Financing Agreement

(Bangladesh Rural Water Supply and Sanitation Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated APRIL 12, 2012
FINANCING AGREEMENT

AGREEMENT dated April 12, 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 eight million and four hundred thousand Special Drawing Rights (SDR48,400,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 objective of the Project. To this end, the Recipient shall carry out the Project through the Department of Public Health Engineering 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

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391

Washington, D.C.

AGREED at Dhaka, People's Republic of Bangladesh, as of the day and year first above written.

PEOPLE'S REPUBLIC OF BANGLADESH

By

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative
SCHEDULE 1

Project Description

The objectives of the Project are to increase provision of safe water supply and hygienic sanitation in the rural areas of the Recipient’s country, where shallow aquifers are highly contaminated by arsenic and other pollutants such as salinity, iron, and bacterial pathogens, and to facilitate early emergency response.

The Project consists of the following parts:

Part 1. Rural Piped Water Supply

1.1. Construction and management of rural piped water schemes in selected areas through the provision of Capital Grants to Private Sponsors.

1.2. Design of individual piped water schemes, training of Private Sponsors on construction standards and operation modalities for piped water schemes, and training and capacity building of Union Parishads and communities on the operation and maintenance of piped water schemes and, the transition of operation and maintenance responsibilities.

Part 2. Non-piped Rural Water Supply

2.1. Construction of non-piped rural water supply schemes in selected areas, and establishment, in participating Union Parishads, of water and sanitation committees responsible for the mobilization of communities, preparation of action plans and the training of community groups in the selection of sites for managing and supervising the non-piped water supply schemes.

2.2. Construction of water options in disaster-affected districts, including the establishment of a standby facility to provide financing for non-piped water supply options in areas affected by disasters in the course of implementation of the Project.

Part 3. Capacity Strengthening and Technical Assistance

Establishment of a comprehensive institutional framework for rural water supply and sanitation service delivery, and capacity building to improve service delivery, including:

3.1. Carrying out an analytical and advisory activity to promote stakeholder dialogue, build consensus, and develop longer term sector institutional, management and support frameworks to help improve the long-term sustainability of piped rural water systems.
3.2. Capacity strengthening of DPHE’s personnel and other officials of the Recipient, including training and exposure visits.

3.3. Third party technical and social monitoring and evaluation through an independent consultancy firm to assess Project implementation.

3.4. Community mobilization and development of action plans for rural non-piped water supply schemes, as well as community awareness building, hygiene promotion and capacity building for hygienic sanitation practice.

3.5. Implementation of a sanitation pilot based on the social marketing approach.

3.6. Construction of hygienic sanitation facilities for poor households in rural areas.

3.7. Technical assistance for financial audit and benchmarking of the performance of Private Sponsors.

3.8. Technical assistance for mapping, characterization and monitoring of safe groundwater resources.

Part 4. Project Management and Support

Support to and technical assistance to DPHE in the area of Project management and administration, and Project implementation, including:

4.1. Support to establishment the Project Management Unit, including the provision of office equipment, a Project vehicle, an information technology system and a financial management and accounting system.

4.2. Support, through the provision of experts, in the technical, auditing, financial management, procurement, resettlement, and reporting areas.

4.3. Provision of water quality monitoring and environmental management equipment and expertise, including water quality test kits and Global Positioning System (GPS).

4.4 Provision of Incremental Operating Costs for the Project Management Unit, including expert advice.

Part 5. Contingency for Disaster Risk Response

Enhancement of preparedness for, and provision of, rapid response to disaster, emergency and/or catastrophic events, as needed.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Recipient shall, no later than June 30, 2012, establish, and thereafter maintain, throughout the period of Project implementation, the Project Management Unit, responsible for Project management, implementation and supervision, headed by a Project Director and with adequate staffing and 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.

C. Sub-projects under Part 1 of the Project

1. The Recipient, through DPHE, shall make Capital Grants available to Private Sponsors to carry out Sub-projects in accordance with eligibility criteria and procedures acceptable to the Association, including the criteria, procedures and terms and conditions set forth in the Operational Manual for Rural Piped Water Supply.

2. Except as the Association shall otherwise agree, Capital Grants for each Sub-project shall not exceed seventy percent (70%) of the total cost of such Sub-project.

3. The Recipient shall make each Capital Grant under a Service Agreement with the respective Private Sponsor on terms and conditions approved by the Association, which shall include the following:

(a) The Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to:

(i) suspend or terminate the right of the Private Sponsor to use the proceeds of the Capital Grant, or obtain a refund of all or any part of the amount of the Capital Grant then withdrawn, upon the Private Sponsor’s failure to perform any of its obligations under the Service Agreement; and

(ii) require each Private Sponsor to:
(A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient;

(B) provide, promptly as needed, the resources required for the purpose;

(C) procure the goods, works and services to be financed out of the Capital Grant in accordance with the provisions of this Agreement;

(D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-project and the achievement of its objectives;

(E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and

(2) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association;

(F) enable the Recipient and the Association to inspect the Sub-project, its operation and any relevant records and documents; and

(G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.
3. The Recipient shall exercise its rights under each Service Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Service Agreement or any of its provisions.

D. Safeguards

1. The Recipient shall ensure that the Project, including each Sub-project, is carried out in accordance with the provisions of the Environmental Management Framework and the Social Management Framework.

2. To that end, the Recipient shall ensure that:

   (a) prior to the bidding and approval of any Sub-project, an environmental and social screening of the Sub-project is carried out in accordance with the provisions of the EMF and SMF;

   (b) when necessary for any Sub-project, Environmental Management Plans, Resettlement Action Plans and Indigenous Peoples Plans, acceptable to the Association, shall be prepared in accordance with the EMF and/or SMF, as the case may be;

    (c) each Sub-project is carried out in accordance with the respective Environmental Management Plan, Resettlement Action Plan and Indigenous Peoples Plan prepared for such Sub-project.

3. The Recipient shall not assign, amend, abrogate or waive, nor permit to be assigned, amended, abrogated or waived, the EMF, the SMF, any Environmental Management Plan, any Resettlement Action Plan or any Indigenous Peoples Plan, without the prior written approval of the Association.

4. In the event of a conflict between the provisions of any of the instruments referred to above in paragraph 3 and those of this Agreement, the provisions of the latter shall prevail.

E. Operational Manuals

1. Without limitation upon the provisions of Section 3.01 of this Agreement, the Recipient shall ensure that the Project, including each Sub-project, is carried out in accordance with the Operational Manuals.

2. Except as the Association may otherwise agree, the Recipient shall not amend or waive any provision of the Operational Manuals if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the implementation of the Project. In the event of a conflict between the provisions
of the Operational Manuals and those of this Agreement, the provisions of the latter shall prevail.

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 people provided with access to improved water sources under the Project, determined as the sum of:

(A) number of people with connections to functioning piped water schemes;

(B) number of people\(^1\) who use water point sources constructed under the project;

(C) number of persons who use water point sources constructed in cyclone/flood-affected areas;

(ii) number of improved community water points constructed under the Project;

(iii) number of new piped household water connections resulting from the Project intervention; and

(iv) number of people with access to hygienic latrines under the Project.

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\(^1\) An average of 10 households per point sources is considered for beneficiary calculation for rural non-piped water supply schemes.
2. The Recipient shall:

   (a) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about March 31, 2015, a report integrating the results of the monitoring and evaluation activities 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, by April 30, 2015, or such later date as the Association shall request, 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. 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. Except as the Association may otherwise agree, the Recipient shall: (a) by not later than one (1) month after the Effective Date, engage a financial management consultant, with qualifications and terms of reference satisfactory to the Association, for the Project; and (b) by not later than four (4) months after the Effective Date, establish and adopt a computerized accounting system, satisfactory to the Association, for the Project.
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 of the Procurement Laws subject to paragraph (b) below</td>
</tr>
<tr>
<td>(ii) Shopping, following the request for quotation method of 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>
(c) Consultants Qualifications-Based Selection
(d) Least Cost Selection
(e) Single-Source Selection
(f) Individual Consultants

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**

Except as the Association may otherwise agree, the Recipient shall: (a) by not later than two (2) months after the Effective Date, engage a procurement consultant, with qualifications and terms of reference satisfactory to the Association, for the Project; and (b) implement the Procurement Risk Mitigation Plan in a manner acceptable to the Association, and ensure the preparation and submission of annual reports to the Association on procurement activities undertaken during the preceding 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:
<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, Consultants’ Services, and Training</td>
<td>6,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Works</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Sub-projects under Part 1 of the Project</td>
<td>18,000,000</td>
<td>70%</td>
</tr>
<tr>
<td>(ii) Sub-projects under Part 2 of the Project</td>
<td>16,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(iii) Sub-projects under Part 3, subpart 3.6 of the Project</td>
<td>6,100,000</td>
<td>75%</td>
</tr>
<tr>
<td>(iv) Under Part 3, subpart 3.8 of the Project</td>
<td>600,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Incremental Operating Costs</td>
<td>1,100,000</td>
<td>85%</td>
</tr>
<tr>
<td>(4) Contingency for Disaster Risk</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>48,400,000</td>
<td></td>
</tr>
</tbody>
</table>

**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 and unless the computerized accounting system referred to in paragraph 4 of Section II.B of this Schedule 2 has been established.

2. The Closing Date is June 30, 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 September 1, 2022 to and including March 1, 2032</td>
<td>1%</td>
</tr>
<tr>
<td>commencing September 1, 2032 to and including March 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. "Capital Grant" means a capital construction grant for the implementation of Sub-projects under Part 1 of the Project and made available by DPHE (as hereinafter defined) to a Private Sponsor (as hereinafter defined).

3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


5. "Department of Public Health Engineering" and the acronym "DPHE" mean the Department of Public Health Engineering within the Recipient's Ministry of Local Government and Rural Development & Cooperatives.

6. "Environmental Management Framework" and the acronym "EMF" mean the Recipient's framework, satisfactory to the Association, disclosed to the public on December 22, 2011, which sets forth the principles and procedures governing, inter alia: (i) environmental screening and clearance of Sub-projects; (ii) preparation of Environmental Management Plans, when required; and (iii) community/stakeholder consultations and disclosure, as said framework may be revised from time to time with the prior written approval of the Association, and such term includes any annexes or schedules to such framework.

7. "Environmental Management Plan" means a plan, acceptable to the Association, to be developed by DPHE for a Sub-project in accordance with the Environmental Management Framework, which sets out the mitigation measures, monitoring program and implementation responsibilities to eliminate any adverse environmental impacts of activities to be implemented under the Sub-project, offset them, or reduce them to acceptable levels, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plan, and "Environmental Management Plans" means, collectively, all such plans.

9. "Incremental Operating Costs" means expenditures incurred by DPHE for the purpose of financing the costs associated with the operation and maintenance of equipment and vehicles used for Project implementation, hiring of vehicles, travel expenses, office rent, consumables, fuel, utilities, office supplies, bank charges and advertising costs, but excluding salaries and allowances of DPHE staff and of the Recipient's civil servants.

10. "Indigenous Peoples Plan" means the Recipient's plan, satisfactory to the Association, to be developed for a Sub-project in accordance with the Social Management Framework, which sets out basic principles to be applied in the selection, design and implementation of physical works under the Sub-project to avoid or minimize adverse impacts and, concurrently, ensure culturally appropriate benefits, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plan, and "Indigenous Peoples Plans" means, collectively, all such plans.


12. "Operational Manual" means one of the following, as the case may be: (i) the Operational Manual for Rural Piped Water Supply; (ii) the Operational Manual for Rural Non-piped Water Supply; or (iii) the Operational Manual for Rural Sanitation, and "Operational Manuals" means all of these manuals.

13. "Operational Manual for Rural Piped Water Supply" means the Recipient's manual issued on February 8, 2012, for the purpose of carrying out Part 1 of the Project, as the same may be amended from time to time, in consultation with, and with the approval of the Association, and such term includes any schedules to the Operational Manual for Rural Piped Water Supply.

14. "Operational Manual for Rural Non-piped Water Supply" means the Recipient's manual issued on February 8, 2012, for the purpose of carrying out Part 2 of the Project, as the same may be amended from time to time, in consultation with, and with the approval of the Association, and such term includes any schedules to the Operational Manual for Rural Non-piped Water Supply.

15. "Operational Manual for Rural Sanitation" means the Recipient's manual issued on February 8, 2012, for the purpose of carrying out Part 3, subparts 3.5 and 3.6 of the Project, as the same may be amended from time to time, in consultation with, and with the approval of the Association, and such term includes any schedules to the Operational Manual for Rural Sanitation.
16. "Private Sponsor" means a nongovernment organization, private company, cooperative, community-based organization or water user group selected to build and operate piped water supply systems and receive a Capital Grant under Part 1 of the Project.

17. "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.


19. "Procurement Plan" means the Recipient's procurement plan for the Project, dated February 8, 2012 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.

20. "Procurement Risk Mitigation Plan" means the framework of measures and actions, to be prepared and adopted by the Recipient, acceptable to the Association, aimed at mitigating procurement related risks in the carrying out of the Project.

21. "Project Management Unit" means the unit referred to in Section I.A of Schedule 2 to this Agreement.

22. "Resettlement Action Plan" means the Recipient's plan, acceptable to the Association, to be developed for a Sub-project in accordance with the Social Management Framework which sets out, inter alia, an analysis of a Sub-project's impacts, proposed mitigation measures, implementation arrangements, a grievance redress mechanism and a training/capacity building plan under the Sub-project, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plan, and "Resettlement Action Plans" means, collectively, all such plans.

23. "Service Agreement" means the agreement referred to in paragraph 3 of Section I.C of Schedule 2 to this Agreement.

24. "Social Management Framework" and the acronym "SMF" mean the Recipient's framework, satisfactory to the Association, disclosed to the public on December 22, 2011, governing all land acquisition and resettlement planning activities undertaken at sites impacted by the Project and which sets forth policies, guidelines and procedures to, inter alia: (i) enhance social outcomes of the
activities implemented for physical facilities development under the Project; (ii) identify and mitigate adverse impacts such as loss of land, asset and infrastructure that the development interventions may cause, including protection against loss of livelihood activities, with culturally, socially and economically appropriate measures; and (iii) prepare and implement the Project in compliance with the Association’s social safeguard policies, as said framework may be revised from time to time with the prior written approval of the Association, and such term includes any annexes or schedules to such framework.

25. "Sub-project" means a scheme or activity financed or proposed to be financed under Part 1, Part 2 or Part 3.6 of the Project.

26. "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.

27. "Union Parishads" means the elected local government body, established under the Local Government (Union Parishad) Act, 2009 and provided for by the Constitution of the Recipient, and which, inter alia, is responsible, within its territorial jurisdiction, for the: (a) coordination of public service delivery and the providers thereof; (b) maintenance of public order and conflict resolution and mediation; and (c) preparation and implementation of plans relating to public services and economic development.