
GRANT NUMBER 0310- BAN(EF)

GRANT AGREEMENT
(ADB Strategic Climate Fund)
(Coastal Climate-Resilient Infrastructure Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK
acting as an implementing entity of the
Strategic Climate Fund

DATED 9 JANUARY 2013

BAN 45084

**GRANT AGREEMENT
(ADB Strategic Climate Fund)**

GRANT AGREEMENT dated 9 January 2013 between PEOPLE'S REPUBLIC OF BANGLADESH ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB"), acting not in its individual capacity but solely in its capacity as an implementing entity of the Strategic Climate Fund ("SCF").

WHEREAS

(A) by a loan agreement of even date herewith, ADB has made a loan to the Recipient from its Special Funds Resources in an amount in various currencies equivalent to thirteen million one hundred seventy-one thousand Special Drawing Rights (SDR13,171,000) (the "ADB Loan Agreement") for the purposes of the Project described in Schedule 1 to the ADB Loan Agreement;

(B) the Recipient has applied for a loan and a grant from SCF resources to assist in the financing of the Project:

(C) ADB has established the ADB Strategic Climate Fund to receive, hold in trust and administer SCF resources;

(D) by a loan agreement of even date herewith, ADB, acting in its capacity as an implementing entity of SCF, has made a loan to the Recipient from the ADB Strategic Climate Fund in an amount not exceeding twenty million US dollars (\$20,000,000) to assist in the financing of the Project ("SCF Loan Agreement"); and

(E) ADB, acting in its capacity as an implementing entity of SCF, has agreed to make available to the Recipient a grant from the ADB Strategic Climate Fund upon the terms and conditions set forth herein;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Grant Regulations; Definitions

Section 1.01. All provisions of the Externally Financed Grant Regulations of ADB, dated 8 April 2009 ("Grant Regulations"), are hereby made applicable to this Grant Agreement with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Grant Agreement, the several terms defined in the Grant Regulations and the ADB Loan Agreement have the respective meanings therein set forth unless modified herein or the context otherwise requires.

ARTICLE II

The Grant

Section 2.01. ADB agrees to make available to the Recipient a grant from the ADB Strategic Climate Fund in the amount of ten million Dollars (\$10,000,000).

Section 2.02. The Recipient acknowledges that the Grant is funded out of resources made available by the International Bank for Reconstruction and Development, acting as trustee to SCF, to ADB as an implementing entity of SCF. No withdrawals shall be made if, as a result of such withdrawal, the total amount of the Grant withdrawn from the Grant Account would exceed the amount available to ADB from resources provided to it for purposes of the Grant. Only the resources made available to ADB for the purposes of the Grant shall be considered for the enforcement of any obligations, claims or liabilities under or in connection with the Grant.

ARTICLE III

Use of Proceeds of the Grant

Section 3.01. The Recipient shall cause the proceeds of the Grant to be applied to the financing of expenditures on the Project in accordance with the provisions of this Grant Agreement.

Section 3.02. The proceeds of the Grant shall be allocated and withdrawn in accordance with the provisions of Schedule 1 to this Grant Agreement, as such Schedule may be amended from time to time by agreement between the Recipient and ADB.

Section 3.03. Except as ADB may otherwise agree, the Recipient shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Grant in accordance with the provisions of Schedule 4 to the ADB Loan Agreement.

Section 3.04. Withdrawals from the Grant Account in respect of Goods, Works and Consulting Services shall be made only on account of expenditures relating to:

- (a) Goods which are produced in and supplied from and Works and Consulting Services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement, and
- (b) Goods, Works and Consulting Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.05. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 30 June 2019 or such other date as may from time to time be agreed between the Recipient and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Recipient shall perform, or cause to be performed, all obligations set forth in Schedule 5 to the ADB Loan Agreement.

Section 4.02. (a) The Recipient shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with accounting principles acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the use of the Grant proceeds and compliance with the financial covenants of this Grant Agreement as well as on the use of the procedures for the imprest accounts and statement of expenditures) and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

(c) The Recipient shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Recipient's financial affairs where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Recipient, unless the Recipient shall otherwise agree.

Section 4.03. The Recipient shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.04. The Recipient acknowledges and agrees that this Grant Agreement is entered into by ADB, not in its individual capacity, but as an implementing entity of the Strategic Climate Fund.

ARTICLE V

Suspension

Section 5.01. The following are specified as additional events for suspension of the right of the Recipient to make withdrawals from the Grant Account for the purposes of Section 8.01(k) of the Grant Regulations:

- (a) the Recipient shall have failed to perform any of its obligations under the ADB Loan Agreement and/or the SCF Loan Agreement; or
- (b) the loan made pursuant to the ADB Loan Agreement and/or the SCF Loan Agreement have become liable for suspension, cancellation or acceleration (as the case may be) for any other reason.

ARTICLE VI

Effectiveness

Section 6.01. The following are specified as additional conditions to the effectiveness of this Grant Agreement for the purposes of Section 9.01(e) of the Grant Regulations: the ADB Loan Agreement and the SCF Loan Agreement shall have been duly executed and delivered on behalf of the Recipient, and all conditions precedent to their effectiveness (other than a condition requiring the effectiveness of this Loan Agreement) shall have been fulfilled.

Section 6.02. A date 90 days after the date of this Grant Agreement is specified for the effectiveness of this Grant Agreement for the purposes of Section 9.04 of the Grant Regulations.

ARTICLE VII

Miscellaneous

Section 7.01. The Senior Secretary, the Secretary, or any Additional Secretary, Joint Secretary or Joint Chief or Deputy Secretary or Deputy Chief, Senior Assistant Secretary or Senior Assistant Chief, Assistant Secretary, Assistant Chief of the Economic Relations Division, Ministry of Finance is designated as representative of the Recipient for the purposes of Section 11.02 of the Grant Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the Grant Regulations:

For the Recipient

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

Facsimile Number:

+880 2 8113088.

For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

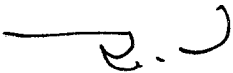
Facsimile Numbers:

+63 2 636-2444

+63 2 636-2391.


IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Grant Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

PEOPLE'S REPUBLIC OF BANGLADESH

By 

MD. ABUL KALAM AZAD
Secretary
Economic Relations Division
Ministry of Finance

ASIAN DEVELOPMENT BANK

By 

M. TERESA KHO
Country Director
Bangladesh Resident Mission

SCHEDULE 1

Allocation and Withdrawal of Grant Proceeds

General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Grant and the allocation of the Grant proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Table.)

Basis for Withdrawal from the Grant Account

2. Except as ADB may otherwise agree, the proceeds of the Grant shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Reallocation

3. Notwithstanding the allocation of Grant proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Grant allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Recipient, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Grant which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Grant allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Recipient, reallocate such excess amount to any other Category.

Disbursement Procedures

4. Except as ADB may otherwise agree, the Grant proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Retroactive Financing

5. Withdrawals from the Grant Account may be made for reimbursement of eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Grant Agreement in connection with civil works and Consulting Services, subject to a maximum amount equivalent to 20% of the Grant amount.

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (Coastal Climate-Resilient Infrastructure Project)			
Number	Item	Total Amount Allocated for SCF Funding (\$) Category	Basis for Withdrawal from the Grant Account
1	Consulting Services	8,288,000	89.3% of total expenditure claimed
2	Training, Workshops and Studies	1,486,000	85% of total expenditure claimed
3	Unallocated	226,000	
	Total	10,000,000	