Financing Agreement

(Additional Financing for Leveraging ICT for Growth, Employment and Governance Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated APRIL 18, 2017
FINANCING AGREEMENT

AGREEMENT dated APRIL 18, 2012 entered into between PEOPLE’S REPUBLIC OF BANGLADESH (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for 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 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 eight million Special Drawing Rights (SDR 28,000,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 April 15th and October 15th 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 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 the Bangladesh Computer Council 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 Additional Condition of Effectiveness consists of the following: the Operational Manual has been updated by the Recipient in a manner satisfactory to the Association.

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

4.03. 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 Senior Secretary/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.

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
6.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:              Telex:                    Facsimile:
INDEVAS              248423 (MCI)          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

[Signature]

Authorized Representative

Name: MAHMUDA BEGUM
Title: ADDITIONAL SECRETARY

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: RAJASHREE S. PARALKAR
Title: ACTING COUNTRY DIRECTOR
SCHEDULE 1

Project Description

The objectives of the Project are to: (i) catalyze the growth of the Recipient’s IT and IT-enabled services (IT/ITES) industry for employment creation and export diversification; and (ii) establish basic e-government foundations to support public sector modernization.

The Project consists of the following parts:

Part 1. IT/ITES Industry Development

1.1. Training of about 10,000 science graduates from universities and colleges in IT services skills, and training and certification of faculty.

1.2. Training of about 30,000 trainees in language, customer service, cultural sensitization, PC/keyboarding, and online platform marketing, bidding and task/work delivery.

1.3. Provision of support to a local leading academic institution to provide IT/ITES focused supervisory/ middle management training programs in partnership with overseas institutions.

1.4. Building of capacity in BCC as an anchor institution for IT/ITES industry development, including the setting up of an IT/ITES unit in BCC; provision of assistance to BCC in the development of an industry development strategy and roadmap; and the setting up of an advisory body to guide BCC’s efforts.

1.5. Building of capacity of the local industry, including the setting up of a forum among the various industry associations.

1.6. Provision of industry promotion support to improve investor awareness and perception of the Recipient as an IT/ITES destination, including therefore the development of an industry promotion plan; the provision of business development assistance in the form of contact databases; the carrying out of outreach programs to chief executive officer-level clients, the provision of support to high-level achievers among the industry champions within the government for external client engagements; and the development of promotional tools and materials.

Part 2. e-Government

2.1. Expansion and strengthening of BCC’s capacity to provide shared IT hosting facilities to other agencies of the Recipient including the expansion and strengthening of NDC to meet demands for colocation and hosting services
from public sector agencies and the strengthening and professionalization of BCC's service delivery unit with internal client engagement and marketing capabilities.

2.2. Establishment of a suitable enterprise architecture for coordinating investments across the Recipient's agencies, including the development of technology platforms (for mobile services delivery, enterprise service bus, data analytics) and an e-government interoperability framework to facilitate the exchange of information across agencies; the establishment of a suitable information security program; the setting up of a national computer incident response team to facilitate and support said program and the carrying of capacity building and technical assistance activities to mainstream NEA's functions and services.

2.3. Carrying out of capacity building for public sector staff on e-government skills, including the development of a public sector e-government skills development program, training of relevant staff of the Recipient's agencies on basic systems, networks, computer support and management skills, training of higher level staff in IT planning, strategizing, and project and change management skills, the development and implementation of a national cybersecurity program, the carrying out of technical assessments and designs of e-government foundations related to shared ICT infrastructure and services across, and the carrying out of pilots on data analytics across public sector agencies.

Part 3. Project Management Support

3.1. Provision of support to the establishment of the Project Coordination Unit including the hiring, based on applicable provisions of Section III of Schedule 2 to this Agreement, of required Project component leaders and specialists in, inter alia, procurement, financial management, accounting, communications, and monitoring and evaluation; and supporting the operational needs of the PCU.

3.2. Provision of support to hire specialists and associates in the areas of IT/ITES industry development, e-government, mainstreaming and capacity building to support Project implementation.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

The provisions of Part A of Section I of Schedule 2 to the Original Financing Agreement are incorporated herein by reference and apply to the Project, *mutatis mutandis*.

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) submit reports on the status of the implementation of such plan as part of the Project Report (or such other frequency as may be agreed with the Association).

C. Operational Manual

The Recipient shall carry out the Project in accordance with the arrangements and procedures set out in the Operational Manual (provided, however, that in case of any conflict between the arrangements and procedures set out in the Operational Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail), and shall not amend, abrogate or waive the Operational Manual or any of its provisions without prior written agreement of the Association.

D. Annual Work Plans and Budgets

1. The Recipient Shall:

   (a) prepare and furnish to the Association for approval, each year as soon as available, but in any case not later than September 30th of each year, during Project implementation, an annual work plan and budget for the Project (with a financial plan specifying all sources of financing including Counterpart Funds, and cash flow projections), covering the activities proposed for the subsequent year of Project implementation; which plan and budget shall be of such scope and detail as the Association shall have reasonably requested (once approved by the Association, and "Annual Work Plan and Budget"); and
(b) ensure that adequate financial resources for the part financed by the Recipient are duly allocated in the Recipient’s annual budget, in a manner and substance satisfactory to the Association, so as to guarantee the successful implementation of the annual work plans referred to in paragraph 1 of this Section.

2. The Recipient shall ensure that the Project is carried out in accordance with the Annual Work Plans and Budgets.

3. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Association’s prior approval.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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 (1) calendar semester and shall be furnished to the Association not later than thirty (30) 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. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of the Project Report not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

4. The Recipient shall maintain throughout the period of implementation of the Project: (a) the services of a financial management specialist and an accountant, both with education, experience and terms of reference satisfactory to the Association; and (b) an operational computerized accounting system for the Project, satisfactory to the Association.
Section III. **Procurement**

All goods, works, non-consulting services and 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 the Procurement Regulations and the provisions of the Procurement Plan.

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 Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Good, non-consulting services and consulting services for the Project</td>
<td>SDR 27,650,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Operating Costs for the Project</td>
<td>SDR 350,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>SDR 28,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

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

2. The Closing Date is June 30, 2019.

Section V. Other Undertakings

The Recipient shall ensure that any activity under the Project are carried out in accordance with the provisions and arrangements set out in the Operational Manual, including but not limited to screening criteria that limits such activities to small-scale interventions at existing sites, as detailed in the Operational Manual, and any such activities are carried out under terms of reference satisfactory to the Association following its review thereof and, to that end shall duly incorporate the requirements of the Association's safeguard policies.
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 April 15 and October 15:</td>
<td></td>
</tr>
<tr>
<td>commencing April 15, 2023 to and including October 15, 2054</td>
<td>1.56250%</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

1. “Annual Work Plans and Budgets” means the annual work plans and budgets (including related cash forecasts) for the implementation of the Project, referred to in Section I.D.1 of Schedule 2 to this Agreement.


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

5. “e-Government” means the use of information and communication technologies to improve the activities of public sector organizations.

6. “Governance and Accountability Action Plan” and the acronym “GAAP” mean the Recipient’s plan, dated September 21, 2016, acceptable to the Association, which identifies key governance issues under the Project and sets forth mitigating actions to address said issues, as said plan may be modified from time to time with the prior written agreement of the Association.


10. “Operating Costs” means the reasonable incremental costs incurred by BCC for office utilities, office supplies and stationeries, events, bank charges, advertising costs, and salaries and contractual allowances of contracted staff providing that payment is made using the banking system, but excluding salaries of the Recipient’s salaried staff, honoraria, fuel, sitting allowances and per diems paid in cash.

11. “Operational Manual” means the manual referred to in Section I.C of Schedule 2 to this Agreement, acceptable to the Association.
12. "Original Financing Agreement" means the Financing Agreement for the Project between the Recipient and the Association, dated November 26, 2014, as amended to the date of this Agreement (Credit Number 5025-BD).

13. "Original Project" means the Project described in Schedule 1 to the Original Financing Agreement.

14. "Project Coordination Unit" and the acronym "PCU" mean the unit referred to in paragraph 3 of Section 1.A of Schedule 2 to the Original Financing Agreement.

15. "Procurement Plan" means the Recipient's procurement plan for the Project, dated September 21, 2016, and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Association.