
**CREDIT NUMBER 7582-BD (NON-CONCESSIONAL CREDIT)
CREDIT NUMBER 7581-BD (CONCESSIONAL CREDIT)**

Financing Agreement

(Bangladesh Second Recovery and Resilience 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 — CREDIT

- 2.01. The Association agrees to extend to the Recipient:
 - (a) A credit, which is deemed as Concessional Financing for the purposes of the General Conditions, in an amount equivalent to one hundred fifty-one million eight hundred thousand Special Drawing Rights (SDR151,800,000) ("Concessional Credit"); and
 - (b) a credit, which is deemed as Non-concessional Financing for purposes of the General Conditions, in the amount of forty-seven billion eighty million five hundred thousand Yen (¥ 47,080,500,000), as such amount may be converted from time to time through a Currency Conversion ("Non-Concessional Credit").

The Concessional Credit and the Non-Concessional Credit are jointly referred to, variously, as "Credit" or "Financing".

- 2.02. 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 — TERMS FOR CONCESSIONAL CREDIT

- 3.01 The Maximum Commitment Charge Rate for the Concessional Credit is one-half of one percent ($1/2$ of 1%) per annum on the Unwithdrawn Financing Balance of the Concessional Credit.
- 3.02 The principal amount of the Concessional Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 3.03 The Payment Dates of the Concessional Credit are May 15 and November 15 in each year.
- 3.04 The Payment Currency is Dollar.

ARTICLE IV — TERMS FOR NON-CONCESSIONAL CREDIT

- 4.01 The Front-end Fee is one quarter of one percent ($1/4$ of 1%) of the Non-Concessional Credit amount.
- 4.02. The Commitment Charge for the Non-Concessional Credit is one-quarter of one percent ($1/4$ of 1%) per annum on the Unwithdrawn Credit Balance of the Non-Concessional Credit.
- 4.03 The Interest Charge for the Non-Concessional Credit is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.09(e) of the General Conditions.
- 4.04. The Payment Dates of the Non-Concessional Credit are May 15 and November 15 in each year.
- 4.05. The principal amount of the Non-Concessional Credit shall be repaid in accordance with Schedule 2 to this Agreement.

ARTICLE V — PROGRAM

- 5.01. 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 VI — REMEDIES OF THE ASSOCIATION

- 6.01. 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.
- 6.02. The Additional Event of Acceleration consists of the following: namely, that the event specified in Section 6.01 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 VII — EFFECTIVENESS; TERMINATION

- 7.01. 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.
- 7.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 7.03. 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 years after the Signature Date.

ARTICLE VIII — REPRESENTATIVE; ADDRESSES

- 8.01. 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.
- 8.02. For purposes of Section 11.01 of the General Conditions:

- (a) the Recipient's address is:

Economic Relations Division
Ministry of Finance

Sher-e-Bangla Nagar
Dhaka 1207
Bangladesh; and

(b) the Recipient's Electronic Address is:

Telex:
+88029180788 /+88029180671

E-mail:
secretary@erd.gov.bd

8.03. 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

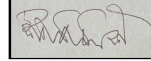
(b) the Association's Electronic Address is:

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

AGREED as of the Signature Date.

PEOPLE'S REPUBLIC OF BANGLADESH

By



Authorized Representative

Name: Md. Shahriar Kader Siddiky

Title: Secretary, Economic Relations Division

Date: 22-Jun-2024

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Abdoulaye Seck

Title: Country Director

Date: 22-Jun-2024

SCHEDULE 1

Program Actions; Availability of Credit Proceeds

Section I. Actions under the Program

The actions taken by the Recipient under the Program include the following:

1. The Cabinet has approved a National Tariff Policy to reduce tariffs and simplify the tariff structure.
2. The Ministry of Finance has adopted the A-Challan Payment System in all tax zones, for tax and non-tax payments, with mandatory use for personal income tax payments.
3. Publication in the Bangladesh Gazette of the BPPA Act consolidating the responsibilities and authorities of procurement in the BPPA.
4. The Department of National Savings has limited purchases of National Savings Certificates (NSCs) to fifty (50) percent of provident fund asset and ended automatic reinvestment of manually issued NSCs.
5. Publication in the Official Gazette of the amendments to the Bank Company Act (BCA) strengthening the supervisory framework in line with good international practice.
6. Bangladesh Bank has issued a circular on Prompt Corrective Action (PCA) for all undercapitalized banks, including state-owned banks.
7. Publication in the Official Gazette of the Secured Transactions Act to establish a notice-based security interest registry for movable assets.
8. The Ministry of Finance has adopted a circular revising social protection programs reporting with a new classification system.
9. The Ministry of Finance has approved a policy mandating national identification (NID) verification of phone numbers used to open mobile money accounts to receive benefits under selected cash-based programs.
10. The Cabinet has adopted the Mujib Climate Prosperity Plan, identifying critical adaptation and mitigation investments.

Section II. Availability of Credit 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 Credit Amounts.** The Concessional Credit and the Non-Concessional Credit are allocated in: (a) a single withdrawal tranche from which the Recipient may make withdrawals of the Financing proceeds; and (b) the amounts requested by the Recipient to: (i) pay: (A) the Front-end Fee; and (B) each Interest Rate Cap or Interest Rate Collar premium. The allocation of the amounts of the Credit to this end is set out in the table below:

Allocations	Amount of the Concessional Credit (expressed in SDR)	Amount of the Non-Concessional Credit (expressed in Yen)
(1) Single Withdrawal Tranche	151,800,000	46,962,798,750
(2) Front-end Fee		117,701,250
(3) Amount due pursuant to Section 4.05 (c) of the General Conditions		0
TOTAL AMOUNT	151,800,000	47,080,500,000

C. Withdrawal Tranche Release Conditions.

No withdrawal shall be made of the Single Withdrawal Tranches 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.
 - (b) all withdrawals from the Financing Account shall be deposited by the Association into the Foreign Currency Dedicated Account.

- (c) Upon each deposit of an amount of the Financing into the Foreign Currency Dedicated Account, the Recipient may make direct withdrawals from this Foreign Currency Dedicated Account to finance budgeted expenditures in foreign currency or transfer the resources in local currency to the consolidated fund to finance budgeted expenditures in local currency.
- 2. The Recipient, within thirty (30) days after the withdrawal of each of the Single Withdrawal Tranche from the Financing Account, shall report to the Association:
 - (a) the exact sum received into the Foreign Currency Dedicated Account, including the date of receipt, account name and number;
 - (b) the details of the account to which the Bangladeshi Taka equivalent of the Financing proceeds will be credited, the exchange rate applied and the date thereof;
 - (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 June 30, 2025.

SCHEDULE 2

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Non-Concessional Credit and the percentage of the total principal amount of the Non-Concessional Credit payable on each Principal Payment Date (“Installment Share”).

Level Principal Repayments

Principal Payment Date	Installment Share
On each May 15 and November 15 Beginning November 15, 2028 through November 15, 2058	1.61%
On May 15, 2059	1.79%

SCHEDULE 3

Repayment Schedule of the Concessional Credit

Date Payment Due	Principal Amount of the Concessional Credit repayable (expressed as a percentage)*
On each May 15 and November 15:	
commencing November 15, 2030, to and including November 15, 2035	8.33334%
on May 15, 2036	8.33326%

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

APPENDIX

Definitions

1. “A-Challan Payment System” means a web-based payment gateway through which government revenue can be deposited directly into the Treasury Single Account and automatically prepared invoices can be received immediately.
2. “Bangladesh Bank” means the Recipient’s central bank.
3. “Bank Company Act” means the Bank Company Act, 1991 (Act No. 14 of the year 1991).
4. “BPPA” means the Bangladesh Public Procurement Authority, an entity established under the BPPA Act (2023) dated 18th September 2023.
5. “BPPA Act” means the Bangladesh Public Procurement Authority, 2023.
6. “Department of National Savings” means the Recipient’s Department of National Savings, an attached department of the Internal Resources Division under the Ministry of Finance.
7. “Foreign Currency Dedicated Account” means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
8. “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).
9. “Independent Auditors” means any auditors who are a practicing member of the Institute of Chartered Accountants of Bangladesh and/or any auditors from the Office of the Comptroller and Auditor General (CAG) of Bangladesh.
10. “Ministry of Finance” means the Recipient’s Ministry of Finance.
11. “Mujib Climate Prosperity Plan” means a plan approved by the Cabinet published by the Recipient’s Ministry of Environment, Forest and Climate Change on July 11, 2023.
12. “National Savings Certificates (NSCs)” means national savings certificates issued by the Internal Resources Division of the Ministry of Finance.
13. “National Tariff Policy” means the policy on national tariff adopted by the Recipient’s Ministry of Commerce and published in the Official Gazette on August 10, 2023.

14. “Official Gazette” means the Gazette of the Recipient.
15. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated May 21, 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.
16. “Prompt Corrective Action (PCA)” means the framework on prompt corrective actions issued on December 5, 2023 (circular No. 17), by the Bangladesh Bank.
17. “Scheduled Banks” means banks that operate under full control and supervision of the Bangladesh Bank which is empowered to do so through Bangladesh Bank Order, 1972, and Bank Company Act, 1991.
18. ” Secured Transactions Act” means the Secured Transactions (Moveable Property) Act dated November 13, 2023.
19. “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.
20. “Single Withdrawal Tranche” means the amount of each of the Concessional Credit and Non-Concessional Credit 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.