Ms. Ellen A. Goldstein  
Country Director, Bangladesh  
The World Bank  
International Development Association  
Sher-e-Bangla Nagar  
G.P.O. Box 97  
Dhaka 1207  
Bangladesh

RE: USAID Support to Bangladesh Agricultural Research and Technology Support Project (ARTS)  
USAID Grant # AID-388-IO-12-00005, Bank Trust Fund TF071940

Dear Ms. Goldstein:

Under the authority contained in the Foreign Assistance Act of 1961, as amended, the U.S. Agency for International Development (USAID) hereby grants to the International Bank for Reconstruction and Development and the International Development Association (collectively, the “World Bank” or the “Grantee”) the sum of eight million United States (“US”) dollars (US $8,000,000) (the “Grant”). The Grant represents the USAID contribution to the “USAID Support to Bangladesh Agricultural Research and Technology Support Project” as described in Attachment 1 (“Schedule”) of this Grant, in Attachment 2, (“Program Description”) and Attachment 3 (“Indicative Budget”).

USAID expects this contribution to be the first of several installments towards an estimated total grant of twenty-five million US dollars (US $25,000,000), subject to the availability of funding, over the life of the Grant.

The Grant is effective and obligation is made as of the date of this Agreement and will apply to disbursements made by the Grantee in furtherance of program objectives during the period beginning with the effective date and ending on March 31, 2017. The Grant is made to the Grantee on condition that the funds are administered in accordance with the terms and conditions set forth in this Agreement.
Please sign the original and all enclosed copies of this letter to acknowledge your receipt of the Grant, and return the original and all but one copy to me.

Sincerely,

Leslie-Ann Burnette-Badinga
Agreement Officer, USAID/Bangladesh
USAID Authorized Signatory

Confirmed and Agreed:

By: International Development Association

Date: 09-12-12

Ellen A. Goldstein
Country Director
World Bank
Attachment 1

Schedule

A. Purpose of the Grant

The purpose of the Grant, as more specifically described in Attachment 2, is to support activities under the Bangladesh Agricultural Research and Technology Support Project ("Program"). The Program is a donor assistance effort administered by the Grantee and implemented by the Government of Bangladesh. It will build on the lessons learned and good practices developed in the World Bank-financed Bangladesh National Agricultural Technology Project. The International Development Association (IDA) has made available credit in the amount to US$ 62,600,000 to the Bangladesh National Agricultural Technology Project. The significant purposes of this Grant are the harmonization of USAID assistance to Bangladesh, increasing the effectiveness of that assistance through coordination by the Grantee and more effectively improving the agricultural productivity and farm income in Bangladesh through such coordination.

B. Period of Grant

The effective date of this Grant is as of the date stated in the cover letter. The expiration date of this Grant is March 31, 2017.

C. USAID Grant

This Agreement obligates the amount of US$8,000,000, as the first installment, for estimated expenditures during FY 13 as shown in the Indicative Budget in Attachment 3. The total estimated amount of USAID’s contribution to the Program for the period shown in Paragraph B above is $25,000,000, subject to the availability of funding and the mutual agreement of the parties to proceed. The purpose of this Agreement is met at and with each disbursement by USAID to the Grantee.

D. Disbursements

Payment shall be made to the Grantee by bank transfer into such bank account designated by the Grantee. When making each such transfer, USAID shall instruct its bank to include in its payment details information (remittance advice) field of its SWIFT payment message, information indicating: the amount paid, that the payment is made by USAID for the Trust Fund TF071940 (the USAID Support to Bangladesh Agricultural Research and Technology Support Project), and the date of the deposit (the “Deposit Instruction”). In addition, USAID shall provide a copy of the Donor’s Deposit Instruction to the World Bank’s Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to (202) 614-1315.
E. Reports and Financial Management

a. The Grantee agrees to furnish USAID an annual financial statement of the Bangladesh Agricultural Research and Technology Support Project (ARTS). The annual statements will be provided by March 31 of each year of the period covered by this Agreement.

b. The Grantee confirms that this award will be administered according to the Grantee’s own policies and procedures, including its financial, procurement and evaluation policies and procedures. The expenditure of the Grant will be recorded in the accounts of the Grantee, which follow generally accepted accounting principles and will be subject to audit in accordance with the Grantee’s standard audit procedures.

c. In addition, the Grantee will submit Bangladesh Agricultural Research and Technology Support Project updates to USAID as they become available.

F. Information and Marking

The Grantee will give appropriate publicity to this Agreement as a program to which the United States contributes.

G. Termination and Other Remedies

a. Either party may terminate this Agreement in its entirety by giving the other party 90 days written notice. In addition, USAID may terminate this Agreement in whole or in part, upon giving the Grantee written notice, if the Grantee substantially fails to comply with any provision of this Agreement, after efforts have been made by both parties to resolve the issues.

b. In the event of termination by USAID or in the event of termination by either party in the event of force majeure circumstances, the termination will not apply to funds irrevocably committed in good faith by the Grantee, including those entered into with third parties, before the termination date indicated in the notice of termination, provided that the commitments were made in accordance with this Agreement. Any portion of this Agreement which is not terminated will remain in full force and effect. If, however, the Grantee considers that the reduced funding makes the continuation of the Activity, or any part of the Activity, impracticable, the Grantee may terminate the Agreement in whole or in part.

c. USAID, notwithstanding the availability or exercise of any other remedies under this Agreement, may require the Grantee to refund a proportionate amount of the Grant in the event that the cost of the Activity is below total contributions by donors. If the provided, unspent balances attributed to USAID, as of the estimated completion date, is two percent or less of the amount contributed under this Agreement, then the Grantee may apply these
balances to the continuation and close-out of the program of work beyond this date. The Grantee agrees to report to USAID within one year on how the balances were used for the purposes of this Agreement. In all cases, the Grantee must contact the USAID financial management representative listed below within 90 days of the estimated completion date, in the event of the availability of unspent and uncommitted funds.

H. Other Provisions

Recognizing the obligations of the United States and other member countries under various United Nations Security Council Resolutions to take measures to prevent financing of terrorists, the Grantee undertakes to use reasonable efforts, consistent with the agreement establishing the Grantee and its own policies, including those pertaining to combating financing for terrorists, to ensure that the funds provided under the award are used for their intended purposes and are not diverted to terrorists or their agents.

I. Communication and Addresses

   a. Except as provided for in paragraph C above, any notice, request or other communication to be given or made under this Grant shall be in writing and delivered by mail, facsimile or e-mail to the respective party’s address specified below or at such other address as such party notifies in writing to the other party from time to time:

For the Grantee:

Country Director, Bangladesh
South Asia Region
The World Bank
Plot No. E-32
Sher-E-Bangla Nagor
Dhaka 1207, Bangladesh

Tel: 880-2-8159001-28
Fax: 880-2-8159029-30
For USAID:

Agreement Officer  
Office of Acquisition & Assistance  
USAID/Bangladesh  
Madani Avenue, Dhaka 1212, Bangladesh

Tel: 880-2-885-5500 ext 2514  
Fax: 880-2-882-3648

And

Director  
Office of Economic Growth  
USAID/Bangladesh  
Madani Avenue, Dhaka 1212, Bangladesh

Tel: 880-2-885-5500 ext 2720  
Fax: 880-2-882-3648

b. The Grantee will disclose this Grant and information on the Program and the Trust Fund (except the page regarding USAID Program Contribution Fiscal Data) in accordance with the World Bank’s Policy on Access to Information. USAID consents to disclosure of this Grant and related information on this Trust Fund.
Program Description

Description of Activities and Expenditures under the USAID Support to the Bangladesh Agricultural Research and Technology Support Project

I. DESCRIPTION OF Activities

The purpose of the USAID Grant is to support the implementation of the Government of Bangladesh’s (GOB’s) strategy to improve national agricultural productivity and farm income by revitalizing the national agricultural technology system. The objective of the Agricultural Research and Technology Support Project (ARTS) is to improve agricultural productivity and farm incomes in Bangladesh through research into appropriate technology, increased adoption of low risk-high reward technologies in marginalized areas, and fostering farmers’ links to markets. The Grant is supportive of GOB’s priority to enhance the efficiency and effectiveness of the national agricultural research system.

(i) World Bank-Executed Activities:

(A) Establishing, managing and maintaining the trust fund; managing donor coordination at the program level and complying with the reporting and fiduciary requirements applicable to the trust fund and the Program.

(B) Providing supervision and implementation support to the Agricultural Research and Technology Support Project including, *inter alia*, conducting an annual program review and monitoring of program results.

(ii) Government of Bangladesh-Executed Activities:

(A) Agricultural Research Support, consisting of:

(1) the provision of sub-grants through: (a) a competitive grants program to finance collaborative short- and medium-term applied and adaptive research by public, private, civil society, and academic stakeholders; and (b) a sponsored public goods research to support long-term strategic and cross-cutting research on production and improvement of critical crops, and research programs on disaster management, ICT, livestock, farm machinery, post-harvest technology, farming systems, and other issues in farm management and agricultural production; and

(2) capacity building of the Krishi Gobeshona Foundation.

(B) Technology Adoption for C-ops, Livestock and Fisheries, consisting of support to the establishment of a decentralized, demand-led extension service that is knowledge-
based and accountable to farmers, particularly small and marginal farmers. The activities will be focused in the following geographic areas: Barisal division, Khulna division, and Faridpur, Gopalganj, Madaripur, Rajbari, and Shariatpur districts in Dhaka division.

(C) Supply Chain Development to increase and diversify sources of income for small and marginal farmers by identifying local, national, and international markets for producers and facilitating the services that will help them access those markets on a competitive footing.

(D) Project support and coordination, including capacity building for the project coordination unit through: (1) recruitment of project staff; (2) provision of office equipment; (3) consultants' services; and (4) regional training and workshops.

II. CATEGORIES OF EXPENDITURE

USAID and the World Bank agree that Allowable Costs shall include the following categories of expenditures:

(i) World Bank-Executed Activities: Associated Overheads; Consultant Fees; Individuals and Firms; Contractual Services; Equipment and Office Premises Lease Cost; Extended Term Consultants-No Indirects; Extended Term Consultants; Field Assignment Benefits; Media, Workshop, Conference and Meeting; Staff Costs with Indirect Costs; Temporary Staff Costs with Indirect Costs; and Travel Expenses.

(ii) Government of Bangladesh-Executed Activities: Civil Works; Consultants' Services; Goods; Operating Costs; Training; and Sub-grants.

The USAID Grant may not be used to finance taxes.
**Attachment 3**

**Indicative Budget**

Grant funds will only be used as set forth in the Grant for eligible expenditures as more specifically described in Attachment 2. The following is the Indicative Budget for the Grant.

Agricultural Research and Technology Support Project Grant
(inclusive of costs of Supervision of $356,495)  
$ 24,071,495

Trust Fund Administration and Program Management  
928,505

**TOTAL ESTIMATED COST**  
$25,000,000

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<td>24,071,495</td>
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**Admin & Oversight**

| Setup Fee (2% of Contribution) | 160,000 | 85,000 | 85,000 | 85,000 | 85,000 | 500,000 |
| Program Management (1.71402% Contribution) | 137,121.60 | 72,845.85 | 72,845.85 | 72,845.85 | 72,845.85 | 428,505 |
| **Total Admin & Oversight** | 297,121.60 | 157,845.85 | 157,845.85 | 157,845.85 | 157,845.85 | 928,505 |
| **Total Estimated Cost** | 8,000,000 | 4,250,000 | 4,250,000 | 4,250,000 | 4,250,000 | 25,000,000 |