

The World Bank
E-32, Agargaon, Sher-e-Bangla Nagar, Dhaka 1207, Bangladesh
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OFFICIAL DOCUMENTS

Qimiao Fan
Country Director for Bangladesh, Bhutan and Nepal

November 19, 2017

Ms. Mahmuda Begum
Additional Secretary
Economic Relations Division
Ministry of Finance
Block 16, Room 5
Sher-e Bangla Nagar
Dhaka

**Re: Bangladesh: Advance Agreement for Preparation of Proposed
Sustainable Forests and Livelihood Project
Project Preparation Advance No. IDA V128-BD**

Dear Additional Secretary Begum:

In response to the request for financial assistance made on behalf of People's Republic of Bangladesh ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank") proposes to extend to the Recipient an advance out of the World Bank's Project Preparation Facility in an amount not to exceed one million Dollars (\$ 1,000,000) ("Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in financing the activities described in the Annex ("Activities"). The objective of the Activities is to facilitate the preparation of a proposed project designed to improve forest management and increase forest cover in collaboration with forest dependent communities ("Project"), in support of which the Recipient has requested the World Bank's financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received this countersigned copy within sixty (60) days after the date of signature of this Agreement by the World Bank, unless the World Bank has established a later date for such purpose.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By _____



Qimiao Fan

Country Director for Bangladesh, Bhutan and Nepal

Country Director

AGREED:
PEOPLE'S REPUBLIC OF BANGLADESH

By  _____

Name: Ms. Mahmuda Begum

Title: Additional Secretary, Economic Relations Division

Date: 19.11.2017

Enclosures:

- (1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010; and
- (2) Disbursement Letter for the Advance of the same date as this Agreement, together with "Disbursement Guidelines for Investment Project Financing", dated February 2017.

PPA No. IDA V128-BD

ANNEX

**Article I
Standard Conditions; Definitions**

1.01. **Standard Conditions.** The Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, including the Annex to this Agreement, as follows:

- (a) “FD” means the Forest Department of the Recipient’s Ministry of Environment and Forest.
- (b) “Incremental Operating Costs” means the reasonable costs required 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, 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, Project-related travel, provided that such Operating Costs are paid to the eligible recipient through banking system (except for petty cash expenses following Recipient’s existing policy); but excluding salaries, per diem, fuel, allowances, sitting allowances and honorarium of any other nature.
- (c) “Training and Workshops” means the reasonable costs 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) travel, hotel, and subsistence costs for training, workshop and study tour participants provided that such allowances are paid directly to the eligible recipient using the banking system; (b) costs associated with 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 provided that such costs are paid directly to the eligible recipient using the banking system, but excluding salaries of consultants and sitting allowances and honoraria of any other nature.
- (d) “PMU” means the unit referred to in Section 2.03(a) of this Annex.
- (e) “Procurement Plan” means the Recipient’s procurement plan for this Advance, dated September 13, 2017, and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.
- (f) “Procurement Regulations” means the “World Bank Procurement Regulations for IPF Borrowers”, dated July 1, 2016.
- (g) “World Bank Safeguard Policies” means the World Bank’s operational policies and procedures set forth in the World Bank’s Operational Manual under OP/BPs 4.01, 4.04, 4.36, 4.09, 4.10, 4.11, 4.12, 4.37, and 7.50 as said manual is published under www.WorldBank.org/opmanual.

Article II

Execution of the Activities

2.01. Description of the Activities. The Activities for which the Advance is provided consist of the following: (i) establishment of the PMU, including the provision of the logistic support and facilities to the PMU; (ii) development of the detailed project proposal and feasibility study for preparation of the Project; (iii) preparation of the Project Procurement Strategy for Development (“PPSD”) and procurement plan; (iv) carrying out of training to Recipient’s officials of the PMU and its field offices; and, (iv) carrying out of studies on sustainable livelihood framework including the preparation of baseline information of forest dependent communities, the potential options of payment for ecosystem services and plans, the design and cost estimate of Project civil works.

2.02. Execution of the Activities Generally. The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through FD in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; (c) 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; and (d) the Procurement Plan.

2.03. Institutional and Other Arrangements. (a) The Recipient shall establish, and thereafter maintain, throughout the carrying out of the Activities, the PMU within FD with mandate, terms of reference and resources satisfactory to the World Bank, which shall be (i) headed by a director; (ii) composed of relevant technical experts and specialists, all with terms of reference, qualifications and experience satisfactory to the World Bank; and (iii) responsible for, *inter alia*, overseeing the coordination, implementation and management of the Activities.

(b) The Recipient shall ensure or cause to be ensured that the terms of reference for any consultants’ services in respect of any activity financed under the Advance shall be satisfactory to the World Bank following its review thereof and, to that end, such terms of reference shall duly incorporate all the applicable World Bank Safeguards Policies, as applied to the advice conveyed through such technical assistance.

2.04. Monitoring, Reporting and Evaluation of the Activities. The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.05. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each six (6) months, covering the six (6) months, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.06. Procurement. All Goods, Non-consulting Services and Consulting Services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in the Procurement Regulations and/or the provisions of the Procurement Plan.

Article III
Withdrawal of the Advance

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance (“Category”), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Advance Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods (excluding vehicles), Non-consulting Services, Consulting Services, Training and Workshops and Incremental Operating Costs	1,000,000	100%
TOTAL AMOUNT	1,000,000	

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Refinancing Date.** The Refinancing Date is January 31, 2019.

Article IV
Terms of the Advance

4.01. **Service Charge.** The Recipient shall pay a service charge on the Withdrawn Advance Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum. The service charge shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. Service charges shall be computed on the basis of a 360-day year of twelve 30-day months.

4.02. **Repayment.** The Withdrawn Advance Balance shall be repaid by the Recipient to the World Bank (together with any service charges accrued thereon) in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

(a) **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be repaid to the World Bank (together with any service charges accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such service charges, in accordance with the provisions of the Refinancing Agreement.

(b) *Repayment in the absence of a Refinancing Agreement:* If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date or at any time thereafter, it has been so executed but terminates without becoming effective, then:

- (i) if the amount of the Withdrawn Advance Balance does not exceed \$50,000, it shall be repaid by the Recipient to the World Bank (together with service charges accrued on the Withdrawn Advance Balance to the date of repayment) on such date as the World Bank shall specify in a notice to the Recipient, which shall in no event be earlier than sixty (60) days following the date of dispatch of such notice; and
- (ii) if the amount of the Withdrawn Advance Balance exceeds \$50,000, it (together with service charges accrued on the Withdrawn Advance Balance to the Notice Date) (the "Aggregate Balance") shall be paid by the Recipient to the World Bank in ten approximately equal semiannual installments, in the amounts and on the dates ("Payment Dates") which the World Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than sixty (60) days following the date ("Notice Date") of dispatch of such notice. The Recipient shall pay a service charge on the Aggregate Balance at the rate of three-fourths of one percent ($\frac{3}{4}$ of 1%) per annum, payable in arrears on each Payment Date. The service charge shall be computed on the basis of a 360-day year of twelve 30-day months.

Article V
Recipient's Representative; Addresses

5.01. *Recipient's Representative.* The Recipient's Representative referred to in Section 9.02 of the Standard Conditions 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. *Recipient's Address.* The Recipient's Address referred to in Section 9.01 of the Standard Conditions is:

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

Facsimile:
88028113088

5.03. *World Bank's Address.* The World Bank's Address referred to in Section 9.01 of the Standard Conditions is:

World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Telex: Facsimile:

248423 (MCI) or 1-202-477-6391
64145 (MCI)