
CO-FINANCING AGREEMENT

**for the BANGLADESH ENVIRONMENTAL SUSTAINABILITY AND TRANSFORMATION
PROJECT**

between

AGENCE FRANÇAISE DE DÉVELOPPEMENT

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 26-May-2023

AGREEMENT dated 26-May-2023 between the Agence Française de Développement (“AFD”) and the International Bank for Reconstruction and Development (“IBRD”) and the International Development Association (“IDA”) (collectively, the “World Bank”) (“Co-financing Agreement”).

WHEREAS:

(A) The People’s Republic of Bangladesh (“Recipient”) has requested the World Bank and AFD to assist in financing the operation described in Section 1.02 of this Co-financing Agreement (“Operation” or “Project”);

(B) the World Bank has agreed to make a loan to the Recipient in an amount equal to one hundred ninety-five million four hundred thousand Special Drawing Rights (SDR 195,400,000) (“World Bank’s Financing”) to assist in financing the Operation, on the terms and conditions set forth in the Financing Agreement dated April 28, 2023, between the Recipient and the World Bank (“World Bank’s Financing Agreement”);

(C) AFD has agreed make a loan to the Recipient in an amount equal to EUR 40,000,000 (“AFD’s Financing”) to assist in financing the Operation, on the terms and conditions set forth in the Financing Agreement to be signed between the Recipient and AFD (“AFD’s Financing Agreement”); and

(D) The World Bank and AFD had entered into a co-financing framework agreement (“Framework Agreement”) dated June 13, 2018, setting forth the basis on which they will co-finance the Operation.

NOW THEREFORE, AFD and the World Bank hereby agree as follows:

Article 1
Definitions; Co-financing

Section 1.01. **Definitions.** As used in this Co-financing Agreement, the capitalized terms have the meanings ascribed to them in the Framework Agreement. In addition, the following capitalized terms have the meanings set forth below:

- (a) “BB” or “Bangladesh Bank” means the central bank of Bangladesh, established under the President’s order No. 127 of 1972.
- (b) “BB PIU” means the Project implementation unit to be established and maintained within BB pursuant to Section I.A.2(b) of Schedule 2 to World Bank’s Financing Agreement.
- (c) “BHTPA” means the Bangladesh Hi Tech Park Authority, an agency established by the Bangladesh Hi-Tech Park Authority Act 2010 (Act No. VII of 2010) with the objective of creating an investment-friendly environment and creating employment through the development and growth of high-tech industries in the Bangladesh or any successor thereto satisfactory to the World Bank.
- (d) “BHTPA PIU” means the Project implementation unit to be established and maintained within BHTPA pursuant to Section I.A.2(b) of Schedule 2 to World Bank’s Financing Agreement.

- (e) “BRTA” means Bangladesh Road Transport Authority, established under section 2A of the Motor Vehicle Ordinance of 1983, as amended, December 12, 1987, or any successor thereto satisfactory to the World Bank.
- (f) “BRTA PIU” means the Project implementation unit to be established and maintained within BRTA pursuant to Section I.A.2(b) of Schedule 2 to World Bank's Financing Agreement.
- (g) “CGF” or “Credit Guarantee Fund” means the fund to be established under BB to provide credit guarantees to PFIs for selected credits to investments in Targeted Sectors under Part 2.1 of the Project.
- (h) “CGF Manual” means the manual for the Credit Guarantee Fund referred to in Section I.F.1(d) of Schedule 2 to World Bank's Financing Agreement.
- (i) “DOE” means the Department of Environment, responsible for environmental issues, within the MOEFCC or any successor thereto.
- (j) “DOE PIU” means the Project implementation unit to be established and maintained within DOE pursuant to Section I.A.2(b) of Schedule 2 to World Bank's Financing Agreement.
- (k) “EF Grant” means a grant provided by the EF to a beneficiary, selected according to the criteria and procedures set out in the EF Manual to carry out a Sub-Project under Part 1.3 of the Project.
- (l) “EF Manual” means the manual for the Environmental Fund referred to in Section I.E.1(c)(ii) of Schedule 2 to World Bank's Financing Agreement.
- (m) “Environmental Fund” or “EF” means an endowment fund to be established under DOE to provide grants to beneficiaries to carry out Sub-Projects selected according to the criteria and procedures set out in the EF Manual and World Bank's Financing Agreement under Part 1.2 (iii) of the Project.
- (n) “Environmental Monitoring Vehicles” means vehicles and vessels to be used by DOE for environmental monitoring under Part 1.4 of the Project.
- (o) “MOEFCC” or “Ministry of Environment, Forest and Climate Change” means the Recipient’s ministry responsible for environment, forest and climate change or any successor thereto.
- (p) “PBC” means performance-based conditions as referred to in schedule 4 to the World Bank’s Financing Agreement.
- (q) “PFI” means a financial institution selected in accordance with the criteria and procedures set out in the CGF Manual to receive a credit guarantee under the CGF.
- (r) “PSC” means the Project steering committee to be established under Section I.A.1 of Schedule 2 to World Bank's Financing Agreement.

- (s) “Sub-Project” means a project involving (i) piloting and scaling up of green technologies; (ii) waste management infrastructure investments; or (iii) feasibility studies and technical for industrial effluent treatment investments, selected according to the criteria and procedures set out in World Bank's Financing Agreement and the EF Manual to be financed by an EF Grant.
- (t) “Targeted Sectors” means brick production, municipal waste recycling and composting, clean cookstove and rooftop solar systems sectors.
- (u) “Underlying Expenditures” means the Recipient’s staff costs and related operating costs for staff hired and deployed for strengthening the capacity of DOE in environmental management, as approved by IDA and as further specified in the POM, necessary to achieve the respective PBC and paid through the banking system (except for petty cash expenses following the Recipient’s existing policy) (but excluding workshop allowances, sitting allowances, cash per diems, honoraria, and fuel), and included in the Recipient's budget lines, consisting of the following items and corresponding codes: (a) staff costs: 3111101, 3111201, 3111302, 3111310, 3111311, 3111314, 3111325, 3111335, 3111338, and (b) operating costs: 3211107, 3244101, 3244102, as such budget codes for the same expenditures may be revised from time to time with the prior written concurrence of the IDA.

Section 1.02. **Description of Co-financed Operation.** AFD and the World Bank intend to co-finance the Operation described in Schedule 1 to the World Bank Financing Agreement (and therein referred to as the “Project”), as set out below:

The Project consists of four Parts of which Part 2 will be co-financed under this Agreement and Parts 1, 3 and 4 financed under the World Bank's Financing Agreement.

Part 1: Environmental Governance and Infrastructure

1.1. Regulatory development

Supporting MOEFCC and DOE in carrying out regulatory and policy reforms to promote protection and improvement of environmental quality and sustainable development.

1.2. Institutional development

- (i) Supporting DOE in: (a) increasing specialization in, *inter alia*, environmental quality monitoring, analysis, enforcement and environmental information and disclosure; and (b) decentralizing its organization, including construction of office buildings and laboratories in district and divisional levels, all through financing of Underlying Expenditures.
- (ii) Supporting the establishment of an environmental training and research center to support DOE in policy research, identification and promotion of green technologies and technical training, including construction of building, provision of equipment, capacity building activities and operating costs.

1.3 Environment Fund

Supporting the capitalization of the Environmental Fund to provide grants to beneficiaries to carry out Sub-Projects involving, *inter alia*, municipal waste management; technical studies for industrial effluent treatment investments; R&D and green technology pilots; and environmental education and public awareness raising activities on environmental issues and sustainable development.

1.4 Environmental Infrastructure

Strengthening DOE's environmental infrastructure, through *inter alia*:

- (i) construction/rehabilitation and operationalization of divisional and district offices buildings and provision of monitoring, analytical and IT equipment and Environmental Monitoring Vehicles;
- (ii) construction/rehabilitation and operationalization of divisional and district laboratories for environmental analyses;
- (iii) establishment of surface water quality monitoring stations; and
- (iv) an environmental information system.

1.5 Capacity Building

Supporting a program of activities aimed at strengthening the technical capacity of DOE's staff and training activities for relevant stakeholders.

1.6 Project Management

Supporting MOEFCC in the areas of Project coordination, supervision, financial management, implementation of environmental and social instruments, procurement, monitoring and evaluation, through financing of consultants and operating costs of the PSC and the DOE PIU, as needed for the required purposes.

Part 2: Green Financing for Air Pollution Control

2.1 Green Credit Guarantee Fund

Supporting the establishment of a credit guarantee fund to provide credit guarantees to PFIs for credits for green investments in the Targeted Sectors.

2.2 Technical Assistance

Provision of technical assistance to BB, PFIs and selected beneficiaries on green technologies in Targeted Sectors.

2.3 Project Management

Supporting BB in the areas of Project coordination, supervision, financial management, implementation of environmental and social instruments, procurement, monitoring and evaluation, through financing of consultants and operating costs for the BB PIU, as needed for the required purposes.

Part 3: Vehicle Emission Control

3.1. Vehicle Inspection

- (i) Supporting the establishment of four new vehicle inspection centers and the operation of these.
- (ii) Provision of vehicle emission testing equipment for vehicle inspection centers.

3.2. Technical Assistance

Provision of technical assistance to BRTA to enhance its capacity to manage vehicle inspections for safety and emission controls.

3.3. Project Management

Supporting BRTA in the areas of Project coordination, supervision, financial management, implementation of environmental and social instruments, procurement, monitoring and evaluation, through financing consultants and operating costs for the BRTA PIU, as needed for the required purposes.

Part 4: E-waste Management Infrastructure

4.1 Pilot E-waste Management Infrastructure

Supporting the construction and operation of an e-waste management facility.

4.2. Technical Assistance

Provision of technical assistance to support the development of: (a) an e-waste collection program; (b) a monitoring program for e-waste management infrastructure; and (c) a scheme for certification of recycled products.

4.3 Project Management

Supporting BHTPA in the areas of Project coordination, supervision, financial management, implementation of environmental and social instruments, procurement, monitoring and evaluation, through financing of consultants and operating costs for the BHTPA PIU, as needed for the required purposes.

Section 1.03. ***Method of Co-financing.*** AFD and the World Bank intend to co-finance Part 2.1 of the Operation as a Joint Co-financing and Part 2.2 and 2.3 of the Operation as a Parallel Co-financing.

Article 2 Framework Agreement; Provision of Services and Fees

Section 2.01. ***Framework Agreement Undertakings.*** Except as otherwise specifically provided in this Co-financing Agreement, AFD and the World Bank will cooperate with each other in co-financing the Operation in accordance with the applicable provisions of the Framework Agreement.

Section 2.02. **Services.**

(a) The World Bank will provide the following Services described in Article 4 of the Framework Agreement in accordance with the provisions of the Framework Agreement with respect to Part 2 of the Project: Project Technical Services, Project Environmental and Social Services, Procurement Services, Financial Management Services, and Project Disbursement Services.

(b) The Disbursement Notice provided by the World Bank will be in substantially the form set forth in **Attachment 1** to this Co-financing Agreement.

Section 2.03. **Fees.** The Fee to be paid by AFD for the Services performed by the World Bank pursuant to this Co-financing Agreement is equal to \$400,000. AFD agrees to pay the Fee in accordance with the schedule attached to this Co-financing Agreement (Attachment 2).

Article 3
Miscellaneous

Section 3.01. **Execution; Effectiveness; Modification.** Upon signature of this Co-financing Agreement by both Parties, it shall enter into force and effect on the later of (a) the date on which the World Bank's Financing Agreement becomes effective in accordance with its terms, or (b) the AFD's Financing Agreement becomes effective in accordance with its terms. It may be modified from time to time by further agreement in writing signed by an authorized representative of each Party.

Section 3.02. **Termination.** This Co-financing Agreement may be terminated at any time upon sixty (60) days' advance notice given in writing by either Party to the other. Upon such notice, the Parties will consult with a view to agreeing on the most practical arrangements to effect such termination. Notwithstanding any such termination, the provisions of Section 2.03 this Co-financing Agreement relating to payments to the World Bank for Services performed prior to the date of such termination, shall continue in full force and effect.

Section 3.03. **Termination for failure to enter into force.** Notwithstanding the provisions of Sections 3.01. and 3.02. above, this Co-financing Agreement and all obligations of the Parties under it shall terminate if it has not entered into force and effect after six (6) months of its signature, unless the Parties, after consideration of the reasons for the delay, establish a later deadline for the purpose of this Section.

Section 3.04. **Notices.** (a) Except as provided in Section 3.04(b) of this Co-financing Agreement, any notice or request required or permitted to be given or made under this Co-financing Agreement will be in writing, and will be deemed to have been duly given when delivered by hand, mail or electronic mail to the Party to which it is required or permitted to be given or made at such Party's address specified below:

For the World Bank:
International Bank for Reconstruction and Development
International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

Fax number: +1 (202) 477-6391
Tel. number: +1 (202)473-3556

Attention: Vice President, Operations Policy and Country Services

For AFD:

Agence Française de Développement
5 rue Roland Barthes
75598 Paris Cedex 12
France

Fax number: +33 1 44 87 99 39

Tel. number: +33 1 53 44 31 31

Attention: Executive Director, Strategy, Partnerships and Communication

(b) Any notice (including without limitation a Disbursement Notice) or request required or permitted to be given or made under this Co-financing Agreement relating to Disbursement Services will be in writing and will be deemed to have been duly given when delivered by hand, mail, or electronic mail to the Party to which it is required or permitted to be given or made at such Party's address specified below:

For the World Bank:

International Bank for Reconstruction and Development
International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

Fax number: +1 (202) 477-6391

Tel. number: +1 (202)473-3556

Attention: Vice President, Operations Policy and Country Services

For AFD:

Agence Française de Développement
House 50, Road 23
Banani
Dhaka 1213
Bangladesh

Fax number: +33 1 44 87 99 39

Tel. number: + 880 17 08 52 08 74

Attention: Country Director, AFD Dhaka Office

IN WITNESS WHEREOF, the authorized representatives of the Parties have executed this Co-financing Agreement in duplicate in the English language.

**AGENCE FRANÇAISE DE
DÉVELOPPEMENT**

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND
DEVELOPMENT
and
INTERNATIONAL DEVELOPMENT
ASSOCIATION**

Name: Benoit Chassatte

Name: Abdoulaye Seck

Title: AFD Country Director for Bangladesh

Title: Country Director

**ATTACHMENT 1:
FORM OF DISBURSEMENT NOTICE – SAMPLE**

Date: _____

Dear Sir/Madam,

This is to confirm that the withdrawal application, a copy of which is attached, is in proper order, that the amount requested is eligible for financing under AFD's Financing Agreement for the Operation noted, and has been approved by the World Bank on [date]. AFD may, if it agrees, proceed to make the disbursement in accordance with the details included below.

If AFD agrees, please proceed with disbursement and confirm the value date, currency paid, amount paid and cost currency details so that we may update our records with the actual payment details.

Please contact [XXXXXX] in case of any questions pertaining to this notice.

Sincerely,
Loan Department
The World Bank

Attachment - Details of Disbursements¹

001 ATTN:
002 AFD
003 _____
004 _____
005 _____
006 _____
007 APPLICATION NO: _____
009 [currency and amount in figures]
010 [amount in words] _____
011 OPERATION REFERENCE: _____
012 [Operation name]_
013 OUR TN: [number]
014 ON THE BASIS OF FOREGOING WE HEREBY NOTIFY YOU
015 THE AMOUNT OF DISBURSEMENT TO BE MADE BY YOU:
017 [currency and amount in figures]
018 [amount in words]
020 PAY TO: [Operation name]
021 [address of Payee]
022 PAYEE ACCOUNT NO: _____
024 PAYEE BANK NAME AND ADDRESS : _____
025 _____
027 INTERMED BANK NAME AND ADDRESS: [_____
028 _____] ,
029 DA- C RECOVERY AMOUNT USD 0.00 (ZERO)
030 WE HEREBY ACKNOWLEDGE RECEIPT OF THE FOLLOWING
030 REQUEST FOR

¹ All elements of this notice which are known at the time the Co-Financing Agreement is signed should be completed prior to signing of that agreement (e.g., addressee, name of Operation, category details, etc.).

031 DISBURSEMENT :
032 CATEGORY DETAILS (CATEGORY, AMOUNT)
033 [xxxxxxx]
034 [xxxxxxx]
035 [xxxxxxx]
036 [xxxxxxx]
037 [xxxxxxx]
038 [xxxxxxx]
039 [xxxxxxx]
040 [xxxxxxx]
041 TOTAL: [currency and amount in figures]
042 PAYMENT REFERENCE: COFN [xxxxxxx]
043 FOR DISBURSEMENT DIVISION,
044 WORLD BANK.
045 NOTE: ALL THE DETAILS STATED ABOVE ARE AS PER THE
046 CURRENT STATUS OF THE APPLICATION

**ATTACHMENT 2 TO CO-FINANCING AGREEMENT:
Fee Payment Schedule**

The World Bank shall refer to the following AFD project number in all invoices aimed at the payment of fees under this Co-financing Agreement: CBD1063

Due Date	Amount
On or before Effectiveness	80,000
By September 30, 2023	64,000
By September 30, 2024	64,000
By September 30, 2025	64,000
By September 30, 2026	64,000
By September 30, 2027	64,000