Global Partnership on Output-based Aid
Grant Agreement

(Rural Electrification and Renewable Energy Development Project in Bangladesh)
(Solar Home System)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
AND
INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as Administrator of the Global Partnership on Output-based Aid

Dated MARCH 02, 2011
GLOBAL PARTNERSHIP ON OUTPUT-BASED AID
GRANT AGREEMENT

AGREEMENT dated MARCH 02, 2010, entered into between:
PEOPLE'S REPUBLIC OF BANGLADESH (the "Recipient") and INTERNATIONAL
BANK FOR RECONSTRUCTION AND DEVELOPMENT and INTERNATIONAL
DEVELOPMENT ASSOCIATION (collectively, the "World Bank"), acting as
administrator of the Global Partnership on Output-based Aid ("GPOBA").

WHEREAS, under a GPOBA Grant Agreement dated May 12, 2010 between the
Recipient and the World Bank (the "DFID GPOBA Trust Fund Grant Agreement"), the
World Bank, acting as administrator of the GPOBA, agreed to extend to the Recipient, on
the terms and conditions set forth in said agreement, a grant in an amount equal to seven
million two hundred thousand United States Dollars (US$7,200,000), provided by the
Government of the United Kingdom of Great Britain and Northern Ireland through its
Department for International Development (DFID), under the DFID GPOBA Trust Fund
(TF071249), to assist in financing the Rural Electrification and Renewable Energy
Development Project in Bangladesh Project (the "Project");

WHEREAS, additional grant funds from the multi-donor GPOBA Core Operations Trust
Fund (TF070734) are available for the Project;

NOW, THEREFORE, the Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions for Grants Made by the World Bank Out of Various
Funds, dated July 31, 2010 ("Standard Conditions"), 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 Standard Conditions, in the
DFID GPOBA Trust Fund Grant Agreement, or in this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described
in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall
cause the Infrastructure Development Company Limited (IDCOL) ("Project
Executing Agency") to carry out the Project in accordance with the provisions of
Article II of the Standard Conditions.
2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to six million seven hundred fifty thousand United States Dollars ($6,750,000) ("Grant"), provided by various donors under the multi-donor GPOBA Core Operations Trust Fund (TF070734), to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The 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, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

Article IV
Additional Remedies

4.01. The Additional Events of Suspension referred to in Section 4.02(k) of the Standard Conditions consist of the following:

(a) The Memorandum and Articles of Association shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the operations or financial condition of IDCOL or its ability to carry out the Project or to perform any of its obligations under this Agreement.

(b) The Recipient or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of IDCOL or for the suspension of its operations.

(c) IBRD or IDA has declared the Project Executing Agency ineligible to receive proceeds of any financing made by IBRD or IDA, or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA (including as administrator of funds provided by another financier), as a result of: (i) a determination by IBRD or IDA that the Project Executing Agency has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the
use of the proceeds of any financing made by IBRD or IDA; and/or (ii) a declaration by another financier that the Project Executing Agency is ineligible to receive proceeds of financing made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Project Executing Agency has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.

(d) The World Bank has determined after the Effective Date referred to in Section 5.02 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient’s right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the following condition has been satisfied: (a) the Subsidiary Grant Agreement has been executed on behalf of the Recipient and IDCOL.

5.02. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account of this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.03. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purposes of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient's Representative; Addresses

6.01. 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, or Deputy Secretary, or Senior Assistant Secretary, or Assistant Secretary, or
6.02. 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

Cable address: BAHIRSAMPAD
Telex: 642226 SETU BJ
Facsimile: 88028113088

6.03. 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

Cable: INDEVAS
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 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

[Signature]

02/03/2011
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the
Global Partnership on Output-based Aid

By

[Signature]

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is expanding access to electricity services to the poor population in rural Bangladesh. The Project consists of the following parts:

Part 1. Provision of output based grant to Participating Organizations to support installation of about 175,000 Solar Home Systems (SHS) in eligible households in off-grid rural areas.

Part 2. Supporting training, technical verifications, inspections, monitoring of activities and outputs under Part 1 of this Schedule.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Grant available to IDCOL under a subsidiary grant agreement ("Subsidiary Grant Agreement") between the Recipient and IDCOL, under terms and conditions approved by the World Bank, including the conditions set out in Annex 1 to this Schedule 2.

2. The Recipient shall exercise its rights under the Subsidiary Grant Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Grant Agreement or any of its provisions.

B. Subprojects and Sub-grants

1. (a) The Recipient shall ensure that, except as the World Bank shall otherwise agree, Subprojects shall be promoted, identified, appraised, approved, carried out and monitored in accordance with the procedures and other provisions set forth or referred to in the Operating Guidelines adopted for the Project.

(b) The Recipient shall ensure that Participating Organizations applying for any Sub-grants provided under the Project shall meet relevant eligibility criteria set out in the Operating Guidelines and the Environment Management Framework (EMF) in place with respect to the making of Sub-grants.

2. The Recipient shall cause IDCOL to enter into a Participation Agreement with each of the Participating Organizations, or make necessary amendments to the existing Participation Agreement, as the case may be, in form and substance satisfactory to the World Bank as a condition for the making of Sub-grants for Subprojects. The terms and conditions of each Participation Agreement shall, inter alia:

(a) require that the Participating Organization: (i) carries out the Subproject with due diligence and efficiency and in accordance with sound technical, financial, environmental and managerial standards, including the requirements set out in the EMF and the provisions of the Anti-corruption Guidelines; and (ii) maintains adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Subproject;
(b) require that the Participating Organization will use the proceeds of the Sub-grant exclusively to finance expenditures which, among other things, satisfy the requirement that the payment is not prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations;

(c) require that the goods and services to be financed from the proceeds of the Sub-grant shall: (i) be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Section III of Schedule 2 to this Agreement; and (ii) be used exclusively in the carrying out of the Subproject or Subprojects; and

(d) reserve for the Recipient the right to:

(i) inspect by itself, or jointly with the World Bank, if the World Bank shall so request, the goods, works, sites, and construction included in the Subproject or Subprojects, the operations thereof and any relevant records and documents;

(ii) obtain all information as the Recipient or the World Bank shall reasonably request regarding the administration, operation and financial conditions of the Participating Organizations; and

(iii) suspend or terminate the right of the Participating Organization to use the proceeds of the Sub-grant upon the failure by the Participating Organization to perform any of its obligations under the Participation Agreement.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”), with the modifications set forth in Section II of the Appendix to this Agreement.

D. Donor Visibility and Visit

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donors to visit any part of the Recipient’s territory for purposes related to the Project.
Section II.  Project Monitoring, Reporting and Evaluation

The project monitoring, reporting and evaluation arrangements described in Section II of Schedule 2 to the DFID GPOBA Trust Fund Grant Agreement are hereby incorporated by reference in this Section II and shall apply, mutatis mutandis, to the Project.

Section III.  Procurement

A.  General

1.  Procurement and Consultant Guidelines.  All goods and 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:

(a)  Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Procurement Guidelines”) in the case of goods, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Consultant Guidelines”) in the case of consultants’ services; and

(b)  the provisions of this Section III, 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 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).

2.  Definitions.  The capitalized terms used below in 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B.  Particular Methods of Procurement of Goods

1.  International Competitive Bidding.  Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding following the Procurement Guidelines.

2.  Other Methods of Procurement of Goods.  Goods estimated to cost less than the ceilings established in the Procurement Plan may be procured under the Procurement Guidelines through the methods mentioned in the following table. The Procurement Plan shall specify the circumstances under which such methods may be used.
Procurement Method

(a) National Competitive Bidding

(b) Shopping

(c) Direct Contracting

(d) Force Account

(e) Established Private or Commercial Practices which have been found acceptable to the World Bank

(f) Community Participation procedures which have been found acceptable to the World Bank

National Competitive Bidding shall be carried out following the procedures for "Open Tendering Method" of the Recipient’s Procurement Laws using standard bidding documents satisfactory to the World Bank. For the purpose of National Competitive Bidding, the following shall apply:

(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 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 the contract award shall be based on the lowest estimated bid price of compliant bid from eligible and qualified bidder; and

(g) 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, following the Consultant Guidelines.
Section IV. **Withdrawal of Grant Proceeds**

A. General

1. The Recipient may withdraw the proceeds of the Grant 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 “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 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 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 (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Sub-grants under Part 1 of the Project</td>
<td>5,830,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, Consultants’ Services, and Training under Part 2 of the Project</td>
<td>920,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>6,750,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

For the purpose of this paragraph, the term “Training” means the costs associated with training and awareness building of customer and personnel involved in the implementation of the Project including travel and subsistence costs for training and awareness building, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training courses preparation and implementation.

B. **Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is June 30, 2014.
Terms and Conditions of the Subsidiary Grant Agreement

1. IDCOL shall carry out the Project in accordance with the provisions of the Operating Guidelines, the Participation Agreements and the Anti-corruption Guidelines, and except as the World Bank shall otherwise agree, IDCOL shall not amend or waive any provision of the Operating Guidelines and the Participation Agreements.

2. (a) IDCOL shall provide financing through Sub-grants approved for each Subproject, on terms and conditions, satisfactory to the World Bank, including those set forth in the Operating Guidelines, the Participation Agreement, and the Subsidiary Grant Agreement.

(b) IDCOL shall, no later than September 1 of each year, carry out an annual review to determine that Participating Organizations continue to be eligible for Sub-grants in accordance with the eligibility criteria described in the Operating Guidelines, and no later than September 30 of each year, furnish the results of such review to the World Bank.

(c) IDCOL shall: (i) take all necessary measures to implement the safeguards and mitigations measures recommended in the EMF, all in form and substance satisfactory to the World Bank; and (ii) furnish to the World Bank for review and approval, appraisal reports, including resettlement action plans, in respect of all sub-projects involving resettlement, land acquisition or power generation of capacity exceeding five (5) megawatts.

3. IDCOL, in conjunction with the Recipient, shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the World Bank, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the World Bank, and furnish to the World Bank, on or about January 31, 2012, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the World Bank by December 31, 2014, or such later date as the World Bank shall request, the report referred to in paragraph (b) of this Section, 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.
APPENDIX

Section I. Definitions

1. "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 with the modifications set forth in Section II of the Appendix to this Agreement.


3. "Environmental Management Framework" or "EMF" means the Environmental Management Framework adopted in April 2009 by IDCOL (as hereinafter defined) detailing the measures proposed to address the adverse environmental and social impact of investments under the Project.

4. "IDCOL" means Infrastructure Development Company Limited, a body corporate established and existing under the Bangladesh Companies Act (1994).

5. "Memorandum and Articles of Association" means the Memorandum and Articles of Association of IDCOL, dated May 14, 1997, as amended to the date of this Agreement.

6. "MFI" means any micro finance institution operating under the laws of the Recipient.

7. "NGO" means any non-governmental organization operating under the laws of the Recipient.

8. "Operating Guidelines" means the operating guidelines adopted by IDCOL pursuant to Section 5.01 of the DFID GPOEA Trust Fund Grant Agreement, which sets out the eligibility criteria of Subprojects, guidelines for appraisal, approval and supervision of Subprojects, and the terms and conditions applicable to Sub-grants.

9. "Participation Agreement" means either the existing Participation Agreement entered into between IDCOL and the Participating Organizations and any amendment thereof or the agreement to be entered into between IDCOL and the Participating Organizations, pursuant to paragraph 2, Section I.B of Schedule 2 to this Agreement for the purpose of promoting Solar Home Systems in rural off-grid areas in the territory of the Recipient.

10. "Participating Organization" means the existing Participating Organizations of IDCOL as well as an MFI, NGO or private enterprise which participates in the carrying out of Part 1 of the Project pursuant to a Participation Agreement signed with IDCOL.

12. "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.

13. "Procurement Plan" means the Recipient's procurement plan for the Project, to be agreed upon before effectiveness of this Agreement and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of the said paragraphs.

14. "Sub-grant" means a sub-grant made or proposed to be made by IDCOL out of the proceeds of the Grant to a Participating Organization for a Subproject or Subprojects.

15. "Subproject" means a scheme, activity or service financed, or proposed to be financed through Sub-grants made through IDCOL under Part 1 of the Project, which meets the criteria set forth in the Operating Guidelines.

16. "Subsidiary Grant Agreement" means the agreement to be entered into between the Recipient and IDCOL, as referred to in Section I.A of Schedule 2 to this Agreement.

Section II. Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

   "... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier."

2. Section 11(a) is modified to read as follows:

   "... (a) sanction in accordance with prevailing Bank's sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn14) or an individual or entity, including (but not limited to) declaring such Borrower,
individual or entity ineligible publicly, either indefinitely or for a stated period of
time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-
financed contract, financially or otherwise, for example as a sub-contractor; and
(iii) to otherwise participate in the preparation or implementation of the project or
any other project financed, in whole or in part, by the Bank, if at any time the
Bank determines (ft15) that such Borrower, individual or entity has engaged in
corrupt, fraudulent, collusive, coercive or obstructive practices in connection
with the use of loan proceeds, or if another financier with which the Bank has
entered into an agreement for the mutual enforcement of debarment decisions has
declared such person or entity ineligible to receive proceeds of financings made
by such financier or otherwise to participate in the preparation or implementation
of any project financed in whole or in part by such financier as a result of a
determination by such financier that the Borrower or the individual or entity has
engaged in fraudulent, corrupt, coercive or collusive practices in connection with
the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed
contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions
policies and procedures, or under the procedures of temporary suspension or early
temporary suspension in connection with an ongoing sanctions proceeding, or following a
sanction by another financier with whom the Bank has entered into a cross debarment
agreement, as a result of a determination by such financier that the firm or individual has
engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use
of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of
any of its political or administrative subdivisions, and government owned enterprises and
agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines
or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose
of making such determinations. The procedures of the Sanctions Board sets forth the full
set of sanctions available to the Bank. In addition, the Bank has adopted an internal
protocol outlining the process to be followed in implementing debarments by other
financiers, and explaining how cross-debarments will be posted on the Bank’s website
and otherwise be made known to staff and other stakeholders.”