
CREDIT NUMBER 7668-BD (CREDIT A)
CREDIT NUMBER 7669-BD (CREDIT B)

Financing Agreement

(Second Bangladesh Green and Climate Resilient Development Policy Financing)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between PEOPLE'S REPUBLIC OF BANGLADESH ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, inter alia, of: (i) the actions which the Recipient has already taken under the Program, and which are described in Section I of Schedule 1 to this Agreement; and (ii) the Recipient's maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 the following credits, which are deemed as Concessional Financing for purposes of the General Conditions, in the following amounts:
 - (a) a credit equivalent to one hundred eighty-seven million eight hundred thousand Special Drawing Rights (SDR 187,800,000) (variously, "Credit A"); and
 - (b) [one hundred eighty-seven million eight hundred thousand Special Drawing Rights (SDR 187,800,000) (variously, "Credit B").Credit A and Credit B are collectively referred to variously as "Credit" and "Financing."
- 2.02. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance of the Credit.
- 2.03. The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance of the Credit A.
- 2.04. The Interest Charge is one and a quarter percent (1.25%) per annum on the Withdrawn Credit Balance of the Credit A.
- 2.05. The Payment Dates are June 1 and December 1 in each year.

- 2.06. The principal amount of the Credit shall be repaid in accordance with Section 3.05 of the General Conditions and the repayment schedule set forth in Schedule 2 to this Agreement.
- 2.07. The Payment Currency is Dollar.
- 2.08. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
 - (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;
 - (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
 - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following: namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
- 4.02. The Additional Event of Acceleration consists of the following: namely, that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of thirty (30) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V —EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following: namely, that the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.03. For purposes of Section 10.05 (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 Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is the Senior Secretary/Secretary or the Additional Secretary, or any Joint Secretary, Deputy Secretary, Senior Assistant Secretary, or Assistant Secretary of the Economic Relations Division of the Ministry of Finance.

6.02. For purposes of Section 11.01 of the General Conditions:

(a) 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; and

(b) the Recipient's Electronic Address is:

Facsimile:	E-mail:
+880-2-918-0788	secretary@erd.gov.bd

6.03. For purposes of Section 11.01 of the General Conditions:

(a) the Association's address is:

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

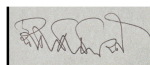
(b) the Association's Electronic Address is:

Telex:	Facsimile:
248423 (MCI)	1-202-477-6391

AGREED as of the Signature Date.

PEOPLE'S REPUBLIC OF BANGLADESH

By



Authorized Representative

Md. Shahriar Kader Siddiky

Name: _____

Title: Secretary, Economic Relations Division

Date: 21-Dec-2024

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Abdoulaye Seck

Title: Country Director

Date: 20-Dec-2024

SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

A. Actions Taken Under the Program. The actions taken by the Recipient under the Program include the following:

1. To integrate GCR goals in planning and budgeting, the Recipient, through: (i) the Planning Commission (PC) of MoP has adopted the Multi-Year Public Investment Program (MYPIP) Guidelines for key sectors, integrated with the Medium-Term Budget Framework as evidenced by the PC Circulars dated May 16, 2024, and May 30, 2024; and (ii) key sectoral agencies have incorporated GCR objectives and results indicators in MYPIPs and MBFs, as evidenced by FD Circular dated September 29, 2024, and 2024-2025 MBFs of Ministry of Science and Technology, Power Division, Energy and Mineral Resources Division, Local Government Division, Rural Development and Co-operatives Division, and Health Services Division published on September 29, 2024.
2. To effectively implement the Bangladesh Delta Plan (BDP) 2100 for increased climate resilience, the Recipient, through the Planning Division (PD) of the MoP has adopted the Delta Appraisal Framework, setting appraisal criteria on adaptive delta management and specific procedures for the preparation, processing, approval and revisions of BDP-related projects, as evidenced by PD Circular dated November 7, 2024.
3. To strengthen locally led actions for GCRD, the Recipient, through the MoLGRDC, has adopted new guidelines for ULGIs to apply GCR criteria in local planning, financing, and implementation of their investments and services financed by discretionary resources, as evidenced by LGD Office Order dated June 3, 2024.
4. To promote access to international carbon markets, the Recipient, through the Ministry of Environment, Forest and Climate Change (MoEFCC), has established the Designated National Authority with the mandate to approve, authorize and track carbon credit transfers under Article 6 of the Paris Agreement, as evidenced by the MoEFCC Notification dated June 27, 2024.
5. To incentivize environmentally and socially sustainable businesses and public investments, the Recipient, through the MoP, has adopted the Sustainable Public Procurement Guide, to gradually incorporate environmental and social sustainability principles in standard bidding documents of targeted sectors, including gender criteria for fostering participation of women-owned businesses in public procurement, as evidenced by BPPA Order dated September 11, 2024.

6. To enhance pollution control, the Recipient, through the MoEFCC, has adopted environmental enforcement guidelines, with provisions for (i) applying the polluter pays principle with rules-based, progressive sanctions; (ii) using remote, digital information tools, and (iii) fostering cooperation among public agencies, and citizen-driven accountability, as evidenced by MoEFCC Circular dated October 23, 2024.
7. To improve air quality management and contribute to reducing short-lived climate pollutants, the Recipient, through the MoEFCC, has adopted, with endorsement from NCAPC, the National Air Quality Management Plan, ordering a set of coordinated multi-sector actions to reach World Health Organization Interim Target 1 for annual PM_{2.5}, as evidenced by MoEFCC Circular dated July 30, 2024, and NCAPC Minutes dated September 22, 2024.
8. To increase energy efficiency, the Recipient, through the Power Division of the MoPEMR, has adopted (i) the Energy Efficiency Labeling for Appliances Regulations (EELRA), setting minimum energy performance standards to prevent commercialization of inefficient appliances, as evidenced by the Official Gazette dated November 13, 2023, and (ii) the Building Energy Efficiency and Environment Regulation (BEEER) to benchmark and certify energy and environmental performance of buildings, as evidenced by the Power Division Circular dated March 31, 2024.
9. To ensure cost reflective fuel prices and avoid subsidies, the Recipient, through the Energy and Mineral Resources Division of the MoPEMR, has adopted a formula based and market-linked periodic automatic price adjustment system for diesel, heavy fuel oil and octane, as evidenced by the Official Gazette dated February 29, 2024.
10. To improve the financial sustainability of the energy sector, the President has reinstated the mandate of the Bangladesh Energy Regulatory Commission in end-user electricity tariff setting, as evidenced by the Ordinance published in Official Gazette on August 27, 2024.

Section II. Availability of Financing Proceeds

- A. General.** The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.

- B. Allocation of Financing Amounts.** The Financing is allocated in: (a) a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

Allocations	Amount of the Credit A Allocated (expressed in SDR)	Amount of the Credit B Allocated (expressed in SDR)
(1) Single Withdrawal Tranche	187,800,000	187,800,000
TOTAL AMOUNT	187,800,000	187,800,000

C. Withdrawal Tranche Release Conditions.

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient's macroeconomic policy framework.

D. Deposit of Financing Amounts.

1. Notwithstanding the provisions of Section 2.03 of the General Conditions:
 - (a) the Recipient shall open, prior to furnishing to the Association the first request for withdrawal from the Financing Account, and thereafter maintain a dedicated account in Dollars ("Foreign Currency Dedicated Account") on terms and conditions satisfactory to the Association; and
 - (b) all withdrawals from the Financing Account shall be deposited by the Association into the Foreign Currency Dedicated Account.
2. The Recipient, within thirty (30) days after the withdrawal of the Financing from the Financing Account(s), shall report to the Association: (a) the exact sum received into the Foreign Currency Dedicated Account; (b) the details of the account to which the Bangladeshi Taka equivalent of the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient's budget management systems; and (d) the statement of receipts and disbursement of the Foreign Currency Dedicated Account.

E. Audit. Upon the Association's request, the Recipient shall:

1. have the Foreign Currency Dedicated Account audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;
2. furnish to the Association as soon as available, but in any case, not later than six (6) months after the date of the Association's request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association; and
3. furnish to the Association such other information concerning the Foreign Currency Dedicated Account and their audit as the Association shall reasonably request.

F. Closing Date. The Closing Date is January 15, 2026.

SCHEDULE 2

Repayment Schedule

I. REPAYMENT OF CREDIT A

The Recipient shall repay the principal amount of the Credit A in accordance with the table set forth below.

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage) *
On each June 1 and December 1:	
commencing June 1, 2030, to and including December 1, 2049	1.65%
commencing June 1, 2050, to and including December 1, 2054	3.40%

* The percentages represent the percentage of the principal amount of the Credit A to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

II. REPAYMENT OF CREDIT B

The Recipient shall repay the principal amount of the Credit B in accordance with the table set forth below.

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage) *
On each June 1 and December 1:	
commencing June 1, 2031, to and including June 1, 2036	8.33334%
on December 1, 2036	8.33326%

* The percentages represent the percentage of the principal amount of the Credit B to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

APPENDIX

Section I. Definitions

1. “Air Pollution Control Rules” means the Air Pollution (Control) Rules, 2022, as published in the Official Gazette dated July 26, 2022.
2. “Bangladesh Delta Plan 2100” or “BDP” means the nationally determined contributions to the Paris Agreement.
3. “Bangladesh Energy Regulatory Commission” means the Bangladesh Energy Regulatory Commission established under the Bangladesh Energy Regulatory Commission Act, 2003.
4. “Bangladesh Public Procurement Authority” or “BPPA” means the Bangladesh Public Procurement Authority of the MoP.
5. “Building Energy Efficiency and Environment Regulation” means the Building Energy Efficiency and Environment Regulation adopted through the Power Division Circular dated March 31, 2024.
6. “Credit A” means the concessional credit in the amount referenced in Section 2.0l(a) of this Agreement and the Credit for purposes of paragraph 24 of the General Conditions.
7. “Credit B” means the concessional credit in the amount referenced in Section 2.0l(b) of this Agreement and the Credit for purposes of paragraph 24 of the General Conditions.
8. “Delta Appraisal Framework” means the framework that mainstreams adaptative delta management into public sector planning and approval of BDP 2100 related projects, approved through the Planning Division Circular dated November 7, 2024.
9. “Designated National Authority” means the Designated National Authority established through the MoEFCC Notification dated June 27, 2024.
10. “Energy Efficiency Labeling for Appliances Regulations” means the Energy Efficiency Labeling for Appliances Regulations adopted through the Official Gazette dated November 13, 2023.
11. “Energy and Mineral Resources Division” means the Energy and Mineral Resources Division of the MoPEMR.
12. “Finance Division” means the Finance Division of the Ministry of Finance.

13. “Foreign Currency Dedicated Account” means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
14. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated December 14, 2018 (Last revised on July 15, 2023), with the modifications set forth in Section II of this Appendix.
15. “Green and Climate Resilient” or “GCR” means green and climate resilient.
16. “Green and Climate Resilient Development” or “GCRD” means green and climate resilient development.
17. “Health Services Division” means the Health Services Division of the Ministry of Health and Family Welfare.
18. “Local Government Division” means the Local Government Division of MoLGRDC.
19. “Medium-Term Budget Framework” or “MBF” means the Medium-Term Budget Framework, which is the estimate of income and expenditure of the Government of the budget-year with the projection of two years next thereto.
20. “Ministry of Environment, Forest and Climate Change” or “MoEFCC” means the Ministry of Environment, Forest and Climate Change of the Recipient, or any successor thereto.
21. “Ministry of Finance” means the Ministry of Finance of the Recipient, or any successor thereto.
22. “Ministry of Health and Family Welfare” means the Ministry of Health and Family Welfare of the Recipient, or any successor thereto.
23. “Ministry of Local Government, Rural Development and Co-operatives” or “MoLGRDC” means the Ministry of Local Government, Rural Development and Co-operatives of the Recipient, or any successor thereto.
24. “Ministry of Planning” or “MoP” means the Ministry of Planning of the Recipient, or any successor thereto.
25. “Ministry of Power, Energy and Mineral Resources” or “MoPEMR” means the Ministry of Science and Technology of the Recipient, or any successor thereto.
26. “Ministry of Science and Technology” means the Ministry of Science and Technology of the Recipient, or any successor thereto.

27. “Multi-Year Public Investment Programs” or “MYPIP” means the Multi-Year Public Investment Program, which is a programming tool that allows the budgeting of development projects from a medium-term perspective.
28. “National Air Quality Management Plan” means the Plan adopted by the MoEFCC to outline actions required for Bangladesh to meet World Health Organization Interim Target 1 for annual PM2.5.
29. “National Committee on Air Pollution Control” or “NCAPC” means the National Committee on Air Pollution Control, as established under the Air Pollution Control Rules.
30. “Official Gazette” means the Gazette of the Recipient.
31. “Ordinance” means the Ordinance as defined under the Recipient’s Constitution.
32. “Planning Commission” means the Planning Commission of the Ministry of Planning of the Recipient, or any successor thereto.
33. “Planning Division” means the Planning Division of the Ministry of Planning of the Recipient, or any successor thereto.
34. “Pourashavas” means the Pourashavas, as set out in the Local Government (Paurashava) Act, 2009 (Act no. 58 of 2009).
35. “Power Division” means the Power Division of the MoPEMR.
36. “President” means the President of the Recipient.
37. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated November 14, 2024 from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
38. “Rural Development and Co-operatives Division” means the Local Government Division of MoLGRDC.
39. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.

40. “Single Withdrawal Tranche” means the amount of the Financing allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
41. “Sustainable Public Procurement Guide” means the Sustainable Public Procurement Guide adopted by the BPPA Order dated September 11, 2024.
42. “Urban Local Government Institutions” or “ULGIs” means the City Corporations and Pourashavas of the Recipient, or any successors thereto.

Section II. Modifications to the General Conditions

The General Conditions as applicable to Credit B are hereby modified as follows:

1. Section 3.03 (Service Charge) and Section 3.04 (Interest Charge) are deleted in their entirety and the remaining Sections in Article III are renumbered accordingly, and all references to the Sections of Article III in any provision of the General Conditions are understood to be to such renumbered Sections.
2. In paragraph originally numbered 64 of the Appendix, the term “Interest Charge”, is modified to read as follows:
 64. “Interest Charge” means the interest charge for the purpose of Section 3.07.
3. Paragraph 95 (Service Charge) in the Appendix is deleted in its entirety and the subsequent paragraphs are renumbered accordingly, and any reference to “Service Charge” or “Service Charges” in any provision of the General Conditions is deleted.