

Public Disclosure Authorized

# OFFICIAL DOCUMENTS

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CREDIT NUMBER 6137-BD

## Financing Agreement

(Additional Financing for Safety Net Systems for Poorest Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

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**CREDIT NUMBER 6137-BD**

**FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date, entered into between PEOPLE'S REPUBLIC OF BANGLADESH ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). 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, the Original Financing Agreement, or the Appendix to this Agreement.

**ARTICLE II — FINANCING**

- 2.01. The Association agrees to extend to the Recipient, a credit, deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement, in an amount equivalent to one hundred and seventy-four million and one hundred thousand Special Drawing Rights (SDR 174,100,000) (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 The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.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 Payment Dates are February 1, and August 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 3 to this Agreement.
- 2.07. The Payment Currency is Dollar.

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out Parts 1 and 2 of the Project through the Department of Disaster Management and Part 3 of the Project through the Bangladesh Bureau of Statistics in accordance with the provisions of Article IV 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 date of this Agreement.
- 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 (20) years after the date of this Agreement.

### **ARTICLE V— REPRESENTATIVE; ADDRESSES**

- 5.01. The Recipient's Representative is the Senior Secretary / Secretary, or any Additional Secretary, 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 10.01 of the General Conditions:

- (a) The Recipient's address is:

Economic Relations Division  
Ministry of Finance  
Government of the People's Republic of Bangladesh  
Dhaka, Bangladesh; and

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

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

- 5.03. For purposes of Section 10.01 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: KAZI SHOFIQUUL AZAM  
Title: SECRETARY  
ECONOMIC RELATIONS DIVISION  
Date: JANUARY 9, 2018

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:   
Authorized Representative

Name: QIMIAO FAN  
Title: COUNTRY DIRECTOR  
Date: JANUARY 9, 2018

**SCHEDULE 1**

**Project Description**

The objective and parts of the Project are identical to those set forth in Schedule 1 to the Original Financing Agreement, as amended.

**SCHEDULE 2**

**Project Execution**

**Section I. Implementation Arrangements**

1. The Recipient shall carry out the Project in accordance/compliance with the covenants set forth in Section 1 of Schedule 2 to the Original Financing Agreement which are incorporated herein by reference and apply, *mutatis mutandis*, to this Agreement.
2. The Recipient shall ensure that procurement of vehicles, recurrent expenditures for sitting allowances/per diems/honoraria, for meetings, conferences, seminars, workshops and study visits, and recurrent expenditures for fuel, under the Project are financed exclusively out of its own resources or other resources, and not out of the proceeds of the Financing, and to this end shall provide, promptly as needed, the said resources.

**Section II. Project Monitoring, Reporting and Evaluation**

1. The Recipient shall furnish to the Association: (1) for Part 1 of the Project, not later than one (1) month after the end of each fiscal year, Project Reports covering such period; and (2) for Parts 2 and 3 of the Project, not later than one (1) month after each calendar semester, Project Reports covering such period.

**Section III. Withdrawal of the Proceeds of the Financing**

1. 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 Credit to finance Eligible Expenditures, in the amount allocated and, if applicable, up to the percentage set forth against each category of the following table:

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Beneficiary Wages (under EGPP) under Part 1 of the Project	136,400,000	60%
(2) Goods (excluding vehicles), works, non-consulting services, consulting services, Training, and Operating Costs under Part 2 of the Project	2,850,000	100%

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(3) Goods (excluding vehicles), works, non-consulting services, consulting services, Training, and Operating Costs under Part 3 of the Project	34,850,000	100%
<b>TOTAL AMOUNT</b>	<b>174,100,000</b>	

2. Notwithstanding the provisions of paragraph 1 above, no withdrawal shall be made under Category (1) until and unless:
  - (i) the Recipient shall have complied with the instructions under the Disbursement and Financial Information Letter and any additional instructions specified in accordance with Section 2.01(b) of the General Conditions, including the submission to the Association of the applicable IUFRR evidencing the incurrence of eligible Beneficiary Wages (under EGPP) for which payment is requested; and
  - (ii) the Recipient shall have furnished evidence satisfactory to the Association, in accordance with the verification protocol as agreed between the Recipient and the Association, that the DLI Target for which payment is requested has been achieved.
3. Notwithstanding the provisions of paragraphs 1 and 2 above, the amount of the Credit to be withdrawn upon the verified achievement of any DLI Target shall not exceed the lesser of: (a) the value of the DLI Target as set forth in Schedule 4 to this Agreement; and (b) the amount of the Eligible Expenditures under Category 1 incurred but not yet paid by the proceeds of the Credit at the date of submission of such withdrawal application.
4. Notwithstanding the provisions of paragraph 2(ii) above, if the Association is not satisfied that any one or more of the DLI Targets has/have been achieved by the Closing Date, the Association may, at any time, by notice to the Recipient, decide, in its sole discretion, to authorize the withdrawal of such lesser amount within the respective Allocated Amount(s) corresponding to said DLI Target(s) which, in the opinion of the Association, reflect the extent of achievement of said DLI Target(s).
5. The Closing Date is June 30, 2019.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage) *</b>
On each February 1, and August 1, commencing February 1, 2024 to and including August 1, 2055.	<b>1.5625%</b>

\* 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.



**SCHEDULE 4**

**Disbursement-Linked Indicators, Disbursement-Linked Indicator Targets, and Allocated Amounts applicable to the Project**

<b>DLIs</b>	<b>DLI Targets (Expected to be Achieved in Year 5)</b>	<b>DLI Targets (Expected to be Achieved in Year 6)</b>
<b>1. Household Targeting</b>	DDM has validated beneficiary records against the NHD in 8 upazilas	DDM has drawn EGPP and VGF (festival component) beneficiaries from the bottom 30% of the NHD in 15 upazilas
Allocated Amount (in SDR)	14,208,335 upon achievement of minimum threshold of 5 upazilas; plus 2,841,666 for each additional upazila (up to a maximum of 22,733,333)	15,630,003 upon achievement of minimum threshold of 10 upazilas; plus 1,420,666 for each additional upazila (up to a maximum of 22,733,333)
<b>2. Administrative Systems</b>	DDM has digitized 1,200,000 safety net program beneficiary records	DDM has digitized 1,500,000 safety net program beneficiary records
Allocated Amount (in SDR)	15,630,001 upon achievement of minimum threshold of 1,000,000 records; plus 3,551,666 for each additional set of 100,000 records (up to a maximum of 22,733,333)	15,630,001 upon achievement of minimum threshold of 1,300,000 records; plus 3,551,666 for each additional set of 100,000 records (up to a maximum of 22,733,333)
<b>3. Payment Systems</b>	DDM has delivered EGPP wages using digital payment in 8 upazilas	DDM has delivered EGPP wages using digital payment in 15 upazilas
Allocated Amount (in SDR)	14,208,335 upon achievement of minimum threshold of 5 upazilas; plus 2,841,666 for each additional upazila (up to a maximum of 22,733,333)	14,208,337 upon achievement of minimum threshold of 12 upazilas; plus 2,841,666 for each additional upazila (up to a maximum of 22,733,335)

## APPENDIX

### Definitions

1. "Allocated Amount" means the amount allocated to each individual DLI Target in Schedule 4 to this Agreement, as such amount might be modified by the Association, from time to time, as the case may be, in accordance with the provisions of Section III.4 of Schedule 2 to this Agreement.
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. "Beneficiary Wages (under EGPP)" means cash-based wages paid to beneficiaries of the EGPP under Part 1 of the Project and incurred by DDM under operation code 4901-0006 and economic code 5965, as such codes might be modified by the Recipient, from time to time.
4. "Category" means a category set forth in the table in Section III.1 of Schedule 2 to this Agreement.
5. "Fiscal Year" or "FY" means the Recipient's fiscal year, which begins on July 1 of each calendar year and ends on June 30 of the next calendar year.
6. "General Conditions" means the "International Development Association General Conditions for IDA Financing, Investment Project Financing", dated July 14, 2017.
7. "Operating Costs" mean the reasonable costs required for the day-to-day coordination, administration and supervision of Project activities, including 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; remuneration of the BBS PMU and DDM PMU staff assigned to the Project as agreed with the Association, provided that such Operating Costs are paid to the eligible recipient through the banking system (except for petty cash expenses following the Recipient's existing policy); but excluding sitting allowances/per diems/honoraria for meetings, conferences, seminars, workshops and study visits, and fuel.
8. "Original Financing Agreement" means the financing agreement for a Safety Net Systems for the Poorest Project between the Recipient and the Association, dated October 4, 2013, as amended from time to time (Credit No. 5281-BD).

9. "Original Project" means the Project described in Schedule 1 to the Original Financing Agreement.
10. "Procurement Regulations" means, for purposes of paragraph 87 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for Borrowers under Investment Project Financing", dated July 1, 2016.
11. "Signature Date" means the means the latest of the two dates on which the Recipient and the Association signed this Agreement and such definition applied to all references to "the date of the Financing Agreement" in the General Conditions.
12. "Training" means the reasonable costs required for the participation of personnel involved in learning and knowledge dissemination events such as conferences, seminars, workshops and study visits, including travel, subsistence and lodging expenses for conferences, seminars, workshop and study visit participants provided that such allowances are paid directly to the eligible recipient using the banking system; rental of conference, seminar and workshop facilities; preparation and reproduction of conference, seminar and workshop materials; costs of academic degree studies; fees for resource persons; and other costs directly related to learning and knowledge dissemination events; but excluding sitting allowances/per diems/honoraria for meetings, conferences, seminars, workshops and study visits.
13. "Year 5" means the Recipient's Fiscal Year 2017/18.
14. "Year 6" means the Recipient's Fiscal Year 2018/19.