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CREDIT NUMBER 5665-BD

# **Financing Agreement**

**(National Agricultural Technology Program – Phase II Project)**

**between**

**PEOPLE'S REPUBLIC OF BANGLADESH**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

Dated *May 24*, 2016

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## FINANCING AGREEMENT

AGREEMENT dated *May 24*, 2016, entered into between PEOPLE'S REPUBLIC OF BANGLADESH ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

CONSIDERING THAT (A) the Recipient, having satisfied itself as to the feasibility and priority of the Project described in Schedule 1 to this Agreement ("Project"), has requested the Association to extend a credit in an amount equivalent to SDR 125,200,000, as provided in Section 2.01 of this Agreement, to assist in the financing of the Project;

(B) the Recipient has also requested the Association, acting as administrator of the United States Agency for International Development Trust Fund ("USAID Trust Fund"), to provide assistance towards the financing of the Project, and the Association has agreed to make available a grant to the Recipient from the USAID Trust Fund in an amount equal to seven million four hundred thirty thousand Dollars (\$7,430,000) to assist in the financing of Part 1(b)(ii) of the Project ("USAID Co-financing Grant Agreement"); and

(C) the Recipient has also requested the International Fund for Agricultural Development ("IFAD") to provide assistance towards the financing of the Project, and IFAD has agreed to make available a loan to the Recipient in an amount equal to twenty three million eight hundred sixty thousand Dollars (\$23,860,000) to assist in the financing of all the Parts of the Project (except for Parts 1(b) (ii) ("IFAD Co-financing Loan Agreement"));

NOW THEREFORE, 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 one hundred and twenty five million two hundred thousand Special Drawing Rights (SDR 125,200,000) (variously, "Credit" and "Financing"), to assist in financing the 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%).
- 2.05. The Payment Dates are February 15 and August 15 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 objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement and except as the Association shall otherwise agree, the Recipient shall ensure that the Project is carried through its Implementing Agencies in accordance with the provisions of Schedule 2 to this Agreement. Specifically, the Recipient shall:
  - (a) through MOA, cause: (i) BARC to carry out Part 1 of the Project; and (ii) DAE to carry out Part 2 of the Project;
  - (b) through MOFL, cause: (i) DOF to carry out Part 3 of the Project, and (ii) DLS to carry out Part 4 of the Project; and
  - (c) through MOA cause the PMU to carry out Part 5 of the Project.

### **ARTICLE IV — EFFECTIVENESS, TERMINATION**

- 4.01. The Additional Conditions of Effectiveness consist of the following:
  - (a) the USAID Co-financing Grant Agreement has been executed and delivered on behalf of the Recipient 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;

(b) the IFAD Co-financing Loan Agreement has been executed and delivered on behalf of the Recipient and IFAD 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

(c) the Project Implementation Manual has been adopted by all the Implementing Agencies in a manner satisfactory to the Association.

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

4.03. 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 V — REPRESENTATIVE; ADDRESSES**

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

5.02. The Recipient's Address is:

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

Facsimile:

88029180671

5.03. The Association's Address is:

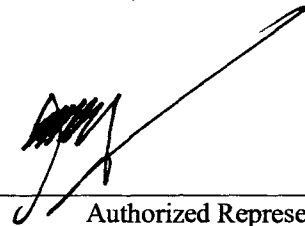
International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

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: Mohammad Mejbahuddin  
Title: Senior Secretary  
Economic Relations Division  
Ministry of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Qimiao Fan  
Title: Country Director for Bangla  
South Asia Region

## SCHEDULE 1

### Project Description

The objective of the Project is to increase agricultural productivity of smallholder farms and improve smallholder farmers' access to markets in Selected Districts.

The Project consists of the following Parts:

#### Part 1: Enhancing Agricultural Technology Generation

Helping improve the performance of the NARS by:

- (a) strengthening agricultural research institutions by, *inter alia*: (i) strengthening the institutional capacity of BARC and selected national agricultural research institutes, including to carry out research management, institutional coordination, policy formulation activities; (ii) supporting the carrying out of doctoral studies of eligible staff from the Implementing Agencies; (iii) building, updating and renovating research infrastructure of selected national agricultural research institutes, including the construction of laboratory infrastructure and the acquisition of associated research equipment; and (iv) developing a web-based agricultural research platform to serve as a research database and knowledge center; and
- (b) Supporting the development of innovative agricultural technologies, mobilization of available research capacity and stimulation of scientific creativity by: (i) establishing and operating a program-based research initiative, including the provision of Grants to be funded out of AIF-1/PBRG; and (ii) establishing and operating a competitive research grant program aimed at promoting agricultural technology generation, including the provision of Grants, to be funded out of AIF-1/CRG, to in-country research providers.

#### Part 2: Supporting Crop Development

Supporting DAE to carry out an integrated approach to increase crop productivity, quality and output and facilitate crop farmers' access to markets by, *inter alia*: (a) enhancing skills, mobility and connectivity of public extension workers; (b) supporting the development of farmers information and advise centers; (c) promoting the use of information-and-communication-technology-based extension methods; (d) developing skills of farmers to scale up the dissemination of good agricultural practices and identify technologies for a sustainable production of safer food; (e) promoting farm and off-farm mechanization processes to increase crop productivity and efficiency in crop handling and reduce post-harvest losses; (f) facilitating collaboration with the private sector in areas such as agro-processing, value-chain integration and machinery hire-services; (g) strengthening the institutional capacities of entities involved in the crop sector through the carrying out of capacity building activities and building of selected associated infrastructure in the crop sector such as seed testing laboratories; (h) improving smallholders' marketing activities

through the setting up of run collection points for washing, sorting, the upgrading of specific commodities and the building of commodity collection points and other marketing facilities; and (i) establishing and operating a matching-grant scheme aimed at supporting the adoption of new crop technologies and the carrying out of rural services and value-chain activities beneficial to crop farmers, including: (A) the provision of Matching Grants to be funded out of AIF-2 to eligible crop farmer groups; and (B) the provision of Matching Grants to be funded out of AIF-3 to eligible rural entrepreneurs.

### **Part 3: Supporting Fisheries Development**

Supporting DOF to carry out of an integrated approach to increase fish productivity, quality and output and facilitate fish farmers' access to markets by, *inter alia*: (a) providing support for the sustainable development of inland culture fisheries and inland capture fisheries; (b) promoting selected fish production models involving improved fish varieties; (c) supporting the production of better quality fish seed; (d) supporting the introduction of appropriate fish feed; (e) applying relevant fisheries management tools including community-based fisheries management activities; (f) restoring aquatic habitats; (g) creating suitable market linkages for better access to markets; (h) supporting institutional capacity enhancement for quality control in fish feed development including the improvement of associated facilities; (i) promoting climate-resilient and innovative aquaculture technologies; (j) strengthening existing and recruiting new local extension agents for fisheries aimed at expanding the delivery of extension services, and improving their skills, mobility and connectivity; (k) promoting information-and-communication-technology-based extension methods; (l) carrying out of activities to strengthen linkages with fisheries research; (m) facilitating the participation of smallholder fish farmers in selected commodity markets; (n) improving fish market infrastructure and management of such infrastructure; and (o) establishing and operating a matching-grant scheme aimed at supporting the adoption of new fish technologies and the carrying out of rural services and value-chain activities beneficial to fish farmer groups, including: (A) the provision of Matching Grants to be funded out of AIF-2 to eligible fish farmer groups; and (B) the provision of Matching Grants to be funded out of AIF-3 to eligible rural entrepreneurs.

### **Part 4: Supporting Livestock Development**

Supporting DLS to carry out of an integrated approach to increase livestock productivity, quality and output and facilitate livestock farmers' access to markets by, *inter alia*: (a) strengthening and building capacities of livestock institutions; (b) strengthening existing and recruiting new community extension agents for livestock aimed at expanding the delivery of extension services, and improving their skills, mobility and connectivity; (c) reinforcing linkages between research, extension and livestock farmers; (d) scaling up outreach programs such as fodder development, primary animal health care, artificial insemination and reproductive management services; (e) demonstrating improved and climate resilient animal husbandry practices; (f) facilitating a close collaboration with the private sector; (g) supporting the development of livestock food safety and food quality standards; (h) piloting community level market interventions aimed at increasing farmer's participation in

selected commodity markets; and (i) establishing and operating a matching grant scheme aimed at supporting the adoption of new livestock technologies and the carrying out of rural services and value-chain activities beneficial to livestock farmers, including: (A) the provision of Matching Grants to be funded out of AIF-2 to eligible livestock farmer groups; and (B) the provision of Matching Grants to be funded out of AIF-3 to eligible rural entrepreneurs.

**Part 5: Project Management**

Supporting the implementation, management and coordination of the Project activities including: (a) the carrying out communication, public awareness and outreach activities; (b) the coordination of Project monitoring, progress reporting, impact evaluation, and GAAP's implementation activities; and (c) the preparation of analytical studies and policy notes on areas such as agricultural research, extension, and production.



## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. The Recipient shall establish, by the date which is no later than one (1) month after the Effective Date, and thereafter maintain throughout the implementation of the Project:
  - (a) a Joint Project Steering Committee, with a mandate, terms of reference and resources satisfactory to the Association, which shall be: (i) co-chaired by MOA and MOFL on an alternate basis; (ii) composed of senior representatives from relevant Ministries, the Planning Commission and each Implementing Agency, as well as from farmers' groups and rural entrepreneurs; and (iii) responsible for, *inter alia*: (A) providing strategic and policy direction on all activities under the Project; (B) approving Project annual budgets and activities' plans; and (C) addressing any obstacle during the implementation of the Project; and
  - (b) a Project Management Unit with mandate, terms of reference and resources satisfactory to the Association, which shall be: (i) headed by a full-time Project director with terms of reference, qualifications and experience satisfactory to the Association; (ii) composed of relevant technical experts, and senior specialists in, *inter alia*, procurement, financial management, gender, marketing, information-technology, communication and public awareness, research-extension linkages, sector coordination, producer organizations, monitoring and evaluation and reporting matters, all with terms of reference and qualifications and experience satisfactory to the Association; and (iii) responsible for, *inter alia*, overseeing the overall coordination, implementation and management of the Project, including the activities to be carried out by the Project Implementation Units.
2. The Recipient shall establish, by the date which is no later than two (2) months after the Effective Date, and thereafter maintain throughout the implementation of the Project in each of the Implementing Agencies, a Project Implementation Unit, with mandate, terms of reference and resources satisfactory to the Association, which shall be: (i) headed by a full-time director with terms of reference, qualifications and experience satisfactory to the Association; (ii) composed of relevant technical experts and senior specialists in, *inter alia*, procurement, financial management, environment and social safeguards, and monitoring and reporting, all with terms of reference, qualifications and experience satisfactory to the Association; and (iii) responsible for, *inter alia*, carrying out the procurement, financial management, environment, social, monitoring and reporting activities of its respective part under the Project,

including coordinating the implementation of its respective Part of the Project in accordance with the Project Implementation Manual.

3. The Recipient, through DAE, shall enter into a strategic partnership agreement with HORTEX, under terms and conditions satisfactory to the Association, whereby, *inter alia*, HORTEX agrees to provide technical assistance to support DAE in the carrying out of Part 2(f) of the Project.

**B. Project Implementation Manual**

1. The Recipient shall maintain the Project Implementation Manual, in form and substance satisfactory to the Association, which shall include, *inter alia*:
  - (a) the Project administrative, accounting, auditing, reporting, financial (including cash flow aspects in relation thereto), procurement and disbursement procedures of the Project; and
  - (b) the Project monitoring and evaluation framework, including all the Project monitoring indicators and targets.
2. The Recipient shall, through each Implementing Agency, ensure that the Project is carried out in accordance with the arrangements and procedures set out in the Project Implementation Manual, provided, however, that in the case of any conflict between the arrangements and procedures set out in the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.
3. Except as the Association shall otherwise agree in writing, the Recipient shall not amend, abrogate or waive any provision of the Project Implementation Manual.

**C. Agricultural Innovation Fund Operational Guidelines and Procedures**

1. Prior to starting the carrying out of Parts 1(b), 2(i), 3(o) and 4(i) of the Project, the Recipient, shall cause each Implementing Agency to adopt, and thereafter maintain, throughout the implementation of the Project and in form and substance satisfactory to the Association, operational guidelines and procedures for the management and operation of an agricultural innovation fund (“Agricultural Innovation Fund Operational Guidelines and Procedures”), which shall include, *inter alia*:
  - (a) AIF-1/PBRG Operational Guidelines and Procedures;
  - (b) AIF-1/CRG Operational Guidelines and Procedures;
  - (c) AIF-2 Operational Guidelines and Procedures;
  - (d) AIF-3 Operational Guidelines and Procedures; and

- (e) the terms and conditions of each Subproject Financing Agreement to be entered into between an Implementing Agency and an Eligible Beneficiary to access to one of the funds referred to in paragraph (a), which shall include, *inter alia*:
    - (i) the Eligible Beneficiary's obligations to: (A) carry out the Subproject with due diligence and efficiency and in accordance with sound technical, economical, financial, managerial, environmental and social standards and practices set out in the Agricultural Innovation Fund Operational Guidelines and Procedures; (B) provide in cash contributions of thirty percent (30%) of the total cost of the Matching Grant to be financed out of AIF-2, cash contributions of fifty percent (50%) of the total cost of the Matching Grant to be financed out of AIF-3 or any other percentages approved by the Association; (C) procure the goods, works and services to be financed out of the Grants or Matching Grants in accordance with the provisions of this Agreement; (D) maintain policies and procedures to enable to monitor the progress of the Subproject and the achievement of its objectives; (E) comply with, the terms and conditions of the EMF, SMF and PMP and each relevant Safeguards Assessment and Plan, as applicable; and (F) to accept physical or documentary inspection by the Implementing Agency and/or the Association, in relation to the carrying out of the Subproject; and
    - (ii) the Implementing Agency's right to suspend or terminate the right of the beneficiary to use the proceeds of Subproject Financing, as the case maybe, or obtain a refund of all or any part of the amount of Grants or Matching Grants then withdraw, upon the beneficiary's failure to perform any obligations under the Subproject Financing Agreement.
2. The Recipient shall ensure that the Project and each Subproject is carried out in accordance with the Agricultural Innovation Fund Operational Guidelines and Procedures, provided, however, that in the case of any conflict between the arrangements and procedures set out in Agricultural Innovation Fund Operational Guidelines and Procedures and the provisions of this Agreement, the provisions of this Agreement shall prevail.
  3. Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the Agricultural Innovation Fund Operational Guidelines and Procedures.

4. The Recipient shall:(a) engage, not later than September 30, 2017 or such later date as the Association shall otherwise agree, an independent third party entity under terms of reference satisfactory to the Association, to carry out two (2) technical and financial assessments (one assessment to be carried out prior to the Project's mid-term review established by the Association and the other prior to the Project's Closing Date) for purposes of evaluating the management and operation of the agricultural innovation fund referred to in the above-mentioned Section I.C.1; and
- (b) review with the Association, by July 31, 2018, or such other date as the Association shall request, the results of the assessment report referred to in (a) above, and thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

**D. Environmental and Social Safeguards**

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the EMF, SMF, PMP and the relevant Safeguard Assessments and Plans.
2. Whenever an additional or revised Safeguard Assessment and Plan shall be required for any proposed Project activity, including any Subproject, in accordance with the provisions of the EMF and SMF, as the case may be, the Recipient shall:
  - (a) prior to the commencement of such activity, proceed to have such Safeguard Assessment and Plan: (i) prepared in accordance with the provisions of the EMF and SMF, as the case may be; (ii) furnished to the Association for review and approval; and (iii) thereafter adopted and disclosed as approved by the Association, in a manner acceptable to the Association;
  - (b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such Safeguard Assessment and Plan; and
  - (c) in the case of any resettlement activity under the Project involving Affected Persons, ensure that no displacement shall occur before necessary resettlement measures consistent with the RAP applicable to such activity have been executed, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, prior to displacement.
3. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the EMF, SMF, PMP or any Safeguard Assessments and Plans, unless the Association has provided its prior approval thereof in writing,

and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

4. Without limitation on its other reporting obligations under this Agreement, the Recipient shall collect, compile and submit to the Association on a bi-annual basis (or such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the EMF, SMF, PMP and the Safeguard Assessments and Plans, giving details of: (a) measures taken in furtherance of the said instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the said measures; and (c) remedial measures taken or required to be taken to address such conditions.
5. In the event of any conflict between the provisions of any of the EMF, SMF, PMP or any Safeguard Assessments and Plan, and the provisions of this Agreement, the provisions of this Agreement shall prevail.

**E. 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 each Project Report (or such other frequency as may be agreed with the Association).

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association and set forth in the Project Implementation Manual. 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 after the end of the period covered by such report.
2. Without limitation on the provisions of paragraph 1 above, the Recipient shall engage, not later than four (4) months after the Effective Date, an independent third party entity, under terms of reference satisfactory to the Association, to carry out a Project baseline survey and stakeholders analysis, mid-term and end-of-project surveys, an impact evaluation, draft implementation progress reports and any other work pertaining to the monitoring and evaluation aspects of the Project.

**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 prepare and furnish to the Association as part of the Project Report, not later than forty-five (45) days 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 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; (c) Direct Contracting; and (d) Well-established Private Sector Procurement Methods or Commercial Practices which have been found to be 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; 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
  - (e) 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 (f) Well-established Private Sector Procurement Methods or Commercial Practices acceptable to the Association.

**D. Pooled Procurement of Selected Goods and Services**

Notwithstanding the provisions of Section III of this Schedule, the procurement of Selected Goods and Services will be pooled following the procedures set forth in the Project Implementation Manual.

**E. 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:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods (except vehicles), works, non-consulting services, consultants' services Training and Incremental Operating Costs under the Project	99,550,000	88%
(2) Grants under Part 1(b)(i) of the Project (AIF-1/PBRG)	11,750,000	88% of the amount disbursed for a Grant



(3) Matching Grants under Parts 2(i)(A), 3(o)(A) and 4(i)(A) of the Project (AIF-2)	10,650,000	88% of the amount disbursed for a Matching Grant
(4) Matching Grants under Parts 2(i)(B), 3(o)(B) and 4(i)(B) of the Project (AIF-3)	2,850,000	88% of the amount disbursed for a Matching Grant
(5) Refund of Project Preparation Advance	400,000	Amount payable pursuant to Section 2.07 of the General Conditions
<b>TOTAL AMOUNT</b>	<b>125,200,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) for payments made prior to the date of this Agreement;
  - (b) under Category (2) unless the AIF-1/PBRG Operational Guidelines and Procedures have been submitted by the Recipient to the Association, in a manner satisfactory to the Association;
  - (c) under Category (3) unless the AIF-2 Operational Guidelines and Procedures have been submitted by the Recipient to the Association, in a manner satisfactory to the Association;
  - (d) under Category (4) unless the AIF-3 Operational Guidelines and Procedures have been submitted by the Recipient to the Association, in a manner satisfactory to the Association; and
  - (e) for Eligible Expenditures under a contract financed or agreed to be financed by any other international institution or agency, or the Association, under any other agreement.
2. The Closing Date is September 30, 2021.

**C. Other Commitment**

By no later than twelve (12) months after the Effective Date, the Recipient shall enhance its current manual system of accounting by a computerized financial management information system, in a manner satisfactory to the Association, to facilitate easy and timely access to Project financial information and its consolidation.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each February 15 and August 15, commencing August 15, 2021 to and including February 15, 2053	1.5625%

\*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. "AIF-1/CRG" means Agriculture Innovation Fund Window 1 for Competitive Research Grant.
2. "AIF-1/PBRG" means Agriculture Innovation Fund Window 1 for Performance Based Research.
3. "AIF-2" means Agriculture Innovation Fund Window 2.
4. "AIF-3" means Agriculture Innovation Fund Window 3.
5. "AIF-1/CRG Operational Guidelines and Procedures" means the rules, procedures and eligibility criteria for managing the AIF-1/CRG referred to in Section I.C.1(b) of Schedule 2 to this Agreement to promote agricultural technology generation through Grants for research providers under Part 1(b)(ii) of the Project.
6. "AIF-1/PBRG Operational Guidelines and Procedures" means the rules, procedures and eligibility criteria for managing the AIF-1/PBR referred to in Section I.C.1(a) of Schedule 2 to this Agreement to promote agricultural technology generation through Grants for research providers under Part 1(b)(i) of the Project.
7. "AIF-2 Operational Guidelines and Procedures" means the rules, procedures and eligibility criteria for managing the AIF-2 referred to in Section I.C.1(c) of Schedule 2 to this Agreement to promote the adoption of innovative technologies through Matching Grants for CIGs under Parts 2(i)(A), Part 3(o)(A) and 4(i)(A) of the Project; including rules and procedures establishing that AIF-2 shall only co-finance capital investments and technical assistance.
8. "AIF-3 Operational Guidelines and Procedures" means the rules, procedures and eligibility criteria for managing the AIF-3 referred to in Section I.C.1(d) of Schedule 2 to this Agreement to support private sector operators through Matching Grants for rural entrepreneurs under Part 2(i)(B), Part 3(o)(B) and 4(i)(B) referred to in Section I.C.1(a) and (b) of Schedule 2 to this Agreement; including rules and procedures establishing that AIF-3 shall only co-finance capital investments and technical assistance.
9. "Affected Person" means a person who, on account of the execution of the Project, 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 to 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 Affected Persons.

10. “Agricultural Innovation Fund Operational Guidelines and Procedures” means the set of operational guidelines and procedures referred to in Section I.C.1.(a),(b), (c) and (d) of Schedule 2 of this Agreement; as such guidelines may be amended, abrogated or waived from time to time with the prior agreement of the Association
11. “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.
12. “BARC” means the Bangladesh Agricultural Research Council, established in 1973 by the Recipient’s Presidential Order 32 of 1973, as amended in 2012 through the BARC Act of 2012.
13. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
14. “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(revised July 2014).
15. “DAE” means the Department of Agricultural Extension within MOA and any successor thereto acceptable to the Association.
16. “DLS” means the Department of Livestock Services within MOFL and any successor thereto acceptable to the Association.
17. “DOF” means the Department of Fisheries within MOFL, and any successor thereto acceptable to the Association.
18. “EIA” mean each of the environmental impact assessments to be prepared under the Project in accordance with the EMF, pursuant to Section I.D of Schedule 2 to this Agreement, 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 EIA may be revised, supplemented or updated from time to time with the prior agreement between the Recipient and the Association.
19. “Eligible Beneficiary” means an entity which meets the requirements of and has been selected by the relevant Implementing Agency in accordance with the Agricultural Innovation Fund Operational Guidelines and Procedures, and which has entered into a Subproject Financing Agreement with the relevant Implementing Agency.

20. “EMF” means the environmental management framework of the Recipient dated November 5, 2014 and disclosed on November 18, 2014, setting forth the policy framework, principles, standards, processes and institutional arrangements to be applied to assess potential adverse environmental impacts associated with Project activities and the ways to avoid, minimize, mitigate or offset them, including public consultation, disclosure and reporting; as such framework may be revised, supplemented or updated from time to time with the prior agreement between the Recipient and the Association.
21. “EMP” mean each environmental management plan to be prepared under the Project in accordance with the EMF, pursuant to Section I.D of Schedule 2 to this Agreement, 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 EMP may be revised, supplemented or updated from time to time with the prior agreement between the Recipient and the Association.
22. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
23. “Governance and Accountability Action Plan” and “GAAP” mean the plan agreed between the Association and the Recipient, dated May 10, 2015, 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 each GAAP may be revised, supplemented or updated from time to time with the prior agreement between the Recipient and the Association.
24. “Grant” means the amount allocated for each Subproject in accordance with the rules set forth in the Agricultural Innovation Fund Operational Guidelines and Procedures; and “Grants” means collectively, all such Grants.
25. “HORTEX” means the Horticulture Export Development Foundation; or any other successor thereto acceptable to the Association.
26. “IFAD” means the International Fund for Agricultural Development.
27. “IFAD Co-financing Loan Agreement” means the agreement to be entered into between the Recipient and IFAD, providing a loan in an approximate amount of \$23,860,000 for purposes of financing of all the Parts of the Project (except for Parts 1(b), 2(i), 3(o) and 4(i)).
28. “Implementing Agencies” means: (a) BARC; (b) DAE; (c) DLS; and (d) DOF; and “Implementing Agency” means any of the aforementioned entities.

29. "Incremental Operating Costs" means the reasonable required costs 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, costs of clearing, forwarding, inspection, survey and transportation of goods, Project-related meeting expenses eligible under the PIM, and Project-related travel allowances, subsistence and lodging expenses for civil servants from the Project Implementation Units, and Project districts and *upazilas* only for Project supervision and monitoring activities, but excluding salaries, allowances and honorarium of officials of the Recipient's civil service and/or other sitting allowances and honorarium.
30. "Joint Project Steering Committee" means the committee referred to in Section I.A.1(a) of Schedule 2 to this Agreement.
31. "Matching Grant" means the amount allocated for each Subproject in accordance with the rules set forth in the Agricultural Innovation Fund Operational Guidelines and Procedures; and "Matching Grants" means collectively, all such Matching Grants.
32. "MOA" means the Recipient's Ministry of Agriculture and any successor thereto acceptable to the Association.
33. "MOFL" means the Recipient's Ministry of Fisheries and Livestock, and any successor thereto acceptable to the Association.
34. "NARS" means the Recipient's National Agricultural Research System, consisting of twelve agricultural research institutes under the umbrella of BARC.
35. "PMP" means the pest management plan of the Recipient dated November 5, 2014 and disclosed on November 18, 2014, setting for an integrated approach to pest management practices under the Project; as such plan may be revised, supplemented or updated from time to time with the prior agreement between the Recipient and the Association.
36. "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 (revised July 2014).
37. "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 (1<sup>st</sup> Amendment) 2009.
38. "Procurement Plan" means the Recipient's procurement plan for the Project, dated May 9, 2015 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.

39. "Project Implementation Manual" or "PIM" the manual referred to in Section I.B.1 of Schedule 2 to this Agreement.
40. "Project Implementation Unit" or "PIU" means the unit to be maintained by each of the Implementing Agencies in accordance with the provision of Section I.A.2 of Schedule 2 to this Agreement, and "Project Implementation Units" means, collectively, all such Project Implementation Units.
41. "Project Management Unit" or "PMU" means the unit to be maintained by the Recipient in accordance with the provisions of Section 1.A.1(b) of Schedule 2 to this Agreement.
42. "Project Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on February 16, 2015, and on behalf of the Recipient on March 3, 2015.
43. "RAP" mean each resettlement action plan to be prepared under the Project in accordance with the SMF, pursuant to Section I.D of Schedule 2 to this Agreement, 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 RAP may be revised, supplemented or updated from time to time with the prior agreement between the Recipient and the Association.
44. "Safeguard Assessment and Plan" means any EIA, SIA, EMP, SMP, RAP, SEVCDP and/or TPDP prepared or to be prepared by the Recipient in accordance with the EMF and/or SMF and the provisions of Section I.D of Schedule 2 to this Agreement; and "Safeguard Assessments and Plans" means, collectively, all such assessments and plans.
45. "Selected Districts" means a total of fifty-seven (57) districts of the Recipient duly selected between the Recipient and the Association and set out in the Project Implementation Manual and any other district agreed to in writing between the Recipient and the Association.
46. "Selected Goods and Services" means goods and services that for purposes of improving competitiveness in the contracting that would otherwise have been procured by each Implementing Agency and the PMU separately have been selected for pooled procurement as set forth in the Procurement Plan.

47. "SEVCDP" mean each small ethnic and vulnerable communities development Plan acceptable to the Association and prepared on the basis of the SMF, detailing the specific actions, measures and policies designed to address any impact on Small Ethnic Communities and facilitate the achievement of the objectives of the SMF; as said plan and any annexes or schedules to such plan, may be revised from time to time with the prior written approval of the Association.
48. "SIA" means each social impact assessment to be prepared under the Project in accordance with the SMF, pursuant to Section I.D of Schedule 2 to this Agreement, 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 SIA may be revised, supplemented or updated from time to time with the prior agreement between the Recipient and the Association.
49. "Small Ethnic Communities" means, for purposes of the Project, the social groups (including tribes, minor races, ethnic sects and communities) residing or engaged in livelihood activities in specific areas (or where a concentration of ethnic people are present) under the Project from time to time; each of which possesses a distinct social and cultural identity that makes it vulnerable to being disadvantaged in the development process, including the presence in varying degrees of the following characteristics: (a) close attachment to ancestral territories and to the natural resources in these areas; (b) self-identification and identification by others as members of a distinct cultural group; (c) a language, often different from the Bangla language; (d) presence of customary social and political institutions; and (e) primarily subsistence-oriented production.
50. "SMF" means the social management framework of the Recipient dated November 5, 2014 and disclosed on November 18, 2014, including a land acquisition and resettlement policy framework, a tribal peoples development framework and a gender and inclusion framework; 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; as such framework may be revised, supplemented or updated from time to time with the prior agreement between the Recipient and the Association.
51. "SMP" mean any social management plan to be prepared in accordance with the SMF, pursuant to Section I.D of Schedule 2 to this Agreement, each such plan in form and substance satisfactory to the Association, defining details of measures to manage potential social risks and avoid, minimize and/or mitigate any adverse social impacts associated with 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 said plan may be modified from time to time with the prior written no-objection of the Association, and such term includes any schedules or annexes to such plan; as each SMP may be revised, supplemented or updated from time to time with the prior agreement between the Recipient and the Association.

52. "Subproject" means a set of activities to be supported under Parts 1(b), 2(i), 3(o) and 4(i) of the Project and in respect of which a Grant or Matching Grant, as the case may be, will be provided pursuant to a Subproject Financing Agreement.
53. "Subproject Financing Agreement" means the agreement to be entered between the Implementing Agency and an eligible beneficiary for the financing of a Subproject in accordance with the terms and conditions set forth in the Agricultural Innovation Fund Operational Guidelines and Procedures.
54. "Training" means the reasonable costs of goods and services 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) allowances (i.e. per diem, honoraria, travel and subsistence costs and others) for training, workshop and study tour participants provided that such allowances are paid via bank's wire into the personal bank's account of the eligible recipient; (b) costs associated with securing the services of trainers, 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.
55. "USAID" means the United States Agency for International Development.
56. "USAID Co-financing Grant Agreement" means the agreement to be entered into between the Recipient and the Association, acting as trustee of USAID, providing a grant in an approximate amount of \$7,430,000 for purposes of financing Part 1(b)(ii) of the Project.