

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 4362 - BD

Financing Agreement

(Supplemental Financing for the Fourth Development Support Credit)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 4, 2007

CREDIT NUMBER 4362 - BD

FINANCING AGREEMENT

AGREEMENT dated October 4, 2007, entered into between PEOPLE'S REPUBLIC OF BANGLADESH ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing supplemental financing in support of the Program (as defined by cross-reference in the Appendix to this Agreement). The Association has decided to provide this supplemental financing on the basis, inter alia, of: (a) the actions which the Recipient has already taken under the Program; (b) the Recipient's maintenance of an appropriate macro-economic policy framework; and (c) the Recipient's request for a supplemental financing to help in meeting the Program's increased funding requirement, caused by the impact of the floods that hit the Recipient's territory in July and August of 2007. The Recipient and the Association, therefore, hereby agree as follows:

ARTICLE I - GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined by cross-reference in the Appendix to this Agreement) constitute an integral part of this Agreement ("Supplemental Financing Agreement").
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Supplemental Financing 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 forty-nine million special drawing rights (SDR 49,000,000) ("Supplemental Credit").
- 2.02. The Recipient may withdraw the proceeds of the Supplemental Credit in support of the Program in accordance with Section I of Schedule 1 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Credit 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 January 15 and July 15 in each year.

- 2.06. The principal amount of the Supplemental Credit shall be repaid in accordance with repayment schedule set forth in Schedule 2 to this Agreement.
- 2.07. The Payment Currency is Dollars.

ARTICLE III - PROGRAM

- 3.01 The Recipient declares its commitment to the Program and its implementation. To this end:
- (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program;
 - (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
 - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall exchange views with the Association on any proposed action to be taken after the disbursement of the Supplemental Credit which would have the effect of materially reversing the objectives of the Program, or any action taken under the Program.

ARTICLE IV - REMEDIES OF THE ASSOCIATION

- 4.01. The additional Event of Suspension consists of the following, namely that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V - EFFECTIVENESS

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

ARTICLE VI - REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is the Secretary, or the Additional Secretary, or any Joint Secretary, 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 Ministry of Finance.

6.02. The Recipient's Address is:

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

Facsimile:

88-02-8113088

6.03. The Association's Address is:

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

Cable address:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423(MCI) or
64145(MC)

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/ Shaheedul Haque
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

/s/ Xian Zhu
Country Director

SCHEDULE 1

Availability of Financing Proceeds

Section I. Availability of Financing Proceeds

- A. **General.** The Recipient may withdraw the proceeds of the Supplemental Credit in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.
- B. **Allocation of Financing Amounts.** The Supplemental Credit shall be withdrawn in a single tranche. The allocation of the amounts of the Supplemental Credit to this end is set out in the table below:

Allocations	Amount of the Financing Allocated (Expressed in SDR)
Single Tranche	49,000,000
TOTAL AMOUNT	49,000,000

- C. **Deposits of Financing Amounts.** Except as the Association may otherwise agree:
1. all withdrawals from the Credit Account shall be deposited by the Association into an account designated by the Recipient and acceptable to the Association; and
 2. the Recipient shall ensure that upon each deposit of an amount of the Supplemental Credit into this account, an equivalent amount is accounted for in the Recipient's budget management system, in a manner acceptable to the Association.
- D. **Excluded Expenditures.** The Recipient undertakes that the proceeds of the Supplemental Credit shall not be used to finance Excluded Expenditures. If the Association determines at any time that an amount of the Financing was used to make a payment for an Excluded Expenditure, the Recipient shall, promptly upon notice from the Association, refund an amount equal to the amount of such

payment to the Association. Amounts refunded to the Association upon such request shall be cancelled.

- E. **Closing Date.** The Closing Date is March 31, 2008.

SCHEDULE 2

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each January 15 and July 15:	
Commencing January 15, 2018, to and including July 15, 2027	1%
Commencing January 15, 2028, to and including July 15, 2047.	2%

* The percentages represent the percentage of the principal amount of the Supplemental 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. Unless the context otherwise requires, the several terms defined in the Financing Agreement for the Fourth Development Credit Support dated June 2, 2007, (Credit Number 4312-BD), between the Recipient and the Association have the respective meanings therein set forth and, with the modification set forth in Section II below, shall apply *mutatis mutandis* to this Supplemental Financing Agreement.

Section II. The modification to the General Conditions shall be as follows:

1. The term "Credit" in paragraph 15 of the Appendix shall be deemed to also include this Supplemental Credit, and all references to "Credit", throughout the General Conditions, shall be deemed to be references to this Supplemental Credit.