
GRANT NUMBER 0396-BAN(EF)

GRANT AGREEMENT
(Externally Financed)

(Flood and Riverbank Erosion Risk Management Investment Program – Project 1)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 14 AUGUST 2014

BAN 44167

**GRANT AGREEMENT
(Externally Financed)**

GRANT AGREEMENT dated 14 August 2014 between PEOPLE'S REPUBLIC OF BANGLADESH ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a loan agreement of even date herewith between the Recipient and ADB ("ADB Loan Agreement"), ADB has agreed to make a loan to the Recipient from ADB's Special Funds resources in the amount of forty one million seven hundred and fifty five thousand Special Drawing Rights (SDR 41,755,000) for the purposes of the Project described in Schedule 1 to the ADB Loan Agreement;

(B) the Recipient has applied to the Government of Netherlands for a grant, to be administered by ADB, for the purposes of cofinancing expenditures under the Project;

(C) by Administration Arrangement agreed on 8 July 2014 between ADB and the Government of Netherlands ("Administration Arrangement"), the Government of Netherlands has agreed to provide, and ADB has agreed to administer, the grant provided for herein upon the terms and conditions set out in the Administration Arrangement; and

(D) ADB has agreed to make the proceeds of the grant from the Government of Netherlands available to the Recipient 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 the Externally Financed Grant Regulations of ADB dated 8 April 2009 ("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 ADB Loan Agreement (as so defined) have the respective meanings therein set forth unless modified herein or the context otherwise requires.

ARTICLE II

The Grant

Section 2.01. ADB agrees to make available to the Recipient a grant from the Government of Netherlands in the amount of fifteen million three hundred thousand Dollars (\$15,300,000).

ARTICLE III

Use of Proceeds of the Grant

Section 3.01. (a) The Recipient shall make the proceeds of the Grant available to BWDB upon terms and conditions satisfactory to ADB and shall cause BWDB to apply such proceeds to the financing of expenditures on the Project in accordance with the provisions of this Grant Agreement and the Project Agreement.

(b) The Recipient agrees that the proceeds of the Grant may be used to pay ADB's administration fees and other charges pursuant to the Administration Arrangement. ADB shall be entitled to withdraw from the Grant Account and pay to itself, on behalf of the Recipient, the amounts required to meet payments, when due, of such administration fees and other charges.

Section 3.02. The proceeds of the Grant shall be allocated and withdrawn in accordance with the provisions of Schedule 1 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 4 to the ADB Loan Agreement.

Section 3.04. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 30 June 2019 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 ADB Loan Agreement.

Section 4.02. ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt 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 acknowledges and agrees that this Grant Agreement is entered into by ADB, not in its individual capacity, but as grant administrator for the Government of Netherlands. Accordingly, the Recipient agrees that (i) it may only withdraw Grant proceeds to the extent that ADB has received proceeds for the Grant from the Government of Netherlands; and (ii) that ADB does not assume any obligations or responsibilities of the Government of Netherlands in respect of the Project or the Grant other than those set out in this Grant Agreement.

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 ADB Loan Agreement; and
- (b) the Bangladesh Water Development Board Act, 2000, shall have been repealed, suspended or amended in any manner which, in the reasonable opinion of ADB, may adversely affect the carrying out of the Project or the operation of the Project facilities.

ARTICLE VI

Effectiveness

Section 6.01. 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 ADB Loan Agreement shall have been duly authorized or ratified by, and executed and delivered on behalf of, the Recipient, and all conditions precedent to its effectiveness, other than a condition requiring effectiveness of this Grant Agreement, shall have been fulfilled.

Section 6.02. 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 VII

Miscellaneous

Section 7.01. The Secretary, 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
Sher-e-Bangla Nagar, Dhaka 1207
Bangladesh

Facsimile Number:

+880-2-9180788.

For ADB

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

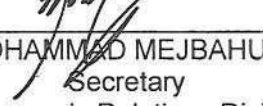
Facsimile Numbers:

(632) 636-2444

(632) 636-2391.

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  _____
MOHAMMAD MEJBAHUDDIN
Secretary
Economic Relations Division

ASIAN DEVELOPMENT BANK

By  _____
KAZUHIKO HIGUCHI
Country Director
Bangladesh Resident Mission

SCHEDULE 1

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 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, but not earlier than 12 months before the date of this Grant Agreement, subject to a maximum amount equivalent to 20% of the Grant amount.

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (Flood and Riverbank Erosion Risk Management Investment Program – Project 1)			
Number	Item	Total Amount Allocated for Government of Netherlands Financing (\$) Category	Basis for Withdrawal from the Grant Account
1	Works – Pilot Land Recovery/River Training	4,300,000	91% of total expenditure claimed
2	Consulting Services – Project management BWDB	10,700,000	74% of total expenditure claimed
3	ADB Administration Fees and Other Charges*	300,000	100% percent of amounts due
	Total	15,300,000	

* This amount also serves as a reserve for payment of ADB's administration fees and bank charges or other charges pursuant to the Administration Arrangement.