

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 4833-BD

Financing Agreement

(Employment Generation Program for the Poorest Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Public Disclosure Authorized

Dated December 18, 2010



CREDIT NUMBER 4833-BD

FINANCING AGREEMENT

AGREEMENT dated December 18, 2010, entered into 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) constitute an integral 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, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to ninety six million four hundred thousand Special Drawing Rights (SDR 96,400,000) (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 IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are March 1 and September 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 Dollars.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall carry out the Project through the Disaster Management and Relief Division of the Ministry of Food and Disaster Management in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consist of the following:
 - (a) the Program has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient to achieve the objectives of the Project and/or perform any of its obligations under this Agreement;
 - (b) a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out; or
 - (c) the Recipient has taken any action that would have the effect of materially reversing the objectives of the Program, including the objective of any of the actions specified in Schedule 4 to this Agreement.
- 4.02. The Additional Events of Acceleration consist of the following:
 - (a) the event specified in Section 4.01(a) or Section 4.01(c) of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient; and
 - (b) the event specified in Section 4.01(b) of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

- 5.02. For purposes of Section 8.05(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 VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is the Secretary or the Additional Secretary, or any Joint Secretary, Joint Chief, Deputy Secretary, Deputy Chief, Senior Assistant Secretary, Senior Assistant Chief, Assistant Secretary, or Assistant Chief of the Economic Relations Division of the Ministry of Finance.

- 6.02. The Recipient's Address is:

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

Facsimile:

88028813088

- 6.03. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI)

1-202-477-6391

AGREED at Dhaka, Bangladesh, as of the day and year first above written.

PEOPLE'S REPUBLIC OF BANGLADESH

By: /s/ M. Musharraf Hosain Bhuiyan

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Ellen Goldstein

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to provide short-term employment on community sub-projects to enable households to better cope with vulnerability, while strengthening Program implementation.

The Project consists of the following parts:

Part I. Financing of the Employment Generation Program for the Poorest

1. Expanding the Program's reach and increasing its potential for innovation through:
 - (a) strengthening the Program's targeting approach through a methodology premised on: (i) geographical or area-based targeting; (ii) household targeting; and (iii) gender targeting;
 - (b) improvement of the Program's governance through: (i) enhancement of the clarity and accessibility of the Program's rules and procedures, including the development of Program Guidelines; (ii) public disclosure of the Program's structure and implementation; (iii) issuance of guidelines for the provision of costs associated with the purchase of materials, hardware or skilled labor; (iv) introduction of direct payment to workers using formal channels, including, as part of the Program Guidelines, development of a comprehensive manual for the operations of a bank payment program, and the carrying out of pilots to adapt innovative payment solutions to the operational needs of the Program; (v) enhancement of capacity at the field level for better supervision, including the provision of field level supervisors in the poorest *upazilas*; and (vi) development of an enhanced grievance redress system; and
 - (c) refinement of the monitoring strategy for the Program and development of the monitoring capacity of the Ministry of Food and Disaster Management at the *upazila* level and at the center, including: (i) development of a set of standardized summary indicators and monitoring reports, including the redesign of existing monitoring forms and reports, and collection of data at the sub-project level; (ii) provision of critical staffing at the central and local levels; (iii) introduction of a digitized management information system; and (iv) carrying out of independent evaluations of the Program's implementation.

Part II. Operational Support

Provision of operational support to the Disaster Management and Relief Division to strengthen its capacity to monitor and report on the implementation of the Program, including training staff engaged in the Program to enhance their capacity to target beneficiaries and deliver results.

SCHEDULE 2**Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements**

1. The Recipient shall carry out the Project through the Disaster Management and Relief Division within MOFDM. To that end, the Recipient shall maintain, throughout the period of Project implementation, an Office of the Project Director at the Disaster Management and Relief Division, to ensure timely and efficient implementation of the Project and the Program, consisting of the following staff:
 - (a) a full-time Project Director whose level of seniority is at least that of a Joint Secretary;
 - (b) a full-time Deputy Project Director whose level of seniority is at least that of a Deputy Secretary; and
 - (c) a financial management specialist, a procurement specialist, a management information systems specialist, a payment systems specialist, a training specialist, and field supervisors and support staff.
2. The Recipient shall maintain, throughout the period of Project implementation, a National Steering Committee, headed by the Secretary, Disaster Management and Relief Division, to provide policy advice and oversight and ensure the effective implementation of the Project and the Program.
3. The Recipient shall, not later than February 28, 2011, establish, and thereafter maintain throughout the period of Project implementation, a Technical Project Review Committee, headed by the Project Director, for further assistance in Project and Program implementation, including oversight to ensure that Project implementation takes place in accordance with the provisions of this Agreement.
4. The Recipient shall ensure that:
 - (a) at the *Upazila* level, the Project Implementation Officer within every *Upazila* shall be the focal point for the implementation of the Program and shall be assisted by a field supervisor in those *Upazilas* covered by the Operational Support Component, and the *Upazila* Committee, headed by the *Upazila Nirbahi* Officer, shall be responsible for the implementation and supervision of the Program; and

- (b) at the *Union Parishad* level, the Union Committee, headed by the *Union Parishad* Chairman, shall be responsible for the implementation and supervision of the Program.

B. Program Guidelines

The Recipient shall ensure that the Project and the Program is carried out in accordance with the Program Guidelines.

C. Anti-Corruption

The Recipient shall ensure that the Project and the Program are carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Safeguards

- 1. The Recipient shall carry out the Project and the Program in accordance with the Environmental Management Framework and the Social Management Framework.
- 2. The Recipient shall not amend, suspend or waive the Environmental Management Framework and the Social Management Framework, or any provision of either framework, without the prior written approval of the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

- 1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) Phase of the Program, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a) shall consist of the following:
 - (i) short-term employment targeted to vulnerable households in extreme poverty, especially to women:

- (A) percentage of wage costs allocated to the “high poverty density” *Upazilas* with thirty-five percent (35%) or higher poverty rates;
 - (B) percentage of beneficiaries that are both engaged in manual labor and who own less than 0.5 acres of land; and
 - (C) percentage of Program participants that are women;
- (ii) better governance of the Program reflected in revised rules that are transparently applied and publicly disclosed:
- (A) percentage of sub-projects that have signboards at worksites and publicly available beneficiary lists;
 - (B) percentage of Union Parishads where payments are made through banks or formal financial channels; and
 - (C) percentage of sub-projects that use the allocation for non-wage costs; and
- (iii) Program monitoring and evaluation system strengthened so as to allow timely monitoring of Program implementation and third-party verification:
- (A) percentage of sub-projects whose progress reports have been prepared using standardized monitoring formats in each Program phase;
 - (B) annual household surveys conducted for a representative sample of households;
 - (C) number of Union Parishads where independent process documentation activities have taken place; and
 - (D) number of participating *Upazilas* that have entered beneficiary lists into an electronic database.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. The Recipient shall prepare and furnish to the Association not later than one (1) month after the end of each Phase of the Program, interim unaudited financial reports (IUFR) for the Project covering the period, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods.** All goods required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding following the Procurement Guidelines.
2. **Other Methods of Procurement of Goods through the Recipient's Procurement Laws.** Within the overall context of the Procurement Guidelines, local procurement of goods and works will follow the Recipient's Procurement Laws. The following table specifies the methods of procurement to be used in accordance with the Recipient's Procurement Laws. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method	
(a)	National Competitive Bidding
(b)	Shopping
(c)	Direct Contracting

For the purpose of National Competitive Bidding, the following shall apply:

- (i) post bidding negotiations shall not be allowed with the lowest evaluated or any other bidder;
- (ii) bids should be submitted and opened in public in one location immediately after the deadline for submission;
- (iii) rebidding shall not be carried out, except with the Association’s prior agreement;
- (iv) lottery in award of contracts shall not be allowed;
- (v) bidders’ qualification/experience requirement shall be mandatory;
- (vi) bids shall not be invited on the basis of percentage above or below the estimated cost and contract award shall be based on the lowest evaluated bid price of compliant bid from eligible and qualified bidder; and
- (vii) single stage two (2) envelope procurement system shall not be allowed.

C. Particular Methods of Procurement of Consultants’ Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants’ Services.** Within the overall context of the Consultant Guidelines, local procurement of services of firms (for which the shortlist may be comprised entirely of national consultants) and services of individual consultants will follow the Recipient’s Procurement Laws. The following table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method	
(a)	Quality-Based Selection
(b)	Fixed Budget Selection
(c)	Least-Cost Selection
(d)	Consultants Qualifications-Based Selection
(e)	Single-Source Selection
(f)	Individual Consultants

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

E. Procurement Risk Mitigation Plan; Procurement Expert

The Recipient shall: (i) implement the Procurement Risk Mitigation Plan, including the submission to the Association of periodic reports detailing the implementation of said Procurement Risk Mitigation Plan; and (ii) employ, not later than February 28, 2011, the services of a qualified procurement expert to assist the Recipient in carrying out the procurement process under the Project in the first twelve (12) months of the Project.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the

amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Wage costs for the: (a) First scheduled disbursement (on or about January 31, 2011) (b) Second scheduled disbursement (on or about July 31, 2011) (c) Third scheduled disbursement (on or about January 31, 2012) (d) Fourth scheduled disbursement (on or about July 31, 2012) (e) Fifth scheduled disbursement (on or about January 31, 2013) (f) Sixth scheduled disbursement (on or about July 31, 2013) (g) Seventh scheduled disbursement (on or about January 31, 2014)	13,940,000 1,130,000 15,950,000 8,860,000 22,150,000 8,860,000 22,150,000	up to 70% up to 70% up to 70% up to 70% up to 70% up to 70% up to 70%
(2) Goods, Consultants' Services, Training and Incremental Operating Costs	3,360,000	100%
TOTAL AMOUNT	96,400,000	

For purposes of this Schedule, the term "Incremental Operating Costs" means costs incurred by the Recipient on account of the management and supervision of the Project, including the cost of office utilities, office supplies and stationeries, events, bank charges, advertising costs, and salaries and contractual allowances of contracted staff but excluding salaries and allowances of the Recipient's civil servants.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section:
 - (a) No withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an amount not exceeding SDR 13,940,000 may be made out of Sub-Category (1)(a) (subject to compliance with the provisions of subparagraph (b) below) for wages paid prior to this date and during the first phase of the Program in FY 2011.
 - (b) No withdrawal shall be made under Sub-Category (1)(a) until and unless the Recipient shall have:
 - (i) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including the submission to the Association of the IUFR for expenditures under the first phase of the Program in FY 2011; and
 - (ii) furnished evidence, satisfactory to the Association, of the achievement of DLIs (1), (2), (3) and (4)(a) in FY 2011, set out in Schedule 4 to this Agreement.
 - (c) No withdrawal shall be made under Sub-Category (1)(b) until July 15, 2011, and unless the Recipient shall have:
 - (i) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including the submission to the Association of the applicable IUFR; and
 - (ii) by no later than July 15, 2011, furnished evidence, satisfactory to the Association, of the achievement, during the second phase of the Program in FY 2011, of DLI (4)(b) for FY 2011, set out in Schedule 4 to this Agreement.

If the Association shall not receive satisfactory evidence of the achievement of DLI (4)(b), the maximum amount the Recipient shall be entitled to withdraw shall be reduced as follows:

- (i) where DLI (4)(b) is not achieved, by the amount of SDR 1,130,000; and
- (ii) where DLI (4)(b) is partially achieved, in an amount corresponding to the percentage of non-achievement of the DLI,

calculated in accordance with a formula agreed upon between the Recipient and the Association.

- (d) No withdrawal shall be made under Sub-Category (1)(c) until January 15, 2012, and unless the Recipient shall have:
- (i) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including the submission to the Association of the applicable IUFR; and
 - (ii) by no later than January 15, 2012, furnished evidence, satisfactory to the Association, of the achievement, during the first phase of the FY 2012 Program, of the following:
 - (A) DLIs (5), (6) and (7) for FY 2012, set out in Schedule 4 to this Agreement; and
 - (B) DLI (4) for FY 2012, set out in Schedule 4 to this Agreement.

If the Association shall receive satisfactory evidence of the achievement of less than all of the above-mentioned DLIs, the maximum amount the Recipient shall be entitled to withdraw shall be reduced as follows:

- (i) where DLI (5) is not achieved, by the amount of SDR 4,430,000, which amount may be withdrawn at a later date if and when the Association is satisfied that DLI (5) has been achieved;
 - (ii) where DLI (6) is not achieved, by the amount of SDR 4,430,000, which amount may be withdrawn at a later date if and when the Association is satisfied that DLI (6) has been achieved;
 - (iii) where DLI (7) is not achieved, by the amount of SDR 4,430,000; and
 - (iv) (A) where DLI (4) is not achieved, by the amount of SDR 2,660,000; and
 - (B) where DLI (4) is partially achieved, in an amount corresponding to the percentage of non-achievement of the DLI, calculated in accordance with a formula agreed upon between the Recipient and the Association.
- (e) No withdrawal shall be made under Sub-Category (1)(d) until July 15, 2012, and unless the Recipient shall have:

- (i) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including the submission to the Association of the applicable IUFR; and
- (ii) by no later than July 15, 2012, furnished evidence, satisfactory to the Association, of the achievement, during the second phase of the FY 2012 Program, of DLIs (1), (2), (3), (4) and (7) for FY 2012, set out in Schedule 4 to this Agreement.

If the Association shall receive satisfactory evidence of the achievement of less than all of the above-mentioned DLIs, the maximum amount the Recipient shall be entitled to withdraw shall be reduced as follows:

- (i) where any of DLIs (1), (2), (3) and/or (7) is/are not achieved, by an amount of SDR 1,772,000 for each DLI not achieved; and
- (ii) (A) where DLI (4) is not achieved, by an amount of SDR 1,772,000; and
 - (B) where DLI (4) is partially achieved, in an amount corresponding to the percentage of non-achievement, calculated in accordance with a formula agreed upon between the Recipient and the Association.

(f) No withdrawal shall be made under Sub-Category (1)(e) until January 15, 2013, and unless the Recipient shall have:

- (i) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including the submission to the Association of the applicable IUFR; and
- (ii) by no later than January 15, 2013, furnished evidence, satisfactory to the Association, of the achievement, during the first phase of the FY 2013 Program, of DLIs (1), (2), (3), (4), (5), (6) and (7) for FY 2013, set out in Schedule 4 to this Agreement.

If the Association shall receive satisfactory evidence of the achievement of less than all of the above-mentioned DLIs, the maximum amount the Recipient shall be entitled to withdraw shall be reduced as follows:

- (i) where any of DLIs (1), (2), (3) and/or (7) is/are not achieved, by an amount of SDR 2,658,000 for each DLI not achieved;

- (ii) where DLI (5) is not achieved, by an amount of SDR 4,430,000, which amount may be withdrawn at a later date if and when the Association is satisfied that DLI (5) has been achieved;
- (iii) where DLI (6) is not achieved, by an amount of SDR 4,430,000; and
- (iv) (A) where DLI (4) is not achieved, by an amount of SDR 2,658,000; and
 - (B) where DLI (4) is partially achieved, in an amount corresponding to the percentage of non-achievement, calculated in accordance with a formula agreed upon between the Recipient and the Association.
- (g) No withdrawal shall be made under Sub-Category (1)(f) until July 15, 2013, and unless the Recipient shall have:
 - (i) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including the submission to the Association of the applicable IUFRR; and
 - (ii) by no later than July 15, 2013, furnished evidence, satisfactory to the Association, of the achievement, during the second phase of the FY 2013 Program, of DLIs (1), (2), (3), (4) and (7) for FY 2013, set out in Schedule 4 to this Agreement.

If the Association shall receive satisfactory evidence of the achievement of less than all of the above-mentioned DLIs, the maximum amount the Recipient shall be entitled to withdraw shall be reduced as follows:

- (i) where any of DLIs (1), (2), (3) and/or (7) is/are not achieved, by an amount of SDR 1,772,000 for each DLI not achieved; and
- (ii) (A) where DLI (4) is not achieved, by an amount of SDR 1,772,000; and
 - (B) where DLI (4) is partially achieved, in an amount corresponding to the percentage of non-achievement, calculated in accordance with a formula agreed upon between the Recipient and the Association.
- (h) No withdrawal shall be made under Sub-Category (1)(g) until January 15, 2014 and unless the Recipient shall have:

- (i) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including the submission to the Association of the applicable IUFR; and
- (ii) by no later than January 15, 2014, furnished evidence, satisfactory to the Association, of the achievement, during the first phase of the FY 2014 Program, of DLIs (1), (2), (3), (4), (5), (6) and (7) for FY 2014, set out in Schedule 4 to this Agreement.

If the Association shall receive satisfactory evidence of the achievement of less than all of the above-mentioned DLIs, the maximum amount of the withdrawal shall be reduced as follows:

- (i) where any of DLIs (1), (2), (3) and/or (7) is/are not achieved, by an amount of SDR 2,658,000 for each DLI not achieved;
- (ii) where either or both of DLIs (5) or (6) is/are not achieved, by an amount of SDR 4,430,000 for each DLI not achieved; and
- (iii) (A) where DLI (4) is not achieved, by an amount of SDR 2,658,000; and
 - (B) where DLI (4) is partially achieved, in an amount corresponding to the percentage of non-achievement, calculated in accordance with a formula agreed upon between the Recipient and the Association.

2. Notwithstanding the foregoing, if the Association has not been satisfied that any DLI has been achieved, the Association, at its sole discretion, may:

- (a) at any time, by notice to the Recipient, cancel the amount of the Credit corresponding to the DLI that has not been achieved; and
- (b) at such later date when the Association is satisfied that DLI (4) for FY 2014, as set out in Schedule 4 of this Agreement, has been achieved, authorize withdrawal under Category (1) in an amount not to exceed the lowest of the following:
 - (i) total undisbursed funds under Category (1);
 - (ii) seventy percent (70%) of total wages paid under the Program during the Project period less total disbursements for wages to date; and
 - (iii) US\$20,000,000 equivalent.

3. The Closing Date is June 30, 2014.

SCHEDULE 3**Repayment Schedule**

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each March 1 and September 1:	
commencing March 1, 2021 to and including September 1, 2030	1%
commencing March 1, 2031 to and including September 1, 2050	2%

* 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 3.03(b) of the General Conditions.

SCHEDULE 4

Disbursement-Linked Indicators

NO	FOCUS AREA	OBJECTIVE	BASELINE	TARGETS FOR DISBURSEMENT			COMMENTS	
				2011*	2012	2013		
1.	Geographic targeting	Wage costs allocated and utilized according to upazila level poverty rates.	100 Day EGP covered all 64 districts and 480 upazilas; resources were not explicitly targeted to higher poverty upazilas.	Program guidelines issued to reflect allocation formula:	Actual allocation from Ministry to upazilas to remain as per program guidelines AND a minimum of 40% of actual expenditures on wage costs in each phase going to upazilas with extreme poverty rates 35% and higher.	Actual allocation from Ministry to upazilas to remain as per program guidelines AND a minimum of 45% of actual expenditures on wage costs in each phase going to upazilas with extreme poverty rates 35% and higher.		
				<table border="1"> <thead> <tr> <th>% program resources:</th> <th>Upazilas with extreme poverty rates:</th> </tr> </thead> <tbody> <tr> <td>50%</td> <td>35% and higher</td> </tr> <tr> <td>40%</td> <td>21-34%</td> </tr> <tr> <td>10%</td> <td>20% and lower</td> </tr> </tbody> </table>				% program resources:
% program resources:	Upazilas with extreme poverty rates:							
50%	35% and higher							
40%	21-34%							
10%	20% and lower							
		Verification Mechanism:		<i>PD's office provides copies of all issued guidelines, office orders, circulars, and budget allocation from Ministry to upazila level.</i>	<i>PD's office provides report certifying budget allocation from Ministry to upazila level for each upazila for each program phase.</i>			

NO	FOCUS AREA	OBJECTIVE	BASELINE	TARGETS FOR DISBURSEMENT			COMMENTS
				2011*	2012	2013	
2.	Household targeting based on well-established poverty correlates	Use of household targeting criteria for beneficiary selection.	94% of beneficiaries in 100 Day EGP have less than 0.5 acres land; 73% of heads of beneficiary households are manual laborers (Baseline values from WB survey in six districts in the Rajshahi division, a <i>monga</i> prone area).	(1) Program guidelines issued requiring that beneficiaries eligible for EGPP participation be from households owning less than 0.5 acres of land and engaged in manual labor; (2) Operations Manual reflects program rules laying out beneficiary selection criteria.	At least 75% of beneficiaries in each phase are both engaged in manual labor and own less than 0.5 acres of land.	At least 80% of beneficiaries in each phase are both engaged in manual labor and own less than 0.5 acres of land.	If FY 2011 targets have been met before Project effectiveness, the FY 2011 DLI can qualify for up-front financing.
		Verification Mechanism:		<i>PD's office provides copies of all issued guidelines, office orders, and circulars as well as Program operations manual.</i>	<i>PD's office provides community sub-project-level program monitoring reports from every program phase that certify percentage of participating beneficiaries with less than 0.5 acres land and engaged in manual labor on each sub-project.</i>		

NO	FOCUS AREA	OBJECTIVE	BASELINE	TARGETS FOR DISBURSEMENT			COMMENTS
				2011*	2012	2013	
3.	Gender targeting	Increase women's participation in program.	10% of beneficiaries in 100 Day EGP were women.	Program guidelines issued requiring that a minimum 33% of participants are women.	At least 30% of EGPP participants are women in each phase.	At least 33% of EGPP participants are women in each phase.	If FY 2011 targets have been met before Project effectiveness, the FY 2011 DLI can qualify for up-front financing.
4.	Efficient payment systems	Develop, test, and define strategy for efficient payment mechanisms.	All payments are cash-based, with significant fiduciary risk.	(a) Program guidelines issued and (b) all payments in at least 80% of UPs which have banks to be made through banks or formal financial channels in each phase.	All payments in at least 85% of UPs which have banks to be made through banks or formal financial channels in each phase.	All payments in at least 95% of UPs which have banks to be made through banks or formal financial channels in each phase.	
5.	Efficient record-keeping mechanisms	Implement robust and transparent record-keeping procedures.	Record-keeping systems are manual.	Specifications for the beneficiary database and back-end system designed and contracting initiated for database development.	Electronic beneficiary database and back-end system developed and tested in those 334 upazilas that receive OSC assistance.	Electronic beneficiary database and back-end system fully developed and installed in all 334 upazilas that receive OSC assistance.	

NO	FOCUS AREA	OBJECTIVE	BASELINE	TARGETS FOR DISBURSEMENT			COMMENTS
				2011*	2012	2013	
				<i>report on and manual developed for the database and back-end system specification.</i>	<i>database prototype and testing report.</i>	<i>report certifying final back end database with testing report.</i>	
6.	Provision of non-wage costs	Between 10% and 20% of community sub-project costs used for material and skilled labor inputs.	No provision for non-wage costs.	Program guidelines issued requiring community sub-projects to spend between 10% and 20% of the total allocation on materials and skilled labor, and to specify flow of funds for non-wage costs and procurement processes.	Non-wage costs are 10% to 20% of actual expenditures for each phase.	Non-wage costs are 10% to 20% of actual expenditures for each phase.	
	Verification Mechanism:			<i>PD's office provides copies of all issued guidelines, office orders and circulars.</i>	<i>PD's office certifies non-wage expenditures and total expenditures for each phase.</i>		
7.	Adequate personnel for supervision	Additional personnel in place at the upazila level.	Supervision of sub-projects weak due to lack of personnel.	Selection process completed for all Field Supervisor posts.	90% of Field Supervisor positions are filled during each phase.	90% of Field Supervisor positions are filled during each phase.	
	Verification Mechanism:			<i>PD's office provides confirmation of appointment letters issued for all Field Supervisor posts.</i>	<i>PD's office certifies presence of Field Supervisors during each phase.</i>		

*IDA funding for the program is expected to run from January 2011 through December 2013 with the last disbursements occurring in early 2014.

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 with the modifications set forth in Section II of this Appendix.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
4. “Disaster Management and Relief Division” means the Recipient’s Disaster Management and Relief Division within MOFDM (as this term is hereinafter defined).
5. “Disbursement-Linked Indicators” and the acronym “DLIs” mean, collectively, the disbursement-linked targets set forth in the three columns under the heading “Targets for Disbursement” in Schedule 4 to this Agreement.
6. “Environmental Management Framework” means the framework dated September 16, 2010, satisfactory to the Association, setting forth a program of actions, measures and policies designed to maximize the benefits of the Project, eliminate, offset or mitigate any adverse environmental impacts, or reduce such impacts to acceptable levels, as such framework may be amended from time to time with the prior agreement of the Association.
7. “Fiscal Year” and the acronym “FY” mean, collectively, the fiscal year of the Recipient, which commences on July 1 and closes on June 30.
8. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
9. “MOFDM” means the Recipient’s Ministry of Food and Disaster Management.
10. “National Steering Committee” means the committee referred to in paragraph 2 of Section I.A of Schedule 2 to this Agreement.
11. “Phase of the Program” means the period during which the Program provides short-term employment to manual workers in a given Fiscal Year.

12. “Procurement Laws” means, collectively, the Recipient’s Procurement Act 2006, the Recipient’s Public Procurement Rules 2008 (as amended in August 2009) and the Recipient’s Public Procurement Act (1st Amendment) 2009.
13. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006 and May 2010.
14. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated August 31, 2010 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
15. “Procurement Risk Mitigation Plan” means the measures and actions, prepared by the Recipient and dated August 31, 2010, aimed at mitigating procurement-related risks in the carrying out of the Project, and which has been agreed with the Association.
16. “Program” means the Recipient’s Employment Generation for the Poorest Program designed to provide short-term employment to manual workers during the lean season over two (2) cycles that add up to one hundred (100) days per year.
17. “Program Guidelines” means the Program Guidelines to be prepared under the Project referred to in Part I(1)(b) of the Project.
18. “Social Management Framework” means the framework dated September 16, 2010, satisfactory to the Association, setting out a program of actions, measures and policies designed to maximize the benefits of the Project, eliminate, offset or mitigate any adverse social impacts, including land acquisition and resettlement impacts, and sets forth consultative processes to be undertaken under the Project that are culturally acceptable and sensitive to the needs, customs and norms of indigenous peoples, or reduce such impacts to acceptable levels, as such framework may be amended from time to time with the prior agreement of the Association.
19. “Technical Project Review Committee” means the committee referred to in paragraph 3 of Section I.A of Schedule 2 to this Agreement.
20. “Union Committee” means the committee at the Union Parishad level responsible for, *inter alia*, the implementation and supervision of the sub-projects.
21. “Union Parishad” and the acronym “UP” means the elected local government body, established under the Local Government (Union Parishads) Ordinance and provided for by the Constitution of Bangladesh, and which, *inter alia*, is

responsible, within its territorial jurisdiction, for the: (a) coordination of public service delivery and its providers; (b) maintenance of public order and conflict resolution and mediation; and (c) preparation and implementation of plans relating to public services and economic development.

22. “Upazila” means a sub-district, the lowest administrative unit in the territory of the Recipient.
23. “Upazila Committee” means the committee at the *Upazila* level responsible for, *inter alia*, the approval and overall supervision of sub-projects within the *Upazila*.
24. “Upazila Nirbahi Officer” means the chief executive officer of the *Upazila*.

Section II. Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”
2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made

by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”