Financing Agreement

(Additional Financing for the Reaching Out-of-School Children Project)

between

PEOPLE’S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 7, 2010
FINANCING AGREEMENT

AGREEMENT dated June 7, 2010, entered into between PEOPLE’S REPUBLIC OF BANGLADESH (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). 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, in the Original Financing Agreement, 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 twenty three million one hundred thousand Special Drawing Rights (SDR 23,100,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 June 15 and December 15 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 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, or Deputy Secretary, or Senior Assistant Secretary, or Assistant Secretary, or Joint Chief, or Deputy Chief, or Senior Assistant Chief, or Assistant Chief of the Economic Relations Division of the Recipient’s 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

Cable: BAHIRSAMPAD
Telex: 642226 SETU BJ
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: /s/ M. Musharraf Hosain Bhuiyan

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Ellen Goldstein

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to reduce the number of out-of-school children through improved access, quality and efficiency in primary education, especially for the disadvantaged children, in support of the Recipient’s national Education for All goals.

The Project consists of the same four Parts set forth in Schedule 2 of the Original Financing Agreement, with each such Part scaled-up to include about thirty (30) additional upazilas selected in accordance with criteria acceptable to the Association, subject to such modifications thereof, as the Recipient and the Association may agree upon from time to time to achieve the objective of the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. The provisions of Schedule 4 to the Original Financing Agreement are incorporated herein by reference and apply to the Project, mutatis mutandis.

B. Anti-Corruption

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

C. The Recipient shall cause MOPME to submit to the Association no later than March 31, 2011, a plan describing measures to be taken to enable cohorts of ROSC students to complete the full primary cycle beyond the period of Project implementation.

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 forty-five (45) days after the end of the period covered by such report.

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

   (i) The number of out-of-school children reduced by about 0.75 million.

   (ii) About 2.9 million student-years supported for new students.

   (iii) Percentage of students reaching expected competency level based on teacher’s assessment in Bangla and mathematics not less than sixty-five percent (65%).
(iv) Average student attendance rate not less than seventy-five percent (75%).

(v) Student grade completion rate not less than eighty-five percent (85%).

(vi) Average teacher attendance rate not less than ninety percent (90%).

(vii) Students in each grade to have, on average, the same number of textbooks as those in corresponding grades in the formal primary education system.

(viii) Student transition rate to public and NGO schools to Grade 4 (from Grade 3) not less than eighty percent (80%), or to Grade 6 (from Grade 5) not less than fifty percent (50%).

2. For purposes of Section 4.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than December 31, 2013.

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.
Section III. Procurement

A. General

1. **Goods.** All goods 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

4. Notwithstanding the provisions of paragraph 2 above, ongoing contracts for consulting services tendered under the Original Project that will be financed in part out of the proceeds of the Financing shall continue to be governed by the provisions of Schedule 3 to the Original Financing Agreement.

B. Particular Methods of Procurement of Goods

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods.** The following table specifies the methods of procurement to be used in accordance with the Procurement Guidelines for goods procured internationally and the Recipient’s Procurement Laws for goods procured locally. 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) National Competitive Bidding</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
</tbody>
</table>

For the purpose of National Competitive Bidding (hereafter “NCB”), the following shall apply: (a) post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidder; (b) bids should be submitted and opened in
public in one location immediately after the deadline for submission; (c) rebidding shall not be carried out, except with the Association’s prior agreement; (d) lottery in award of contracts shall not be allowed; (e) bidders’ qualification/experience requirement shall be mandatory; (f) bids shall not be invited on the basis of percentage above or below the estimated cost and contract award shall be based on lowest evaluated bid price of compliant bid from eligible and qualified bidder; and (g) 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, to be used in accordance with the Consultants’ Guidelines for services procured internationally or the Recipient’s Procurement Laws for services procured locally. 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>
<tr>
<td>(c) Least Cost Selection</td>
</tr>
<tr>
<td>(d) Selection based on Consultant’s Qualification</td>
</tr>
<tr>
<td>(e) Single-Source Selection</td>
</tr>
<tr>
<td>(f) Individual Consultants</td>
</tr>
</tbody>
</table>

D. Review by the Association of Procurement Decisions

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods estimated to cost the equivalent of $300,000 or more; (b) the first contract for goods procured using National Competitive Bidding; (c) all goods contracts procured following direct contracting; (d) each contract for consultants’ services provided by a firm estimated to cost the equivalent of $100,000 or more; (e) each contract for the employment of individual consultants estimated to cost the equivalent of $50,000 or more; and (f) all contracts for consultants’ services procured under single source selection. All other contracts shall be subject to Post Review by the Association.
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 Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Educational Allowances and Grants</td>
<td>23,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>23,100,000</td>
<td></td>
</tr>
</tbody>
</table>

For purposes of this paragraph, “Educational Allowances and Grants” means (i) allowances provided to eligible children attending eligible learning centers; (ii) LC grants under Part A.2 of the Original Project; and (iii) support and grants to SKT Schools under Part A.3 of the Original Project.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date is June 30, 2013.
## 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 June 15 and December 15:</td>
<td></td>
</tr>
<tr>
<td>commencing June 15, 2020 to and including December 15, 2029</td>
<td>1%</td>
</tr>
<tr>
<td>commencing June 15, 2030 to and including December 15, 2049</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. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


4. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.

5. “Original Financing Agreement” means the development grant agreement for a Reaching Out-of-School Children Project between the Recipient and the Association, dated June 30, 2004 as amended to the date of this Agreement (Grant No. H102-BD).

6. “Original Project” means the Project described in the Original Financing Agreement.


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

9. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 30, 2010 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
Section II. Modifications to the General Conditions

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Paragraph (i) of Section 6.02 is modified to read as follows:

   “Section 6.02. Suspension by the Association

   ... (i) Ineligibility. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank.”