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GRANT NUMBER 0837-BAN(SF)

GRANT AGREEMENT  
(Special Operations)  
(Emergency Assistance Project – Additional Financing)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 29 JUNE 2022

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BAN 52174

**GRANT AGREEMENT  
(Special Operations)**

GRANT AGREEMENT dated 29 June 2022 between PEOPLE'S REPUBLIC OF BANGLADESH ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

**WHEREAS**

(A) by a grant agreement dated 9 August 2018 between the Recipient and ADB ("Initial Grant Agreement"), ADB provided the Recipient with a grant from ADB's Special Funds resources in an amount of one hundred million Dollars for the purposes of the project described in Schedule 1 of the Initial Grant Agreement ("Initial Project");

(B) the Recipient has applied to ADB for a grant for the purposes of scaling up the Initial Project, as further described in paragraphs 2(a) and 2(b) of Schedule 1 to this Grant Agreement;

(C) by a loan agreement of even date herewith between the Recipient and ADB ("Loan Agreement"), ADB has agreed to make a concessional loan to the Recipient from ADB's ordinary capital resources in an amount of thirty million Dollars for the purposes of scaling up the Initial Project, as further described in paragraph 2(c) of Schedule 1 to this Grant Agreement;

(D) ADB has agreed to make a grant to the Recipient from ADB's Special Funds resources upon the terms and conditions set forth herein;

NOW THEREFORE the parties agree as follows:

**ARTICLE I**

**Grant Regulations; Definitions**

Section 1.01. All provisions of ADB's Special Operations Grant Regulations, dated 1 January 2022 ("Grant Regulations"), are hereby made applicable to this Grant Agreement with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Grant Agreement, the several terms defined in the Grant Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Grant Agreement have the following meanings:

- (a) "Consulting Services" means consulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Grant;
- (b) "DPHE" means the Department of Public Health Engineering of the Recipient, or any successor thereto;

- (c) "EARF" means the environmental assessment and review framework for the Project, including any update thereto, prepared and submitted by the Recipient and cleared by ADB;
- (d) "EMP" means the environmental management plan for a Subproject, including any update thereto, incorporated in an IEE;
- (e) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (f) "GESI-AP" means the action plan on gender equality and social inclusion developed for the Project and agreed between ADB and the Recipient;
- (g) "Goods" means equipment and materials as set out in the Procurement Plan and to be financed out of the proceeds of the Grant, including any related Nonconsulting Services such as transportation, insurance, installation, commissioning, training, and initial maintenance;
- (h) "IEE" means an initial environmental examination for a Subproject, including any update thereto, prepared and submitted by the Recipient and cleared by ADB;
- (i) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;
- (j) "LGED" means the Local Government Engineering Department of the Recipient, or any successor thereto;
- (k) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (l) "Nonconsulting Services" means nonconsulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Grant;
- (m) "PAM" means the project administration manual for the Project dated 18 May 2022 and agreed between the Recipient and ADB, as updated from time to time in accordance with the respective administrative procedures of the Recipient and ADB;
- (n) "Part" means a part of the Project as described in paragraph 2 of Schedule 1 to this Grant Agreement;
- (o) "Procurement Plan" means the procurement plan for the Project dated 18 May 2022 and agreed between the Recipient and ADB, as updated from time to time in accordance with the Procurement Policy, the Procurement Regulations, and other arrangements agreed with ADB;

- (p) "Procurement Policy" means ADB's Procurement Policy – Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (q) "Procurement Regulations" means ADB's Procurement Regulations for ADB Borrowers - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (r) "Project areas" means the areas in and around the camps occupied by displaced persons from Myanmar in the Ukhia and Teknaf upazilas (sub-districts) of the Cox's Bazar district of the Recipient;
- (s) "Project Executing Agency" or "EA" for the purposes, and within the meaning, of the Grant Regulations means each of LGED and DPHE for their respective Parts of the Project as identified in the PAM, or any successor to any of foregoing acceptable to ADB;
- (t) "Project facilities" means the facilities, structures, equipment and/or vehicles provided under the Project;
- (u) "RF" means the resettlement framework for the Project, including any update thereto, prepared and submitted by the Recipient and cleared by ADB;
- (v) "RP" means the resettlement plan for a Subproject, including any update thereto, prepared and submitted by the Recipient and cleared by ADB;
- (w) "Safeguards Monitoring Report" means each report prepared and submitted by the Recipient to ADB that describes progress with implementation of, and compliance with, the EMPs and the RPs, including any corrective and preventative actions;
- (x) "SARI-ITC" means severe acute respiratory infection and isolation treatment center;
- (y) "Services" means Consulting Services and Nonconsulting Services;
- (z) "SPS" means ADB's Safeguard Policy Statement (2009);
- (aa) "Subproject" means a subproject under the Project that meets the subproject eligibility criteria referred to in paragraph 18 of Schedule 3 to this Grant Agreement; and
- (bb) "Works" means construction or civil works as set out in the Procurement Plan and to be financed out of the proceeds of the Grant, including any related Nonconsulting Services and project related services that are provided as part of a single responsibility or turnkey contract.

**ARTICLE II****The Grant**

Section 2.01. ADB agrees to make available to the Recipient from ADB's Special Funds resources an amount of forty-one million and four hundred thousand Dollars (\$41,400,000).

**ARTICLE III****Use of Proceeds of the Grant**

Section 3.01. The Recipient shall cause the proceeds of the Grant to be applied exclusively to the financing of expenditures on the Project in accordance with the provisions of this Grant Agreement.

Section 3.02. The proceeds of the Grant shall be allocated and withdrawn in accordance with the provisions of Schedule 2 to this Grant Agreement, as such Schedule may be amended from time to time by agreement between the Recipient and ADB.

Section 3.03. Except as ADB may otherwise agree, the Recipient shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Grant in accordance with the provisions of Schedule 3 to this Grant Agreement.

Section 3.04. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 30 June 2025 or such other date as may from time to time be agreed between the Recipient and ADB.

**ARTICLE IV****Particular Covenants**

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Recipient shall perform, or cause to be performed, all obligations set forth in Schedule 3 to this Grant Agreement.

Section 4.02. (a) The Recipient shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with financial reporting standards acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the Grant proceeds, and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit,

if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

(c) The Recipient shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Recipient's financial affairs where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Recipient, unless the Recipient shall otherwise agree.

Section 4.03. The Recipient shall enable ADB's representatives to inspect the Project, the Goods, Works and Services, and any relevant records and documents.

## **ARTICLE V**

### **Effectiveness**

Section 5.01. The following is specified as an additional condition to the effectiveness of this Grant Agreement for the purposes of Section 9.01(e) of the Grant Regulations: the Loan Agreement shall have been duly executed and delivered on behalf of the Recipient, and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Grant Agreement) shall have been fulfilled.

Section 5.02. A date 90 days after the date of this Grant Agreement is specified for the effectiveness of this Grant Agreement for the purposes of Section 9.04 of the Grant Regulations.

## **ARTICLE VI**

### **Termination**

Section 6.01. The Grant Agreement and all obligations of the parties thereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms.

**ARTICLE VII****Miscellaneous**

Section 7.01. The Senior Secretary or Secretary or any Additional Secretary, Joint Secretary, Deputy Secretary, Senior Assistant Secretary or Assistant Secretary of the Economic Relations Division of the Ministry of Finance of the Recipient is designated as representative of the Recipient for the purposes of Section 11.02 of the Grant Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the Grant Regulations:

For the Recipient

Economic Relations Division  
Ministry of Finance  
Government of the People's Republic of Bangladesh  
Sher-e-Bangla Nagar  
Dhaka 1207, Bangladesh  
Facsimile Number:

(880) 2 918-0788

For ADB


Asian Development Bank  
6 ADB Avenue  
Mandaluyong City  
1550 Metro Manila  
Philippines

Facsimile Number:


(632) 8636-2444.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Grant Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

PEOPLE'S REPUBLIC OF BANGLADESH

By  \_\_\_\_\_  
FATIMA YASMIN  
Secretary  
Economic Relations Division  
Ministry of Finance

ASIAN DEVELOPMENT BANK

By  \_\_\_\_\_  
EDIMON GINTING  
Country Director  
Bangladesh Resident Mission



**SCHEDULE 1****Description of the Project**

1. The objective of the Project is to improve the living and health conditions, safety, and resilience of displaced persons.
2. The Project shall comprise the following Parts:
  - (a) **Part A.** Provision of water supply and sanitation, and public health services in the Project areas through: (i) improvement of infrastructure and services for clean water supply and sanitation including the construction and/or upgrading of water, sanitation and hygiene (WASH) facilities integrated with solar powered water supply, community bathing facilities, solid waste management facilities, a surface water based piped-water supply system, and financing cost overruns on 2 ongoing contracts under the Initial Project; (ii) support for COVID-19 response through construction of a multipurpose isolation center for SARI-ITC operations, upgrading of primary health care centers and/or diagnostic centers, provision of gender responsive personal protective equipment to women and girls, operational and logistical support and expansion of diagnostic facility of selected health care centers for diagnosis, infection prevention and control and surveillance, improving skills in diagnosis, infection prevention and control and surveillance of health care workers, and upgrading of health care facilities to SARI-ITCs; and (iii) construction of women-led community centers to provide training on health and hygiene to women and girls, and shelter victims of domestic violence;
  - (b) **Part B.** Disaster risk management strengthened through: (i) construction of school-cum-cyclone shelters in local primary schools, and (ii) upgrading of approximately 12.7 km emergency access roads to the Project areas with climate change adaptation and climatic disaster resilient design; and
  - (c) **Part C.** Improvement of access roads through rehabilitation of approximately 30.76 km section of the National Highway (N1) from Unchiprang to Teknaf, including the culverts and bridges with climate change adaptation and disaster resilient design.
3. The Project is expected to be completed by 31 December 2024.

**SCHEDULE 2****Allocation and Withdrawal of Grant Proceeds**General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Grant and the allocation of the Grant proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category of the Table.)

Basis for Withdrawal from the Grant Account

2. Except as ADB may otherwise agree, the proceeds of the Grant shall be allocated to items of expenditure, and disbursed on the basis of the withdrawal percentage for each item of expenditure, as set forth in the Table.

Reallocation

3. Notwithstanding the allocation of Grant proceeds and the withdrawal percentages set forth in the Table,

- (a) if the amount of the Grant allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, in consultation with the Recipient, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Grant which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and
- (b) if the amount of the Grant allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, in consultation with the Recipient, reallocate such excess amount to any other Category.

Disbursement Procedures

4. Except as ADB may otherwise agree, the Grant proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Retroactive Financing

5. Withdrawals from the Grant Account may be made for reimbursement of eligible expenditures incurred under the Project before the Effective Date in connection with Goods, Works and Services, subject to a maximum amount equivalent to 30% of the Grant amount; provided that the expenditures have been incurred not earlier than 12 months before the date of this Grant Agreement.

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS			
Number	Item	Total Amount Allocated for ADB Financing (\$)	Basis for Withdrawal from the Grant Account
		Category	
1	Civil Works	28,590,000	100% of total expenditure claimed*
2	Non-Consulting Services	7,180,000	100% of total expenditure claimed*
3	Consulting Services	3,110,000	100% of total expenditure claimed*
4	Unallocated	2,520,000	
	<b>TOTAL</b>	<b>41,400,000</b>	

\*Exclusive of taxes and duties imposed within the territory of the Recipient.

**SCHEDULE 3****Execution of Project; Financial Matters**Implementation Arrangements

1. The Recipient shall ensure, or cause the EAs to ensure, that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Recipient and ADB. In the event of any discrepancy between the PAM and this Grant Agreement, the provisions of this Grant Agreement shall prevail.

Procurement

2. The Recipient shall ensure, or cause the EAs to ensure, that:
- (a) the procurement of Goods, Works and Services is carried out in accordance with the Procurement Policy and the Procurement Regulations;
  - (b) Goods, Works and Services shall be procured based on the detailed arrangements set forth in the Procurement Plan, including the procurement and selection methods, the type of bidding documents, and ADB's review requirements. The Recipient may modify the detailed arrangements set forth in the Procurement Plan only with the prior agreement of ADB, and such modifications must be set out in updates to the Procurement Plan;
  - (c) Goods, Works and Services may also be procured using Grant proceeds under the Project from non-member countries of ADB; and
  - (d) (i) all Goods and Works procured and Services obtained (including all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party; and (ii) all contracts for the procurement of Goods, Works and Services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor, supplier, consultant or service provider with respect to the matters referred to in this subparagraph.
3. The Recipient shall not award any Works contract for a Subproject which involves environmental impacts until the applicable EA has:
- (a) obtained the final approval of the IEE from the concerned sector agency for IEEs; and
  - (b) incorporated the relevant provisions from the EMP into the Works contract.
4. The Recipient shall not award any Works contract involving involuntary resettlement impacts for a Subproject until the applicable EA has prepared and submitted to ADB

the final RP for such Subproject based on the Subproject's detailed design, and obtained ADB's clearance of such RP.

### Safeguards

#### Environment

5. The Recipient shall ensure, or cause the EAs to ensure, that the preparation, design, construction, implementation, operation and decommissioning of each Subproject comply with (a) all applicable laws and regulations of the Recipient relating to environment, health, and safety; (b) the Environmental Safeguards; (c) the EARF; and (d) all measures and requirements set forth in the respective IEE and EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

#### Land Acquisition and Involuntary Resettlement

6. The Recipient shall ensure, or cause the EAs to ensure, that all land and all rights-of-way required for the Project are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Recipient relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; (c) the RF; and (d) all measures and requirements set forth in the respective RP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

7. Without limiting the application of the Involuntary Resettlement Safeguards, the RF or any RP, the Recipient shall ensure, or cause the EAs to ensure, that no physical or economic displacement takes place in connection with a Subproject until:

- (a) compensation and other entitlements have been provided to affected people in accordance with the RP; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with the RP.

#### Tribes, Minor Races, Ethnic Sects and Community Peoples

8. The Recipient shall ensure, or cause the EAs to ensure, that the Project does not involve risks or impacts to tribes, minor races, ethnic sects and community peoples within the context of the SPS. In the event that the Project does have any such impact, the Recipient shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Recipient and the SPS.

#### Human and Financial Resources to Implement Safeguards Requirements

9. The Recipient shall make available, or cause the EAs to make available, necessary budgetary and human resources to fully implement the EMPs and the RPs.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

10. The Recipient shall ensure, or cause the EAs to ensure, that all bidding documents and contracts for Works contain provisions that require contractors to:
- (a) comply with the measures and requirements relevant to the contractor set forth in the relevant IEE, EMP and RP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set out in a Safeguards Monitoring Report;
  - (b) make available a budget for all such environmental and social measures;
  - (c) provide the Recipient with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Subproject that were not considered in the relevant IEE, EMP and RP; and
  - (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction.

Safeguards Monitoring and Reporting

11. The Recipient shall do the following, or shall cause the EAs to do the following:
- (a) submit semi-annual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission;
  - (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Subproject that were not considered in the relevant IEE, EMP and RP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
  - (c) report any actual or potential breach of compliance with the measures and requirements set forth in the relevant EMP or the RP promptly after becoming aware of the breach.

Labor Standards, Health and Safety

12. The Recipient shall ensure that the core labor standards and the Recipient's applicable laws and regulations are complied with during Project implementation. The Recipient shall include specific provisions in the bidding documents and contracts financed by ADB under the Project requiring that the contractors, among other things: (a) comply with the Recipient's applicable labor law and regulations and incorporate applicable workplace occupational safety norms; (b) do not use child labor; (c) do not discriminate workers in respect of employment and occupation; (d) do not use forced labor; (e) allow freedom of association and effectively recognize the right to collective bargaining; and (f) disseminate, or engage appropriate service providers to disseminate, information on the risks of sexually transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities

surrounding the Project area, particularly women.

13. The Recipient shall strictly monitor compliance with the requirements set forth in paragraph 12 above and provide ADB with regular reports.

#### Gender and Development

14. The Recipient shall ensure, or shall cause the EAs to ensure, that (a) the GESI-AP is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GESI-AP; (c) adequate resources are allocated for implementation of the GESI-AP; and (d) progress on implementation of the GAP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB.

#### Counterpart Support

15. The Recipient shall make available to the EAs all counterpart fund required for the timely and effective implementation of the Project, including to mitigate unforeseen environmental and social impacts, and to meet additional costs arising from design changes, price escalation in construction costs and/or other unforeseen circumstances. The Recipient shall meet any financing shortfall to ensure that the Project and the Subprojects are fully implemented.

16. In addition to the foregoing, the Recipient shall ensure that each EA has sufficient funds to satisfy its liabilities arising from any Works, Goods and/or Services contract.

#### Operation and Maintenance

17. The Recipient shall ensure, or cause the EAs to ensure, that the Project facilities are operated and maintained in accordance with sound administrative policies and procedures and that proper technical supervision and adequate funds for this purpose are provided, including through timely budgetary allocations.

#### Subproject Selection Criteria

18. The Recipient shall ensure, or cause each EA to ensure, that the subprojects are selected and approved in accordance with the selection and approval criteria set out in Appendix 1 to the PAM. The Recipient shall cause the EAs to retain appraisal files for each Subproject throughout Project implementation period and thereafter for review by ADB.

#### Financial Matters

19. The Recipient shall ensure, or cause each EA to ensure, that the agreed financial management action plan set out in the PAM is implemented within the stipulated time frames and the progress toward achieving the target activities are monitored and reported regularly to ADB.

#### Governance and Anticorruption

20. The Recipient and the EAs shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the

Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

21. The Recipient and the EAs shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.