Financing Agreement

(Amending and Restating Development Credit Agreement and Providing Additional Financing For the Higher Education Quality Enhancement Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 10, 2014
FINANCING AGREEMENT

AGREEMENT dated, February 10, 2014 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).

WHEREAS (A) under an agreement dated April 5, 2009, between the Association and the Recipient, as amended ("the Original Financing Agreement"), the Association agreed to provide to the Recipient a credit in the amount equivalent to fifty four million, four hundred thousand Special Drawing Rights (SDR 54,400,000) to assist in financing the Higher Education Quality Enhancement Project described in Schedule 2 to the Original Financing Agreement;

(B) the Recipient has requested the Association to provide additional financial assistance in support of the Higher Education Quality Enhancement Project by increasing the amount made available under the Original Financing Agreement; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing to extend such additional assistance to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the Recipient and the Association hereby agree to amend and restate the Original Financing Agreement to read 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) an Original Credit in an amount equivalent to fifty four million, four hundred thousand Special Drawing Rights (SDR 54,400,000) ("Original Credit"); and

(b) an Additional Credit in an amount equivalent to eighty-one million five hundred thousand Special Drawing Rights (SDR 81,500,000) ("Additional Credit"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Original Credit and the Additional Credit (collectively "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%).

2.05. The Payment Dates are February 1 and August 1 in each year for the Original Credit and 15 May and 15 November in each year for the Additional Credit.

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 Dollar.

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 MOE and UGC 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 — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) that any of the Performance Contracts has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the carrying out of the Project; and

(b) that the UGC Presidential Order has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the carrying out of the Project.

4.02. The Additional Events of Acceleration consist of the following:

(a) that the event specified in Section 4.01(a) of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient; and

(b) that the event specified in Section 4.01(b) of this Agreement occurs.

ARTICLE V — TERMINATION

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

5.02. 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 VI — REPRESENTATIVE; ADDRESSES

6.01. 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 the Ministry of Finance.

6.02. 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:
88029180788

6.03. 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: 

Title:

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Johannes Zutt

Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to improve the quality and relevance of the teaching and research environment in Higher Education Institutions through encouraging both innovation and accountability within universities and by enhancing the technical and institutional capacity of the higher education sector.

The Project consists of the following parts:

Part A: Promoting Academic Innovation

Provision of AIF Grants to Eligible Beneficiaries to carry out AIF Sub-projects.

Part B: Building Institutional Capacity

1. Provision of technical advisory services, Training and equipment to: (a) build capacity within UGC on strategic planning of the higher education sector; (b) develop and implement a higher education management information system; and (c) strengthen and enhance UGC’s management capacity.

2. Provision of technical advisory services, equipment, and training to: (a) increase awareness about the AIF among key stakeholders through appropriate media and communication campaigns; and (b) strengthen institutional and technical capacity of all Eligible Beneficiaries in the preparation and evaluation of AIF Sub-projects proposals and implementation and management of AIF Sub-projects.

Part C: Raising the Connectivity Capacity of the Higher Education Sector

Provision of technical advisory services and equipment to UGC and BdREN Trust for the preparation, establishment, installation, management and operation of the BdREN, including a digital library, installation of connectivity to global and regional education and research networks, and establishment and operation of campus networks.

Part D: Establishment of Quality Assurance Mechanisms

1. Establishment of quality assurance mechanisms at the national level through the provision of technical advisory services, Training and equipment to:

   (a) support the creation and operation of a Quality Assurance Unit which will oversee the establishment of Institutional Quality Assurance Cells at the individual universities;
(b) provision of IQACF Grants to Eligible Recipients to carry out self-assessment and execution of recommendations; and

(c) establishment of a Quality Assurance and Accreditation Council for Bangladesh.

2. Establishment of a quality assurance mechanism at the institutional level through the piloting of IQACF in selected universities.

Part E: Project Management

Provision of technical advisory services, equipment, and logistical assistance to UGC for: (a) the establishment and operation of a Project Implementation Unit; (b) the implementation of electronic government procurement including Training of Project staff and universities; and (c) the carrying out of implementation, communications, management, and regular monitoring and evaluation of the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Recipient shall maintain, until the completion of the Project, an Inter-Ministerial Project Steering Committee, to be chaired by the Secretary of MOE, and including representatives from different agencies involved in the implementation of the Project, to provide policy directions, oversee overall Project implementation, and carry out annual reviews.

2. The Recipient shall maintain, until the completion of the Project, a Project Implementation Committee, to be led by the UGC Chairman, and including representatives of: (a) MOE, Eligible Beneficiaries, Eligible Recipients, and HEIs, and (b) BdREN and Quality Assurance and Accreditation Council of Bangladesh after they are established, to provide guidance to those involved in the implementation of different activities under the Project and to facilitate the resolution of implementation issues, if any.

3. The Recipient shall maintain until the completion of the Project, within UGC:

   (a) an adequately staffed Project Implementation Unit headed by a full time Project Director, who shall be accountable to the Chairman of UGC and be responsible for: (i) planning, coordination, implementation, communication and monitoring of Project activities; (ii) carrying out of procurement and financial management for the Project; and (iii) reporting on progress of the Project;

   (b) a UGCAIFS, headed by a Coordinator, to be responsible for coordinating the implementation of AIF Sub-projects, and training programs and mobilization in connection with such AIF Sub-projects;

   (c) a UGC Board for AIF responsible for overseeing the AIF Sub-projects activities and making final decisions on AIF allocations;

   (d) a Strategy and Policy Unit, responsible for carrying out strategic planning for the higher education sector;

   (e) a higher education management information system unit to help monitoring the performance of the higher education sector at large; and
(f) an information and communication technologies unit to oversee issues related to information, communication, implementation of BdREN and digital library under Part C of the Project.

4. The Recipient shall establish a Quality Assurance Unit at the UGC by the earlier of, the date which is six (6) months after the Effective Date or the date on which the first IQACF Sub-project is proposed to be approved by the Recipient in accordance with Section 1.E of this Schedule 2, to be headed by an experienced quality assurance individual from the universities satisfactory to the Association and supported by two (2) quality assurance specialists, one from a public university and the other from a private university, with relevant support and clerical staff and with a mandate satisfactory to the Association.

5. The Quality Assurance Unit at UGC shall establish (a) at least twelve (12) Institutional Quality Assurance Cells at the participating universities within eighteen (18) months of the Effective Date which shall primarily review existing internal quality assurance processes and adopt new ones to support quality learning and teaching in the institutions; and (b) provide IQACF grants.

6. The Recipient shall carry out the Project in accordance with the PIM, and except as the Association shall otherwise agree, the Recipient not assign, amend, suspend, abrogate, waive or permit to be assigned, amended, suspended, abrogated, or waived, any of the manual, or any provisions thereof without the prior written agreement of the Association; and in the event of any inconsistency between the provisions of this Agreement and those of the said manual, the provisions of this Agreement shall prevail.

7. The Recipient shall:

(a) reconstitute the audit committee, whose composition and terms of reference shall be satisfactory to the Association within three (3) months of the Effective Date;

(b) adopt an IQACF Operations Manual by the earlier of: the date which is six (6) months from the Effective Date, or the date on which the first IQACF Sub-project is proposed to be approved by the Recipient in accordance with Section 1.E of this Schedule 2, which manual shall become an integral part of the PIM; and

(c) submit to Parliament a law on Quality Assurance and Accreditation Council of Bangladesh within twenty-four (24) months of the Effective Date.
8. The Recipient shall cause UGC to:

(a) enter into service agreements with participating HEIs, in form and substance and terms and conditions agreed with the Association, to ensure adequate provisioning of BdREN services to HEIs; and

(b) complete within three (3) months of the Effective Date, all necessary legal, administrative, and institutional measures to constitute a trust that will manage and operate BdREN in a manner satisfactory to the Association.

9. The Recipient shall prepare, provide to the Association for its review and concurrence, and thereafter update regularly a training plan; only the Training approved by the Association in said plan will be eligible for financing under the Project.

B. Anti-Corruption.

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

2. Without limitation on the provisions of paragraph 1 above, the Recipient shall: (a) carry out the Governance and Accountability Action Plan in accordance with its terms; and (b) without limitation on its other reporting obligations under this Agreement, furnish to the Association as part of the Project Report the status of implementation of the said plan.

C. Safeguards.

1. The Recipient shall carry out the Project in accordance with the EMF, the SMF, and each relevant EMP and Tribal Peoples Plan.

2. Whenever an EMP or Tribal Peoples Plan shall be required for any Project activity in accordance with the provisions of the EMF and/or the SMF, as the case may be, the Recipient shall:

(a) prior to the commencement of such activity, proceed to have such EMP and Tribal Peoples Plan: (i) prepared in accordance with the provisions of the EMF and the SMF, as the case may be; (ii) furnished to the Association for review and approval; and (iii) thereafter adopted and disclosed as approved by the Association, in a manner acceptable to the Association; and

(b) thereafter take such measures as shall be necessary or appropriate to ensure compliance by the relevant Eligible Beneficiary or Eligible
Recipient, as applicable, with the requirements of such EMP and Tribal Peoples Plan.

3. The Recipient shall not amend, suspend or waive the EMF and/or the SMF, or any provision of either framework, unless the Association has provided its prior approval thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

4. Without limitation on its other reporting obligations under this Agreement, the Recipient shall collect, compile and submit to the Association on an annual basis (or such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the EMF, the SMF, and each EMP and Tribal Peoples Plan, giving details of: (a) measures taken in furtherance of the said instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the said measures; and (c) remedial measures taken or required to be taken to address such conditions.

5. In the event of any conflict between the provisions of any of the EMF, the SMF, or any EMP or Tribal Peoples Plan, and the provisions of this Agreement, the provisions of this Agreement shall prevail.

D. AIF Sub-projects under Part A of the Project

1. (a) The Recipient shall not approve any AIF Sub-project under Part A of the Project or make any AIF Grant for the purposes of carrying out such AIF Sub-project, until the Recipient has updated the AIF Operations Manual in a manner satisfactory to the Association.

(b) The Recipient shall carry out Part A of the Project in accordance with the guidelines, criteria, rules and procedures applicable to AIF Sub-Projects described in the AIF Operations Manual, and except as the Association shall otherwise agree, the Recipient shall not assign, amend, suspend, abrogate, waive or permit to be assigned, amended, suspended, abrogated, or waived, any of the manuals referred to in paragraph (a) above, or any provisions thereof without the prior written agreement of the Association; and in the event of any inconsistency between the provisions of this Agreement and those of the said manuals, the provisions of this Agreement shall prevail.

2. The Recipient shall make each AIF Grant available to an Eligible Beneficiary under a Performance Contract for the purpose of carrying out an AIF Sub-project on terms and conditions approved by the Association, which shall include the following:
(a) the AIF Grant shall be denominated in Takas;

(b) 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 Eligible Beneficiary to use the proceeds of the AIF Grant, or to obtain a refund of all or any part of the amount of the AIF Grant then withdrawn, upon the Eligible Beneficiary’s failure to perform any of its obligations under the applicable Performance Contract; and (ii) require each Eligible Beneficiary to:

(A) carry out its AIF 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 the provisions of the Anti-Corruption Guidelines applicable to recipients of the proceeds of the Financing 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 AIF 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 AIF 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 AIF 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 AIF Sub-project, its operation and any relevant records and documents;

(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; and
(c) if the Eligible Beneficiary is a private university, the Performance Contract shall require the Eligible Beneficiary to provide matching funds of at least twenty (20) percent of the AIF Sub-project cost.

3. The Recipient shall exercise its rights under each Performance Contract 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 Performance Contract or any of its provisions.

4. Without limitation upon the provisions of paragraph D.1 of this Section, and unless the Association agrees otherwise, no AIF Sub-project shall be eligible for funding under the AIF, unless evidence, satisfactory to the Association, has been received that the Recipient has determined, on the basis of an appraisal conducted in accordance with the guidelines set forth in the AIF Operations Manual and PIM, that:

(a) with respect to all Eligible Beneficiaries, the Eligible Beneficiary proposed to receive an AIF Grant has: (i) proven capacity and experience to implement the AIF Sub-project; (ii) competent technical, administrative and accounting staff, or have otherwise included a proposal for staff training or upgrading; (iii) a minimum annual intake of one hundred (100) students in their undergraduate academic programs; and (iv) established a university AIF secretariat or its equivalent, with terms of reference acceptable to the Association, and with qualified manpower for undertaking assessment, financial management, procurement, monitoring and evaluation of AIF Sub-projects s financed under the AIF;

(b) with respect to a public university; such a university exists as a legal entity under an act establishing a university, under the relevant laws of the Recipient; and

(c) with respect to a private university, there exists pursuant to the Private University Act: (i) a charter allowing a private university to operate; (ii) a permanent campus owned by the university; and (iii) a reserve fund in a scheduled bank. In addition, there must be evidence of the private university having held at least one (1) convocation and audited annual financial statements of the previous two (2) years.

E. IQACF Sub-projects under Part D.2 of the Project

1. (a) The Recipient shall not approve any IQACF Sub-project under Part D.2 of the Project or make any IQACF Grant for the purposes of carrying
out such IQACF Sub-project, until: (i) the Recipient has established the IQAC; and (ii) the Recipient has adopted the IQACF Operations Manual, in each case in a manner satisfactory to the Association.

(b) The Recipient shall carry out Part D.2 of the Project in accordance with the guidelines, criteria, rules and procedures applicable to IQACF Sub-projects described in the IQACF Operations Manual, and except as the Association shall otherwise agree, the Recipient shall not assign, amend, suspend, abrogate, waive or permit to be assigned, amended, suspended, abrogated, or waived, any of the manuals referred to in paragraph (a) above, or any provisions thereof without the prior written agreement of the Association; and in the event of any inconsistency between the provisions of this Agreement and those of the said manuals, the provisions of this Agreement shall prevail.

2. The Recipient shall make each IQACF Grant available to an Eligible Recipient under a Performance Contract for the purpose of carrying out an IQACF Sub-project on terms and conditions approved by the Association, which shall include the following:

(a) such IQACF Grant shall be denominated in Takas; and

(b) 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 Eligible Recipient to use the proceeds of the IQACF Grant, or to obtain a refund of all or any part of the amount of the IQACF Grant then withdrawn, upon the Eligible Recipient’s failure to perform any of its obligations under the Performance Contract; and (ii) require each Eligible Recipient to:

(A) carry out its IQACF 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 the provisions of the Anti-Corruption Guidelines applicable to recipients of the proceeds of the Financing 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 IQACF 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 IQACF 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 IQACF 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 IQACF 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 Performance Contract 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 Performance Contract or any of its provisions.

4. Without limitation upon the provisions of paragraph D.1 of this Section, and unless the Association agrees otherwise, no IQACF Sub-Project shall be eligible for funding under the IQACF, unless evidence, satisfactory to the Association, has been received that the Recipient has determined, on the basis of an appraisal conducted in accordance with the guidelines set forth in the IQACF Operations Manual and PIM, that Eligible Recipient proposed to receive an IQACF Grant:

(a) is (i) a university existing as a legal entity under an Act establishing a university, under the relevant laws of the Recipient, and (ii) recognized by the UGC as a higher education institution;

(b) has (i) a legally appointed vice chancellor; (ii) a functional syndicate or its equivalent; (iii) a student population of not less than one thousand (1000); and (iv) provided an audited financial statement not older than previous two (2) years; and
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. 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 indicators acceptable to the Association. Each Project Report shall cover the period of one 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. 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.

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; provided however that goods, works and non-consulting services for which the procurement process was initiated under the Original Financing
Agreement prior to the Effective Date of this restated Agreement, may be procured in accordance with the requirements set forth or referred to in Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Association in May 2004 and revised in October 2006 and the provisions of the Procurement Plan setting out the particular methods of procurement of goods, works and non-consulting services, applicable to such contracts, including additional provisions applicable to National Competitive Bidding.

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; provided however that consultants’ services for which the procurement process was initiated under the Original Financing Agreement prior to the Effective Date of this restated Agreement may be procured in accordance with the requirements set forth or referred to in Section I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Association in May 2004 and revised in October 2006 and the provisions of the Procurement Plan setting out the particular methods of procurement of consulting services, applicable to such contracts, including additional provisions applicable to National Competitive Bidding.

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.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, following the procedures of the Procurement Laws subject to the additional provisions set forth in paragraph 3 below; (b) Shopping; and (c) Direct Contracting.

3. For the purpose of National Competitive Bidding, 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 (1) location immediately after the deadline for submission;

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

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

(e) 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

(f) 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 methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of 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.

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 Original Credit Allocated (expressed in SDR)</th>
<th>Amount of the Additional Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) AIF Grants under Part A of the Project and IQACF Grants under Part D of the Project</td>
<td>28,500,000.00</td>
<td>44,662,000</td>
<td>100% of amount disbursed to public universities under Part A</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>80% of amounts disbursed to private universities under Part A</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>100% of amount disbursed to public and private universities under Part D</td>
</tr>
<tr>
<td>(2) Works under the Project</td>
<td>0</td>
<td>0</td>
<td>100% of Eligible Expenditures incurred through October 28, 2013</td>
</tr>
<tr>
<td>(3) Goods under the Project</td>
<td>2,708,590.18</td>
<td>0</td>
<td>100% of Eligible Expenditures incurred through October 28, 2013</td>
</tr>
<tr>
<td>(4) Consulting Services including Training under the Project</td>
<td>1,812,953.83</td>
<td>0</td>
<td>100% of Eligible Expenditures incurred through</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) under the Original Credit Agreement prior to May 13, 2009; or (b) under the Additional Credit for payments made prior to the date of this Agreement.

2. The Closing Date is December 31, 2018.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>100% of Eligible Expenditures incurred through October 28, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>(5) Operating Costs under the Project</td>
<td>11,540.45</td>
<td>0</td>
</tr>
<tr>
<td>(6) Goods, works, non-consulting services, consultants' services, Operating Costs and Training under the Project</td>
<td>21,366,915.54</td>
<td>36,838,000</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>54,400,000.00</strong></td>
<td><strong>81,500,000</strong></td>
</tr>
</tbody>
</table>
SCHEDULE 3

Repayment Schedule

Repayment Schedule of the Original Credit

<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 February 1 and August 1:</td>
<td></td>
</tr>
<tr>
<td>commencing August 1, 2019 to, and including, February 1, 2029</td>
<td>1%</td>
</tr>
<tr>
<td>commencing August 1, 2029 to, and including, February 1, 2049</td>
<td>2%</td>
</tr>
</tbody>
</table>

Repayment Schedule of the Additional Credit

<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 15 May and 15 November:</td>
<td></td>
</tr>
<tr>
<td>commencing 15 May 2024 to and including 15 November 2033</td>
<td>1%</td>
</tr>
<tr>
<td>commencing 15 May 2034 to and including 15 November 2053</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.
Definitions

1. “AIF” means the Academic Innovation Fund, to be maintained by the Recipient under Part A of the Project, in accordance with the requirements of Section I.D of Schedule 2 to this Agreement.

2. “AIF Grant” means a grant for an AIF Sub-project provided out of the AIF, under Part A of the Project, in accordance with terms and conditions acceptable to the Association, including those set out in Section I.D of Schedule 2 to this Agreement.


4. “AIF Sub-project” means any of the activities to be carried out under Part A of the Project by an Eligible Beneficiary, under a Performance Contract, and proposed to be financed out of an AIF Grant, including, without limitation, activities related to training, consulting, academic collaboration and workshops, and expenses related to goods, services, and small minor works, including small renovation and refurbishing of lecture/study rooms and laboratories.


6. “Bangladesh Higher Education Institutions Register” means a register of higher education institutions accredited by the Quality Assurance and Accreditation Council of Bangladesh.

7. “Bangladesh Qualifications Framework” means a nationally agreed instrument for the development, classification and recognition of skills, competencies, and knowledge for the various sectors and levels in higher education.

8. “BdREN” means Bangladesh Research and Education Network established under Part C of the Project.

9. “BdREN Trust” means Bangladesh Research and Education Network Trust to be established under Part C of the Project.

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

12. "Eligible Beneficiary" means each public or private university which meets the eligibility criteria for an AIIF Grant described in paragraph 4 of Section I.D of Schedule 2 to this Agreement and in the AIIF Operations Manual, and "Eligible Beneficiaries" means more than one such beneficiary.

13. "Eligible Recipient" means each university which meets the eligibility criteria for an IQACF Grant described in paragraph 4 of Section I.E of Schedule 2 to this Agreement and in the IQACF Operations Manual, and "Eligible Recipients" means more than one such recipient.

14. "EMF" means the Recipient's "Environmental Management Framework" dated August 11, 2008, updated in August 2013 satisfactory to the Association, duly approved by the Association, and disclosed on August 14, 2013, giving details of a program of actions, measures and policies designed to maximize the benefits of the Project, eliminate, offset or mitigate any adverse environmental impacts, or reduce such impacts to acceptable levels, as such EMF may be amended from time to time with the prior written agreement of the Association.

15. "EMP" means an Environmental Management Plan, acceptable to the Association and consistent with the EMF, adopted for the purposes of one or more Project activities as required by the EMF and giving details of the specific actions, measures and policies designed to facilitate the achievement of the objectives of the EMF under such activity, along with the procedural and institutional measures needed to implement such actions, measures and policies, as each such EMP may be revised from time to time with the prior written Agreement of the Association.

16. "FY" means the Fiscal Year of the Recipient commencing from July 1 and ending on June 30 of each year.


18. "Governance and Accountability Action Plan" means the plan prepared by the Recipient and endorsed by the Association, dated October 28, 2013, setting forth actions and measures to be taken by the Recipient to ensure integrity, transparency and accountability in the implementation of the Project and the use of the proceeds of the Financing, as such plan may be revised from time to time with the prior written agreement of the Association.
19. "Higher Education Institution" and "HEI" means any higher education institution, including, without limitation, public and private universities, and research institutions, selected by the Recipient, and agreed with the Association, for inclusion in the Project.

20. "Institutional Quality Assurance Cells" means central quality assurance units to be established under Part D.1(a) of the Project in the participating universities which will be responsible to establish university-wide systems and mechanisms and promote quality culture within the institution, and "Institutional Quality Assurance Cell" means any one of such cells.

21. "Inter-Ministerial Project Steering Committee" means the committee referred to in paragraph 1 of Section I.A of Schedule 2 to this Agreement.

22. "IQACF" means the Institutional Quality Assurance Cells Funds to be established by the Recipient under Part D.2 of the Project in accordance with the requirements of Section I.E of Schedule 2 to this Agreement.

23. "IQACF Grant" means a grant for an IQACF Sub-Project provided out of the IQACF under Part D of the Project in accordance with terms and conditions acceptable to the Association, including those set out in Section I.E of Schedule 2 to this Agreement.

24. "IQACF Operations Manual" means the manual, to be agreed in writing between the Recipient and the Association, for the implementation of Part D.2 of the Project and referred to in paragraph 7(b) of Section I.A of Schedule 2 to this Agreement.

25. "IQACF Sub-project" means any of the activities to be carried out under Part D of the Project by an Eligible Recipient, under a Performance Contract, and proposed to be financed out of an IQACF Grant, including, without limitation, activities related to self-assessment and execution of IQAC recommendations.


27. "Operating Costs" means the reasonable costs incurred on account of the implementation of the Project (which expenditures would not have been incurred absent the Project) including: (a) expenditures incurred on account of the honorarium for AIF and IQACF proposal reviewers, e.g. members of university proposal screening committee, members of university academic innovation fund secretariat, members of area review panel, external reviewers; (b) consumable materials and supplies (including office supplies), office equipment, communications, translation services, advertisement charges, mass media and printing services, vehicle rental, operation and maintenance, fuel costs, charges
for the opening and operation of bank accounts required for the Project, postage and handling, travel, lodging and per diems for the selected academicians on field visit; and (c) subscriptions to e-publishers, bandwidth cost including commodity internet, but excluding salaries of officials of the Recipient’s civil service.

28. "Original Financing Agreement" means the financing agreement for a Higher Education Quality Enhancement Project between the Recipient and the Association, dated April 5, 2009 as amended to the date of this Agreement (Credit No 4544-BD).

29. "Original Project" means the Project described in the Original Financing Agreement.

30. "Performance Contract" means each tripartite contract among: (a) in the case of AIF Sub-projects, the UGC, the Eligible Beneficiary, and the AIF Sub-project manager; and (b) in the case of IQACF Sub-projects, the UGC, the Eligible Recipient and the IQACF Sub-project manager, in each case specifying the rights and responsibilities of the parties, possible sanctions for unsatisfactory AIF Sub-project or IQACF Sub-project implementation, misuse of funds, and non-compliance of procurement and financial management rules, the complete proposal along with its annexes, the applicable terms and conditions and specific performance targets.

31. "PIM" means the Recipient’s Project Implementation Manual, dated October 28, 2013 including, inter alia: (i) implementation, financial management, audit and procurement arrangements for the Project; (ii) monitoring and evaluation procedures; (iii) the AIF Operations Manual containing the specific criteria, methods and procedures to be used for providing Grants for Sub-projects; (iv) environmental guidelines for Sub-projects; (v) social safeguards guidelines; (vi) guidelines for the preparation and implementation of annual work plans, as said Manual may be amended from time to time with the prior agreement of the Association; and (vii) the IQAC and IQACF Operations Manuals.


35. "Procurement Plan" means the Recipient's procurement plan for the Project, dated August 23, 2013 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 paragraph.

36. "Project Implementation Committee" means the Project Implementation Committee referred to in paragraph 2 of Section I.A of Schedule 2 to this Agreement.

37. "Project Implementation Unit" means the Project Implementation Unit referred to in paragraph 3(a) of Section I.A of Schedule 2 to this Agreement.

38. "Quality Assurance and Accreditation Council of Bangladesh" means the national body to be created by the Recipient under Part D.1(c) of the Project which will implement the Bangladesh Qualifications Framework, supervise and regulate the quality and standard and accredit higher education institutions, establish and maintain the Bangladesh Higher Education Institutions Register and provide for related matters or any successor thereto.

39. "Quality Assurance Unit" means the unit within the UGC to oversee and support Institutional Quality Assurance Cells through the development of policies and regulations and sharing of best practices.

40. "SMF" means the Recipient's "Social Assessment of the Additional Financing of HEQEP on Tribal Populations and Tribal People's Framework" satisfactory to the Association, duly approved by the Association and disclosed on 26 August, 2013 and referred to in paragraph 1 of Section I.C. of Schedule 2 to this Agreement, which sets forth the principles and procedures, governing, inter alia: (i) screening for eligible activities under the Project, and (ii) screening for potential social issues, including the required actions to prepare safeguard documents, including, inter alia: Tribal Peoples Plan, when required; as said framework and any annexes or schedules to such framework, may be revised from time to time with the prior written approval of the Association.

41. "Taka" means the lawful currency of the Recipient.

42. "Training" means training, workshops and study tours conducted in the territory of the Recipient and abroad, including reasonable and necessary incremental expenditures incurred on account of organizing or attending learning and knowledge dissemination events, including, fees for educational institutions; fees and allowances for resource persons; travel, board and lodging for resource persons and trainees; logistics and materials associated with conferences, seminars, workshops, and study tours; and other training costs directly associated with the Project but excluding those provided through consulting services.
43. “Tribal Peoples” means, for purposes of the Project, the social groups residing or engaged in livelihood activities under the Project from time to time; each of which possesses a distinct social and cultural identity that makes it vulnerable to being disadvantaged in the development process, including the presence in varying degrees of the following characteristics: (i) close attachment to ancestral territories and to the natural resources in these areas; (ii) self-identification and identification by others as members of a distinct cultural group; (iii) a language, often different from the Bangla language; (iv) presence of customary social and political institutions; and (v) primarily subsistence-oriented production.

44. “Tribal Peoples Plan” means a plan, acceptable to the Association and prepared in accordance with the Social Management Framework, detailing the specific actions, measures and policies designed to address any impact on Tribal People and facilitate the achievement of the objectives of the Social Management Framework; as said plan and any annexes or schedules to such plan, may be revised from time to time with the prior written approval of the Association.

45. “UGC” means the University Grants Commission of Bangladesh, a statutory apex body, established pursuant to the UGC Presidential Order, to: (i) supervise, maintain, promote and coordinate university education; (ii) maintain standard and quality in all the public and private universities; (iii) assess the needs of the public universities in terms of funding; and (iv) to advise on various issues related to higher education.

46. “UGC Board for AIF” means the board referred to in paragraph 3.(c). of Section I.A of Schedule 2 to this Agreement.

47. “UGCAIFS” means the UGC’s Academic Innovation Fund Secretariat, referred to in paragraph 3.(b). of Section I.A of Schedule 2 to this Agreement.