
CREDIT NUMBER 7065-BD

Financing Agreement

(First Recovery and Resilience Development Policy Financing)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 7065-BD

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between PEOPLE'S REPUBLIC OF BANGLADESH ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Recipient has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (ii) the Recipient's maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to one hundred seventy-nine million three hundred thousand Special Drawing Rights (SDR179,300,000) (variously, "Credit" and "Financing).
- 2.02. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.03. The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.
- 2.04. The Interest Charge is one and a quarter percent (1.25%) per annum on the Withdrawn Credit Balance.
- 2.05. The Payment Dates are January 15 and July 15 in each year.

- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.
- 2.07. The Payment Currency is Dollar.
- 2.08. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
- (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;
 - (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
 - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following: namely that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
- 4.02. The Additional Event of Acceleration consists of the following: namely, that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of thirty (30) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following: namely, that the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.03. For purposes of Section 10.05(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 Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. 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.

- 6.02. For purposes of Section 11.01 of the General Conditions:

- (a) the Recipient's address is:

Economic Relations Division
Ministry of Finance
Government of the People's Republic of Bangladesh
Sher-E-Bangla Nagar 1207
Dhaka, Bangladesh; and

- (b) the Recipient's Electronic Address is:

Facsimile:	E-mail:
+880-2-918-0788	secretary@erd.gov.bd

- 6.03. For purposes of Section 11.01 of the General Conditions:

- (a) The Association's address is:

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

(b) the Association's Electronic Address is:

Telex:

Facsimile:


248423 (MCI)

1-202-477-6391

AGREED as of the Signature Date.

PEOPLE'S REPUBLIC OF BANGLADESH

By



Authorized Representative

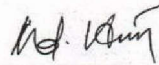
Name: Fatima Yasmin
Secretary
Economic Relations Division
Ministry of Finance
Govt. of the People's Republic of Bangladesh

Title: _____

Date: 18 April 2022

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Mohammad Anis

Title: Acting Country Director

Date: 12-Apr-2022

SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

The actions taken by the Recipient under the Program include the following:

1. The Ministry of Commerce has approved the Framework for the Formulation of the National Tariff Policy, including institutional responsibilities and implementation arrangements.
2. The National Board of Revenue has published a Statutory Regulatory Order to allow non-resident VAT registration, and the Bangladesh Bank has issued a circular to domestic banks on reporting non-resident VAT withholdings.
3. The Central Procurement Technical Unit has established the Direct Procurement module in the national e-Government Procurement System.
4. The Ministry of Finance has reduced the interest rates on National Savings Certificates, the General Provident Fund and the Contributory Provident Fund.
5. The Bangladesh Bank has issued a circular requiring all Scheduled Banks to prepare recovery plans by June 30, 2022, and to update them on a regular basis.
6. The Ministry of Finance has submitted the draft bill, Payment and Settlement Systems Act, 2021, to the Parliament to be introduced in its forthcoming session for approval.
7. The Ministry of Social Welfare has approved a policy enabling rapid expansion of its cash transfer programs as a shock-responsive measure.
8. The Ministry of Finance has approved a policy mandating use of the government-to-person (G2P) payment platform by cash-based programs, with uniform fees for all mobile financial services providers.
9. The Ministry of Power, Energy and Mineral Resources has canceled an estimated 8,451MW of planned investment in coal-fired power generation projects, consistent with Bangladesh's Nationally Determined Contributions (NDC) 2021.
10. The Ministry of Housing and Public Works has adopted the National Building Code (BNBC) 2020 to improve energy efficiency and strengthen resilience to extreme climate events, and published it in the Official Gazette.

Section II. Availability of Financing Proceeds

- A. General.** The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.
- B. Allocation of Financing Amounts.** The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

Allocations	Amount of the Financing Allocated (expressed in SDR)
(1) Single Withdrawal Tranche	179,300,000
TOTAL AMOUNT	179,300,000

- C. Withdrawal Tranche Release Conditions.** No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient's macroeconomic policy framework.
- D. Deposit of Financing Amounts.**
1. Notwithstanding the provisions of Section 2.03 of the General Conditions:
 - (a) the Recipient shall open, prior to furnishing to the Association the first request for withdrawal from the Financing Account, and thereafter maintain a dedicated account in Dollars ("Foreign Currency Dedicated Account") on terms and conditions satisfactory to the Association.
 - (b) all withdrawals from the Financing Account shall be deposited by the Association into the Foreign Currency Dedicated Account.
 - (c) Upon each deposit of an amount of the Financing into the Foreign Currency Dedicated Account, the Recipient may make direct withdrawals from this Foreign Currency Dedicated Account to finance budgeted expenditures in foreign currency or transfer the resources in local currency to the consolidated fund to finance budgeted expenditures in local currency.
 2. The Recipient, within thirty (30) days after the withdrawal of the Financing from the Financing Account, shall report to the Association: (a) the exact sum received into the Foreign Currency Dedicated Account, including the date of receipt, account name and number; (b) the details of the account to which the Bangladeshi Taka equivalent of the Financing proceeds is credited, the exchange rate applied

and the date thereof; (c) the record that an equivalent amount has been accounted for in the Recipient's budget and accounting management systems; and (d) the statement of receipts and disbursement of the Foreign Currency Dedicated Account.

E. Audit. Upon the Association's request, the Recipient shall:

- (a) have the Foreign Currency Dedicated Account audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;
- (b) furnish to the Association as soon as available, but in any case, not later than six (6) months after the date of the Association's request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association; and
- (c) furnish to the Association such other information concerning the Foreign Currency Dedicated Account and their audit as the Association shall reasonably request.

F. Closing Date. The Closing Date is May 31, 2023.

SCHEDULE 2

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each January 15 and July 15:	
commencing July 15, 2027, to and including January 15, 2047	1.65%
commencing July 15, 2047, to and including January 15, 2052	3.40%

* 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 3.05(b) of the General Conditions.

APPENDIX

Definitions

1. "Bangladesh Bank" means the Recipient's central bank.
2. "Central Procurement Technical Unit" means the Central Procurement Technical Unit established within the Implementation Monitoring and Evaluation Division of the Ministry of Planning.
3. "Contributory Provident Fund" means the contributory provident fund of civil servants of the Government of Bangladesh administered by the Finance Division of the Ministry of Finance.
4. "Direct Procurement" means procurement of goods and related services, works, and physical services from one source without tendering or other procurement methods, under the conditions specified in the Public Procurement Rules.
5. "e-Government Procurement System" means the national e-Government Procurement (e-GP) portal operated by the Central Procurement Technical Unit.
6. "Foreign Currency Dedicated Account" means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
7. "Framework for the Formulation of the National Tariff Policy" means the Framework for the Formulation of the National Tariff Policy, dated January 2022, setting out the objectives, targets, instruments, institutional responsibilities, and analytical underpinnings that will guide policy formulation.
8. "General Conditions" means the "International Development Association General Conditions for IDA Financing, Development Policy Financing", dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022).
9. "General Provident Fund" means the general provident fund of civil servants of the Government of Bangladesh administered by the Finance Division of the Ministry of Finance.
10. "Ministry of Commerce" means the Recipient's Ministry of Commerce.
11. "Ministry of Finance" means the Recipient's Ministry of Finance.
12. "Ministry of Housing and Public Works" means the Recipient's Ministry of Housing and Public Works.

13. "Ministry of Planning" means the Recipient's Ministry of Planning.
14. "Ministry of Power, Energy and Mineral Resources" means the Recipient's Ministry of Power, Energy and Mineral Resources.
15. "Ministry of Social Welfare" means the Recipient's Ministry of Social Welfare.
16. "National Board of Revenue" means the Recipient's national board of revenue, established through President's Order No. 76 of 1972, vested with the responsibilities of tax administration and formulation of tax policies.
17. "National Building Code (BNBC) 2020" means the Bangladesh National Building Code (BNBC) 2020 (S.R.O. No.55-Law/2020), published in February 2021, establishing minimum standards for building design, construction and maintenance.
18. "National Savings Certificates" means national savings certificates issued by the Internal Resources Division of the Ministry of Finance.
19. "Nationally Determined Contributions (NDC) 2021" means the Recipient's Nationally Determined Contributions 2021, which outlines and communicates their climate action plans to reduce national emissions and adapt to the impacts of climate change.
20. "Official Gazette" means a Gazette of the Recipient.
21. "Parliament" means National Parliament (known also as the House of the Nation) of the Recipient.
22. "Payment and Settlement Systems Act, 2021" means the draft bill, titled "Payment and Settlement Systems Act, 2021", of the Recipient, sponsored by the Recipient's Ministry of Finance that aims to provide a legal framework for the national payment system in Bangladesh.
23. "Program" means the program of objectives, policies, and actions set forth or referred to in the letter dated March 2, 2022, from the Recipient to the Association declaring the Recipient's commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program's objectives.
24. "Public Procurement Rules" means the Public Procurement Rules, 2008 of the Recipient, issued in exercise of powers conferred under Section 70 of the Public Procurement Act, 2006.

25. "Scheduled Banks" means banks that operate under full control and supervision of the Bangladesh Bank which is empowered to do so through Bangladesh Bank Order, 1972 and Bank Company Act, 1991.
26. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.
27. "Single Withdrawal Tranche" means the amount of the Financing allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
28. "Statutory Regulatory Order" means the Statutory Regulatory Order (S.R.O. No. 308-Law/2020/126/Mushak (VAT)), dated November 15, 2020, regarding VAT and supplemental duty.
29. "VAT" means value added tax.