
CREDIT NUMBER 7301-BD (CREDIT A)
CREDIT NUMBER 7302-BD (CREDIT B)

Financing Agreement

(First Bangladesh Green and Climate Resilient Development Policy Financing)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 7301-BD (CREDIT A)
CREDIT NUMBER 7302-BD (CREDIT B)

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 the following credits, which are deemed as Concessional Financing for purposes of the General Conditions, in the following amounts:
 - (a) a credit equivalent to one hundred twenty-three million four hundred thirty-two thousand two hundred Special Drawing Rights (SDR 123,432,200) (variously, "Credit A" and "Financing"); and
 - (b) a credit equivalent to two hundred fifty-two million eight hundred fifty thousand Special Drawing Rights (SDR 252,850,000) (variously, "Credit B" 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 The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance of the Credit A.
- 2.04. The Interest Charge is one and a quarter percent (1.25%) per annum on the Withdrawn Credit Balance of the Credit A.
- 2.05. The Payment Dates are April 1 and October 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 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: Sharif Khan

Title: Secretary

Date: 28 April 2023

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Abdoulaye Seck

Title: COUNTRY DIRECTOR

Date: 04/28/2023

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. To strengthen public investment management with green and climate resilient development (GCRD) criteria, the Recipient, through the Planning Division of the Ministry of Planning, has issued an addendum to integrate GCRD goals to the Guidelines for the Preparation, Processing, Approval and Revision of Projects in the Public Sector, as evidenced by the Supplementary Guideline issued by the Government Circular dated February 13, 2023.
2. To incentivize locally led actions for GCRD, the Recipient, through the Local Government Division of the Ministry of Local Government, Rural Development and Co-operatives (MoLGRDC), has introduced a Block Grant System to ensure resources for GCRD priority activities to Urban Local Government Institutions (ULGIs), as evidenced by Government Circulars dated February 9, 2023.
3. To strengthen environmental management for cleaner and more resilient investments, the Recipient, through the Ministry of Environment, Forest and Climate Change (MoEFCC), has reformed the environment clearance process to ensure timely, adequate assessment and mitigation of environmental and social impacts of industrial units and projects, as evidenced by the amendment to the Environmental Conservation Rules, published in the Official Gazette dated March 5, 2023.
4. To improve air quality management and contribute to reduce short-lived climate pollutants, the Recipient, through MoEFCC, has adopted: (i) air pollutants standards; (ii) established the National Committee on Air Pollution Control (NCAPC) as the main decision-making body for air quality management; and (iii) set forth mandates and key management tools for controlling outdoor and indoor air pollution across sectors, as evidenced by the Air Pollution Control Rules (APCR) published in the Official Gazette dated July 26, 2022.
5. To systematically assess energy saving potential and improve the energy efficiency of the largest consumers, the Recipient, through the Power Division of the Ministry of Power, Energy and Mineral Resources (MoPEMR), has adopted an amendment to the Energy Efficiency and Conservation Rules, with provisions, inter alia, on annual energy consumption reports; periodic energy

audits; and capacity development, as evidenced by the Official Gazette dated February 1, 2023.

6. To reduce supply costs and enhance the financial sustainability of the power sector, the Recipient, through the Power Division of the MoPEMR, has issued a circular prohibiting minimum capacity charge in the contract renewal of any existing rental power plant, as evidenced by BPDB Circular dated January 8, 2023.
7. To increase access to quality, efficient and climate resilient Water Supply and Sanitation (WSS) services, the Recipient, through the Local Government Division of the MOLGRDC, has established WSS services principles for ULGIs, setting service quality and efficiency standards, cost-efficient tariffs principles, and provision for private sector participation in the sector, as evidenced by WSS Guidelines issued by the Government Circular dated March 13, 2023.

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 Credit A Allocated (expressed in SDR)	Amount of the Credit B Allocated (expressed in SDR)
(1) Single Withdrawal Tranche	123,432,200	252,850,000
TOTAL AMOUNT	123,432,200	252,850,000

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.
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; (b) the details of the account to which the Bangladeshi Taka equivalent of the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient’s budget 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:

1. 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;
2. 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
3. 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 June 30, 2024.

SCHEDULE 2

Repayment Schedule

I. REPAYMENT OF CREDIT A

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 1 and October 1: commencing October 1, 2028, to and including April 1, 2048	1.65%
commencing October 1, 2048, to and including April 1, 2053	3.40%

* The percentages represent the percentage of the principal amount of the Credit A to be repaid, except as the Association may otherwise specify pursuant to Section 3.05(b)

II. REPAYMENT OF CREDIT B

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 1 and October 1: commencing October 1, 2029, to and including October 1, 2034	8.33334%
on April 1, 2035	8.33326%

* The percentages represent the percentage of the principal amount of the Credit B to be repaid, except as the Association may otherwise specify pursuant to Section 3.05(b)

APPENDIX

Section I. Definitions

1. “Air Pollution Control Rules” or “APCR” means the Air Pollution (Control) Rules, 2022, as published in the Official Gazette dated July 26, 2022.
2. “BPDB” means the Bangladesh Power Development Board of the Power Division of the MoPEMR, or any successor thereto.
3. “BPDB Circular” means the Circular issued by BPDB, dated January 8, 2023, prohibiting minimum capacity charge in the contract renewal of any existing rental power plant.
4. “Block Grant System” means the block grant system, as established in the Amendment to the Guidelines on Allocation and Utilization of Development Assistance under the Annual Development Program to the City Corporations, and the Guidelines for Allocation and Utilization of Development Assistance provided under the Annual Development Program for Pourashavas.
5. “City Corporations” means the City Corporations of the Recipient, as set out in Local Government (City Corporation) Act, 2009 (Act no. 60 of 2009).
6. “Credit A” means the concessional credit in the amount referenced in Section 2.01(a) of this Agreement and the Credit for purposes of paragraph 24 of the General Conditions.
7. “Credit B” means the concessional credit in the amount referenced in Section 2.01(b) of this Agreement and the Credit for purposes of paragraph 24 the General Conditions.
8. “Environmental Conservation Rules” means the Environmental Conservation Rules, 2023 as published in the Gazette dated March 5, 2023.
9. “Energy Efficiency and Conservation Rules” means the Energy and Efficiency and Conservation Rules, 2016, as amended, and published in the Gazette dated February 1, 2023.
10. “Foreign Currency Dedicated Account” means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
11. “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).

12. “Government Circular” means a government circular issued by the Recipient; and “Government Circulars” means the plural thereof.
13. “GHG” means greenhouse gas.
14. “Guidelines on Allocation and Utilization of Development Assistance under the Annual Development Program to the City Corporations” means the Guidelines on Allocation and Utilization of Development Assistance under the Annual Development Program to the City Corporations, 2022, dated June 27, 2022, as amended on February 9, 2023.
15. “Guidelines for Allocation and Utilization of Development Assistance under the Annual Development Program for Pourashavas” means the Guidelines for Allocation and Utilization of Development Assistance under the Annual Development Program for Pourashavas, 2023, dated February 9, 2023.
16. “Guidelines for the Preparation, Processing, Approval and Revision of Projects in the Public Sector” means the guidelines for the preparation, approval and revisions of projects in the public sector of the Recipient, dated June 12, 2022.
17. “Green and Climate Resilient Development” or “GCRD” means green and climate resilient.
18. “Local Government Division” means the Local Government Division of MoLGRDC.
19. “Ministry of Environment, Forest and Climate Change” or “MoEFCC” means the Ministry of Environment, Forest and Climate Change of the Recipient, or any successor thereto.
20. “Ministry of Local Government, Rural Development and Co-operatives” or “MoLGRDC” means the “Ministry of Local Government, Rural Development and Co-operatives” of the Recipient, or any successor thereto.
21. “Municipality Sanitation Management Guidelines” means the Municipality Sanitation Management Guidelines, 2023 of the Recipient.
22. “Municipality Water Supply Guidelines” means the Municipality Water Supply Guidelines, 2023.
23. “Ministry of Planning” means the Ministry of Planning of the Recipient, or any successor thereto.
24. “National Committee on Air Pollution Control” or “NCAPC” means the National Committee on Air Pollution Control, as established under the Air Pollution Control Rules.

25. “Official Gazette” means the Gazette of the Recipient.
26. “Power Division” means the Power Division of the MoPEMR.
27. “Pourashavas” means the Pourashavas, as set out in the the Local Government (Paurashava) Act, 2009 (Act no. 58 of 2009).
28. “Planning Division” means the Planning Division of the Ministry of Planning of the Recipient, or any successor thereto.
29. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated March 22, 2023, 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.
30. “Urban Local Government Institutions” or “ULGIs” means the City Corporations and Pourashavas of the Recipient, or any successors thereto.
31. “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.
32. “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.
33. “Supplementary Guideline” means the supplementary guideline to the Guidelines for the Preparation, Processing, Approval and Revision of Projects in the Public Sector, issued by Government Circular, dated February 13, 2023.
34. “WSS” means water supply and sanitation.
35. “WSS Guidelines” means the Municipality Sanitation Management Guidelines, 2023 and the Municipality Water Supply Guidelines, 2023, issued by Government Circular, dated March 13, 2023.