Mr. Iqbal Mahmood  
Secretary  
Economic Relations Division (ERD)  
Ministry of Finance  
Block 8, Room 3  
Sher-e-Bangla Nagar  
Dhaka

Re: BCCRF for the Climate Change Program in the People’s Republic of Bangladesh  
Grant No. TF010526  
Secretariat for the Bangladesh Climate Change Resilience Fund

Dear Mr. Mahmood:

In response to the request for financial assistance made on behalf of the People’s Republic of Bangladesh (“Recipient”), I am pleased to inform you that the International Development Association (“World Bank”), acting as administrator of grant funds provided by various donors under the Bangladesh Climate Change Resilience Fund for the Climate Change Program in the People’s Republic of Bangladesh, proposes to extend to the Recipient, a grant in an amount not to exceed two hundred thousand United States Dollars (U.S.$200,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”). This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in 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.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/: Ellen Goldstein

- Ellen Goldstein  
Country Director
AGREED:
PEOPLE'S REPUBLIC OF BANGLADESH

By /s/: Arastoo Khan 01/11/2011
Authorized Representative

Name: Arastoo Khan
Title: Additional Secretary
Ministry of Finance

Enclosures:
(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010
(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions


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.

Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to improve the capacity of the Ministry of Environment and Forests to manage donor-funded climate change activities through the establishment, staffing and training of a Secretariat at the Ministry of Environment and Forests. The Project consists of the provision of consulting services, training, equipment and incremental operating costs necessary to establish the Secretariat.

The role of the Secretariat is to provide logistical support to the Governing Council and Management Committee of the Bangladesh Climate Change Resilience Fund (BCCRF), provide advocacy, communications and coordination support to all agencies implementing activities funded by BCCRF, and to develop a long term plan to enhance the capacity of the Ministry of Environment and Forests to effectively manage climate change activities.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through its Ministry of Environment and Forests in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 ("Anti-Corruption Guidelines"); and (c) this Article II.

2.03. Donor Visibility and Visit. (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors’ support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Donor(s) to visit any part of the Recipient’s territory for purposes related to the Project.

2.04. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover the period of one calendar year,
and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

(i) recruitment of two (2) full climate change experts (by year 1);
(ii) provision of a functioning office space (by year 1); and
(iii) a functioning secretariat (by year 2).

(c) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

2.04. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than one (1) month after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Two (2) audits of the Financial Statements shall cover the entire Project period. The first audit shall cover the period from the date of first disbursement under the Project until June 30, 2013. The second audit shall cover the period commencing from July 1, 2013 until the end of the Project. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.05. **Procurement**

(a) **General.** All goods and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:


(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in
accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines ("Procurement Plan").

(b) Definitions

(i) The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank 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.

(ii) The term “Procurement Laws” means, collectively, the Recipient’s Public Procurement Act 2006, the Recipient’s Public Procurement Rules, 2008 (as amended in August 2009), and the Recipient’s Public Procurement Act (1st Amendment) 2009.

(c) Particular Methods of Procurement of Goods

(i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods for those contracts specified in the Procurement Plan: National Competitive Bidding, following the procedures of the Procurement Laws subject to paragraph (iii) below.

(iii) The following provisions apply for the contracting of goods, works and non-consulting services under National Competitive Bidding, using bidding documents acceptable to the World Bank:

(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) rebidding shall not be carried out, except with the World Bank’s prior agreement;

(D) lottery in award of contracts shall not be allowed;

(E) bidders’ qualification/experience requirement shall be mandatory;

(F) 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

(G) single stage two (2) envelope procurement system shall not be allowed.
(d) Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 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 the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods and consultants' services including Training</td>
<td>160,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Incremental Operating Costs</td>
<td>40,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>200,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

For purposes of this section:

(a) the term "Training" means "expenditures to finance the reasonable cost of the services of trainers, meeting rooms, publications, travel costs, per diem allowances for trainees, workshops, seminars and study tours; and

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(b) the term "Incremental Operating Costs" means the reasonable costs incurred on account of the implementation of the Project, including office rental, vehicle rental, fuel, routine repair and maintenance of equipment, communication costs, office supplies, stationeries, internet service, cost of translation, printing, photocopying, advertising, meeting costs, transportation costs and subsistence allowances for staff on field visit, bank charges, salaries and allowances of incremental staff assigned for Project implementation, but excluding salaries of the Recipient's civil servants.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made:

(a) for payments made prior to the date of countersignature of this Agreement by the Recipient; or

(b) under Category (1) until and unless a financial management specialist, having terms of reference satisfactory to the Association, has been engaged for the Project.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2014.

**Article IV**

**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Secretary or the Additional Secretary, or any Joint Secretary, Joint Chief, Deputy Secretary, Deputy Chief, Senior Assistant Secretary, Senior Assistant Chief, Assistant Secretary, or Assistant Chief of the Economic Relations Division of the Ministry of Finance.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 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:  
88029180671

4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Facsimile: 1-202-477-6391