Grant Agreement

(Health Sector Development Program)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as administrator of the Bangladesh Health Sector Development Program
Multi-Donor Trust Fund

Dated March 28, 2012
BHSDP MDTF GRANT NUMBER TF011556

GRANT AGREEMENT

AGREEMENT dated March 26, 2012, entered into between:
PEOPLE’S REPUBLIC OF BANGLADESH (“Recipient”); and INTERNATIONAL
DEVELOPMENT ASSOCIATION (“World Bank”), acting as administrator of the
Bangladesh Health Sector Development Program Multi-Donor Trust Fund.

WHEREAS:

(A) pursuant to an agreement dated September 12, 2011, between the Recipient
and the World Bank (the Financing Agreement), for the financing of the
Health Sector Development Program (the Project, as described in Schedule 1
of the Financing Agreement and of this Agreement), the World Bank agreed
to provide to the Recipient a credit in the amount equivalent to two hundred
twenty six million four hundred thousand Special Drawing Rights
(SDR 226,400,000, the Credit) on the terms and conditions set forth in the
Financing Agreement, and the Recipient declared its commitment to the
objectives of the Project and agreed to carry out the Project in accordance
with the terms and conditions of the Financing Agreement.

(B) pursuant to: (i) an agreement dated December 5, 2011, between the World
Bank and the United Kingdom of Great Britain and Northern Ireland, acting
through the Department of International Development (DFID) in respect of
an amount of up to Pounds Sterling 93,420,000 to be contributed by DFID;
and (ii) an agreement dated December 5, 2011, between the World Bank and
the Swedish International Development Cooperation Agency (SIDA) in
respect of an amount of up to Swedish Kroner 400,000,000 (each such
agency, a Donor), the Donors have agreed to contribute funds for co-
financing the Project, and the World Bank has agreed to administer, on
behalf of each of the Donors, their respective contributions, jointly through a
Multi-Donor Trust Fund to be used to finance in part the costs of carrying out
the Project under the terms and conditions of this Agreement;

(C) Canada, through the Canadian International Development Agency (CIDA),
Germany through the Kreditanstalt füer Wiederaufbau (KFW), and Australia
through the Australian Agency for International Development (AusAID)
(collectively, the Donors); each having satisfied itself of the feasibility and
priority of the Project, have also committed to provide, in a near future,
assistance in the financing of the Project; and

WHEREAS: the World Bank has agreed, on the basis of the foregoing, to extend the
Multi-Donor Trust Fund Grant to the Recipient upon the terms and conditions set forth in
this Agreement.
NOW THEREFORE the Recipient and the World Bank hereby agree as follows:

Article I  
Standard Conditions; Definitions

1.01. The Standard 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 Standard Conditions, in this Agreement, or in the Appendix to this Agreement.

Article II  
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out the Project through the Ministry of Health and Family Welfare in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III  
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount not to exceed forty eight million seven hundred sixty four thousand five hundred and fifteen United States Dollars (U.S.$48,764,515) ("Grant"), to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement. The Recipient’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the Secretary of the Ministry of Health and Family Welfare.

3.03. The Grant is funded out of the abovementioned trust funds for which the World Bank receives periodic contributions from the donors to the trust funds. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s
payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust funds, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds. Accordingly, in the event that any donor cancels or fails to pay any contributions under the trust funds to the World Bank for any reason, or that as a result of currency exchange variations the amount of funds available in the trust funds is insufficient for the purposes of the Grant, the Recipient shall bear the risk of such funding shortfall and the World Bank shall not have any liability whatsoever to the Recipient or to any third parties in respect of any expenditures or liabilities incurred by the Recipient or any third parties in connection with this Agreement which exceed the amount of funds made available to the World Bank by the donors for the purposes of the Grant.

Article IV
Recipient’s Representative; Addresses

4.01. Except as provided in Section 3.02 of this Agreement, the Recipient’s Representative referred to in Section 7.02 of the Standard Conditions 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 the Ministry of Finance.

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

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

Facsimile:

88028113088

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

Authorized Representative

Name: (Arastoo Khan) Additional Secretary
Economic Relations Division
Ministry of Finance
Government of the People’s Republic of Bangladesh

Title:

INTERNATIONAL DEVELOPMENT ASSOCIATION acting as administrator
of the Bangladesh Health Sector Development Program Multi-Donor Trust Fund

By

Authorized Representative

Name: ELLEN GOLDSMITH

Title: COUNTRY DIRECTOR
SCHEDULE 1
Project Description

The objective of the Project to enable the Recipient to strengthen its health systems and improve its health services, particularly for the poor.

The Project is part of the Program and consists of the following parts:

Part 1. Improving Health Services

A. Improving Health Programs

Carrying out of activities, identified from the Program activities listed below, and included in Operational Plans:

(a) delivery of essential health services which seek to improve reproductive, maternal, neonatal, infant and child health and family planning services through improving the quality and reliability of antenatal care, scaling up essential emergency obstetric and newborn care services and ensuring 24/7 services in selected District hospitals and Upazila health complexes, expanding facility- and community-based integrated management of childhood illness services, strengthening routine immunization services, increasing demand and use of family planning services, and expanding the contraceptive method-mix;

(b) interventions to improve the nutritional status especially of pregnant women and children, by integrating nutritional services into those provided by MOHFW’s Directorate General of Health Services and Directorate General of Family Planning (mainstreaming nutrition strategy), conducting behavior change and communication interventions (breastfeeding, complementary feeding, and hygiene practices), micronutrient interventions (periodic vitamin A supplements, therapeutic zinc supplements for management of diarrhea, multiple micronutrient powders, de-worming drugs for children and adolescent girls, iron-folic acid supplements for pregnant women, lactating mothers and adolescent girls, therapeutic feeding interventions (treatment of severe acute malnutrition) and strengthening sectoral and national capacity for improved planning, supervision, implementation and coordination of nutrition actions across sectors;

(c) control and treatment of communicable and non-communicable diseases by, expanding quality DOTS services, strengthening malaria control and treatment in the thirteen (13) highly endemic Districts, scaling up HIV/AIDS targeted preventive interventions for the most-at-risk groups, strengthening the diagnosis and management of STDs, strengthening the diagnosis and management of diabetes in primary and secondary care.
facilities, improving awareness about the cardio-vascular disease risks and their management, screening for early cancer detection, and strengthening of the disease surveillance system;

(d) interventions to promote healthy behavior in support of the above programs and priorities with particular focus on interpersonal communication and community level interventions; and

(e) any other priority Program activity as the World Bank and the Donors may agree.

B. Improving Service Provision

Carrying out of activities, identified from the Program activities listed below, and included in Operational Plans:

(a) provision of primary health care with focus on piloting the Upazila health system that would put in place a functional referral system at Upazila and District levels and improve the continuity of care across the different service delivery levels, upgrading and equipping at least one (1) Upazila health complex in each division and a commensurate number of Union health and family welfare centers, and rehabilitating the community clinics and ensuring a functional entry point to the health system;

(b) hospital management at the secondary and tertiary levels by improving the efficiency and quality of hospital services through development and implementation of clinical protocols, appropriate human resources and management structures; introducing hospital autonomy initially for tertiary level specialized hospitals; introducing an accreditation tool; ensuring safe blood transfusion and implementing medical waste management plans;

(c) provision of health, nutrition and family planning services to urban population by establishing a coordination mechanism between MOHFW and the Local Government Division of MOLGRDC, and expanding these services to urban areas currently not covered by such Division; and

(d) any other priority Program activity as the World Bank and the Donors may agree.
Part 2. **Strengthening Health Systems**

Carrying out of activities, identified from the Program activities listed below, and included in Operational Plans:

(a) carrying out of an institutional and regulatory analysis of the Recipient’s and para-statal organizations in order to establish an effective health sector regulatory framework; revising the Recipient’s Consumer Rights Protection Act and the Clients’ Charter of Rights; developing a regulatory framework for contracting out with NGOs, preparing the Recipient’s public and private partnership strategy and developing an action plan thereof; mainstreaming gender, equity and voice in the development and implementation of Operational Plans, and developing a local level accountability mechanism;

(b) reviewing consistency of the Program with the Recipient’s medium term budgetary framework, facilitating the preparation of complementary development and revenue budgets, establishing monthly reviews of budget execution, introducing a resource allocation formula, decentralization of management of service delivery and delegation of commensurate financial power to the District level, as feasible, piloting the functionality of an Upazila’s health system, and updating the local level plans;

(c) development of a human resource plan, establishing a functional human resource information system, scaling up the production of the critical health workforce cadre, introducing incentive packages to deploy and retain critical health workforce in remote and rural areas, addressing the challenge of skilled-birth attendance by training skilled-birth attendants, nurse-midwives, midwives, and family welfare visitors, and streamlining the recruitment and promotion of nurses;

(d) development of a national health care financing framework to ensure equitable access of the poor to quality health services and decrease of out-of-pocket expenditure, and scaling up the demand side financing program based on its evaluation;

(e) development of a monitoring and evaluation strategy and work plan in order to establish a sustainable monitoring and evaluation system with organizational mandate and institutional home, and conducting a comprehensive health information system assessment and a strategy with the aim of strengthening the Recipient’s routine data management and information system that would integrate data from various systems and programs, and promote the use of data for decision making;
(f) development of a quality management strategy and policy for health care services, updating the existing standard operating procedures for public hospitals, and conducting periodic client and provider satisfaction surveys;

(g) strengthening the capacity of the Recipient’s Directorate General of Drug Administration, modernizing the drug testing lab, and ensuring safety, efficacy and quality of registered medicines, and updating the list of essential drugs;

(h) strengthening the Recipient health system’s procurement capacity to ensure an efficient storage, inventory, supply and distribution chain, introducing an online procurement tracking system, and exploring options for e-procurement and framework contracts with multiyear deliveries;

(i) development of a plan to guide the new construction and upgrading of health facilities with the required provision for equipment and human resources, and preparing a comprehensive plan for repair and maintenance of health facilities, equipment and vehicles along with budget requirement; and

(j) any other priority Program activity as the World Bank and the Donors may agree
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Operational Plans

The provisions of Section I.A of Schedule 2 to the Financing Agreement are hereby incorporated by reference in this Section I.A and shall apply, mutatis mutandis, to the Project.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Safeguards

1. The Recipient shall:

(a) take all necessary actions to minimize, to the extent possible, any involuntary loss by persons of shelter, productive assets or access to productive assets or income or means of livelihood, temporarily or permanently, in carrying out the Project; and

(b) for this purpose, whenever it shall be applicable as per the terms of the SMF: (i) before commencing any works under the Project, furnish to the World Bank for its review, the RAP, ARP and/or IPP, as the case may be, prepared in accordance with the principles and procedures set forth in the SMF; and (ii) thereafter, implement, in a manner satisfactory to the World Bank, such RAP, ARP and/or IPP as shall have been approved by the World Bank.

2. The Recipient shall implement the EMP, SMF, the Tribal/Ethnic Health, Nutrition and Population Plan, and any applicable RAP, ARP and/or IPP, in accordance with their respective terms.

3. The Recipient shall maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the World Bank and the Donors, the implementation of the EMP, SMF, Tribal Peoples Nutrition and Population Plan and any applicable RAP, ARP and/or IPP and the achievement of the objectives of said plans and framework.

4. The Recipient shall provide to the World Bank, for its prior concurrence, any proposed modification or waiver of the EMP, SMF or Tribal/Ethnic Health,
Nutrition and Population Plan, or of any RAP, ARP, or IPP, and put into effect only such modification or waiver as shall have been agreed in writing by the World Bank.

D. Governance and Accountability Action Plan

The Recipient shall carry out the Governance and Accountability Action Plan in accordance with its provisions.

E. Donor Visibility and Visit

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors' support for the Project.

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, enable the representatives of the Donors to visit any part of the Recipient's territory for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one (1) fiscal year, and shall be furnished to the World Bank not later than forty-five (45) after the end of the period covered by such report.

2. The Recipient shall 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 (6) months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each fiscal quarter, covering the quarter, in form and substance satisfactory to the World Bank.
3. The Recipient shall have its Financial Statements for the Project 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 (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. **Procurement**

A. General

1. **Procurement and Consultant Guidelines.** All goods, works, non-consulting services 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:

   (a) Section I of the Procurement Guidelines in the case of goods, works and non-consulting services, and Sections I and IV of the Consultant Guidelines in the case of consultants' services; and

   (b) the provisions of this Section III, as the same shall be elaborated in the Procurement Plan.

2. **Definitions.** The capitalized terms used below in 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 the Procurement Guidelines, or 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:
(i) National Competitive Bidding, following the procedures of the Procurement Laws subject to paragraph (b) below

(ii) Shopping, following the request for quotation method of the Procurement Laws

(iii) Direct Contracting

(iv) Procurement from United Nations Agencies

(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 World Bank:

(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 location immediately after the deadline for submission;

(iii) rebidding shall not be carried out, except with the World Bank’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:
D. 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.

Section IV. Withdrawal of Grant Proceeds

A. General

1. 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 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 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 (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Eligible Expenditures under the Project</td>
<td>48,764,515</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>48,764,515</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) for Eligible Expenditures under a contract which any other international institution or agency, or the Association, shall have financed, or agreed to finance, under any other agreement.

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is December 31, 2016.
APPENDIX

Section I. Definitions

1. "Affected Person" means a person who, on account of the acquisition of land for purposes of construction of health facilities under the Project, had or would have his or her: (i) standard of living adversely affected; or (ii) right, title or interest in any house, or interest in or right to use any land (including premises, agricultural and grazing land) or right in annual or perennial crops and trees or any other fixed or movable asset, acquired or possessed, temporarily or permanently; or (iii) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently, and "Affected Persons" means, collectively, all persons who qualify as an Affected Person.


3. "ARP" means any abbreviated resettlement plan prepared following the requirements of the SMF, as such ARP may be modified with the prior written agreement of the World Bank.


5. "Credit" means the credit in an amount equivalent to SDR 226,400,000 provided to the Recipient by the International Development Association to assist in financing the Health Sector Development Program.

6. "District" means any of the administrative units of the Recipient's territory.

7. "DOTS" means Directly Observed Treatment-Short Course.

8. "Eligible Expenditures" means the expenditures set forth in Section 3.06 of the Standard Conditions, Incremental Operating costs to cover the reasonable cost of operating expenditures, and taxes as referred to in Section 3.07 of the Standard Conditions related to the implementation of the Project.

9. "Environmental Management Plan" or "EMP" means the Environmental Assessment and Action Plan dated February 2011, prepared by the Recipient, which includes, inter alia, the set of mitigation, enhancement, monitoring, environmental guidelines and institutional measures, satisfactory to the World Bank, to be taken by the Recipient during implementation of the Project to eliminate any adverse environmental and social impacts in particular as to infection control and waste management and the construction of health facilities,
offset such impacts, or reduce them to acceptable levels, or to enhance positive impacts, as such may be modified with the prior written agreement of the World Bank.

10. "Financing Agreement" means the financing agreement, dated September 12, 2011, between the Recipient and the International Development Association, pursuant to which the latter shall make available to the Recipient the proceeds of the Credit.

11. "Fiscal Year" means the Recipient’s fiscal year commencing on July 1 and ending on June 30.

12. “Governance and Accountability Action Plan” means the plan dated April 19, 2011 reviewed and agreed upon by the parties to this Agreement.


14. “Indigenous Peoples” means the indigenous peoples as defined in Section C.4 of the SMF.

15. “IPP” means an indigenous peoples plan, acceptable to the World Bank, prepared and implemented in accordance with the provisions of the SMF, which sets the principles and procedures to address any resettlement impact caused by the construction or rehabilitation of health facilities, or other works to be carried out under in the Project.


17. “MOLGRDC” means the Recipient’s Ministry of Local Government, Rural Development, and Cooperatives, and includes any successor thereto.

18. “NGO” means non-governmental organization.

19. “Operational Plan” or “OP” means an operational plan prepared pursuant to Section I.A.1 of Schedule 2 to the Financing Agreement and approved by the World Bank.


22. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 9, 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.


24. “RAP” means a resettlement action plan, acceptable to the World Bank, prepared and implemented in accordance with the provisions of the SMF, which sets out the principles and procedures governing the acquisition of land and other assets, and the resettlement, compensation and rehabilitation of Affected Persons on account of the implementation of the Project.

25. “SMF” means the social management framework dated February 2011, which includes, inter alia, the set of mitigation, enhancement, monitoring, guidelines and institutional measures, satisfactory to the World Bank, to be taken by the Recipient during implementation of the Project to eliminate any adverse social impacts caused by upgrading or renovating existing facilities and construction of health care and education facilities, including the requirements for preparation and implementation of:

(a) RAPs or ARPs depending on the number of Affected Persons involved, and

(b) IPP when the Affected Persons are Indigenous Peoples;

as such may be modified with the prior written agreement of the World Bank.


27. “STD” means sexually transmitted diseases.

28. “Tribal/Ethnic Health, Nutrition and Population Plan” or means the plan dated April 2011 setting forth the actions to be taken by the Recipient to ensure that tribal peoples affected by the Project in the delivery of health services receive culturally appropriate benefits; as such may be modified with the prior written agreement of the World Bank.
29. "Union" means any of the administrative units of the Recipient's territory.

30. "Upazila" means the administrative sub-district of the Recipient.