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GRANT NUMBER 0858-BAN(SF)

GRANT AGREEMENT  
(Special Operations)  
(Coastal Towns Climate Resilience Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 26 DECEMBER 2022

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BAN 55201



## **GRANT AGREEMENT (Special Operations)**

GRANT AGREEMENT dated 26 December 2022 between PEOPLE'S REPUBLIC OF BANGLADESH ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

### **WHEREAS**

(A) by a loan agreement of even date herewith between the Recipient and ADB ("Ordinary Operations Loan Agreement"), ADB has agreed to make a concessional loan to the Recipient from ADB's ordinary capital resources ("Ordinary Operations Loan") in an amount of ninety six million Dollars (\$96,000,000) for the purpose of financing expenditures under the Project described in Schedule 1 of the Ordinary Operations Loan Agreement ("Project");

(B) by a loan agreement of even date herewith between the Recipient and ADB ("Concessional Loan Agreement"), ADB has agreed to make a concessional loan to the Recipient from ADB's ordinary capital resources ("Concessional Loan") in an amount of one hundred and fifty million Dollars (\$150,000,000) for the purpose of financing expenditures under the Project;

(C) the Project will be carried out by the Recipient and the Pourashavas identified in Schedule 5 to the Ordinary Operations Loan Agreement ("Pourashavas"), and for this purpose the Recipient shall make available to the Pourashavas the proceeds of the loan provided for herein upon terms and conditions satisfactory to ADB; and

(D) ADB has agreed to make a grant to the Recipient from ADB's Special Funds resources upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB and each Pourashava;

NOW THEREFORE the parties agree as follows:

## **ARTICLE I**

### **Grant Regulations; Definitions**

Section 1.01. All the provisions of ADB's Special Operations Grant Regulations, dated 1 January 2022 ("Grant Regulations"), are hereby made applicable to this Grant Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

(a) Section 2.01(m) is deleted and the following is substituted therefor:

"Project Agreement" means the project agreement of even date herewith between ADB and each Pourashava, as such agreement may be amended from time to time; and such project agreement includes all schedules to the Project Agreement;



- (b) The term "Project Executing Agency" appearing in Sections 6.01(a), 8.01(c), 8.01(e), 8.01(i), 9.01(b) and 9.02(b) of the Grant Regulations shall be substituted by the term "each Pourashava"

Section 1.02. Wherever used in this Grant Agreement, the several terms defined in the Grant Regulations and the Ordinary Operations 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 from ADB's Special Funds resources an amount of four million Dollars (\$4,000,000).

## ARTICLE III

### Use of Proceeds of the Grant

Section 3.01. The Recipient shall make an appropriate portion of the proceeds of the Grant available to the Pourashavas upon terms and conditions satisfactory to ADB and shall cause the Pourashavas to apply such proceeds to the financing of expenditures on the Project in accordance with the provisions of this Grant Agreement and the Project Agreement.

Section 3.02. The proceeds of the Grant shall be allocated and withdrawn in accordance with the provisions of the Schedule 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 Ordinary Operations Loan Agreement.

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

- (a) Goods which are produced in and supplied from and Works and 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 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 31 December 2029 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 4 to the Ordinary Operations Loan Agreement and the Project Agreement.

Section 4.02. (a) The Recipient shall (i) maintain separate accounts and records for the Project and ensure that each Pourashava maintains separate accounts and records for the Project; (ii) prepare annual financial statements for the Project and ensure that each Pourashava prepares annual financial statements for the Project in accordance with financial reporting standards acceptable to ADB; (iii) consolidate its own annual financial statements for the Project with the annual financial statements received from each Pourashava; (iv) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (v) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinions on the financial statements and the use of the Grant proceeds, 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 (vi) furnish to ADB, no later than 9 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 14 days of the date of ADB's confirmation of their acceptability 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)(iv) 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, Works and Services, and any relevant records and documents.

Section 4.04. The Recipient shall take all actions which shall be necessary on its part to enable Pourashavas to perform their obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.



## 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 Ordinary Operations Loan shall have become liable for suspension or cancellation prior to the Loan Closing Date; and
- (b) the Concessional Loan shall have become liable for suspension or cancellation prior to the Loan Closing Date.

## 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:

- (a) the Ordinary Operations Loan Agreement shall have been duly executed and delivered and all conditions to its effectiveness (other than the effectiveness of the Concessional Loan Agreement and this Grant Agreement) shall have been fulfilled; and
- (b) the Concessional Loan Agreement shall have been duly executed and delivered and all conditions to its effectiveness (other than the effectiveness of the Ordinary Operations Loan Agreement and this Grant 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**

### **Termination**

Section 7.01. The Grant Agreement and all obligations of the parties thereunder shall terminate on a date 20 years after the date of this Agreement.

## **ARTICLE VIII**

### **Delegation of Authority**

Section 8.01. The Recipient hereby designates the Project Executing Agency and the Pourashavas as its agents for the purposes of taking any action or entering into any agreement required or permitted under Sections 3.02, 3.03 and 3.04 of this Grant Agreement and under Sections 5.01, 5.02, 5.03 and 5.04 of the Grant Regulations.

Section 8.02. Any action taken or any agreement entered into by the Project Executing Agency and the Pourashavas pursuant to the authority conferred under Section 8.01 of this Grant Agreement shall be fully binding on the Recipient and shall have the same force and effect as if taken by the Recipient.

Section 8.03. The authority conferred on the Project Executing Agency and Pourashavas under Section 8.01 of this Grant Agreement may be revoked or modified by agreement between the Recipient and ADB.



**ARTICLE IX****Miscellaneous**

Section 9.01. The Senior Secretary or Secretary or any Additional Secretary, Joint Secretary or Joint Chief, Deputy Secretary or Deputy Chief, Senior Assistant Secretary or Senior Assistant Chief, Assistant Secretary or Assistant Chief of the Economic Relations Division of the Recipient's Ministry of Finance is designated as representative of the Recipient for the purposes of Section 11.02 of the Grant Regulations.

Section 9.02. 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 2 918-0788

For ADB

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

Facsimile Numbers:

(632) 8636-2444  
(632) 8636-2338.



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

  
SHARIFA KHAN

Secretary

Economic Relations Division

Ministry of Finance

ASIAN DEVELOPMENT BANK

By

  
JIANGBO NING

Officer-In-Charge

Bangladesh Resident Mission





## SCHEDULE

### 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 of the Table.)

#### Basis for Withdrawal from the Grant Account

2. Except as ADB may otherwise agree, the proceeds of the Grant shall be allocated to items of expenditure, and disbursed on the basis of the withdrawal percentage for each item of expenditure, as 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, in consultation with 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, in consultation with 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, and detailed agreements agreed upon between ADB and the Recipient.



Retroactive Financing

5. Withdrawals from the Grant Account may be made to finance 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 items 1 (Civil works and equipment), 2 (Civil works and equipment (nature-based solutions)), 4 (Project management and capacity development) and 5 (Incremental administration costs) of the Table, subject to a maximum amount equivalent to 20% of the Grant amount.



TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS			
Number	Item	Total Amount Allocated for ADB Financing (\$)	Basis for Withdrawal from the Grant Account
		Category	
1	Civil Works (nature based solutions)	3,846,000	100% of total expenditure claimed*
2	Project management and capacity development	56,000	0.5% of total expenditure claimed*
3	Unallocated	98,000	
	<b>TOTAL</b>	4,000,000	

\* Exclusive of taxes and duties imposed within the territory of the Recipient.


