

CONFORMED COPY

CREDIT NUMBER 5015-BD

Financing Agreement

**(Northern Areas Reduction-of-Poverty Initiative: Women's Economic
Empowerment Project)**

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Date December 4, 2011

CREDIT NUMBER 5015-BD

FINANCING AGREEMENT

AGREEMENT Dated December 4, 2011 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 eighteen million two hundred thousand Special Drawing Rights (SDR 18,200,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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. To this end, the Recipient shall carry out:
 - (a) Parts 1, 2 and 3 of the Project through the Bangladesh Export Processing Zones Authority (BEPZA); and
 - (b) Part 4 of the Project through BEPZA and the Ministry of Labor and Employment (MOLE), 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, 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. 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

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/ Md. Iqbal Mahmood

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Ellen Goldstein

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to facilitate access to employment opportunities in the Recipient's garment sector for poor and vulnerable women from lagging areas.

The Project consists of the following parts:

Part 1. Information Campaign and Candidate Selection

- (a) Implementation of an information, education and communication campaign in targeted districts to provide poor and vulnerable women, their families and communities with information about the Project.
- (b) Carrying out of a multi-level targeting strategy and screening of applicants according to eligibility criteria agreed with the Association.
- (c) Carrying out of an orientation program for eligible applicants and selection of beneficiaries.
- (d) Provision of transportation for the beneficiaries to the training and accommodation facilities in the export processing zones.

Part 2. Establishment of Training Centers and Dormitories

- (a) Construction of training and transitory accommodation facilities.
- (b) Provision of furniture and equipment for the training centers and dormitories, provision of stipends to beneficiaries in training, and provision of housing allowances to graduates leaving dormitories.
- (c) Provision of management services for the training centers and dormitories.

Part 3. Provision of Training and Support to Beneficiaries

- (a) Delivery of a technical training curriculum for garment industry work.
- (b) Delivery of a life skills training curriculum to prepare beneficiaries in transitioning to formal employment.
- (c) Provision of placement services for on-the-job training and employment in export processing zone factories.

- (d) Provision of counseling to trainees and graduates, including the establishment of self-help groups.

Part 4. Management and Coordination, Monitoring and Evaluation, and Preparation of Expansion Program

- (a) Project management and coordination.
- (b) Carrying out of a comprehensive monitoring and evaluation program, including: (i) internal monitoring of Project progress and results; (ii) external, third-party monitoring of processes, outputs and outcomes; (iii) impact evaluation of the Project; and (iv) conducting studies and annual stakeholder workshops.
- (c) Identification and selection of sites and provision of technical assistance in preparation for a program to scale up the Project.

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

1. The Recipient shall maintain, throughout the period of Project implementation, the Project Implementation Unit in BEPZA, headed by a project director and having a central project office and field offices in the Project sites, to oversee the implementation of Parts 1, 2 and 3 of the Project.
2. The Recipient shall maintain, throughout the period of Project implementation, the Project Coordination Unit in MOLE, headed by a coordinating director and responsible for: (a) the overall management and coordination of the Project; (b) Project monitoring and evaluation; and (c) the preparation of an expansion program.
3. The Recipient shall maintain, throughout the period of Project implementation, the multi-stakeholder Steering Committee, chaired by the Secretary, MOLE and comprising, *inter alia*, PMO, IMED, MOLE, BEPZA, Economic Relations Division, Ministry of Commerce, Ministry of Industry, Ministry of Women Affairs, Planning Commission, employers' associations, research institutes and nongovernmental organizations, to provide high-level oversight to the Project.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and the Governance and Accountability Action Plan.

C. Safeguards

1. The Recipient shall carry out the Project in accordance with the Environmental Assessment, the Social Impact Assessment and the Resettlement Policy Framework.
2. The Recipient shall ensure that each Environmental Management Plan and Social Management Plan pertaining to a Project site shall be prepared and carried out in accordance with the provisions of the Environmental Assessment and the Social Impact Assessment, respectively.
3. The Recipient shall ensure that each Resettlement Action Plan required under the Project shall be prepared and carried out in accordance with the provisions of the Resettlement Policy Framework.

4. The Recipient shall: (a) not amend the Environmental Assessment, the Social Impact Assessment, the Resettlement Policy Framework or any Environmental Management Plan, Social Management Plan, or Resettlement Action Plan without the prior written approval of the Association; and (b) report any issues on the implementation of the requirements of this section.

D. Baseline Study

The Recipient shall carry out a baseline study of the Project's outcome indicators agreed with the Association, including an assessment of the socio-economic status of the target populations using said indicators, and shall prepare and furnish to the Association, not later than twelve (12) months after the Effective Date, a report integrating the results of said baseline study.

E. Corporate Social Responsibility Fund

The Recipient shall: (a) ensure that the Steering Committee shall, not later than July 1, 2013, adopt a suitable policy governing the operation of the Recipient's corporate social responsibility fund; (b) except as the Association shall otherwise agree, not amend, abrogate or waive any provision of said policy; and (c) in the event that said policy shall not be approved by July 1, 2013, directly finance, until completion of the Project, all of the operating costs required to be financed under the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

- (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) calendar quarter, 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) consist of the following:
- (i) number of women who receive training;
 - (ii) percentage of graduates who are formally employed for at least ten (10) months of the year following completion of their training;

- (iii) difference in average level of net monthly income of graduates before the training program and one (1) year after completion of their training; and
- (iv) level of satisfaction with the Project among graduates of the training program.

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 forty-five (45) days after the end of each calendar quarter, consolidated interim unaudited financial reports for the Project covering the quarter, 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.
4. The Recipient shall ensure that:
 - (a) by no later than two (2) months after the Effective Date, a financial management specialist and an accountant, both with terms of reference acceptable to the Association, have been engaged by BEPZA and MOLE, respectively;
 - (b) by no later than four (4) months after the Effective Date, a Project financial management manual has been prepared and is satisfactory in substance to the Association; and
 - (c) by no later than one (1) year after the Effective Date, a computerized accounting system for the Project is in place and operational.

Section III. Procurement

A. General

1. **Goods, Works and Non-Consulting Services.** All goods, works and non-consulting 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 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 Section II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-Consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-Consulting Services.**
 - (a) The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(i) National Competitive Bidding, following the procedures of the Procurement Laws subject to paragraph (b) below
(ii) Shopping, following the request for quotation method of the Procurement Laws

- (b) The following provisions apply for the contracting of goods, works and non-consulting services under National Competitive Bidding, using bidding documents acceptable to the Association:
 - (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.** 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) Procedures set forth in paragraphs 5.2, 5.3 and 5.4 of the Consultant Guidelines for the Selection of 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. Other Undertakings

The Recipient shall: (a) by no later than one (1) month after the Effective Date, engage the services of a full-time procurement consultant for the duration of the Project; (b) establish a functional webpage for BEPZA with procurement-related information accessible to the public; (c) establish in the Project Coordination Unit a system for handling complaints and a database for recording, monitoring and follow up on all procurement activities under the Project; and (d) introduce and implement the Procurement Risk Mitigation Plan in a manner acceptable to the Association, including the preparation and submission of semi-annual reports to the Association on procurement activities undertaken in the period covered by the report.

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
BEPZA		
(1) Consultants' services under Part 3 of the Project	450,000	100%
(2) Goods, works, Housing Allowances, Stipends, Incremental Operating Costs and consultants' services under Parts 1, 2 (a), 2 (b) and 4 of the Project	16,630,000	100%
MOLE		
(3) Goods, consultants' services, and Incremental Operating Costs under Part 4 of the Project	1,120,000	100%
TOTAL AMOUNT	18,200,000	

For the purpose of this paragraph:

- (a) the term "Stipends" means the monthly amount that each trainee shall receive while undergoing training over a three-month period;
- (b) the term "Housing Allowance" means a lump-sum payment that Project graduates, i.e. beneficiaries who have successfully completed their training, shall receive upon leaving the accommodation facilities provided under the Project; and
- (c) the term "Incremental Operating Costs" means the reasonable costs incurred on account of the implementation of the Project for office utilities, office supplies and stationeries, printing and publication, rental of vehicles and equipment, bank charges, advertising costs, and salaries and contractual allowances of contracted staff but excluding office rental and salaries of the Recipient's civil servants.

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, except that withdrawals up to an aggregate amount not to exceed SDR94,000 equivalent may be made for payments made prior to this date but on or after June 21, 2011, for Eligible Expenditures under Category (2).
2. The Closing Date is December 31, 2015.

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, 2022 to and including September 1, 2031	1%
commencing March 1, 2032 to and including September 1, 2051	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 and revised in January 2011.
2. “Bangladesh Export Processing Zones Authority” and the acronym “BEPZA” mean the authority established pursuant to the Bangladesh Export Processing Authority Act, 1980, as modified up to 13 December, 1994.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
5. “Environmental Assessment” means the assessment of the potential environmental impacts of the Project, dated January 16, 2011 and acceptable to the Association, and which sets out measures to mitigate these impacts.
6. “Environmental Management Plan” means the plan developed for each Project site in accordance with the Environmental Assessment and acceptable with the Association, and setting out guidelines in implementing and monitoring environmental mitigation and enhancement measures to address the adverse environmental impacts of the Project, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plan, and “Environmental Management Plans” means, collectively, all such plans.
7. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
8. “Governance and Accountability Action Plan” means the Recipient’s plan dated September 18, 2011 for: (i) enhancing communication through sharing Project-related information; (ii) organizing public hearings, focus groups, and learning fora to solicit feedback on Project implementation; (iii) establishing a complaint mechanism to receive and address grievances about Project implementation; and (iv) undertaking third party monitoring, agreed with the Association.
9. “IMED” means the Implementation Monitoring and Evaluation Division under the Recipient’s Ministry of Planning.

10. “Ministry of Commerce” means the Recipient’s Ministry of Commerce.
11. “Ministry of Industry” means the Recipient’s Ministry of Industry.
12. “Ministry of Labor and Employment” and the acronym “MOLE” mean the Recipient’s Ministry of Labor and Employment.
13. “Ministry of Women Affairs” means the Recipient’s Ministry of Women Affairs.
14. “Planning Commission” means the Recipient’s Planning Commission.
15. “PMO” means the Prime Minister’s Office.
16. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
17. “Procurement Laws” means, collectively, the Recipient’s Public 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.
18. “Procurement Risk Mitigation Plan” means the framework of measures and actions, agreed with the Association, prepared by the Recipient and dated September 18, 2011, whose objective is to mitigate procurement-related risks in the carrying out of the Project.
19. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated September 18, 2011 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.
20. “Project Coordination Unit” means the unit referred to in paragraph 2 of Section I.A of Schedule 2 to this Agreement.
21. “Project Implementation Unit” means the unit referred to in paragraph 1 of Section I.A of Schedule 2 to this Agreement.
22. “Resettlement Action Plan” means a plan, acceptable to the Association, developed by the Recipient for a Project site in accordance with the Resettlement Policy Framework, describing packages of compensation and other resettlement measures to address adverse impacts of land acquisition and/or displacement, as said plan may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plan, and “Resettlement Action Plans” means, collectively, all such plans.

23. “Resettlement Policy Framework” means the framework, dated May 3, 2011 and acceptable to the Association, which contains, *inter alia*, policies and procedures for land acquisition, procedures for the identification and mitigation of adverse impacts of land acquisition and/or displacement, and institutional mechanisms for the implementation of Resettlement Action Plans.
24. “Social Impact Assessment” means the assessment of the potential social impacts of the Project, dated January 16, 2011 and acceptable to the Association, and which sets out measures to mitigate these impacts.
25. “Social Management Plan” means a plan, acceptable to the Association, developed by the Recipient for each Project site in accordance with the Social Impact Assessment, setting out guidelines to implement and monitor social mitigation and enhancement measures, and to address adverse social impacts of the Project, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plan, and “Social Management Plans” means, collectively, all such plans.
26. “Steering Committee” means the committee referred to in paragraph 3 of Section I.A of Schedule 2 to this Agreement.