-government and capacity building to support Project implementation, based on applicable provisions of Section III of Schedule 2 to this Agreement.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall, not later than November 15, 2012, establish and thereafter maintain, throughout the period of Project implementation, a Project Steering Committee to provide overall guidance to the Project, monitor functions, and address inter-ministerial issues. The PSC shall be chaired by the Secretary, MOICT and include the following as members: Executive Director, BCC; senior representatives from the Prime Minister’s Office, Finance Division and Economic Relations Division of the Ministry of Finance, Socio-Economic Infrastructure Division of the Planning Commission, Implementation Monitoring and Evaluation Division, Ministry of Commerce, and such other ministries as the MOICT may decide; two (2) representatives from the academe; senior representatives of the Bangladesh Computer Samity, Bangladesh Association of Software and Information Services, Bangladesh Association of Call Center Operators, and Association of Mobile Operators of Bangladesh; and the Project Director (PD).

2. The Recipient shall, not later than November 15, 2012, establish and thereafter maintain, throughout the period of Project implementation, a Project Implementation Committee to provide technical and policy support to the PD. The PIC shall be headed by the Executive Director, BCC and include the following as members: deputy secretary-level representatives from the Prime Minister’s Office, Socio-Economic Infrastructure Division of the Planning Commission, MOICT, IMED, and Finance Division of the Ministry of Finance; representatives from EASIS, BCS, and BACCO; and representatives from the Export Promotion Bureau and the Business Promotion Council.

3. The Recipient shall, not later than November 15, 2012, establish and thereafter maintain, throughout the period of Project implementation, a Project Coordination Unit in IIC to implement the Project. The PCU shall be headed by the PD, who shall be a Joint Secretary or its equivalent seconded to the MOICT, and shall be staffed by two (2) Project component leaders and other consultants and staff under terms of reference satisfactory to the Association.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and those of the GAAP.
C. Operational Manual

The Recipient shall:

(a) cause the preparation, not later than six (6) months after the Effective Date, of an operational manual for the Project, satisfactory in substance to the Association, which shall set out, inter alia: (i) the guidelines, eligibility criteria, and disbursement arrangements for Grants to companies under Part 1.1.2 of the Project; (ii) the detailed operational procedures, including those for the transfer of funds; and (iii) internal controls for the Project; and

(b) ensure that the disbursement of Grants and the internal controls for the Project are implemented in accordance with the Operational Manual.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.

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

(i) number of direct Project beneficiaries, including women;

(ii) number of persons employed in the IT/ITES industry;

(iii) inclusion as one of the preferred countries for outsourcing in global IT/ITES rankings by major consulting firms

(iv) ranking in the World Economic Forum’s Network Readiness Index; and

(v) percentage of public sector (Ministries/Divisions and Departments) officials who have taken one or more e-government training courses.
2. The Recipient shall:

(a) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, not later than thirty (30) months from the Effective Date, a report integrating the results of the monitoring and evaluation activities (including the social impact assessments) performed pursuant to paragraph 1 above, on the progress achieved in the carrying out of the Project during the period preceding the date of said report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(b) review with the Association the report referred to in sub-paragraph (a) above, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

4. The Recipient shall ensure that:

(a) by not later than the Effective Date, the services of a financial management specialist and an accountant, both with education, experience and terms of reference satisfactory to the Association, have been engaged for the Project; and

(b) by not later than six (6) months after the Effective Date, a computerized accounting system for the Project, satisfactory to the Association, is in place and operational.
Section III.  Procurement

A.  General

1.  Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2.  Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3.  Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association 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.

B.  Particular Methods of Procurement of Goods, Works and Non-consulting Services

1.  International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2.  Other Methods of Procurement of Goods, Works and Non-consulting Services

   (a) The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) National Competitive Bidding, following the procedures</td>
</tr>
<tr>
<td>of the Procurement Laws subject to paragraph (b) below</td>
</tr>
<tr>
<td>(ii) Shopping, following the request for quotation method of</td>
</tr>
<tr>
<td>the Procurement Laws</td>
</tr>
<tr>
<td>(iii) Direct Contracting</td>
</tr>
</tbody>
</table>


(b) The following provisions apply for the contracting of goods, works and non-consulting services under National Competitive Bidding, using bidding documents acceptable to the Association:

(i) post bidding negotiations shall not be allowed with the lowest evaluated or any other bidder;

(ii) bids should be submitted and opened in public in one (1) location immediately after the deadline for submission;

(iii) rebidding shall not be carried out, except with the Association's prior agreement;

(iv) lottery in award of contracts shall not be allowed;

(v) bidders' qualification/experience requirement shall be mandatory;

(vi) bids shall not be invited on the basis of percentage above or below the estimated cost and contract award shall be based on the lowest evaluated bid price of compliant bid from eligible and qualified bidder; and

(vii) single stage two (2) envelope procurement system shall not be allowed.

C. Particular Methods of Procurement of Consultants' Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants' Services. The following table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-based Selection</td>
</tr>
<tr>
<td>(b) Fixed Budget Selection</td>
</tr>
</tbody>
</table>
D. **Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

E. **Other Undertakings**

The Recipient shall: (a) by not later than October 15, 2012, nominate a procurement focal point for the Project; (b) by not later than March 31, 2013, engage the services of a part-time internationally recruited procurement consultant; (c) establish a functional webpage for BCC with procurement-related information accessible to the public; (d) establish in BCC a system for handling complaints and a database for recording, monitoring and follow up on all procurement activities under the Project; and (e) implement the Procurement Risk Mitigation Plan in a manner acceptable to the Association, including the preparation and submission of semi-annual reports to the Association on procurement activities undertaken during the previous period covered by said report.

**Section IV. Withdrawal of the Proceeds of the Financing**

A. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<p>| (c) Consultants Qualifications-Based Selection |
| (d) Least Cost Selection |
| (e) Single-Source Selection |
| (f) Selection of Individual Consultants |</p>
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services and consultants' services</td>
<td>35,160,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Training</td>
<td>4,040,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Grants</td>
<td>3,160,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Operating Costs</td>
<td>540,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Unallocated</td>
<td>1,300,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>44,200,000</td>
<td></td>
</tr>
</tbody>
</table>

For the purpose of this paragraph:

(a) the term “Training” means expenditures (other than those for consultants’ services) to finance the reasonable cost of the services of trainers, meeting rooms, publications, travel costs, per diem allowances for trainees, workshops, seminars and study tours as agreed with the Association; and

(b) the term “Operating Costs” means the reasonable incremental costs incurred on account of the implementation of the Project for office utilities, stationery, printing and publication, maintenance and rental of vehicles and equipment, events, bank charges, advertising costs, and salaries, and overtime allowances of support staff (e.g. drivers and messengers), and Project-related travel and training allowances of civil servants deputed to the Project but excluding salaries of the Recipient’s civil servants.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

(a) for payments made prior to the date of this Agreement; or
(b) Under Category 3 until the Operational Manual referred to in Section I.C of Schedule 2 to this Agreement has been prepared and adopted by the Recipient, satisfactory to the Association.

2. The Closing Date is December 31, 2017.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each March 1 and September 1:</td>
<td></td>
</tr>
<tr>
<td>commencing March 1, 2023 to and including September 1, 2032</td>
<td>1%</td>
</tr>
<tr>
<td>commencing March 1, 2033 to and including September 1, 2052</td>
<td>2%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.
APPENDIX

Section I. Definitions


2. “Association of Mobile Operators of Bangladesh” means the industry association of licensed Bangladeshi mobile telecommunication operators.

3. “Bangladesh Association of Call Center Operators” and the acronym “BACCO” mean the industry association of authorized call center operators.

4. “Bangladesh Association of Software and Information Services” and the acronym “EASIS” mean the industry association of Bangladeshi software and information service businesses.


6. “Bangladesh Computer Society” and the acronym “BCS” mean the association of Bangladeshi ICT Companies.


8. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


10. “Export Promotion Bureau” means the national export promotion agency of the Recipient’s Ministry of Commerce.

11. “e-Government” means the use of information and communication technologies to improve the activities of public sector organizations.

13. “GAAP” means the Recipient’s Governance and Accountability Action Plan, dated August 14, 2012, acceptable to the Association, which identifies key governance issues under the Project and sets forth mitigating actions to address said issues, as said plan may be modified from time to time with the prior written agreement of the Association.

14. “Grant” means a grant by the Recipient to eligible ITES companies in support of the development of training programs for interns and as shall be made in accordance with eligibility criteria set forth in the Operational Manual, and “Grants” means more than one (1) Grant.

15. “Implementation Monitoring and Evaluation Division” and the acronym “IMED” mean the Implementation Monitoring and Evaluation Division of the Recipient’s Ministry of Planning.


17. “Ministry of Information & Communication Technology” and the acronym “MOICT” mean the Recipient’s Ministry of Information & Communication Technology, or any successor thereto.

18. “Operational Manual” means the manual referred to in Section I.C of Schedule 2 to this Agreement.


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

22. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated November 14, 2011 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

23. “Procurement Risk Mitigation Plan” means the framework of measures and actions prepared by the Recipient and dated November 14, 2011, aimed at mitigating procurement-related risks in the carrying out of the Project, and which has been agreed with the Association.
24. "Project Coordination Unit" and the acronym "PCU" mean the unit referred to in paragraph 3 of Section I.A of Schedule 2 to this Agreement.

25. "Project Implementation Committee" and the acronym "PIC" mean the committee referred to in paragraph 2 of Section I.A of Schedule 2 to this Agreement.

26. "Project Steering Committee" and the acronym "PSC" mean the committee referred to in paragraph 1 of Section I.A of Schedule 2 to this Agreement.

27. "Socio-Economic Infrastructure Division" means the Socio-Economic Infrastructure Division of the Planning Commission.