

**OFFICIAL
DOCUMENTS**

CREDIT NUMBER 5780-BD

Financing Agreement

(Pro-Poor Slums Integration Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated JUNE 30 , 2016

CREDIT NUMBER 5780 - BD

FINANCING AGREEMENT

AGREEMENT dated **JUNE 30**, 2016, 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 thirty six million three hundred thousand Special Drawing Rights (SDR 36,300,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 April 1 and October 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 Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall:

- (a) Cause Parts 1, 2, 4 and 5 of the Project to be carried out by NHA in accordance with the provisions of Article IV of the General Conditions and the NHA Project Agreement; and
- (b) Cause Part 3 of the Project to be carried out by PKSf in accordance with the provisions of Article IV of the General Conditions and the PKSf Project Agreement.

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 by the NHA and PKSf in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

- (a) The NHA Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of NHA to perform any of its obligations under the NHA Project Agreement.
- (b) The PKSf Charter has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of PKSf to perform any of its obligations under the PKSf Project Agreement.

4.02. The Additional Event of Acceleration consists of the following: any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

- (a) The NHA Subsidiary Agreement has been executed on behalf of the Recipient and NHA and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled; and
- (b) The PKSF Subsidiary Agreement has been executed on behalf of the Recipient and PKSF and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

5.02. The Additional Legal Matters consist of the following:

- (a) the NHA Subsidiary Agreement has been duly authorized or ratified by the Recipient and NHA and is legally binding upon the Recipient and NHA in accordance with its terms; and
- (b) the PKSF Subsidiary Agreement has been duly authorized or ratified by the Recipient and PKSF and is legally binding upon the Recipient and PKSF in accordance with its terms.

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

5.04. 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 VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the Senior Secretary/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.

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 1207
Dhaka, Bangladesh

Facsimile: 88029180671

6.03. 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.

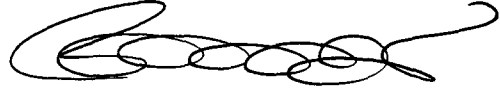
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AGREED at Dhaka, People's Republic of Bangladesh, as of the day and year first above written.

PEOPLE'S REPUBLIC OF BANGLADESH

By



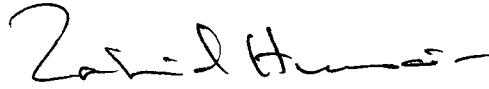
Authorized Representative

Name: Kazi Shafiqul Azam

Title: Additional Secretary

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: ZAHID HUSSAIN

Title: ACTING COUNTRY DIRECTOR

SCHEDULE 1

Project Description

The objective of the Project is to improve living conditions in selected low income and informal settlements in Designated Municipalities in Bangladesh.

The Project consists of the following parts:

Part 1: Community Mobilization and Planning

- (a) Community Mobilization and Planning. Facilitation of community driven-mobilization and planning to develop housing projects including, *inter alia*: (i) the preparation of detailed designs and layouts of shelters; (ii) the preparation of inclusive community action plans; (iii) the identification of options and solutions for securing land tenure; (iv) the establishment and operation of community housing development funds including the provision of technical assistance to improve internal financial controls and audit mechanisms to improve lending; and (v) the establishment of community support centers in the Designated Municipalities to house targeted technical assistance to community organizations.
- (b) Enhancing Tenure Security. Carrying out of assessments of existing land bank in the Designated Municipalities to identify suitable land for purposes of the Project, including the allocation of land and providing for land acquisition and resettlement and rehabilitation compensations to Affected Persons.

Part 2: Urban Community Improvements and Upgrading

- (a) Primary and Secondary Infrastructure. Developing selected municipal level primary and secondary infrastructure in the Designated Municipalities concentrated on, *inter alia*, linking drainage systems and roads to city-level services.
- (b) Tertiary Infrastructure Packages. Developing selected multi-sectorial tertiary infrastructure and service improvements based on the needs of community organizations, including, *inter alia*: (i) upgrading works such as in-situ upgrading and reblocking, land-sharing and voluntary reallocation; and (ii) service improvements such as drainage, paved access, electricity, gas, sanitation services and solid waste management.
- (c) Environmental and Social Management Plans. Preparation and implementation of EMPs, RAPs and SMPs.

Part 3: Shelter Support and Lending

- (a) Shelter Lending Line of Credit. Establishment of a credit line to provide Sub-loans to Beneficiaries with the purpose of financing Sub-projects.
- (b) Technical Assistance. Provision of technical assistance to PKSf and POs to develop housing microfinance products lending products.

Part 4: Monitoring and Evaluation, Horizontal Lending and Supervision

Carrying out of monitoring and evaluation and learning activities including, *inter alia*: (a) the carrying out of peer-to-peer learning programs; (b) the provision of support to strengthen community networks; and (c) the supervision of EMPs, SMPs and RAPs.

Part 5: Project Management, Technical Assistance and Strategic Studies

Carrying out of Project management activities including, *inter alia*: (a) the provision of technical assistance to comply with the fiduciary and financial requirements of the Project; (b) the carrying out of capacity building activities associated with implementation of the Project; (c) the carrying of studies to develop policy and institutional reforms for the housing sector; and (d) the implementation of the GAAP.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. **Subsidiary Agreements**

1. To facilitate the carrying out of Parts 1, 2, 4 and 5 of the Project, the Recipient shall make part of the proceeds of the Financing allocated to Parts 1, (except for Part 1(b) which shall be financed by the Recipient), 2, 4 and 5 of the Project available to NHA under a subsidiary grant agreement between the Recipient and NHA (“NHA Subsidiary Agreement”), under terms and conditions approved by the Association, which shall include the obligation of the Recipient to on-grant to NHA, out of the proceeds of the Financing, an amount not to exceed the equivalent of twenty three million two hundred fifty thousand Special Drawing Rights (SDR 23,250,000), or such other amount as shall be agreed from time to time in writing with the Association.
2. To facilitate the carrying out of Part 3 of the Project, the Recipient shall make part of the proceeds of the Financing allocated to Part 3 of the Project available to PKSF under a subsidiary agreement between the Recipient and PKSF (“PKSF Subsidiary Agreement”), under terms and conditions approved by the Association, which shall include the obligation of the Recipient to provide to PKSF, out of the proceeds of the Financing, a total amount not to exceed the equivalent of thirteen million fifty thousand Special Drawing Rights (SDR 13,050,000), or such other amount as shall be agreed from time to time in writing with the Association, to be divided in two components: (a) on-grant component in an amount not to exceed the equivalent of one million four hundred fifty thousand Special Drawing Rights (SDR 1,450,000), and (b) on-lend component in an amount not to exceed the equivalent of eleven million six hundred thousand Special Drawing Rights (SDR 11,600,000) .
3. The Recipient shall exercise its rights under each subsidiary agreements referred to in Section I.A. above in such manner as to protect the interests of the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate or waive any subsidiary agreement or any of their provisions. In the event of any conflict between the provisions of any of either of the foregoing subsidiary agreements and the provisions of this Agreement or either of the Project Agreements, the provisions of this Agreement or the relevant Project Agreement, as applicable, shall prevail.

B. Environmental and Social Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the EMF, SMF, all Safeguard Assessments and Plans and the requirements of the Grievance Redress Mechanism. To this end, the Recipient shall ensure appropriate review, clearance and public disclosure of all Safeguard Assessments and Plans as required by the EMF and SMF.
2. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the EMF, SMF or any Safeguard Assessments and Plans, unless the Association has provided its prior approval thereof in writing, and the Recipient has complied, or caused NHA or PKSf, as applicable, to comply with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.
3. In the event of any conflict between the provisions the EMF, SMF or any Safeguard Assessments and Plans, and the provisions of this Agreement or either of the Project Agreements, the provisions of this Agreement or the relevant Project Agreement, as applicable, shall prevail.
4. The Recipient shall take all actions necessary on its part: (a) to coordinate with NHA in the event that the acquisition of land and/or resettlement and/or related activities resulting in Affected Persons is needed for purposes of the Project and to enable NHA to complete such acquisition of land and obtain all rights to use related thereto, required for the carrying out of NHA's Respective Parts of the Project, in each case in accordance with the requirements of the SMF and each applicable RAP, including those related to consultation, compensation and assistance, and to comply with, the provisions of this Section B and Section I.D of the Schedule to the NHA Project Agreement; and (b) to ensure that PKSf shall not finance any Shelter Support Sub-project which would require the acquisition of land or the resettlement of people.
5. The Recipient shall: (a) ensure that the following expenditures are financed exclusively out of its own resources or NHA's resources and not out of the proceeds of the Financing; and (b) provide, promptly as needed, the resources needed for this purpose: (i) all costs associated with land and land use rights required for the purposes of NHA's Respective Parts of the Project; and (ii) all resettlement and rehabilitation compensation and other assistance to Affected Persons, in each case in accordance with the SMF and the RAP(s).

C. Anti-Corruption

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

2. Without limitation on the provisions of paragraph 1 above, the Recipient shall: (a) carry out the Governance and Accountability Action Plan in accordance with its terms; and (b) submit reports on the status of the implementation of said plan as part of the Project Report (or such other frequency as may be agreed with the Association).

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall cause NHA and PKSf to monitor and evaluate the progress of their Respective Parts of the Project and prepare Project Reports for their Respective Parts of the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than forty-five (45) days or sixty (60) days, as the case maybe, after the end of the period covered by such report.

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. Without limitation on the provisions of Part A of this Section, the Recipient shall cause NHA and PKSf to prepare and furnish to the Association as part of the Project Report, not later than forty-five (45) days or sixty (60) days as the case maybe, 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, and shall cause NHA and PKSf to, 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-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 Sections 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.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, following the procedures of the Procurement Laws subject to the additional provisions set forth in paragraph 3 below; (b) Shopping, following the request for quotation method of the Procurement Laws; (c) Direct Contracting; (d) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association; and (e) Community Participation procedures which have been found acceptable to the Association.
3. **National Competitive Bidding Procedures.** 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:
 - (a) post bidding negotiations shall not be allowed with the lowest evaluated or any other bidder;
 - (b) bids should be submitted and opened in public in one (1) location immediately after the deadline for submission;
 - (c) lottery in award of contracts shall not be allowed;

- (d) bidders' qualification/experience requirement shall be mandatory;
- (e) 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
- (f) 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 methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; (g) Single-source procedures for the Selection of Individual Consultants; and (h) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association.

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.

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 Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Works, goods, non-consulting services, consultants’ services, Incremental Operating Costs, and Training under Parts 1 (except for 1(b)),2,4 and 5 of the Project	20,900,000	100%
(2) Sub-loans under Part 3(a) of the Project		
(a) First Phase	1,100,000	100%
(b) Second Phase	4,350,000	100%
(c) Third Phase	6,150,000	100%
(3) Works, goods, non-consulting services, consultants’ services, Incremental Operating Costs, and Training under Part 3(b) of the Project	1,450,000	100%
(4) Project Preparation Advance	800,000	100%

(5) Unallocated	1,550,000	
TOTAL AMOUNT	36,300,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 370,000 may be made for payments made prior this date but on or after February 1, 2016 (but in no case made more than twelve (12) months prior to the date of this Agreement), for Eligible Expenditures under Category (3);
 - (b) under Category 2(b), unless PKSf has submitted evidence satisfactory to the Association showing that PKSf has met the condition for the Second Phase.
 - (c) under Category 2(c), unless PKSf has submitted evidence satisfactory to the Association showing that PKSf has met the condition for the Third Phase.
2. The Closing Date is December 31, 2021.

C. Additional Commitment

By no later than twelve (12) months after withdrawal under Category 2(c) has been made, PKSf shall submit evidence satisfactory to the Association showing that PKSf has extended Sub-loans to at least forty percent (40%) of lower income categories (as defined in the CLOM).

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 1 and October 1: commencing October 1, 2022 to and including April 1, 2054	1.56250%

* 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. “Affected Persons” means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction or access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person; and “Affected Persons” means, collectively, all such persons.
2. “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.
3. “Beneficiary” means an individual who is proposed to receive a Sub-loan after meeting the selection criteria set forth in the CLOM; and “Beneficiaries” means, collectively, all such Beneficiaries.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “CLOM” means the credit line operational manual referred to in Section I.B to the Schedule to the PKSF Project Agreement, containing detailed arrangements and procedures for the carrying out of Part 3(a) of the Project, including, *inter alia*, (a) the criteria to select Beneficiaries; (b) the Designated Municipalities to be targeted; (c) the procedures to select and appraise Sub-projects, including the eligibility criteria and excluded activities set out in the EMF; and (d) the model form of a Sub-loan Agreement; as such manual may be revised from time to time with the written consent of the Association.
6. “Community Participation Agreement” means each agreement to be entered between NHA and a Selected Community for the carrying out of activities under a Tertiary Infrastructure Sub-project in accordance with the terms and conditions set forth in the PIM.
7. “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 (and revised in July 2014).
8. “Designated Municipalities” means: (a) with respect to NHA, the cities of Sirajganj, Nārāyanganj, and Comilla; and (b) with respect to PKSF, the cities of

Sirajganj, Nārāyanganj, and Comilla and up to ten (10) additional cities to be selected by written agreement between PKSF and the Association and in accordance with the selection criteria set forth in the CLOM; and “Designated Municipality” means one of the Designated Municipalities.

9. “EIA” means each of the environmental impact assessments to be prepared under the Project in accordance with the EMF, each such assessment in form and substance satisfactory to the Association, and defining details of potential environmental risks and adverse impacts associated with the implementation of Project activities, together with an environmental management plan defining measures to manage such risks and impacts; as each assessment may be amended from time to time with prior written consent of the Association.
10. “EMF” means: (i) in the case of NHA, the Environmental Management Framework of NHA, duly disclosed on August 7, 2014, acceptable to the Association, setting forth the policy framework, principles, standards, processes and institutional arrangements to be applied to assess potential adverse environmental impacts associated with NHA’s Respective Parts of the Project, and the ways to avoid, minimize, mitigate or offset them, including public consultation, disclosure and reporting; as such framework may be amended from time to time with prior written consent of the Association; and (ii) in the case of PKSF, the Environmental Management Framework of PKSF, duly disclosed on January 12, 2016, acceptable to the Association, setting forth the policy framework, principles, standards, processes and institutional arrangements to be applied to assess potential adverse environmental impacts associated with PKSF’s Respective Part of the Project, and the ways to avoid, minimize, mitigate or offset them, including public consultation, disclosure and reporting; as such framework may be amended from time to time with prior written consent of the Association.
11. “EMP” means each of the environmental management plans to be prepared under the Project in accordance with the EMF, each such plan in form and substance satisfactory to the Association, and defining details of measures to manage potential environmental risks and mitigate, reduce and/or offset adverse environmental impacts associated with the implementation of Project activities, together with adequate budget, institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms; as each plan may be amended from time to time with prior written consent of the Association; and “EMPs” means, collectively, all such plans.
12. “First Phase” means the first phase of the implementation of PKSF’ Respective Part as set forth in the CLOM.
13. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.

14. “Governance and Accountability Action Plan” and the acronym “GAAP” means the plan agreed between the Association and the Recipient, dated February 22, 2016, setting forth actions and measures to be taken by the Recipient to ensure integrity, transparency and accountability in the implementation of the Project and the use of the proceeds of the Financing; as such plan may be amended from time to time with prior written consent of the Association.
15. “GRCs” means the Grievance Redress Committees referred to in Section I.D.7(a) of the Schedule to the NHA Project Agreement.
16. “Grievance Redress Mechanism” means each system to be established and implemented by NHA under the Project, which shall meet the requirements set forth in the SMF and be acceptable to the Association, be designed to track complaints regarding the Project, guide resolution of such complaints, and track and publicize resolution of such complaints, as such system may be updated from time to time by prior written agreement between the Recipient and the Association; and “Grievance Redress Mechanisms” means, collectively, all such mechanisms.
17. “Incremental Operating Costs” means the reasonable costs required for the day-to-day coordination, administration and supervision of Project activities, including leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises, fuel, office supplies, utilities, consumables, communication expenses, translation, printing, photocopying and postal expenses, bank charges, advertising expenses, insurance, Project-related meeting expenses, Project-related travel; excluding salaries, per diem, allowances and honorarium of officials of the Recipient’s civil service and/or other sitting allowances and honorarium of any other nature.
18. “MHPW” means the Recipient’s Ministry of Housing and Public Works; or any successor(s) acceptable to the Association in writing.
19. “MLC” means the Municipal Level Committee referred to in Section I.A.3(a) of the Schedule to the NHA Project Agreement.
20. “NHA” means the Recipient’s National Housing Authority, an agency created by the National Housing authority Act 2000; or any successor(s) acceptable to the Association in writing.
21. “NHA-DM Memorandum of Understanding” means each memorandum of understanding to be entered between NHA and a Designated Municipality for purposes of carrying out Primary and Secondary Infrastructure Sub-Projects; and “NHA-DM Memoranda of Understanding” means, collectively, all such memoranda.
22. “NHA Legislation” means the National Housing Authority Act of 2000.

23. "NHA PMU" means the unit to be established within NHA and referred to in Section I.B of the Schedule to the NHA Project Agreement.
24. "NHA Project Agreement" means the agreement between the Association and NHA relating to the implementation of Parts 1,2,4 and 5 of the Project.
25. "NHA Subsidiary Agreement" means the agreement referred to in Section I.A.1 of Schedule 2 to this Agreement.
26. "Participation Agreement" means an agreement between PKSf and a PO pursuant to which PKSf shall extend funds to the PO for purposes of on-lending to a Beneficiary pursuant to the terms and conditions of a Sub-loan Agreement on terms and conditions acceptable to the Association.
27. "PO" means any partner organization which has met the criteria set forth in the PIM, to which a PO proposes to make a loan for purposes of on-lending to a Beneficiary.
28. "PIM" means the manual referred to in Section I.B to the NHA Project Agreement, containing detailed arrangements and procedures for institutional coordination and day-to-day execution of Parts 1,2,4 and 5 of the Project, including eligibility criteria for activities proposed for financing under the Project as Primary and Secondary Infrastructure Sub-projects and as Tertiary Infrastructure Sub-projects including excluded activities listed in the EMF and SFM, budgeting, disbursement and financial management, procurement, environmental and social management, monitoring, evaluation, reporting and communication, and such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the carrying out of the above-mentioned parts; as such manual may be revised from time to time with the written consent of the Association
29. "PKSF" means the Palli Karma-Sahayak Foundation, a not-for-profit entity registered under the Companies Act 1913/1994; or any successor(s) acceptable to the Association in writing.
30. "PKSF Charter" means PKSf's by-laws duly registered under the Companies Act of 1913/1994 with the register of Joint Stock Companies.
31. "PKSF PMU" means the unit to be established within PKSf and referred to in Section I.A of the Schedule to the PKSf Project Agreement.
32. "PKSF Project Agreement" means the agreement between the Association and PKSf relating to the implementation of Part 3 of the Project.
33. "PKSF Subsidiary Agreement" means the agreement referred to in Section I.A.2 of Schedule 2 to this Agreement.

34. “Primary and Secondary Infrastructure Sub-projects” means each eligible set of activities to be selected, and carried out by NHA within Designated Municipalities, in accordance with the criteria set forth in the PIM, EMF and SMF and supported under Part 2(a) Project, and for which NHA-DM Memoranda of Understanding shall be executed.
35. “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 (and revised in July 2014).
36. “Procurement Laws” means collectively, the Recipient’s Procurement Act 2006 (Act No. 24 of 2006), Public Procurement Rules 2008 (as amended in August 2009) and Public Procurement Act (1st Amendment) 2009.
37. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 23, 2016 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines; as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
38. “Project Agreements” means, collectively, the NHA Project Agreement and the PKSF Project Agreement.
39. “Project Implementing Entity” means each of NHA and PKSF, as the context requires.
40. “Project Steering Committee” means the committee referred to in Section I.A.1 of the Schedule to the NHA Project Agreement.
41. “RAP” means each resettlement action plan to be prepared under the Project in accordance with the SMF, each such plan in form and substance satisfactory to the Association, and containing, a program of actions, measures and policies for compensation and resettlement of Affected Persons, including the magnitude of displacement, compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with its terms; as each plan may be amended from time to time with prior written consent of the Association; and “RAPs” means, collectively, all such plans.
42. “Respective Parts” means (a) with respect to NHA, Parts 1, 2, 4 and 5 of the Project, and (b) with respect to PKSF, Part 3 of the Project.
43. “Safeguard Assessment and Plan” means each EIA, SIA, EMP, SMP and/or RAP prepared or to be prepared by the Recipient in accordance with the EMF or ESF,

as the case may be; and “Safeguard Assessments and Plans” means, collectively, all such assessments and plans.

44. “Second Phase” means the second phase of the implementation of PKSf’ Respective Part as set forth in the CLOM, in which disbursements will be made by the Association only if PKSf has extended Sub-loans to at least twenty percent (20%) of lower income categories (as defined in the CLOM) out of the SDR 1,100,000 allocated under Category 2(a) of the table set forth in Section IV.A.2 of Schedule 2 to this Agreement.
45. “Selected Community” means each group and/or institution duly registered under the laws of the Recipient which is selected in accordance with the criteria set forth in the PIM.
46. “Shelter Support Sub-project” means a set of construction activities targeted to build new houses, including minor repair, renovation, improvements and upgrading of existing houses meeting the criteria set out in the CLOM and the EMF for financing under Part 3 of the Project; and “Sub-projects” means, collectively, all such Sub-projects.
47. “SIA” means each social impact assessment to be prepared under the Project in accordance with the SMF, each such assessment in form and substance satisfactory to the Association, and defining details of potential social risks and adverse impacts associated with the implementation of Project activities, together with measures to manage such risks and impacts; as each assessment may be amended from time to time with prior written consent of the Association.
48. “SMF” means the Social Management Framework of NHA dated July 2014, duly disclosed on August 17, 2014, acceptable to the Association, which includes a resettlement framework and the Grievance Redress Mechanism, together setting forth social impact assessment and mitigation procedures and arrangements and grievance redress procedures, including guidelines and procedures for assessing and addressing any Project impacts on women and other vulnerable groups, resettlement procedures, institutional arrangements, eligibility criteria, entitlements and compensation, including valuation procedures, budget, public consultation and participation, monitoring and evaluation and disclosure; such framework may be amended from time to time with prior written consent of the Association.
49. “SMP” means each of the social management plans to be prepared under the Project in accordance with the SMF, each such plan in form and substance satisfactory to the Association, and defining details of measures to manage potential social risks and mitigate, reduce and/or offset adverse social impacts associated with the implementation of NHA’s Respective Parts of the Project, together with adequate budget, institutional, monitoring and reporting arrangements capable of ensuring

proper implementation of, and regular feedback on compliance with, its terms; as each plan may be amended from time to time with prior written consent of the Association; and “SMP” means, collectively, all such plans.

50. “Sub-loan” means a loan to be made or proposed to be made by a PO out of the proceeds of the Financing for purposes of financing a Shelter Support Sub-project under Part 3 of the Project; and “Sub-loans” means, collectively, all such loans.
51. “Sub-loan Agreement” means an agreement to be entered between a PO and Beneficiary for purposes of providing a Sub-loan for the purposes of financing a Shelter Support Sub-project meeting the criteria set out in the CLOM to finance qualifying activities under Part 3 of the Project.
52. “Tertiary Infrastructure Sub-project” means an eligible set of activities approved by NHA in accordance with the criteria set forth in the PIM, EMF and SMF, supported under Part 2(b) Project, and in respect of which part of proceeds out the Financing may be provided to a Selected Community in an amount set forth in accordance with the terms and conditions of the PIM, and pursuant to a Community Participation Agreement.
53. “Third Phase” means the third phase of the implementation of PKSF’ Respective Part as set forth in the CLOM, in which disbursements will be made by the Association only if PKSF has extended Sub-loans to at least thirty percent (30%) of lower income categories (as defined in the CLOM) out of the SDR 4,350,000 allocated under Category 2(b) of the table set forth in Section IV.A.2 of Schedule 2 to this Agreement.
54. “Training” means the reasonable costs required for the participation of personnel involved in training activities, workshops and study tours under the Project which have been approved by the Association in writing on annual basis, including: (a) travel, hotel, and subsistence costs for training, workshop and study tour participants provided that such allowances are paid directly to the eligible recipient using the banking system; and (b) costs associated with rental of training and workshop facilities, preparation and reproduction of training and workshop materials, costs of academic degree studies, and other costs directly related to training course, workshop or study tour preparation and implementation, but excluding salaries of consultants and sitting allowances and honorarium of any other nature.