
CREDIT NUMBER 7364-BD

Financing Agreement

(Economic Acceleration and Resilience for NEET Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 7364-BD

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between PEOPLE'S REPUBLIC OF BANGLADESH ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association 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 two hundred twenty-two million eight hundred thousand Special Drawing Rights (SDR 222,800,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.
- 2.05. The Interest Charge is one and a quarter percent (1.25%) per annum on the Withdrawn Credit Balance.
- 2.06. The Payment Dates are June 15 and December 15 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 4.02. 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 years after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is its 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.

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

- (a) the Recipient's address is:

Economic Relations Division
Ministry of Finance
Sher-e-Bangla Nagar
Dhaka 1207
Bangladesh; and

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

| | |
|-----------------------------|----------------------|
| Facsimile: | E-mail: |
| +88029180788 / +88029180671 | secretary@erd.gov.bd |

- 5.03. 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:
248423 (MCI)

Facsimile:
1-202-477-6391

AGREED as of the Signature Date.

PEOPLE'S REPUBLIC OF BANGLADESH

By



Authorized Representative

Name: Secretary Sharifa Khan

Title: MS.

Date: 27-Aug-2023

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Abdoulaye Seck

Title: Country Director

Date: 27-Aug-2023

SCHEDULE 1

Project Description

The objective of the Project is to (i) increase access to education and skills training, and promote employability for NEET youth, especially for women, in selected rural areas of Bangladesh, and (ii) in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.

The Project consists of the following parts:

Part 1: Enhancing access to alternate education and relevant skills development opportunities

- 1.1 Promoting access to skills development on market relevant skills including SEB and EDT
- (i) Supporting beneficiary selection and categorization of the beneficiaries for diverse Project supports.
 - (ii) Supporting the selection of local level trades.
 - (iii) Generating, entering and updating data to support creation of a database of the potential and actual beneficiaries.
 - (iv) Supporting the provision of access to skills development for rural NEET youth, especially women, through the establishment of Village Level Training Centers (VLTCs) and through provision of stipends and exam and assessment fees.
 - (v) Supporting blended (online/offline) training and offline assessment on ten (10) selected trades.
 - (vi) Provision of competitive Innovation Grants to the selected Innovation Agencies for reaching the unreached NEET youth.
- 1.2 Assisting the secondary dropped-out NEET youth to reach the skills ladder
- (i) Provision of stipends and examination fees for the students attending the BOU education programs.
 - (ii) Provision of the BOU Grant to BOU for supporting the eligible NEET youth to reach the Skills Ladder by accessing education programs following the accelerated curriculum of BOU through demand- and supply- side interventions.

Part 2. Promoting support for wage and self-employment

2.1 Expanding the horizon by connecting the beneficiaries with markets

- (i) Supporting periodic job fairs and meet the employer events.
- (ii) Supporting enterprises visits by the VLTC and registered trainees.
- (iii) Establishing a youth portal for the Project beneficiaries and eligible NEET youth.

2.2 Supporting post-training wage employment and entrepreneurship

- (i) Supporting internship.
- (ii) Strengthening the DYD's Seed Financing Mechanism through technical assistance.
- (iii) Scaling-up the DYD's Seed Financing Mechanism to expand financing facilities to eligible Project beneficiaries in the selected Upazilas.
- (iv) Providing incubation period support including mentorship for the new entrepreneurs.
- (v) Supporting post-training specialization and employment support, including SEB and EDT trainings through provision of stipends and exam and assessment fees.

Part 3. Promoting an enabling environment for NEET youth

3.1 Community strengthening, engagement and ownership

Supporting the formation of Community Groups (CGs) to focus on NEET youth activities, their orientation and training, and ownership building and their continued engagement in youth activities.

3.2 Awareness raising and community engagement to promote positive social norms

- (i) Supporting awareness raising and information dissemination programs.
- (ii) Supporting preparation of materials for promoting the opportunities under the Project and social norms guidelines.

3.3 Supporting career counseling, leadership development and positive youth engagement activities

- (i) Supporting mentorship and counselling to provide career guidance and address specific barriers faced by NEET youth.
- (ii) Supporting leadership development and life skills training to empower NEET youth including provision of stipends and exam and assessment fees.
- (iii) Supporting engagement with CGs to involve community leaders and parents in enabling and supporting NEET youth.

Part 4. Enhancing institutional capacity and Project management

4.1 Supporting institutional capacity development for NEET youth programs

- (i) Supporting preparation of an Organization Development Plan (ODP).
- (ii) Supporting the establishment of a portal-based management, monitoring and reporting mechanism at DYD/MoYS.
- (iii) Provision of Institutional Grants to Eligible Institutions based on Institutional Development Proposals (IDPs) proposed by the Eligible Institutions to support the renovation/rehabilitation and upgradation of the existing infrastructures, equipment for digital management, hiring instructors, development and production of communication and outreach activities and materials and stipends and other incentives for undertaking training/courses.
- (iv) Provision of digital payment and accounts management system.
- (v) Supporting training for officials of DYD and relevant institutions, districts and Upazila youth centers.
- (vi) Supporting the establishment of a policy and research cell at DYD.

4.2 Project management, communications, and monitoring and evaluation

- (i) Supporting the establishment and operation of a Project Management Unit (PMU) including the related technical assistance.
- (ii) Development and update of a long-term Youth Development Plan.
- (iii) Preparation of the Annual Sector Performance Report.

- (iv) Supporting an effective monitoring and evaluation system (including third party validation of results).
- (v) Provision of the LGED Grant to support the establishment of a management information system.
- (vi) Supporting impact evaluations satisfaction surveys for key Project interventions, coordination across relevant ministries, agencies and non-government implementation partners, Service Providers and communities.
- (vii) Engaging an outsourcing firm for supporting coordination services at the Upazilas level and the level of the union youth information centers.

Part 5. Contingency Emergency Response Component (CERC)

Provision of immediate response to an Eligible Crisis or Health Emergency.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Recipient shall vest the overall responsibility for implementation of the Project in the MoYS, which shall implement the Project through DYD.
2. The Recipient shall establish within one (1) month of the Effective Date, and thereafter maintain throughout the course of Project implementation, a Project steering committee (PSC) with a mandate, functions, composition and resources, as set forth in the Project Operations Manual. Without limitation on the foregoing, said committee shall: (a) be chaired by the Secretary, MoYS; (b) include key public stakeholders and, if necessary, may invite representatives from private and non-governmental organizations; and (c) be responsible for, *inter alia*, overall guidance on Project implementation, approving Project plans and key documents and resolving coordination issues.
3. The Recipient shall establish within three (3) months of the Effective Date, and thereafter maintain throughout the course of Project implementation, a Project implementation committee (PIC) with a mandate, functions, composition and resources, as set forth in the Project Operations Manual. Without limitation on the foregoing, said committee shall: (a) be chaired by the Director General, DYD; (b) include representatives from the PMU, LGED, BOU, DYD, MoYS and other relevant ministries and, if necessary, may invite the representatives from the Service Providers; and (c) be responsible for, *inter alia*, assessing Project progress on a regular basis, review terms of reference, advises the PMU on implementation issues.
4. The Recipient shall establish within three (3) months of the Effective Date, and thereafter maintain throughout the course of Project implementation, a Project Management Unit (“PMU”) within DYD, with a mandate, functions and resources as set forth in the Project Operations Manual, and with staff in adequate numbers and with qualifications, experience and terms of reference satisfactory to the Association. Without limitation on the foregoing, said PMU shall: (a) be headed by a Project director and supported by an additional Project director; and (b) be responsible for, *inter alia*: (i) planning, coordination, implementation and monitoring and evaluation of Project activities; (ii) procurement and financial management; (iii) social and environmental safeguards and the grievance and redress mechanism; and (iv) reporting on Project progress.

5. The Recipient through DYD, shall, within three (3) months of the Effective Date, enter into a LGED Partnership Agreement, under terms and conditions satisfactory to the Association, such agreement to set forth modalities for LGED to provide infrastructure (retrofitting, maintenance, renovation and refurbishment) support under the Implementation Development Plans and MIS support to the PMU.

B. Project Operations Manual

1. The Recipient shall prepare, approve and adopt, in a manner satisfactory to the Association within three (3) months of the Effective Date, a Project Operations Manual, setting forth the specific rules and procedures for implementing the Project, including, *inter alia*:
 - (a) detailed description of Project activities;
 - (b) results framework;
 - (c) overall budget;
 - (d) implementation arrangements for the Project;
 - (e) eligibility and selection criteria for Eligible Institutions, Project beneficiaries, Institutional Development Proposals and Innovation Agencies, and procedures, implementation modalities, monitoring arrangements and model templates for agreements for the Innovation Grants and the Performance Contracts;
 - (f) arrangements for funds flow, accounting, internal control, reporting and oversight;
 - (g) Project's safeguards requirements;
 - (h) communication strategies;
 - (i) requirements and procedures for procurement management and due diligence;
 - (j) requirements and procedures for collection, use and processing (including transfers to third parties) of any Personal Data collected under the Project to ensure legitimate, appropriate and proportionate treatment of such data;
 - (k) environmental and social management systems, including on grievance redressal mechanism, gender-based violence and sexual exploitation and abuse (GBV/SEA);

- (l) arrangements for preventing, detecting, reporting, investigation, remediation and otherwise addressing fraud and corruption, including compliance with the Anti-Corruption Guidelines; and
 - (m) the list of eligible activities and expenditures for the Innovation Grants and Institutional Grants, the LGED Partnership Agreement and the BOU MoU.
2. Except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the Project Operations Manual and/or any provision thereof.
 3. In the event of any inconsistency between the provisions of the Project Operations Manual and those of this Agreement, this Agreement shall govern.

C. Innovation Grants and Institutional Development Proposals

1. Innovation Grants

- (a) the Recipient, through DYD, shall invite, in accordance with the Project Operations Manual Innovation Agencies to submit proposals for financing through Innovation Grants for purposes of Part 1.1(vii) of the Project.
- (b) the Recipient, through DYD, shall ensure that the Innovation Grants are made to selected Innovation Agencies (“Selected Innovation Agencies”) in accordance with the eligibility criteria and procedures set forth in the Project Operations Manual.
- (c) upon selection of Selected Innovation Agencies and the award of a Grant, the PMU, shall enter into a written agreement (the “Innovation Grant Agreement”) with the Selected Innovation Agency, under terms and conditions acceptable to the Association, as set forth in the Project Operations Manual, and pursuant to the template agreement prescribed in the Project Operations Manual, which agreement shall provide, *inter alia*:
 - (i) that the Selected Innovation Agency shall carry out activities financed by the Innovation Grant with due diligence and efficiency and in accordance with sound technical, financial, environmental and managerial standards, including the provisions of the Project Operations Manual, the Procurement Regulations, the Anti-Corruption Guidelines, the ESCP and the Environmental and Social Standards;

- (ii) the requirement that the Selected Innovation Agency shall use the proceeds of the Innovation Grant to finance only the eligible expenditures set forth in the Project Operations Manual and the approved grant proposal; and maintain adequate records that reflect the proper administration and use of the resources awarded under the Innovation Grant;
- (iii) that the Selected Innovation Agency shall: (i) establish and/or maintain policies and procedures that would allow the Recipient and/or the Association to carry out supervision and monitor the implementation of the Innovation Grant; (ii) prepare and furnish to the Recipient and/or the Association, all such information that the Recipient and/or the Association shall reasonably request in relation to the Innovation Grant; and (iii) accept random and/or unannounced physical or documentary inspections by the Recipient and/or the Association for the monitoring of, and in relation to, the carrying out of the Innovation Grant;
- (iv) that the Selected Innovation Agency shall: (i) maintain records and accounts adequate to reflect, in accordance with sound accounting practices, the operations, resources and expenditures incurred in the implementation of the Innovation Grant; and (ii) whenever required by the Association or the Recipient, have such records and accounts audited in accordance with appropriate auditing principles consistently applied by an independent auditor;
- (v) the right of the Recipient to suspend or terminate the right of the Selected Innovation Agency to withdraw and use the proceeds of the Innovation Grant:
 - (A) upon any failure of the Selected Innovation Agency to perform its obligations under the Innovation Grant Agreement; or
 - (B) upon the Association declaring the Selected Innovation Agency ineligible under the Anti-Corruption Guidelines;
- (vi) the Recipient's right of restitution of any amounts disbursed to the Selected Innovation Agency under the Innovation Grant with respect to which fraud and corruption has occurred, or with which an ineligible expenditure has been paid; and

- (vii) the closing date for the Innovation Grant, which date shall fall on or before the date set forth in Section III.B.2 of Schedule 2 to this Agreement.

2. Institutional Development Proposals

- (a) the Recipient, through DYD, shall review and approve, in accordance with the Project Operations Manual, the Institutional Development Proposals prepared by the Eligible Institutions for purposes of Part 4.1(ii) of the Project.
- (b) the Recipient, through DYD, shall ensure that the Institutional Grants are made to Eligible Institutions in accordance with the eligibility criteria and procedures set forth in the Project Operations Manual.
- (c) upon approval of the Institutional Development Proposals, the Recipient shall prior to making any Institutional Grant available to an Eligible Institution, enter into a Performance Contract with the Eligible Institution under terms and conditions acceptable to the Association, as set forth in the Project Operations Manual, and pursuant to the template agreement prescribed in the Project Operations Manual, which agreement shall provide, *inter alia*:
 - (i) that the Eligible Institution shall carry out the Institutional Development Proposal with due diligence and efficiency and in accordance with sound technical, financial, environmental and managerial standards, including the provisions of the Project Operations Manual, the Procurement Regulations, the Anti-Corruption Guidelines, the ESCP and the Environmental and Social Standards;
 - (ii) the requirement that the Eligible Institution shall use the proceeds of the Institutional Grant to finance only the eligible expenditures set forth in the Project Operations Manual and the approved Institutional Development Proposal; and maintain adequate records that reflect the proper administration and use of the resources awarded under the Institutional Grant;
 - (iii) that the Eligible Institution shall: (i) establish and/or maintain policies and procedures that would allow the Recipient and/or the Association to carry out supervision and monitor the implementation of the Institutional Development Proposal and the Institutional Grant; (ii) prepare and furnish to the Recipient and/or the Association, all such information that the Recipient and/or the Association shall reasonably request in relation to the Institutional

Development Proposal and the Institutional Grant; and (iii) accept random and/or unannounced physical or documentary inspections by the Recipient and/or the Association for the monitoring of, and in relation to, the carrying out of the Institutional Development Proposal and the Institutional Grant;

- (iv) that the Eligible Institution shall: (i) maintain records and accounts adequate to reflect, in accordance with sound accounting practices, the operations, resources and expenditures incurred in the implementation of the Institutional Development Proposal and the Institutional Grant; and (ii) whenever required by the Association or the Recipient, have such records and accounts audited in accordance with appropriate auditing principles consistently applied by an independent auditor;
- (v) the right of the Recipient to suspend or terminate the right of the Eligible Institution to withdraw and use the proceeds of the Institutional Grant:
 - (A) upon any failure of the Eligible Institution to perform its obligations under the Performance Contract; or
 - (B) upon the Association declaring the Eligible Institution ineligible under the Anti-Corruption Guidelines;
- (vi) the Recipient's right of restitution of any amounts disbursed to the Eligible Institution under the Institutional Development Proposals and the Institutional Grant with respect to which fraud and corruption has occurred, or with which an ineligible expenditure has been paid; and
- (vii) the closing date for the Institutional Grant, which date shall fall on or before the date set forth in Section III.B.2 of Schedule 2 to this Agreement.

3. The Recipient shall exercise its rights under the Innovation Grant Agreement and the Performance Contracts in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any of the Innovation Grant Agreements or the Performance Contracts or any of their provisions.

D. BOU Grant

1. The Recipient, through DYD, shall, not later than three (3) months of the Effective Date, enter into a memorandum of understanding with the BOU (the “BOU MoU”), under terms and conditions satisfactory to the Association, as set forth in the Project Operations Manual, and pursuant to the template agreement prescribed in the Project Operations Manual, which agreement shall provide, *inter alia*:
 - (a) that BOU shall carry out activities financed by the BOU Grant with due diligence and efficiency and in accordance with sound technical, financial, environmental and managerial standards, including the provisions of the Project Operations Manual, the Procurement Regulations, the Anti-Corruption Guidelines, the ESCP and the Environmental and Social Standards;
 - (b) the requirement that BOU shall use the proceeds of the BOU Grant to finance only the eligible expenditures set forth in the Project Operations Manual; and maintain adequate records that reflect the proper administration and use of the resources awarded under the BOU Grant;
 - (c) that BOU shall: (i) establish and/or maintain policies and procedures that would allow the Recipient and/or the Association to carry out supervision and monitor the implementation of the BOU Grant; (ii) prepare and furnish to the Recipient and/or the Association, all such information that the Recipient and/or the Association shall reasonably request in relation to the BOU Grant; and (iii) accept random and/or unannounced physical or documentary inspections by the Recipient and/or the Association for the monitoring of, and in relation to, the carrying out of the BOU Grant ;
 - (d) that BOU shall: (i) maintain records and accounts adequate to reflect, in accordance with sound accounting practices, the operations, resources and expenditures incurred in the implementation of the BOU Grant; and (ii) whenever required by the Association or the Recipient, have such records and accounts audited in accordance with appropriate auditing principles consistently applied by an independent auditor;
 - (e) the right of the Recipient to suspend or terminate the right of BOU to withdraw and use the proceeds of the BOU Grant:
 - (i) upon any failure of BOU to perform its obligations under the BOU MoU; or
 - (ii) upon the Association declaring BOU ineligible under the Anti-Corruption Guidelines;

- (f) the Recipient's right of restitution of any amounts disbursed to BOU under the BOU Grant with respect to which fraud and corruption has occurred, or with which an ineligible expenditure has been paid; and
 - (g) the closing date for the BOU Grant, which date shall fall on or before the date set forth in Section III.B.2 of Schedule 2 to this Agreement.
2. The Recipient shall exercise its rights under the BOU MoU in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any of the BOU MoU or any of its provisions.

E. LGED Partnership Agreement

1. The Recipient, through DYD, shall, within five (5) months of the Effective Date, enter into a partnership agreement with LGED (the "LGED Partnership Agreement"), under terms and conditions satisfactory to the Association, as set forth in the Project Operations Manual, and pursuant to the template agreement prescribed in the Project Operations Manual, which agreement shall provide, *inter alia*:
- (a) that LGED shall carry out activities financed by the Institutional Grants and by the LGED Grant with due diligence and efficiency and in accordance with sound technical, financial, environmental and managerial standards, including the provisions of the Project Operations Manual, the Procurement Regulations, the Anti-Corruption Guidelines, the ESCP and the Environmental and Social Standards;
 - (b) the requirement that LGED shall use the proceeds of the Institutional Grants and the LGED Grant to finance only the eligible expenditures set forth in the Project Operations Manual; and maintain adequate records that reflect the proper administration and use of the resources awarded under the Institutional Grants and the LGED Grant;
 - (c) that LGED shall: (i) establish and/or maintain policies and procedures that would allow the Recipient and/or the Association to carry out supervision and monitor the implementation of the Institutional Grants and the LGED Grant; (ii) prepare and furnish to the Recipient and/or the Association, all such information that the Recipient and/or the Association shall reasonably request in relation to the Institutional Grants and the LGED Grant; and (iii) accept random and/or unannounced physical or documentary inspections by the Recipient and/or the Association for the

monitoring of, and in relation to, the carrying out of the Institutional Grants and the LGED Grant;

- (d) that LGED shall: (i) maintain records and accounts adequate to reflect, in accordance with sound accounting practices, the operations, resources and expenditures incurred in the implementation of the Institutional Grants and the LGED Grant; and (ii) whenever required by the Association or the Recipient, have such records and accounts audited in accordance with appropriate auditing principles consistently applied by an independent auditor;
- (e) the right of the Recipient to suspend or terminate the right of LGED to withdraw and use the proceeds of the Institutional Grants and the LGED Grant:
 - (i) upon any failure of LGED to perform its obligations under the LGED Partnership Agreement; or
 - (ii) upon the Association declaring LGED ineligible under the Anti-Corruption Guidelines;
- (f) the Recipient's right of restitution of any amounts disbursed to LGED under the Institutional Grants and/or the LGED Grant with respect to which fraud and corruption has occurred, or with which an ineligible expenditure has been paid; and
- (g) the closing date for the Institutional Grants and the LGED Grant, which date shall fall on or before the date set forth in Section III.B.2 of Schedule 2 to this Agreement.

- 2. The Recipient shall exercise its rights under the LGED Partnership Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any of the LGED Partnership Agreement or any of its provisions.

F. Environmental and Social Standards.

- 1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
- 2. Without limitation upon paragraph 1 above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Association. To this end, the Recipient shall ensure that:

- (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Recipient shall ensure that:
- (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
6. The Recipient shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and

supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

G. Expenditures to be Financed with Counterpart Funds

The Recipient shall: (a) ensure that the following expenditures are financed exclusively out of its own resources and not out of the proceeds of the Financing; and (b) provide, promptly as needed, the resources needed for this purpose:

- (a) all costs associated with land and land use rights required for the purposes of the Project;
- (b) procurement of vehicles, recurrent expenditures for the purpose of attending meetings, conferences, seminars, workshops and for all other purposes (sitting allowances / cash per diems/honoraria, notwithstanding eligible expenditures under Incremental Operating Costs and Training), and recurrent expenditures for fuel, under the Project; and
- (c) taxes exceeding fifteen (15) percent of the total amount of Financing.

H. Contingent Emergency Response

1. In order to ensure the proper implementation of activities under the Contingent Emergency Response Component (CER Component), the Recipient shall:

- (a) prepare and furnish to the Association for its review and approval, a Contingent Emergency Response Component Manual (“CERCM”) which shall set forth detailed implementation arrangements for the CER Component, including: (i) designation of, terms of reference for and resources to be allocated to, the entity or entities to be responsible for the coordination and implementation of the CER Component (“Coordinating Authority”); (ii) specific activities which may be included in the CER Component, eligible expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the CER Component; (iv) procurement methods and procedures for the CER Component; (v) documentation required for withdrawals of Emergency Expenditures; (vi) application of any relevant social and environmental instruments to the CER Component; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the CER Component;

- (b) afford the Association a reasonable opportunity to review the proposed CERCM;
 - (c) promptly adopt the CERCM for the CER Component as accepted by the Association;
 - (d) ensure that the CER Component is carried out in accordance with the CERCM; provided, however, that in the event of any inconsistency between the provisions of the CERCM and this Agreement, the provisions of the latter agreement shall prevail; and
 - (e) not amend, suspend, abrogate, repeal or waive any provision of the CERCM without the prior written approval by the Association.
2. After the Recipient has determined that an Eligible Crisis or Health Emergency has occurred, the Recipient shall prepare and furnish to the Association for its review and approval, in accordance with the provisions set forth in the CERCM, a Contingent Emergency Response Implementation Plan (“CERIP”) which shall set forth detailed arrangements for the activation of CER Component, including: (i) specific activities to be financed out of the Emergency Expenditures; (ii) itemized costs for each expenditure item; (iii) implementation arrangements for the CER Component, as defined in the CERCM or with proposed amendments; (iv) procurement plan for the CER Component; (v) details regarding compliance with environmental and social instruments; and (vi) any other arrangements necessary to ensure proper implementation of the CER Component.
3. The Recipient shall, throughout the period of implementation of the CER Component, maintain the Coordinating Authority, with adequate staff and resources satisfactory to the Association.
4. The Recipient shall undertake no activities under the CER Component (and no activities shall be included in the CER Component) unless and until the following conditions have been met in respect of said activities:
- (a) (i) the Recipient has determined that an Eligible Crisis or Health Emergency has occurred; (ii) the Recipient has furnished to the Association a request to include said activities in the CER Component in order to respond to said Eligible Crisis or Health Emergency; and (iii) the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
 - (b) (i) the Recipient has prepared and disclosed all social and environmental instruments required for said activities, in accordance with the CERCM; (ii) the Association has approved all such instruments; and (iii) the

Recipient has implemented all actions which are required to be taken under said instruments prior to the commencement of such activities.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar quarter, covering the calendar quarter. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Association, in sharing any information, report or document related to the activities described in Schedule 1 to this Agreement, the Recipient shall ensure that such information, report or document does not include Personal Data.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

| Category | Amount of the Financing] Allocated (expressed in SDR) | Percentage of Expenditures to be Financed (inclusive of Taxes, except for Taxes specified in Section I.G(iii) of Schedule 2) |
|---|--|---|
| (1) Goods (excluding vehicles), works, non-consulting services, and consulting services, Incremental Operating Costs and Training for the Project | 151,400,000 | 100% |

| | | |
|--|------------|------|
| (2) Innovation Grants | 3,000,000 | 100% |
| (3) Institutional Grants under Institutional Development Proposals | 18,100,000 | 100% |
| (4)(a) First tranche contributions towards the Seed Financing Mechanism under Part 2.2(i), (ii) and (iii) of the Project | 2,000,000 | 100% |
| (4)(b) Second tranche contributions towards the Seed Financing Mechanism under Part 2.2(i), (ii) and (iii) of the Project | 4,450,000 | 100% |
| (4)(c) Third tranche contributions towards the Seed Financing Mechanism under Part 2.2(i), (ii) | 10,400,000 | 100% |

| | | |
|---|------------|------|
| and (iii) of the Project | | |
| (4)(d) Fourth tranche contributions towards the Seed Financing Mechanism under Part 2.2(i), (ii) and (iii) of the Project | 7,400,000 | 100% |
| (4)(e) Fifth tranche contributions towards the Seed Financing Mechanism under Part 2.2(i), (ii) and (iii) of the Project | 2,950,000 | 100% |
| (5) BOU Grant | 9,450,000 | 100% |
| (6) LGED Grant | 1,600,000 | 100% |
| (7) Stipend and Fees under Parts 1.1, 1.2, 2.2 and 3.3 of the Project | 12,050,000 | 100% |

| | | |
|----------------------------------|-------------|------|
| (8) Emergency Expenditures | 0 | 100% |
| TOTAL AMOUNT | 222,800,000 | |

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date;
 - (b) under Categories (2), (3), (4)(a), (4)(b), 4(c), 4(d), 4(e), (5), (6) and (7) until and unless the Recipient has prepared, approved and adopted the Project Operations Manual in form and manner satisfactory to the Association;
 - (c) Under Category (4)(a), until and unless the Recipient has provided documentation satisfactory to the Association that (i) the Director General of the DYD has approved and DYD has adopted the updated Seed Financing Manual in form and manner satisfactory to the Association; and (ii) the Seed Financing Wing is established with dedicated staff at the DYD level and at the district and Upazilas levels;
 - (d) Under Category 4(b), until and unless the Recipient has provided documentation satisfactory to the Association that (i) the Seed Financing Mechanism is digitalized/automated in 10 pilot Upazilas; and (ii) a Seed Financing advisory panel is established at DYD with adequate representation of relevant ministries, NGOs, civil society and Industry Skills Council;
 - (e) Under Category 4(c), until and unless the Recipient has provided documentation satisfactory to the Association that (i) five thousand (5,000) beneficiaries selected through automated process and pursuant to the revised Seed Financing Manual for seed financing under the Seed Financing Mechanism, received the first tranche of the loan; (ii) the Institutional Sustainability Mechanism is prepared and approved with a phased plan by DYD in form and manner satisfactory to the Association; and (iii) the selected beneficiaries referred to in paragraph (i) above have received a six (6) month incubation period support and mentoring by the selected Services Providers;

- (f) Under Category 4(d), until and unless the Recipient has provided documentation satisfactory to the Association that (i) ten thousand (10,000) additional beneficiaries selected through automated process and pursuant to the revised Seed Financing Manual for seed financing under the Seed Financing Mechanism, received the first tranche of the loan; (ii) the Institutional Sustainability Mechanism is initiated by an office order from the MoYS or DYD; and (iii) the audit of the Seed Financing Mechanism for the year during which the beneficiaries under Section III.B(1)(e)(i) received their first tranche of their loan is completed, satisfactory to the Association;
- (g) Under Category 4(e), until and unless the Recipient has provided documentation satisfactory to the Association that (i) the audit of the Seed Financing Mechanism for the year during which the beneficiaries under Section III.B(1)(f)(i) received their first tranche of their loan is completed; and (ii) the Seed Financing Mechanism efficiency assessment is completed by an independent firm and disseminated to relevant stakeholders including, but not limited to, relevant ministries, industries, local level administrations at district and Upazila levels, NGOs and civil society organizations;
- (h) under Category (8), unless and until the Association is satisfied, and has notified the Recipient of its satisfaction, that all of the following conditions have been met:
 - (i) the Recipient has determined that an Eligible Crisis or Health Emergency has occurred, has furnished to the Association a request to include certain activities in the Contingent Emergency Response Component (CER Component) in order to respond to said Eligible Crisis or Health Emergency, and the Association has agreed with such determination, accepted said request, and notified the Recipient thereof;
 - (ii) the Recipient has prepared and disclosed all environmental and social instruments, acceptable to the Association, required for said activities, and has implemented any actions which are required to be taken under said instruments all in accordance with the provisions of Section I.H.4(b) of Schedule 2 to this Agreement;
 - (iii) the Recipient has provided sufficient evidence satisfactory to the Association that the Coordinating Authority has adequate staff and resources in accordance with the provision of Section I.H.3 of Schedule 2 to this Agreement, for the purposes of said activities; and
 - (iv) the Recipient has adopted a CERCM in form, substance and manner acceptable to the Association and the provisions of the CERCM remain,

or have been updated in accordance with the provisions of Section I.H.1(a) of Schedule 2 to this Agreement, so as to be appropriate for the inclusion and implementation of said activities under the respective CER Component.

2. The Closing Date is December 31, 2028.

SCHEDULE 3

Repayment Schedule

| Date Payment Due | Principal Amount of the Credit repayable (expressed as a percentage)* |
|---|--|
| On each June 15 and December 15: | |
| commencing December 15, 2028, to and including June 15, 2048_____ | 1.65% |
| commencing December 15, 2048, to and including June 15, 2053__ | 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. “Annual Sector Performance Report” means a comprehensive report prepared, approved and disseminated by DYD and that includes an analysis of sector performance, needs, issues and recommendation.
2. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
3. “BOU” means the Bangladesh Open University, a public university established by the Bangladesh Open University Act 1992.
4. “BOU Grant” means a grant under Part 1.2 of the Project, awarded to BOU, in accordance with the BOU MoU and Section I.D of Schedule 2 to this Agreement.
5. “BOU MoU” means the memorandum of understanding to be entered into between the PMU and the BOU pursuant to Section I.D of Schedule 2 to this Agreement, and in accordance with the provisions of the Project Operations Manual
6. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
7. “Community Groups” means community groups to be established at the village level to carry out beneficiary identification, mobilization and selection of trades and monitor Project implementation.
8. “Contingent Emergency Response Component” or “CER Component” means Part 5 of the Project, as described in Schedule 1 to this Agreement.
9. “Contingent Emergency Response Component Manual” or “CERCM” means the manual referred to in Section I.H.1(a) of Schedule 2 to this Agreement, acceptable to the Association, to be adopted by the Recipient for the implementation of the CER Component, in accordance with the provision of said Section.
10. “Contingent Emergency Response Implementation Plan” or “CERIP” means the action plan referred to in Section I.H.2 of Schedule 2 to this Agreement, acceptable to the Association, to be prepared by the Recipient for the implementation of the CER Component, in accordance with the provision of said Section.
11. “Coordinating Authority” means the entity or entities designated by the Recipient in the CERCM, and approved by the Association pursuant to Section I.H.1(a) of

Schedule 2 to this Agreement, to be responsible for coordinating and implementing the CER Component.

12. “DYD” means the Department of Youth Development under the MoYS.
13. “EDT” means enterprise development training.
14. “Eligible Crisis” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.
15. “Eligible Institution” means any of the organizations, agencies, directorates, departments, councils, youth training centers under the DYD’s supervision that meet the criteria to be eligible to sign Performance Contract set out in the Project Operations Manual to carry out activities under Part 4.1(ii) of the Project, including but not limited to Bangladesh Krira Shikkha Protishthan (BKSP), Sheikh Hasina National Institute of Youth Development (SHNIYD) and the district youth training centers.
16. “Emergency Expenditures” means any of the eligible expenditures set forth in the CERCM, in accordance with the provision of Section I.H.1(a) of Schedule 2 to this Agreement, and required for the activities described in such manual to be financed under the CER Component.
17. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated May 24, 2023, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
18. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental

and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.

19. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022).
20. “Health Emergency” means an event that has caused, or is likely to imminently cause, a major adverse health impact to the Recipient, associated with a natural or man-made crisis or disaster.
21. “Incremental Operating Costs” mean the reasonable costs required for the day-to-day coordination, administration and supervision of Project activities, for leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises; office rent; office supplies; utilities; consumables; communication expenses; translation; printing, photocopying and postal expenses; bank charges; advertising expenses; insurance; costs of clearing, forwarding, inspection, survey and transportation of goods; Project-related meeting expenses; Project-related travel, subsistence and lodging expenses, provided that such Incremental Operating Costs are paid to the eligible recipient through the banking system (except for petty cash expenses following the Recipient’s existing policy); and salaries and allowances of contractual staff (other than consultants) but excluding salaries and salary top ups of the Recipient’s civil servants, workshop allowances, sitting allowances, cash per diems, honoraria, and fuel.
22. “Industry Skills Council” means the national industry skills councils established under the TVET Reform project and implemented by the Recipient with the support of the International Labor Organization and funded by the European Union.
23. “Innovation Grant” means a grant under Part 1.1(vi) of the Project, awarded to Innovation Grant Agencies, in accordance with Section I.C of Schedule 2 to this Agreement.
24. “Innovation Grant Agreement” means the grant agreement to be entered into by and between a selected Innovation Agency and the DYD, pursuant to Section I.C.1 of Schedule 2 to this Agreement, and in accordance with the provisions of the Project Operations Manual.
25. “Innovation Agency” means any registered national, international agencies, industries as well as district or Upazila level agencies, organizations or industries that meet the criteria to be eligible Innovation Grants recipient set out in the Project Operations Manual to carry out activities under Part 1.1(vi) of the Project.

26. “Institutional Development Proposal” means any proposal prepared by a Training Institution eligible for implementation under Part 4.1(ii) of the Project, in accordance with Section I.C of Schedule 2 to this Agreement and in accordance with the provisions of the Project Operations Manual.
27. "Institutional Grant” means any grant under Part 4.1(iii) of the Project made available to an Eligible Institution in accordance with Section I.C of Schedule 2 to this Agreement and in accordance with the provisions of the Project Operations Manual, part of which will be paid directly to LGED in accordance with the LGED Partnership Agreement.
28. “Institutional Sustainability Mechanism” means the mechanism to be drafted, approved and adopted by DYD for managing the seed financing and related activities prepared based on consultation with relevant stakeholders.
29. “LGED” means the local government engineering department, a public sector engineering agency whose mission is the development and management of local infrastructure for increasing farm/non-farm production, generating employment, improving socio-economic condition, promoting local governance, reducing poverty and acting as agent of change at the local level.
30. "LGED Grant” mean the grant under Part 4.2(v) of the Project made available to LGED in accordance with Section I.E of Schedule 2 to this Agreement and in accordance with the provisions of the LGED Partnership Agreement and the Project Operations Manual.
31. “LGED Partnership Agreement” means agreement to be entered into by and between LGED and DYD, pursuant to Section I.A.5 of Schedule 2 to this Agreement, and in accordance with the provisions of the Project Operations Manual that set forth the modalities for LGED to provide infrastructure (reconstruction, renovation and refurbishment) support under the Implementation Development Grants and MIS support to the PMU.
32. “MIS” means management information system.
33. “MoYS” means the Ministry of Youth and Sports.
34. “NEET” means not in education, employment or training.
35. “NGOs” means non-governmental organizations.
36. “Organization Development Plan or “ODP” means a complete organogram for DYD and MoYS that describes duties and responsibilities of DYD and MoYS and all the offices, agencies and entities under DYD and MoYS staffing needs and

levels, responsibilities of the staff and units/divisions/centers under DYD and MoYS.

37. "Performance Contract" means the performance contract to be entered into by and between a Training Institution and the DYD, pursuant to Section I.C.2 of Schedule 2 to this Agreement, and in accordance with the provisions of the Project Operations Manual.
38. "Personal Data" means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.
39. "Procurement Regulations" means, for purposes of paragraph 85 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated November 2020.
40. "Project Management Unit" or "PMU" means the unit referred to under Section I.A.4 of Schedule 2 to this Agreement.
41. "Project Operations Manual" means the manual to be prepared, approved and adopted by the Recipient in accordance with Section I.B of Schedule 2 to this Agreement.
42. "SEB" means socio-emotional and behavioral.
43. "Seed Financing Mechanism" means the fund managed by DYD and used to finance start-up capital needs of eligible beneficiaries of programs under DYD to establish new business and/or enterprise.
44. "Seed Financing Manual" means the operational manual that describes the management plan of the Seed Fund activities under DYD.
45. "Seed Financing Wing" means a wing under DYD to be established for managing the Seed Fund.
46. "Service Providers" means the agencies to be hired by the PMU through an open competition following specific procurement guidelines as described in the POM. Services Providers may include, but not limited to, NGOs, civil society, private agencies and industries.

47. "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.
48. "Skills Ladder" means the hierarchy of skills that the Project beneficiaries will access and move up on by progressively acquiring more difficult skills.
49. "Stipends and Fees" means any stipends, examination and assessment fees, mentorship/internship/apprenticeship fees under Parts 1.1, 1.2, 2.2 and 3.3 of the Project.
50. "Training" means the reasonable costs required for the participation of personnel involved in training activities, workshops, seminars, conferences and study tours under the Project, which have been approved by the Association in writing on a bi-annual basis, including: (a) travel, hotel, and subsistence costs associated to training, workshops, seminars, conferences and study tours provided that such costs are paid directly to the eligible recipient using the banking system; and (b) costs associated with rental of training and workshop facilities; preparation and reproduction of training, workshop, seminar and conference materials; and other costs directly related to preparation and implementation of any training course, workshop, seminar, conference or study tour; but excluding sitting allowances, cash *per diem* and honorarium of any nature.
51. "Upazila" means an administrative region in Bangladesh, being a sub-unit of a district.
52. "Village Level Training Centers" or "VLTCs" means temporary training centers established in the selected villages.
53. "Youth Action Plan" means the plan of actions of the Recipient prepared by DYD and launched on July 16, 2020.