Global Agriculture and Food Security Program Grant Agreement

(Integrated Agricultural Productivity Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as Supervising Entity of the Global Agriculture and Food Security Program

Dated September 12, 2011
GAFSP GRANT NUMBER TF010378

GLOBAL AGRICULTURE AND FOOD SECURITY PROGRAM
GRANT AGREEMENT

AGREEMENT dated September 12, 2011, entered into between:
PEOPLE’S REPUBLIC OF BANGLADESH ("Recipient"); and INTERNATIONAL
DEVELOPMENT ASSOCIATION ("World Bank"), acting as a Supervising Entity of
the Global Agriculture and Food Security Program.

WHEREAS the Global Agriculture and Food Security Program Steering Committee has
approved funding to the Recipient, consisting of: (i) an investment component in an
amount equivalent to forty six million three hundred ten thousand United States dollars
(US$46,310,000) to be supervised by the World Bank; and (ii) a technical assistance
component in an amount equivalent to three million six hundred ninety thousand United
States dollars (US$3,690,000) to be supervised by the Food & Agriculture Organization.

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions 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:

(a) Part 1 of the Project through BARI, BRRI and BFRI;

(b) Part 2 of the Project through DAE, DOF, DLS, SCA and BADC; and

(c) Part 3 of the Project through BADC, all 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 equal to forty-six million three hundred and ten thousand United States Dollars ($46,310,000) ("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.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

Article IV
Recipient’s Representative; Addresses

4.01. 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:

88028111660
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 /s/: M Musharraf Hossain Bhuiyan  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION  
acting as a Supervising Entity of the Global Agriculture and Food Security Program

By /s/: Ellen Goldstein  
Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to enhance the productivity of agriculture (crops, livestock and fisheries) in pilot areas.

The Project consists of the following parts:

Part 1. Technology Generation and Adaptation

(a) Carrying out of technology generation and adaptation for rice, including the evaluation and release of new/improved rice varieties, the development/refinement of location-specific rice husbandry practices, and training and capacity building.

(b) Carrying out of technology generation and adaptation for crops other than rice, including the evaluation and release of new/improved crop varieties, the development/refinement of location-specific crop husbandry practices, and training and capacity building.

(c) Carrying out of technology generation and adaptation for fish, including brood stock improvement and development of pure breed lines in fish, carrying out of adaptive trials of aquaculture technologies, strengthening of fish seed production capacity, and training and capacity building.

Part 2. Technology Adoption

(a) Crop demonstrations, including support for production of field and horticultural crops using new/improved varieties and/or practices, community seed production, and training and capacity building.

(b) Fish demonstrations, including the provision of support for fish nursery, carp polyculture, intensive fish monoculture, and training and capacity building; and cage and pen culture.

(c) Livestock demonstrations, including the provision of support for poultry production, goat and sheep production, and dairy production, animal health campaigns, and training and capacity building.

(d) Enhancement of seed availability, including the provision of support for an expanded network of seed farmers, seed certification, and enhancement of seed distribution capacities.

(e) Community mobilization and extension, including activities related to supporting farmers’ groups in adopting Project-disseminated
technologies and practices, enabling further dissemination through farmer-to-farmer interaction, and hiring of community facilitators.

Part 3. Water Management

(a) Conservation and utilization of surface water, including:
   (i) rehabilitation of existing natural water bodies, canals and ponds;
   (ii) rehabilitation of existing natural channels;
   (iii) harvesting of rain-water in rehabilitated natural water bodies;
   (iv) harvesting of rain-water at the homestead level; and
   (v) training.

(b) Enhancement of irrigation efficiency, including:
   (i) installation of buried pipe network connections to low-lift pumps and deep tube wells in appropriate locations;
   (ii) repair of selected deep tube wells in the northern region; and
   (iii) training and capacity building.

Part 4. Project Management

Establishment and operation of the Project Management Unit in Dhaka and two (2) Regional Project Implementation Units, including: (a) provision of specialized support services; and (b) training of staff involved in Project implementation.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient shall, not later than one (1) month after the date of this Agreement, establish and thereafter maintain, throughout the period of Project implementation, a Project Steering Committee (PSC) to, *inter alia*, provide oversight and policy guidance to the Project, monitor Project implementation, and resolve outstanding issues. The PSC shall be chaired by the Secretary, MOA and include the following as members: senior representatives from the Ministry of Fisheries and Livestock, BARC, BARI, BRRI, BFRI, DAE, DOF, DLS, SCA, SRDI and BADC; representatives from the Finance Division, Economic Relations Division, the Planning Commission, and IMED; FAO representative; and one (1) representative each from civil society and farmers' groups.

2. The Recipient shall, not later than one (1) month after the date of this Agreement, establish and thereafter maintain, throughout the period of Project implementation, a Project Management Committee (PMC) responsible for, *inter alia*, guiding Project management and implementation and facilitating inter-agency coordination. The PMC shall be chaired by the Additional Secretary, MOA, co-chaired by the Joint Secretary/Joint Chief, MoFL, and include the following as members: coordinators from DAE, DOF, DLS and BADC, representatives from the other implementing agencies involved; representatives from the Finance Division, Economic Relations Division, Planning Commission, and IMED; and the Regional Project Managers.

3. The Recipient shall, not later than one (1) month after the date of this Agreement, establish and thereafter maintain, throughout the period of Project implementation: (a) a Regional Project Coordination Committee for the northern region; and (b) a Regional Project Coordination Committee for the southern region, responsible for ensuring inter-agency cooperation and coordination, and integrated implementation at the regional levels. Each RPCC shall be headed by the Additional Director, DAE and shall consist of the respective Regional Project Manager; regional-level representatives from BARI, BRRI, BFRI, DAE, DOF, DLS, SCA, and BADC; and one (1) representative each of farmers' groups and civil society.

4. The Recipient shall, not later than one (1) month after the date of this Agreement, establish and thereafter maintain, throughout the period of Project implementation, a Project Management Unit (PMU), headed by a Project Director, responsible for day-to-day Project administration and management.
5. The Recipient shall, not later than one (1) month after the date of this Agreement, establish and thereafter maintain, throughout the period of Project implementation: (a) a Regional Project Implementation Unit for the northern region in Rangpur District; and (b) a Regional Project Implementation Unit (RPIU) for the southern region in Barisal District. Each RPIU shall be headed by a Regional Project Manager.

6. The Recipient shall cause the establishment of an Upazila Project Coordination Committee, responsible for coordination of the grassroots Project activities, which includes representatives of the concerned implementing agencies and farmers' groups in each Upazila where Project activities are undertaken.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”).

C. Safeguards

1. The Recipient shall carry out the Project in accordance with the Environmental Management Framework and the Social Management Framework.

2. The Recipient shall ensure that the Environmental Management Plans and Resettlement Action Plans are prepared in accordance with the Environmental Management Framework and the Social Management Framework, respectively, and are carried out in accordance with their terms.

3. The Recipient shall: (a) not amend the Environmental Management Framework, the Social Management Framework or any Environmental Management Plan or Resettlement Action Plan without the prior written approval of the World Bank; and (b) report any issues on the implementation of the requirements of this section.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. (a) 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 the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) calendar semester (six (6) months), and
shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.

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

(i) number of targeted farmers whose productivity has increased in: (A) crop; (B) livestock; and (C) fisheries;

(ii) increase in yield of paddy;

(iii) increase in yield of fish; and

(iv) increase in yield of milk.

2. The Recipient shall:

(a) prepare, under terms of reference satisfactory to the World Bank, and furnish to the World Bank, on or about March 2014, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph 1 above, on the progress achieved in the carrying out of the Project during the period preceding the date of said report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(b) review with the World Bank, by April 2014, or such later date as the World Bank shall request, the report referred to in sub-paragraph (a) above, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of the said report and the World Bank’s views on the matter.

3. 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 calendar 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 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 and Non-consulting Services.**

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

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

(b) The following provisions apply for the contracting of goods, works and non-consulting services under National Competitive Bidding, using bidding documents acceptable to the 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 (1) 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:

<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) Consultants Qualifications-Based Selection</td>
</tr>
<tr>
<td>(d) Least Cost Selection</td>
</tr>
<tr>
<td>(e) Single-Source Selection</td>
</tr>
<tr>
<td>(f) Individual Consultants</td>
</tr>
</tbody>
</table>

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</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) (a) Goods and works under Parts 2(e), 3(b)(i), 3(b)(ii), and 4 of the Project</td>
<td>5,198,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) Vehicles for Project implementation and monitoring</td>
<td>2,606,000</td>
<td></td>
</tr>
<tr>
<td>(2) Consultants’ services, non-consulting services, Training, and Incremental Operating Costs</td>
<td>35,930,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Unallocated</td>
<td>2,576,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>46,310,000</td>
<td></td>
</tr>
</tbody>
</table>

For the purpose of this paragraph:

a. the term "Training" means expenditures (other than those for consultants’ services) to finance the reasonable cost of local and overseas training, the services of trainers, meeting rooms, training materials, publications, travel costs, per diem allowances for trainees, and study tours as agreed with the World Bank; and

b. the term "Incremental Operating Costs" means the reasonable costs incurred on account of the implementation of the Project for office utilities, office supplies and stationeries, printing and publication, rental and maintenance of offices, vehicles and equipment, costs related to lab research, trials, demonstrations and production support, campaign, events, bank charges, advertising costs, audit costs, studies, allowances, and salaries of incremental staff under the Project but excluding salaries of the Recipient’s civil servants.
B. Withdrawal Conditions; Withdrawal Period

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

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is September 30, 2016.
APPENDIX

Definitions


2. "BADC" means the Bangladesh Agricultural Development Corporation.

3. "BARC" means the Bangladesh Agriculture Research Council.

4. "BARI" means the Bangladesh Agricultural Research Institute.

5. "BFRI" means the Bangladesh Fisheries Research Institute.

6. "BRRI" means the Bangladesh Rice Research Institute.

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


9. "DAE" means the Department of Agriculture Extension under the Recipient’s Ministry of Agriculture.

10. "DLS" means the Department of Livestock Services under the Recipient’s Ministry of Fisheries and Livestock.

11. "DOF" means the Department of Fisheries under the Recipient’s Ministry of Fisheries and Livestock.

12. "Environmental Management Framework" means the framework dated May 31, 2011, satisfactory to the World Bank, setting out the measures to manage the potential environmental impacts of Project activities by prevention, minimization or mitigation, and the mechanisms (procedures and institutional responsibilities) for ensuring sustainable environmental management of the Project, as such framework may be amended from time to time with the prior agreement of the World Bank.

13. "Environmental Management Plan" means a plan, acceptable to the World Bank and prepared on the basis of the Environmental Management Framework detailing the specific actions, measures and policies designed to address adverse
environmental impacts and facilitate the achievement of the objectives of the Environmental Management Framework, as such plan may be amended from time to time with the prior agreement of the World Bank.

14. “FAO” means the Food and Agriculture Organization.

15. “IMED” means the Implementation Monitoring and Evaluation Division.

16. “Ministry of Agriculture” and the acronym “MOA” mean the Recipient’s Ministry of Agriculture.

17. “Ministry of Fisheries and Livestock” and the acronym “MoFL” mean the Recipient’s Ministry of Fisheries and Livestock.


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

21. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated July 25, 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.

22. “Project Management Committee” and the acronym “PMC” mean the committee referred to in paragraph 2 of Section I.A of Schedule 2 to this Agreement.

23. “Project Management Unit” and the acronym “PMU” mean the unit referred to in paragraph 4 of Section I.A of Schedule 2 to this Agreement.

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

25. “Regional Project Coordination Committee” and the acronym “RPCC” mean one of the committees referred to in paragraph 3 of Section I.A of Schedule 2 to this Agreement.

26. “Regional Project Implementation Unit” and the acronym “RPIU” mean one of the units referred to in paragraph 5 of Section I.A of Schedule 2 to this Agreement.
27. "Resettlement Action Plan" means a resettlement action plan, acceptable to the World Bank, and prepared on the basis of the Social Management Framework detailing the specific actions, measures and policies designed to address any loss of income, livelihoods and property associated with Project activities, as such plan may be amended from time to time with the prior agreement of the World Bank.

28. "SCA" means the Seed Certification Agency.


30. "Social Management Framework" means the framework dated May 31, 2011, acceptable to the World Bank, setting out the policies, procedures and institutional responsibilities for assessing and managing the potential social risks and impacts that may arise from Project activities, and including, *inter alia*, the resettlement policy framework, the tribal management framework, the grievance redress mechanism, and specific procedures on public consultation and disclosure, as such framework may be amended from time to time with the prior agreement of the World Bank.


32. "Upazila Project Coordination Committee" means the committee referred in paragraph 6 of Section I.A of Schedule 2 to this Agreement.