
GRANT NUMBER 0524-BAN(EF)

GRANT AGREEMENT
(Urban Climate Change Resilience Trust Fund)
(Coastal Towns Environmental Infrastructure Project – Additional Financing)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 11 May 2017

BAN 44212

GRANT AGREEMENT
(Urban Climate Change Resilience Trust Fund)

GRANT AGREEMENT dated 11 May 2017 between PEOPLE'S REPUBLIC OF BANGLADESH ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a Project Design Advance Agreement dated 23 October 2012 between the Recipient and ADB ("PDA Agreement"), ADB agreed to provide a Project Design Advance ("PDA") loan to the Recipient from ADB's Special Funds resources in the amount of two million three hundred twenty thousand Special Drawing Rights (SDR2,320,000) on the terms and conditions set forth in the PDA Agreement;

(B) by a loan agreement dated 29 June 2014 between the Recipient and ADB ("ADF Loan Agreement"), ADB agreed to provide a loan to the Recipient from ADB's Special Funds resources in the amount of thirty-three million nine hundred forty-one thousand Special Drawing Rights (SDR33,941,000) ("ADF Loan") for the purposes of the Project described in Schedule 1 to the ADF Loan Agreement ("Original Project");

(C) by a loan agreement dated 29 June 2014 between the Recipient and ADB ("SCF Loan Agreement"), ADB agreed to provide a loan to the Recipient from the ADB Strategic Climate Fund in the amount of thirty million Dollars (\$30,000,000) ("SCF Loan") for the purposes of cofinancing expenditures under the Original Project;

(D) by a grant agreement dated 29 June 2014 between the Recipient and ADB ("SCF Grant Agreement"), ADB agreed to provide a grant to the Recipient from the ADB Strategic Climate Fund in the amount of ten million four hundred thousand Dollars (\$10,400,000) ("SCF Grant") for the purposes of cofinancing expenditures under the Original Project;

(E) by a grant agreement dated 29 June 2014 between the Recipient and ADB ("SFPTF Grant Agreement"), ADB agreed to administer from the Sanitation Financing Partnership Trust Fund ("SFPTF") under the Water Financing Partnership Facility for a grant in the amount of one million six hundred thousand Dollars (\$1,600,000) ("SFPTF Grant") for the purposes of cofinancing expenditures under the Original Project;

(F) the Recipient has also applied to the Urban Climate Change Resilience Trust Fund ("UCCRTF") under the Urban Partnership Financing Facility for an additional grant to be administered by ADB for the purposes of financing expenditures under the Project described in Schedule 1 to this Grant Agreement; and

(G) ADB has agreed to make the proceeds of the grant from UCCRTF available to the Recipient upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB and the Pourashavas (as defined below);

NOW THEREFORE the parties agree as follows:

ARTICLE I

Grant Regulations; Definitions

Section 1.01. All provisions of the Externally Financed Grant Regulations of ADB, dated 1 January 2017 ("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 and the ADF Loan Agreement 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) "Pourashava" means, for the purpose of the Project, one of the following two coastal secondary towns selected to receive funding under the Project: Bagerhat or Patuakhali; and "Pourashavas" means Bagerhat and Patuakhali collectively; and

(b) "Subsidiary Grant Agreement" means an agreement between the Recipient and the Additional Pourashavas referred to in Section 3.01 of this Grant Agreement.

ARTICLE II

The Grant

Section 2.01. ADB agrees to make available to the Recipient a grant from UCCRTF in the amount of six million Dollars (\$6,000,000) ("Grant").

ARTICLE III

Use of Proceeds of the Grant

Section 3.01. (a) The Recipient shall make available a part of the proceeds of the Grant to each Pourashava under a Subsidiary Grant Agreement upon terms and conditions satisfactory to ADB.

(b) The Recipient shall cause the proceeds of the Grant to be applied 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. (a) 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 paragraphs 1, 2, 3, 4, 5, 12, 13 and 14 of Schedule 4 to the ADF Loan Agreement.

(b) The Recipient shall apply the following selection method for the specified Consulting Services, in accordance with, among other things, the procedures set forth in the Procurement Plan: Single Source Selection for (i) the development of the integrated drainage plans for the Pourashavas; and (ii) development of the waste management plans for the Pourashavas.

(c) The Recipient shall not, and shall ensure that the Pourashavas do not, award any Works contract for a Subproject which involves environmental impacts until:

- (i) final approval of the IEE from the Recipient's Department of Environment has been obtained; and
- (ii) the relevant provisions from the EMP have been incorporated into the Works contract.

(d) The Recipient shall not, and shall ensure that the Pourashavas do not, award any Works contract involving involuntary resettlement impacts for a Subproject until the Recipient or relevant Pourashava 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.

Section 3.04. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 31 December 2020 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 5 to the ADF Loan Agreement which is incorporated by reference herein and forms and integral part of this Grant Agreement.

Section 4.02. ADB shall disclose the consolidated annual audited financial statements for the Project and the opinion of the auditors on the consolidated financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

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

Section 4.04. The Recipient shall take all actions which shall be necessary on its part to enable the Pourashavas to perform their obligations under the

Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.05. (a) The Recipient shall exercise its rights under each Subsidiary Grant Agreement in such a manner as to protect the interests of the Recipient and ADB and to accomplish the purposes of the Loan.

(b) No rights or obligations under any Subsidiary Grant Agreement shall be assigned, amended, or waived without the prior concurrence of ADB.

ARTICLE V

Suspension

Section 5.01. The following are specified as additional events for suspension of the right of the Recipient to make withdrawals from the Grant Account for the purposes of Section 8.01(k) of the Grant Regulations:

- (a) the Recipient shall have failed to perform one or more of its obligations under the ADF Loan Agreement, the SCF Loan Agreement, the SCF Grant Agreement or the SFPTF Grant Agreement; or
- (b) the ADF Loan, the SCF Loan, the SCF Grant or the SFPTF Grant shall have become liable for suspension or cancellation for any reason whatsoever.

ARTICLE VI

Effectiveness

Section 6.01. 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 VII

Miscellaneous

Section 7.01. The Senior Secretary or Secretary or any Additional Secretary, Joint Secretary or Joint Chief, Deputy Secretary or Deputy Chief, Senior Assistant Secretary or Senior Assistant Chief, Assistant Secretary or Assistant Chief 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 Numbers:

(632) 636-2444
(632) 636-2293.

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 
KAZI SHOFIQL AZAM
Secretary
Economic Relations Division
Ministry of Finance

ASIAN DEVELOPMENT BANK

By 
for KAZUHIKO HIGUCHI
Country Director
Bangladesh Resident Mission

SCHEDULE 1**Description of the Project**

1. The objective of the Project is to increase climate and disaster resiliency in coastal towns targeting the poor and women.
2. The Project shall comprise:
 - (a) **Improved Climate-resilient Municipal Infrastructure**

The design, rehabilitation and construction of Stage 1 Infrastructure for the Pourashavas, including (i) drainage systems; (ii) cyclone shelters; and (iii) emergency access roads.
 - (b) **Strengthened Institutional Capacity, Governance, and Awareness**

Provision of consulting support to develop (i) integrated drainage plans; and (ii) waste management plans for the Pourashavas.
3. The Project includes the provision of Consulting Services to support the activities described in paragraph 2(b) of this Schedule 1.
4. The project is expected to be completed by 30 June 2020.

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 or Subcategory of the Table.)

Basis for Withdrawal from the Grant Account

2. Except as ADB may otherwise agree, the proceeds of the Grant shall be disbursed on the basis of the withdrawal percentage for each item of expenditure 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, by notice to 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, by notice to the Recipient, reallocate such excess amount to any other Category.

Disbursement Procedure

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

Condition for Withdrawals from Grant Account

5. Notwithstanding any other provision of this Grant Agreement, no withdrawals shall be made from the Grant Account until the Recipient and the Pourashavas shall have executed and delivered Subsidiary Grant Agreements acceptable to ADB.

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (Coastal Towns Environmental Infrastructure Project – Additional Financing)			
Number	Item	Total Amount Allocated for UCCRTF Financing (\$) Category	Basis for Withdrawal from the Grant Account
1	Works	5,200,000*	94% of total expenditure claimed
2	Consulting Services	600,000*	100% of total expenditure claimed**
3	Equipment	100,000*	96% of total expenditure claimed
4	Contingencies	100,000	
	Total	6,000,000	

*Subject to the condition for withdrawal described in paragraph 5 of Schedule 2.

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