

CONFORMED COPY

CREDIT NUMBER 4819-BD

Financing Agreement

**(Additional Financing for the Emergency 2007 Cyclone
Recovery and Restoration Project)**

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 11, 2010

FINANCING AGREEMENT

AGREEMENT dated November 11, 2010, 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) 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, in the Original Financing Agreement, 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 forty nine million four hundred thousand Special Drawing Rights (SDR 49,400,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 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 Dollars.

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 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 — 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 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 V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is the Secretary, or the Additional Secretary, or any Joint Secretary, or Deputy Secretary, or Senior Assistant Secretary, or Assistant Secretary, or Joint Chief, or Deputy Chief, or Senior Assistant Chief, or Assistant Chief of the Economic Relations Division of the Recipient's Ministry of Finance.
- 5.02. 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

Cable:	Telex:	Facsimile:
BAHIRSAMPAD	642226 SETU BJ	88028113088

5.03. 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, People's Republic of 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 Project consists of the following Parts which: (a) maintain the Original Project's objectives to assist the Recipient in facilitating recovery from the damage to livelihoods and infrastructure caused by Cyclone Sidr and to build long-term preparedness through strengthened disaster risk reduction and management; and (b) are selectively integrated in, or replace, for purposes of this additional Credit, the Parts of the Original Project as follows:

Part A: Agriculture Sector Recovery and Improvement

1. Carrying out of a series of recovery operations to protect crops from future floods and cyclones, rehabilitation of agriculture equipment and storage infrastructure, provision of shallow tubewells, seeds, inputs, fertilizer, power tillers and threshers, and provision of training on crop and pest management, maintenance, and on technical, management and marketing issues, expanded to target additional cyclone-affected farmers.
2. Provision of technical advisory services and equipment to: (a) improve knowledge base on the status of coastal small-scale fisheries essential for planning and introduction of fisheries management measures; (b) demonstrate and introduce improved fishing vessels and selective life-saving gear; (c) train MOFL staff on aquaculture, farm management, stocking densities, water quality and feeding; and (d) re-excavate damaged ponds and shrimp farms, expanded to target additional cyclone-affected fishers.
3. Improving the overall management and production practices in the livestock sector through, *inter alia*: (a) provision of livestock feed and medication supplies; (b) provision of training on avian flu, improved management and general healthcare of poultry and feed, improved goat and buffalo rearing and management; (c) strengthening of cold chain systems for vaccination delivery; (d) construction of improved dairy and portable poultry sheds; and (e) construction of fodder development demonstration sites to improve the livestock nutrition, expanded to target additional cyclone-affected livestock farmers.

Part B: Reconstruction and Improvement of Multipurpose Shelters

1. Carrying out of a series of works including: (a) the construction of about sixty (60) additional new shelters as multipurpose buildings for primary schools, community centers or other community buildings; (b) rehabilitation, repair and improvement of about one hundred (~100) additional damaged existing shelters;

and (c) reconstruction of additional rural roads and communication networks to access the shelters built under the Project.

2. Provision of technical advisory services to carry out surveys, designs and construction supervision of multipurpose disaster shelters, and to carry out social and environmental assessments.

Part C: Rehabilitation of Coastal Embankments

1. Carrying out of an expanded emergency program of works along the coastal embankments/sections damaged during the 2007 cyclone, including rehabilitation, improvement and roads construction, to scale up the length of coastal embankments rehabilitated and upgraded.
2. Carrying out of a forestation program along embankments, including provision of technical advisory services, equipment and training to communities to be involved in the implementation, and after-care, of the program assets.
3. Provision of technical advisory services for the carrying out of: (a) surveys, designs and construction supervision of rehabilitation/improvement of coastal embankments; and (b) consultations with the local communities and stakeholders, in identifying sites, needs and suitable designs of coastal embankments.

Part D: Long-Term Disaster Risk Management Program

1. Provision of technical advisory services and equipment to support capacity building activities, *inter alia*, through: (a) enhancement of capacity of DMB in designing, standardizing and implementing a post-disaster damage and needs assessment across all concerned agencies at various administrative levels, down to the district and *upazila* levels, and training of key DMB and Directorate of Relief and Rehabilitation concerned staff, as master trainers; (b) design and implementation of a national level master training program and subsequent downstream programs for training at the district, union and *upazila* level; and (c) preparation of multi-hazard vulnerability risk assessment and maps.

Part F: Project Management and Preparedness for Future Disasters

1. Provision of goods, works, consulting services, and technical advisory services to establish a funding system to support emergency recovery in future disasters.

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

1. The implementation arrangements described in Section I of Schedule 2 to the Original Financing Agreement are hereby incorporated by reference in this Section I and shall apply, *mutatis mutandis*, to the Project.
2. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
3. The Recipient shall ensure that in carrying out the Project: (i) the mitigation, management and evaluation measures and all other actions set forth in the Environmental and Social/Resettlement Management Framework, Environmental Management Plans and Social/Resettlement Management Plans prepared under the Original Project are implemented in accordance with the objectives, policies, procedures, time schedules and other provisions set forth therein; and (ii) no action is taken which would prevent or interfere with such implementation.

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

1. 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 paragraph 2 acceptable to the Association. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.
2. The performance indicators referred to above in paragraph 1 consist, *inter alia*, of the following: (i) number of marginal farmers and landless livestock owners and fishermen severely affected by the cyclone adopting improved technologies and restoring their livelihoods; (ii) number of shelters constructed, repaired and improved; (iii) length of coastal embankments rehabilitated or improved; and (iv) number of multi-hazard mapping models developed by DMB.

B. Financial Management, Financial Reports and Audits

1. The financial management, financial reporting and audit arrangements described in Section II.B of Schedule 2 to the Original Financing Agreement are hereby incorporated by reference in this Section II.B and shall apply, *mutatis mutandis*, to the Project.

Section III. Procurement

The procurement arrangements described in Section III of Schedule 2 to the Original Financing Agreement are hereby incorporated by reference in this Section III and shall apply, *mutatis mutandis*, to 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) Goods, works, consultants' services and Incremental Operating Costs under Part A of the Project (through FAO)	8,560,000	100%
(2) Goods, works, consultants' services and Incremental Operating Costs, including training:		
(a) under Part B (LGED)	16,470,000	100%
(b) under Part C (BWDB)	9,880,000	100%
(c) under Part D.1 (DMB)	1,320,000	100%

(3) Goods, works, consultants' services, Incremental Operating Costs, including training for emergency support under Part F.2 of the Project	13,170,000	100%
TOTAL AMOUNT	49,400,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. 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 February 1 and August 1: commencing February 1, 2021 to and including August 1, 2030	1%
commencing February 1, 2031 to and including August 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.

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. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
5. “Original Financing Agreement” means the financing agreement for an Emergency 2007 Cyclone Recovery and Restoration Project between the Recipient and the Association, dated November 23, 2008 as amended to the date of this Agreement (Credit No. 4507-BD).
6. “Original Project” means the Project described in Schedule 1 to the Original Financing Agreement.
7. “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.
8. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated August 30, 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.

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.”