

Public Disclosure Authorized

OFFICIAL DOCUMENTS

CREDIT NUMBER 6209 - BD

Project Agreement

(Sustainable Enterprise Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PALLI KARMA-SAHAYAK FOUNDATION

DATE MAY 16, 2018

PROJECT AGREEMENT

AGREEMENT between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and PALLI KARMA-SAHAYAK FOUNDATION (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of the Signature Date between the PEOPLE’S REPUBLIC OF BANGLADESH (“Recipient) and the Association. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Financing Agreement) apply to and form 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 Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

ARTICLE III — REPRESENTATIVE; ADDRESSES

- 3.01. The Project Implementing Entity’s Representative is its Managing Director or any officer appointed by said Managing Director.
- 3.02. For purposes of Section 11.01 of the General Conditions: (a) the Association’s address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America; and

(b) the Association’s Electronic Address is:

Telex:	Facsimile:	E-mail:
248423(MCI) or	1-202-477-6391	qfan@worldbank.org

3.03. For purposes of Section 11.01 of the General Conditions: (a) the Project Implementing Entity's address is:

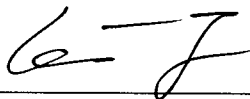
E-4/B Agargaon
Shere-e-Bangla Nagar
Dhaka 1207, Bangladesh; and

(b) the Project Implementing Entity's Electronic Address is:

Telex:	E-mail:
88-02-9126244	fazulkader@gmail.com

AGREED, as of the latest of the two dates written below.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By 

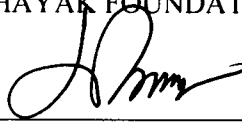
Authorized Representative

Name: QIMIAO FAN

Title: COUNTRY DIRECTOR

Date: MAY 16, 2018

PALLI KARMA-SAHAYAK FOUNDATION

By 

Authorized Representative

Name: MD. ABDUL KARIM

Title: MANAGING DIRECTOR

Date: MAY 16, 2018

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Project Implementing Entity shall by no later than one (1) month after the Effective Date establish and thereafter maintain, throughout the period of implementation of the Project, a management unit with functions and resources satisfactory to the Association, and with staff in adequate numbers and with qualifications, experience and terms of reference satisfactory to the Association. Without limitation on the foregoing, the afore-mentioned management unit shall be headed by a full-time Project coordinator and responsible for carrying out the management, financial management, performance evaluations, safeguards, monitoring and reporting activities under the Project.
2. Without limitation on the provisions of Section I.A.1 above, the Project Implementing Entity shall by no later than one (1) month after the Effective Date hire and thereafter maintain, throughout the period of implementation of the Project, two (2) full-time financial management specialists and one (1) full-time procurement specialist, with qualifications, experience and terms of reference satisfactory to the Association.
3. The Project Implementing Entity shall: (a) by no later than January 31st of each year during the period of implementation of the Project, furnish to the Association for its review and comments a proposed annual work plan and budget for the following fiscal year, giving details of the proposed work Project activities, cost estimates and budget proposals for the Project for the forthcoming fiscal year; and (b) proceed thereafter to implement such annual work plan and budget, taking into account such comments as may have been made thereon by the Association.

B. Operational Manual

The Project Implementing Entity shall use, throughout the period of implementation of the Project, an operational manual in form and substance satisfactory to the Association ("OM"). The Project Implementing Entity shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in the OM, provided, however, that in the case of any conflict between the arrangements and procedures set out in the OM and the provisions of the Financing Agreement or this Agreement, the provisions of the Financing Agreement and this Agreement shall prevail, in this order of priority. Except as the Association shall otherwise agree in writing, the Project Implementing Entity shall not amend, abrogate or waive any provision of the OM.

C. Grants and Common Service Loans to Partner Organizations

For purposes of the carrying out Part 1 of the Project, the Project Implementing Entity shall:

- (a) appraise and select POs in accordance with the terms and conditions set forth in the OM;
- (b) provide to the POs a portion of the proceeds of the Financing through Grants and or Common Service Loans, under Sub-project Grant Agreements and/or Common Service Loan Agreements, as the case maybe, on the terms and conditions set forth in the OM; which shall include:
 - (i) the POs' obligations to: (A) carry out Subprojects with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association; (B) provide in cash or in kind contributions in a timely manner to cover the cost of the Sub-projects; (C) procure the goods, works and services to be financed out of the Grants and/or Common Service Loans in accordance with the provisions of the Financing Agreement and this Agreement; (D) maintain policies and procedures to enable to monitor the progress of the Sub-projects and the achievement of their objectives; (E) abide by, and comply with, the terms and conditions of the OM, EMF, SMF, TPF or any Safeguard Assessments and Plans, as applicable; (F) accept physical or documentary inspection by the Project Implementing Entity and/or the Association, in relation to the carrying out of the Subprojects; and (G) complete the Sub-projects by the Closing Date; and
 - (ii) the Project Implementing Entity's right to suspend or terminate the right of the POs to use the proceeds of the Grants and/or Common Service Loans or obtain a refund of all or any part of the amount of the Grants and/or Common Service Loans then withdraw, upon the POs' failure to perform their obligations under the Sub-project Grant Agreements and/or Common Service Loan Agreements; and
- (c) exercise its rights under the Sub-project Grant Agreements and Common Service Loan Agreements in such manner as to protect the interests of the Association, comply with its obligations under its respective Sub-project Grant Agreements and/or Common Service Loan Agreements and achieve the purposes of the Project; and

- (d) except as the Association shall otherwise agree, not materially assign, amend, abrogate or waive any Sub-project Grant Agreement and/or Common Service Loan Agreement, or any provisions thereof.

D. Sub-loans to Targeted Microenterprises

1. For purposes of the carrying out Part 2 of the Project, the Project Implementing Entity shall:
 - (a) appraise and select POs in accordance with the terms and conditions set forth in the OM;
 - (b) on-lend to the POs a portion of the proceeds of the Financing under Participation Loan Agreements on the terms and conditions set forth in the OM, including the terms and conditions set forth in the Annex to this Schedule;
 - (c) exercise its rights under the Participation Loan Agreement in such manner as to protect its interests and the interests of the Association, comply with its obligations under its respective Participation Loan Agreement and achieve the purposes of the Project; and
 - (d) except as the Association shall otherwise agree, not materially assign, amend, abrogate or waive any Participation Loan Agreements, or any provisions thereof.

E. Safeguards

1. The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the EMF, SMF, TPF and the relevant Safeguard Assessments and Plans.
2. Whenever an additional or revised Safeguard Assessment and Plan shall be required for any proposed Sub-project in accordance with the provisions of the EMF, SMF and TPF, the Project Implementing Entity shall cause each PO through its Participation Loan Agreement to:
 - (a) prior to the commencement of such Sub-project, have or cause to have such Safeguard Assessment and Plan: (i) prepared in accordance with the provisions of the EMF, SMF and TPF; (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 with the requirements of such Safeguard Assessment and Plan.
- 3. The Project Implementing Entity shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the EMF, SMF, TPF or any Safeguard Assessments and Plans, unless the Association has provided its prior approval thereof in writing, and that the Project Implementing Entity has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.
- 4. In the event of any conflict between the provisions of any of the EMF, SMF, TPF or the Safeguard Assessments and Plans, and the provisions of this Agreement and/or the Financing Agreement, the provisions of this Agreement and/or the Financing Agreement shall prevail.
- 5. Without limitation on its other reporting obligations under this Agreement, the Project Implementing Entity shall collect, compile and submit to the Association on a bi-annual basis (or such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the EMF, SMF and TPF with respect to all Sub-projects, giving details of: (a) measures taken in furtherance of the said instrument; (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.
- 6. Prior to the provisions of any Grants, Common Service Loans and/or Sub-loans, the Project Implementing Entity shall:
 - (a) set up the Grievance Redress Mechanism for purposes of handling and tracking any complaints under the Project, guiding resolution of such complaints, and tracking and publicizing resolution of such complaints, as per the requirements of the SMF; and
 - (b) publicize the Grievance Redress Mechanisms on its Project website.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports.

The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08(b) of the General Conditions and based on indicators acceptable to the Association. Each such Project Report shall cover the period of each calendar quarter, and shall be furnished to the Recipient and the Bank not later than sixty (60) days after the end of the period covered by such report.

Annex to the Schedule

Principal Terms and Conditions of the Participation Loan Agreements

Each respective Participation Loan Agreement shall contain provisions acceptable to the Association pursuant to which each respective PO shall undertake the obligation to:

- (a) (i) appraise and select Targeted Microenterprises in accordance with the terms and conditions set forth in the POM; including preparing any EMPs, SMPs and TPP related to the Sub-projects;
- (ii) make a Sub-loan for an eligible Sub-project on terms and conditions set forth in a Sub-loan Agreement whereby the PO shall obtain the right to:
 - (A) require the Targeted Microenterprise to carry out the activities financed out of the proceeds of a Sub-loan with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial and environmental standards, including those set forth in the OM, EMP, SMP, TPP and Anti-Corruption Guidelines;
 - (B) require: (i) that the goods to be financed out of the proceeds of the Sub-loan shall be procured in accordance with the provisions of the Financing Agreement; (ii) that such goods shall be used exclusively in the carrying out of the activities financed out of the proceeds of the relevant Sub-Loan; and (iii) that the activities financed out of the proceeds of the relevant Sub-loan shall be completed before the Closing Date;
 - (C) require the Targeted Microenterprise to maintain financial records in a manner adequate to reflect the use of the Financing;
 - (D) inspect, by itself or jointly with representatives of the Recipient, the Project Implementing Entity or the Association, if the Association shall so request, such goods and the sites, works, plants and construction included in the activities to be financed out of the proceeds of a Sub-loan, the operation thereof, and any relevant records and documents;
 - (E) obtain all such information as the Association, the Recipient or the Project Implementing Entity shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Targeted Microenterprise and to the benefits to be

derived from the activities financed out of the proceeds of a Sub-loan; and

- (F) suspend or terminate the right of the Targeted Microenterprise to the use of the proceeds of the Sub-loan, or declare to be immediately due and payable all or any part of the amount of the Sub-loan then withdraw, upon failure by such Targeted Microenterprise to perform its obligations under the Sub-loan Agreement.
 - (iii) inform the Targeted Microenterprises about the Grievance Redress Mechanisms under the Project;
 - (iv) ensure that: (A) no land or land associated asset acquisition or resettlement shall be necessary for any Sub-project; and (B) no Sub-loan will be utilized for any land, or other land associated asset acquisition, nor will any Sub-loan proceeds be utilized for resettlement;
 - (v) exercise its rights in relation to each such Sub-loan in such manner as to protect interests of the Association, the Recipient and the Project Implementing Entity, comply with its obligations under its respective Participation Loan Agreement, and achieve the purposes of the Project;
 - (vi) not assign, amend, abrogate or waive any of its agreements providing for Sub-loans, or any provision thereof, without the prior consent of the Association and the Project Implementing Entity; and
 - (vii) supervise, monitor and report on the activities to be carried out by each Targeted Microenterprise in accordance with the provisions of the OM, EMPs, SMPs and TPPs.
- (b)
- (i) exchange views with and furnish all such information to the Association or the Project Implementing Entity, as may be reasonably requested by the Association and the Project Implementing Entity, regarding the progress of its activities under the Project, the performance of its obligations under its respective Participation Loan Agreement, and other matters relating to the purposes of the Project;
 - (ii) prepare and submit to the Project Implementing Entity semi-annual reports on Sub-loan disbursements and repayments until the termination of the Participation Loan Agreement; and
 - (iii) promptly inform the Association and the Project Implementing Entity of any condition which interferes or threatens to interfere with the progress of its activities under its respective Participation Loan Agreement.