

OFFICIAL DOCUMENTS

The World Bank

E-32, Agargaon, Sher-e-Bangla Nagar, Dhaka 1207, Bangladesh
Phone: (880-2) 5566-7777,
Facsimile: (880-2) 5566-7778

Qimiao Fan

Country Director for Bangladesh, Bhutan and Nepal

July 12, 2017

Secretary Kazi Shofiqul Azam
Economic Relations Division
Ministry of Finance
Block 8, Room 3
Sher-e-Bangla Nagar
Dhaka

**Re: *Bangladesh: Advance Agreement for Preparation of Livestock
Development-based Dairy Revolution and Meat Productions (DRMP)
Project. Project Preparation Advance No. IDA V104-BD***

Dear Secretary Azam:

In response to the request for financial assistance made on behalf of People's Republic of Bangladesh ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank") proposes to extend to the Recipient an advance out of the World Bank's Project Preparation Facility in an amount not to exceed one million two hundred thousand Dollars (\$ 1,200,000) ("Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in financing the activities described in the Annex ("Activities"). The objective of the Activities is to facilitate the preparation of a proposed project designed to support small-holder farmers and agro-entrepreneurs to improve productivity, market integration, risk management, and resilience of selected livestock systems and value chains in target areas, ("Project"), in support of which the Recipient has requested the World Bank's financial assistance.

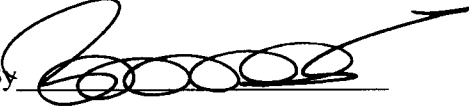
The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received this countersigned copy within sixty (60) days after the date of signature of this Agreement by the World Bank, unless the World Bank has established a later date for such purpose.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By 
Qimiao Fan

AGREED:
PEOPLE'S REPUBLIC OF BANGLADESH

By 

Name: Mr. Kazi Shofiqul Azam

Title: Secretary, Economic Relations Division

Date: 13/08/2017

Enclosures:

- (1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010; and
- (2) Disbursement Letter for the Advance of the same date as this Agreement, together with "Disbursement Guidelines for Investment Project Financing", dated February 2017.

cc: Mr. Mohammad Moinuddin Abdullah, Secretary, Ministry of Agriculture
Mr. Md. Maksudul Hasan Khan, Secretary, Ministry of Fisheries and Livestock
Ms. Mahmuda Begum, Additional Secretary, Economic Relations Divisions
Dr. Md. Nazrul Anwar, Additional Secretary (Fisheries), Ministry of Fisheries and Livestock
Ms. Dilruba Yasmin, Joint Chief (Planning), Ministry of Fisheries and Livestock
Ms. Fatema Begum, Senior Assistant Chief, Economic Relations Divisions, Ministry of Finance
Mr. Subhash Chandra Garg, Executive Director for Bangladesh, World Bank
Mr. M. Musharraf Hossain Bhuiyan, Alt. Executive Director for Bangladesh, World Bank
Mr. Santosh Vaidya, Senior Advisor to Executive Director for Bangladesh, World Bank

**PPA No. IDA V104-BD
ANNEX**

**Article I
Standard Conditions; Definitions**

1.01. **Standard Conditions.** The “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility” dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement. Notwithstanding the foregoing, the following terms shall have the following meanings:

- (a) “DLS” means the Department of Livestock Services within the MoFL, or any successor thereto.
- (b) “IOC” means 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 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, provided that such Operating Costs are paid to the eligible recipient through banking system (except for petty cash expenses following Recipient’s existing policy); but excluding salaries, per diem, fuel, allowances and honorarium of officials of the Recipient’s civil service and/or other sitting allowances and honorarium of any other nature.
- (c) “MoFL” means the Recipient’s Ministry of Fisheries and Livestock, or any successor thereto.
- (d) “PIU” means the unit to be established and maintained by the DLS in accordance with the provisions of Section 2.03(a) of this Agreement.
- (e) “World Bank Safeguard Policies” means the World Bank’s operational policies and procedures set forth in the World Bank’s Operational Manual and identified as OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60 as said manual is published under www.WorldBank.org/opmanual.

**Article II
Execution of the Activities**

2.01. **Description of the Activities.** The Activities for which the Advance is provided consist of the following parts:

- (a) Provision of technical and operational support for recruitment of key staff and consultants at the PIU to prepare for the Project;
- (b) Carrying out of a program of activities to share information and carrying out of awareness workshops to disseminate information about the Project;

(c) Provision of technical support for:

(i) preparation of the Development Project Proposal (DPP) for the Project. The DPP will lead to achieve the strategic goal to increase safe milk and meat productions, diversifications through value addition, nutrition security, contribution to the economy, poverty reduction, and environmental stability. Eventually it will help to achieve the targets spelled-out in the 7th Five Year Plan and Vision 2021 of the Government, and the Goal-1 and 2 of Sustainable Development Goals.

(ii) preparation of the draft Implementation Manual for the Project;

(iii) conducting feasibility studies for the Project;

(iv) preparation of safeguard documents, environmental and social management framework/environmental and social impact assessments for the Project; and

(v) preparation of draft terms of reference for firms to conduct baseline survey and monitoring and evaluation of the Project .

2.02. **Execution of the Activities Generally.** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through DLS under the guidance of the MoFL in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) 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.

2.03. **Institutional and Other Arrangements.** The Recipient shall:

(a) vest the overall responsibility for the implementation of the Activities in DLS, and, to this end, DLS shall by not later than August 31, 2017, establish and thereafter maintain throughout the implementation of the Activities, a PIU, with functions and resources acceptable to the World Bank, and with competent staff in adequate numbers, for the purposes of day-to-day coordination, monitoring, implementation and administration of the Activities, including the financial management, procurement, and environmental and social safeguards management.

(c) without limitation upon the provisions of Section 2.02 above, and in order to ensure proper implementation of the Activities and the Project in an environmentally and socially responsible manner, cause DSL to ensure that the terms of reference for any consultancies related to any technical assistance and capacity building activities under this Agreement shall be agreed with the World Bank following its review thereof, and, to that end, such terms of reference shall duly incorporate the requirements of the World Bank’s Safeguard Policies, as applied to any consultations, information gathering and advice conveyed through such technical assistance and capacity building activities.

2.04. **Monitoring, Reporting and Evaluation of the Activities.** The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than one month after the end of each six months , covering the period, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. **Procurement** All, goods, non-consulting services, and consulting services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in the “World Bank Procurement Regulations for Borrowers under Investment Project Financing” dated July 1, 2016 (“Procurement Regulations”) and the provisions of the Recipient’s procurement plan for the Activities dated [insert the date of the Procurement Plan] (“Procurement Plan”) provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

Article III Withdrawal of the Advance

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance (“Category”), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Advance Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) IOC, Goods (excluding vehicles), non-consulting services and consulting services under the Activities	1,200,000	100%
TOTAL AMOUNT	1,200,000	

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Refinancing Date.** The Refinancing Date is December 31, 2018².

Article IV Terms of the Advance

4.01. **Service Charge.** The Recipient shall pay a service charge on the Withdrawn Advance Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum. The service charge shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. Service charges shall be computed on the basis of a 360-day year of twelve 30-day months.

4.02. **Repayment.** The Withdrawn Advance Balance shall be repaid by the Recipient to the World Bank (together with any service charges accrued thereon) in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

(a) **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be repaid to the World Bank (together with any service charges accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such service charges, in accordance with the provisions of the Refinancing Agreement.

(b) **Repayment in the absence of a Refinancing Agreement:** If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date or at any time thereafter, it has been so executed but terminates without becoming effective, then:

- (i) if the amount of the Withdrawn Advance Balance does not exceed \$50,000, it shall be repaid by the Recipient to the World Bank (together with service charges accrued on the Withdrawn Advance Balance to the date of repayment) on such date as the World Bank shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and
- (ii) if the amount of the Withdrawn Advance Balance exceeds \$50,000, it (together with service charges accrued on the Withdrawn Advance Balance to the Notice Date) (the "Aggregate Balance") shall be paid by the Recipient to the World Bank in ten approximately equal semiannual installments, in the amounts and on the dates ("Payment Dates") which the World Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than 60 days following the date ("Notice Date") of dispatch of such notice. The Recipient shall pay a service charge on the Aggregate Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum, payable in arrears on each Payment Date. The

² Insert the expected date of effectiveness of the loan/financing agreement for the operation for whose preparation the Advance is made.

service charge shall be computed on the basis of a 360-day year of twelve 30-day months.

Article V
Recipient's Representative; Addresses

5.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 9.02 of the Standard Conditions 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.

5.02. **Recipient's Address.** The Recipient's Address referred to in Section 9.01 of the Standard Conditions is:

Economic Relations Division
Ministry of Finance
Block 8, Room 3
Sher-e-Bangla Nagar
Dhaka

Facsimile: + 88 02 8113088

5.03. **World Bank's Address.** The World Bank's Address referred to in Section 9.01 of the Standard Conditions is:

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

Telex:

Facsimile:

248423 (MCI) or
64145 (MCI)

(1)-202-477-6391