

Public Disclosure Authorized

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**CONFORMED COPY**

**CREDIT NUMBER 4866-BD**

# **Financing Agreement**

**(Private Sector Development Support Project)**

**between**

**PEOPLE'S REPUBLIC OF BANGLADESH**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated May 22, 2011**

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Public Disclosure Authorized

**CREDIT NUMBER 4866-BD**

**FINANCING AGREEMENT**

AGREEMENT dated May 22, 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 seventy-eight million Special Drawing Rights (SDR 78,000,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 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 Additional Condition of Effectiveness consists of the following, namely that the DFID Trust Fund Grant Agreement has been executed and delivered and all conditions precedent to its effectiveness (other than the effectiveness of the Financing Agreement) have been fulfilled.
- 4.02. The Additional Legal Matter consist of the following: that the DFID Trust Fund Grant Agreement has been executed and delivered and all conditions precedent to its effectiveness (other than the effectiveness of the Financing Agreement) have been fulfilled.
- 4.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.04. 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/ M Musharraf Hossain

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Ellen Goldstein

Authorized Representative

## SCHEDULE 1

### Project Description

The objective of the Project is to facilitate investment in growth centers in the emerging manufacturing and services sectors of the economy with the aim of generating employment.

The Project consists of the following parts:

#### Part 1. Technical Assistance and Capacity Building

- (a) Provision of technical assistance to develop the capacity of institutions involved in the establishment and operation of economic zones in the territory of the Recipient, including, without limitation, BEZA, BEPZA, BCC, the Public Private Partnership Office under the Recipient's Prime Minister's Office, the Recipient's Board of Investment, the Department of Environment, the Recipient's High Tech Park Authority, including technical assistance to:
  - (i) build capacity in the financial, engineering, legal, procurement, social and environmental areas;
  - (ii) carry out full feasibility studies and demand surveys, including financial, economic, legal, social and environmental assessments;
  - (iii) develop information memoranda to seek private participation, including the development of master plans for selected sites, encompassing environmental and social infrastructure, zoning and pricing;
  - (iv) develop operational guidelines to monitor the performance of the firm that shall enter into a concession agreement with the Recipient for the purpose of developing the Kaliakoir hi-tech park and any future economic zones, and ensure compliance with all legal and regulatory requirements related to such transaction; and
  - (v) develop a suitable dispute resolution mechanism.
- (b) Provision of technical assistance to develop a business-friendly environment and pilot business environment reforms, including the provision of technical assistance, *inter alia*, to:

- (i) develop a one-stop shop system within BEZA, BEPZA, and the Hi Tech Park Authority to deal with registration, export and import licensing, customs clearance and other required regulations;
- (ii) develop a secured lending regime for movable property within the economic zones;
- (iii) develop a dispute resolution mechanism to settle commercial disputes of zone-registered companies or between economic zone companies and suppliers in line with the laws of the Recipient; and
- (iv) review the relevant legal and institutional frameworks, develop systems and build capacity to establish the foregoing services from within economic zones.

## Part 2. Public Investment Facility

Establishment of a public investment facility for:

- (a) the development of off-site and internal infrastructure of a public-good nature for targeted economic zones, starting with the transformation of the Kaliakoir site into a hi-tech park, such activities to include, *inter alia*, land preparation and development, and construction of access roads, sewerage systems, power distribution, and rail connections and landings; and
- (b) on-site investment, including, *inter alia*, construction of internal road networks, water and drainage systems, and supporting private investment in common user facilities.

## Part 3 Business Linkages and Product and Process Improvement

Enhancing linkages between firms located in economic zones and local suppliers outside said zones through the provision of:

- (a) technical assistance to firms located in economic zones by training their staff, improving their social and environmental standards and improving the standards for local suppliers;
- (b) support to local suppliers to help them comply with international labor and environmental standards; and
- (c) technical assistance to training and research institutions working with firms and suppliers located within the economic zones.

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

1. The Recipient shall, not later than three (3) months from the Effective Date, establish and thereafter maintain, until completion of the Project, a PAC, headed by the Secretary, Economic Relations Division, and consisting of representatives from the Ministry of Finance, Ministry of Commerce, Ministry of Law, Justice and Parliamentary Affairs, Ministry of Science and ICT, Ministry of Land, Prime Minister's Office, BOI, BEPZA, BCC, BEZA, Hi Tech Park Authority, National Board of Revenue, Department of Environment, Registrar of Joint Stock Companies, relevant private sector associations, and other relevant institutions of the Recipient, to: (a) ensure that the institutions involved in Project implementation are familiar with the PAC's policies, and ensure that said policies are adhered to in the course of Project implementation; (b) assist in overcoming constraints to Project implementation; and (c) address Project related complaints from stakeholders and/or beneficiaries.
  
2. (a) The Recipient shall, not later than December 31, 2013 or such later date as the Association may agree, cause BEZA to coordinate the Project provided, however, that the steps for strengthening of BEZA's capacity to undertake such role have been taken to the satisfaction of the Association.
  
- (b) Until such time as BEZA has acquired full capacity to carry out the functions of a central coordination unit set forth below, the Recipient shall ensure that not later than three (3) months from the Effective Date, a central coordination unit shall be established within ERD, consisting of a Project Coordinator not below the rank of Joint Secretary or Joint Chief, a Deputy Project Coordinator and a Financial and Procurement Advisor, to: (i) serve as secretariat to the PAC; (ii) assist BEZA and other institutions in matters relating to inter-departmental and inter-ministerial coordination; (iii) prepare suitable annual work plans and annual procurement plans; (iv) submit progress reports and withdrawal applications to the Association, monitor the flow and utilization of the Credit proceeds and coordinate the work of the auditors under the Project; (v) provide procurement and financial management advice, including organizing training of relevant staff on procurement and financial management; (vi) organize training in public private partnerships through relevant training institutions; and (vii) communicate the overall Project strategy and prepare the requisite Project documents



to brief external stakeholders. The Recipient shall ensure that said central coordination unit shall carry out said functions with the understanding that BEZA shall take over these functions once it has acquired the requisite capacity to carry them out.

3. (a) The Recipient shall, not later than January 31, 2013 establish, and thereafter maintain, until completion of the Project, an independent Project Implementation Unit for BEZA, and BEPZA and the Hi Tech Park Authority under the Project.
- (b) Until such time as the Hi Tech Park Authority has acquired full capacity to carry out the functions of a Project Implementation Unit in relation to the development of the Kaliakoir hi-tech park, the Recipient shall ensure that BCC shall carry out said functions with the understanding that the Project Implementation Unit for the Kaliakoir hi-tech park shall take over once it has acquired the requisite capacity to carry them out.
- (C) Each PIU shall consist of a Project Director, a Deputy Project Director, a Financial Management Specialist, a Procurement Specialist and specialized consultants, and shall be responsible for: (i) preparing work plans, procurement plans and Project-related financial forecasts; (ii) preparing quarterly progress reports, and financial reports; (iii) implementing its respective Part of the Project, including obtaining all Project-related approvals from the authorities of the Recipient; and (v) preparing background documents, Project and media briefings, and ensuring information is disseminated to all stakeholders.

**B. Anti-Corruption**

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

**C. Safeguards**

1. The Recipient shall carry out the Project in accordance with the Environmental and Social Management Framework and the Resettlement Policy Framework.
2. The Recipient shall ensure that each Environmental and Social Management Plan and Resettlement Action Plan shall be prepared in accordance with the Environmental and Social Management Framework and the Resettlement Policy Framework, respectively, and shall be carried out in accordance with its respective terms.
3. The Recipient shall: (a) not amend the Environmental and Social Management Framework, the Resettlement Policy Framework or any Environmental and

Social Management Plan or Resettlement Action Plan without the prior written approval of the Association; and (b) report to the Association any issue pertaining to the carrying out of the Project in accordance with the requirements of any of the above-mentioned safeguard instruments.

4. The Recipient shall: (a) prior to initiating the bidding process for the works required for the expansion of the Comilla economic zone and in any event not later than twenty-four (24) months after the Effective Date prepare, and furnish to the Association for its approval the applicable Environmental Management Plan and Resettlement Action Plan (including any land transfer documents) required for the expansion of the Comilla economic zone; and (b) thereafter, carry out such plans in accordance with their respective terms.

## **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) 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.
- (b) The performance indicators referred to in sub-paragraph (a) above shall consist of the following:
  - (i) investment indicators:
    - (A) increase in direct private investment in new economic zones;
    - (B) increase in firm level investment in new economic zones;
    - (C) increase in the number of firms in new economic zones; and
    - (D) increase in non-ready-made garments investment in new economic zones; and
  - (ii) employment indicators:
    - (A) increase in direct employment in new economic zones, including the percentage of women; and

- (B) increase in indirect employment generated by firms supplying goods and services to the new economic zones, including percentage of women.

**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, as part of the Project Report, not later than forty-five (45) days after the end of each calendar quarter, 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.

**Section III. Procurement**

**A. General**

1. **Goods, Works and Non-Consultants.** All goods, works and non-consultant 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

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

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consultant shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-Consultant Services.**

(a) The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consultant services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<b>Procurement Method</b>
(a) National Competitive Bidding, following the procedures of the Procurement Laws, subject to paragraph (b) below.
(b) Shopping, following the request for quotation method of the Procurement Laws
(c) Direct Contracting

(b) The following provisions shall apply for the contracting of goods, works and non-consultant 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:

<b>Procurement Method</b>
(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. Other Undertakings**

The Recipient shall: (a) not later than one (1) month after the Effective Date, employ a full-time procurement expert for the duration of the Project whose terms of reference and qualifications shall be acceptable to the Association;

(b) establish a suitable and functional webpage for BCC and BEPZA featuring Project-related procurement information accessible to the public; (c) establish, within BCC and BEPZA, a suitable system for handling complaints, and an adequate database for recording, monitoring and following-up on all procurement activities under the Project; and (d) not later than two (2) months after the Effective Date furnish to the Association for its approval a Procurement Risk Mitigation Plan; and (e) carry out such Procurement Risk Mitigation Plan in a manner acceptable to the Association, including the preparation and submission to the Association, on a quarterly basis, of reports on procurement activities undertaken during the quarter preceding the quarter in which said report shall be submitted.

#### **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:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Amount of the DFID Trust Fund Grant Allocated (expressed in Dollars)</b>	<b>Percentage of Expenditures to be Financed by the Credit (inclusive of Taxes)</b>	<b>Percentage of Expenditures to be Financed by the DFID Trust Fund Grant (Exclusive of Taxes)</b>
(1) (a) Works	49,900,000	5,000,000	94%	6%
(b) Goods	6,600,000	0	100%	
(2) (a) Consultants services	3,300,000	11,409,930	30%	70%
(b) Training and Operating Costs	330,000	1,000,000	33%	67%
(3) Eligible Resettlement Costs	17,870,000	0	100%	
<b>TOTAL AMOUNT</b>	<b>78,000,000</b>	<b>17,409,930</b>		

For the purpose of this paragraph:

- a. the term “Training” means expenditures (other than those for consultants’ services) to finance the reasonable cost of the services of trainers, meeting rooms, publications, travel costs, per diem allowances for trainees, and study tours as agreed with the Association;
- b. the term “Operating Costs” means reasonable costs incurred on account of the implementation of the Project pertaining to office utilities, office supplies and stationeries, printing and publication, rental of vehicles and equipment, events, bank charges, advertising costs, and salaries and allowances of incremental staff and for incremental responsibilities related to the Project, but excluding salaries of government officials; and
- c. the term “Eligible Resettlement Costs” means cash compensation to Affected Persons for their assets, excluding land purchases but including

top up costs to cover the difference between the acquisition price and the market price of land purchases, relocation expenditures of Affected Persons, cash and other payments for livelihood restoration, goods, works, services and operating costs included in any Resettlement Action Plan required for the implementation of activities under Part 2 of the Project, all as agreed to by the Association.

**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, 2016.



**SCHEDULE 3****Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each March 1 and September 1:	
commencing September 1, 2021 to and including March 1, 2031	1%
commencing September 1, 2031 to and including March 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 with the modifications set forth in Section II of this Appendix.
2. “BCC” means the Bangladesh Computer Council, a council established pursuant to Bangladesh Computer Council Act, 1990 of the Recipient, published in the Recipient’s Official Gazette on January 20, 1990.
3. “BEZA” means the Bangladesh Economic Zones Authority, an authority established pursuant to Bangladesh Economic Zones Act, 2010 of the Recipient, published in the Recipient’s Official Gazette on August 1, 2010.
4. “BEPZA” means the Bangladesh Export Processing Zones Authority, an authority established pursuant to the Bangladesh Export Processing Zones Authority Act, 1980, as modified up to December 13, 1994.
5. “BOI” means the Recipient’s Board of Investment established pursuant to Act No.17 of 1989 published in the Recipient’s Extraordinary Official Gazette on March 2, 1989.
6. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
7. “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.
8. “Department of Environment” means the Department of Environment within the Recipient’s Ministry of Environment and Forest.
9. “DFID Grant” means a grant, in the amount of \$17,409,930, provided to the Recipient by the Government of the United Kingdom of Great Britain and Northern Ireland, through its Department for International Development, pursuant to the DFID Trust Fund Grant Agreement, to assist in financing the Project.
10. “DFID Trust Fund Grant Agreement” means the agreement to be entered into between the Recipient and the Association, acting as administrator of grant funds provided by the Government of the United Kingdom of Great Britain and Northern Ireland, through its Department for International Development,

pursuant to which the Association shall make available to the Recipient the proceeds of the DFID Grant.

11. “ERD” means the Economic Relations Division within the Recipient’s Ministry of Finance.
12. “Environmental and Social Management Framework” means the framework dated March 31, 2010 satisfactory to the Association, establishing policies and procedures to systematically identify, predict and evaluate beneficial and adverse environmental and social impacts associated with site specific development activities, and setting out enhancement measures for beneficial impacts and mitigation measures for adverse impacts, as such framework may be amended from time to time with the prior agreement of the Association.
13. “Environmental and Social Management Plan” means a plan, acceptable to the Association and prepared on the basis of the Environmental and Social Management Framework detailing the specific actions, measures and policies designed to address adverse environmental and social impacts and facilitate the achievement of the objectives of the Environmental and Social Management Framework, as such plan may be amended from time to time with the prior agreement of the Association.
14. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
15. “Hi Tech Park Authority” means the authority established pursuant to Bangladesh Hi-Tech Park Authority Act, 2010 of the Recipient, dated March 18, 2010.
16. “Ministry of Commerce” means the Recipient’s Ministry of Commerce.
17. “Ministry of Finance” means the Recipient’s Ministry of Finance.
18. “Ministry of Law, Justice and Parliamentary Affairs” means the Recipient’s Ministry of Law, Justice and Parliamentary Affairs.
19. “Ministry of Land” means the Recipient’s Ministry of Land.
20. “Ministry of Science and ICT” means the Recipient’s Ministry of Science and Information and Communication Technology.
21. “National Board of Revenue” means the Recipient’s National Board of Revenue, the central authority for tax administration established pursuant to President’s Order No.76 of 1972 under the Internal Resources Division of the Ministry of Finance.

22. “PAC” means the Project Advisory Committee referred to in paragraph 1 of Section I.A of Schedule 2 to this Agreement.
23. “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.
24. “Procurement Laws” means 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 (1<sup>st</sup> Amendment) 2009 collectively.
25. “Procurement Risk Mitigation Plan” means the framework of measures and actions to be prepared and carried out in accordance with the provisions of Section III. E.(d) and (e) of Schedule 2 to the Financing Agreement.
26. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated December 14, 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.
27. “Project Implementation Unit” or “PIU” means the units referred to in Section I.A.2. 3(a) and (b) of Schedule 2 to this Agreement.
28. “Registrar of Joint Stock Companies” means the Recipient’s registrar of joint stock companies.
29. “Resettlement Policy Framework” means the framework dated July 1, 2010 acceptable to the Association, establishing, *inter alia*, procedures for any potential loss of income, livelihoods and property associated with Project activities.
30. “Resettlement Action Plan” means the resettlement action plan related to the Kaliakoir hi-tech park dated April 17, 2010 and any other resettlement action plan, acceptable to the Association, and prepared on the basis of the Resettlement Policy Framework detailing the specific actions, measures and policies designed to address any loss of income, livelihoods and property associated with Project activities, as such plan may be amended from time to time with the prior agreement of the Association.

## **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.”