Financing Agreement

(Additional Financing For Emergency 2007 Cyclone Recovery and Restoration Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 9, 2014
FINANCING AGREEMENT

AGREEMENT dated June 9, 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). 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 or in the Original Financing 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 ninety one million one hundred thousand Special Drawing Rights (SDR 91,100,000) (variously, “Credit” and “Financing”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).

2.05. The Payment Dates are February 1 and August 1 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 in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

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

4.02. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is the Secretary, or the Additional Secretary, or any Joint Secretary, or Deputy Secretary, or Senior Assistant Secretary, or Assistant Secretary, or Joint Chief, or Deputy Chief, or Senior Assistant Chief, or Assistant Chief of the Economic Relations Division of the Recipient’s Ministry of Finance.

5.02. The Recipient’s Address is:

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

Facsimile:

88029180671
5.03. The Association's Address is:

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

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391

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: AROSTOO KHAN
Title: ADDL. SECRETARY
ERD, MINISTRY OF FINANC

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Johannes ZUTT
Title: Country Director
The objective of the Project is to assist the Recipient to facilitate recovery from the damage to livelihoods and infrastructure caused by Cyclone Sidr and to build long-term preparedness through strengthened disaster risk reduction and management.

The Project consists of Components B, C, D4, E and F of the Original Project.
SCHEDULE 2

Project Execution

Section I.

A. Implementation Arrangements

1. The implementation arrangements described in Section 1.A and Section 1.C of Schedule 2 to the Original Financing Agreement are hereby incorporated by reference to this Section 1 and shall apply, *mutatis mutandis*, to the Project.

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

3. Without limiting the generality of paragraph 1 of the Section, the Recipient shall ensure that in carrying out the Project: (i) the mitigation, management and evaluation measures and all other actions set forth in the Environmental Management Framework and in the Social and Resettlement Policy Framework, and in the Environmental Management Plans and Social/Resettlement Management Plans: (a) prepared under the Original Project in accordance with such frameworks, are implemented in accordance with the objectives, policies, procedures, time schedules and other provisions set forth therein; and (ii) no action is taken which would prevent or interfere with such implementation.

B. Contingent Emergency Response

1. In order to ensure the proper implementation of contingent emergency response activities under Component F.2 of the Project (“Contingent Emergency Response Component (CERC)”), the Recipient shall:

(a) prepare and furnish to the Association for its review and approval, a Contingent Emergency Response Implementation Plan (“CERIP”) which shall set forth detailed implementation arrangements for the CERC, including: (i) any special institutional arrangements for coordinating and implementing the CERC; (ii) specific activities which may be included in the CERC, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the CERC; (iv) procurement methods and procedures for the CERC; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social safeguard management frameworks for the CERC, consistent with the Association’s policies on the matter; and (vi) any other arrangements necessary to ensure proper coordination and implementation of the
CERC;

(a) afford the Association Bank a reasonable opportunity to review the proposed CERIP;

(b) promptly adopt the CERIP for the CERC as shall have been accepted by the Association;

(c) ensure that the CERC is carried out in accordance with the CERIP; provided, however, that in the event of any inconsistency between the provisions of the CERIP and this Agreement, the provisions of this Agreement shall prevail; and

(d) not amend, suspend, abrogate, repeal or waive any provision of the CERIP without prior approval by the Association.

2. The Recipient shall undertake no activities under the CERC (and no activities shall be included in the CERC) unless and until the following conditions have been met in respect of said activities:

(a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the CERC in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and

(b) the Recipient has ensured the preparation and disclosure of all safeguards instruments required for said activities, in accordance with the CERIP, the Association has approved all such instruments, and the Recipient has implemented any actions which are required to be taken under said instruments.

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 the indicators acceptable to the Association. Each Project Report shall cover the period of one (1) calendar quarter, 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

The financial management, financial reporting and audit arrangements described in Section II.B of Schedule 2 to the Original Financing Agreement are hereby incorporated by reference in this Section to II.B and shall apply, mutatis mutandis, to the Project.

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.

2. Consultants’ Services

All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in 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. **National Competitive Bidding Procedures.** The following provisions apply for the contracting of goods, works and non-consulting services under National Competitive Bidding, using bidding documents acceptable to the Association:

(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.

E. **Procurement of Emergency Expenditures under the CERC**

Notwithstanding any provision to the contrary in this Section, Emergency
Expenditures required for the CERC shall be procured in accordance with the procurement methods and procedures set forth in the CERIP.

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 Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services, Training, Incremental Operating Costs, Resettlement Compensation required under Part B of the Project</td>
<td>45,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services and consultants’ services, Training, Incremental Operating Costs, Resettlement Compensation required under Parts C and D4 of the Project</td>
<td>26,000,000</td>
<td>100%</td>
</tr>
</tbody>
</table>
(3) Goods, works, non-consulting services and consultants’ services, Training, Incremental Operating Costs, Resettlement Compensation required under Parts E and F of the Project 700,000 100%

(4) Emergency Expenditures under Part F.2 of the Project 13,000,000 100%

(5) Unallocated 5,900,000

TOTAL AMOUNT 91,100,000

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made:

(a) prior to the date of this Agreement; or

(b) for Emergency Expenditures under Category (4), unless and until the Association is satisfied, and has notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said activities:

(i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the CERC in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

(ii) the Recipient has ensured that all safeguards instruments required for said activities have been prepared and disclosed, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in accordance with the provisions of Section I.B. of this Schedule;

(iii) the entities in charge of coordinating and implementing the CERC have adequate staff and resources, in accordance with the
provisions of Section 1.B. of this Schedule, for the purposes of said activities; and

(iv) the Recipient has adopted the CERIP in form, substance and manner acceptable to the Association and the provisions of the CERIP remain - or have been updated in accordance with the provisions of Section 1.B of this Schedule so as to be appropriate for the inclusion and implementation of the CERC.

2. The Closing Date is December 31, 2017.
### 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 February 1 and August 1:</td>
<td></td>
</tr>
<tr>
<td>commencing February 1, 2024 to and including August 1, 2033</td>
<td>1%</td>
</tr>
<tr>
<td>commencing February 1, 2034 to and including August 1, 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.
APPENDIX

Section I. Definitions


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

3. "CERC" means Component F.2 of the Project.


5. "Contingent Emergency Response Implementation Plan" and "CERIP" each means the operations manual referred to in Section I.B of Schedule 2 of this Agreement, to be adopted by the Recipient for the CERC in accordance with the provisions of said Section.

6. "Eligible Crisis or Emergency" means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster to be financed under Part F.2 of the Project.

7. "Emergency Expenditure" means any of the Eligible Expenditures set forth in the CERIP in accordance with the provisions of Section I.B of Schedule 2 to this Agreement and required for the activities included in the CERC.

8. "Environmental Management Plan" or "EMP" means any Environmental Management Plan, acceptable to the Association, and consistent with the ESMF, adopted by the Recipient, and giving details of the specific actions, measures and policies designed to facilitate the achievement of the environmental objectives of the ESMF under a specific site of the Project, along with the procedural and institutional measures needed to implement such actions, measures and policies, as such plan may be amended from time to time with the prior agreement of the Association.

9. "Environmental Management Framework" means the Environmental Management Framework, dated September 1, 2009, setting forth, among other things: (i) key principles for environmental management under the different activities of the Project; (ii) procedures to screen for significant environmental impacts, and to assist in mitigating adverse impacts; (iii) procedures to ensure
that these principles and procedures are properly applied; and (iv) guidelines for capacity building and monitoring, as such framework may be amended from time to time with the prior agreement of the Association.


12. “Incremental Operating Costs” means the reasonable costs of goods and non-consulting services required for the day-to-day coordination, administration and supervision of Project activities, including leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises, fuel, office supplies, utilities, consumables, communication expenses, translation, printing, photocopying and postal expenses, bank charges, advertising expenses, insurance, costs of clearing, forwarding, inspection, survey and transportation of goods, Project-related meeting expenses, Project-related travel, subsistence and lodging expenses, salaries and allowances of Project management staff and staff assigned to the Project as agreed with the Association, and other administrative costs directly related to the Project.


16. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated August 30, 2010, and revised as of November 10, 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 paragraphs.

17. “Resettlement Compensation” means the reasonable costs of implementing the resettlement assistance and compensation measures required in accordance with the terms of a Social/Resettlement Management Plan.
18. "Social and Resettlement Policy Framework" means the Social and Resettlement Policy Framework, dated September 1, 2009, and amended as of October 9, 2013, setting forth, among other things: (i) key principles for social management under the different activities of the Project; (ii) procedures to screen for significant social impacts, and to assist in mitigating adverse impacts; (iii) procedures and criteria for resettlement; (iv) procedures to ensure that these principles and procedures are properly applied; and (v) guidelines for capacity building and monitoring, as such framework may be amended from time to time with the prior agreement of the Association.

19. "Social/Resettlement Management Plan" means each Social/Resettlement Action Plan acceptable to the Association and consistent with the Environmental Management Framework or Social and Resettlement Policy Framework, adopted or to be adopted by the Recipient, and giving details of the specific actions, measures and policies designed to facilitate the achievement of the social and resettlement objectives of the Environmental Management Framework or Social and Resettlement Policy Framework under a specific site of the Project, along with the procedural and institutional measures needed to implement such actions, measures and policies, as such plan may be amended from time to time with the prior agreement of the Association.

20. "Training" means the reasonable costs of goods and services required for the participation of personnel involved in training activities, workshops and study tours under the Project, including travel and subsistence costs for training, workshop and study tour participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, costs of academic degree studies, and other costs directly related to training course, workshop or study tour preparation and implementation, but excluding salaries of consultants.