



## Bangladesh Bank

Head Office  
Dhaka  
www.bb.org.bd

Financial Sector Support and  
Strategic Planning Department

FSSSPD Circular No. 01

Date: 16 July, 2023

Managing Director/Chief Executive Officer  
All scheduled banks in Bangladesh

Dear Sir,

### **Bangladesh Bank - Long Term Financing Facility (BB-LTFF)**

Based on the success of recently completed Long Term Financing Facility (LTFF) program under Financial Sector Support Project (FSSP), Bangladesh Bank (BB) now decides to continue providing long term financing support to private sector firms, mainly the export oriented manufacturing industries of the country. The aim of this program is to generate employment, promote growth of the industrial sector fostering real output of the economy with a view to adopting sustainable means of digital transformation of the Fourth Industrial Revolution (4IR) in Bangladesh.

02. Name of this financing facility would be **Bangladesh Bank - Long Term Financing Facility (BB-LTFF)** and will be offered in US Dollars (USD) to the Authorized Dealers (ADs) of Foreign Exchange in Bangladesh for on-lending/refinancing to the exporters, enterprises and other private sector firms in the country. Loans disbursed by the banks to their clients on or after 01 January, 2021 will be eligible for refinancing.

03. To this effect, this financing would be provided to the eligible banks, namely the Participating Financial Institutions (PFIs), for on-lending/refinancing to the eligible firms.

04. The Operating Guidelines (OG) governing the operation, implementation procedures of the fund and eligibility criteria of the PFIs is attached herewith.

05. Interested banks may apply to Financial Sector Support and Strategic Planning Department (FSSSPD) for participating in this financing facility.

Please bring the contents of this circular to the notice of all your concerned constituents.

Enclosure: As stated above.

Yours faithfully,

(Liza Fahmida)

Director (FSSSPD)

Phone: 9530153



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# **Bangladesh Bank - Long Term Financing Facility**

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## **Operating Guidelines**

**BB-LTFF**

**July 2023**

## Abbreviations

A&BD	Accounts and Budgeting Department
AD	Authorized Dealer
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
BB	Bangladesh Bank
BB-LTFF	Bangladesh Bank - Long Term Financing Facility
BDT	Bangladeshi Taka
BMRE	Balancing, Modernization, Rehabilitation and Expansion
DoE	Department of Environment
CAMELS	Capital adequacy, Asset quality, Management, Earnings, Liquidity and Sensitivity
CIB	Credit Information Bureau
CIPC	Customer Interest Protection Center
CRR	Cash Reserve Ratio
E&S	Environmental and Social
ESCMR	Environmental and Social Compliance Management Report
ESIA	Environmental and Social Impact Assessment
ESRM	Environmental and Social Risk Management
FC	Foreign Currency
FEPD	Foreign Exchange Policy Department
FRTMD	Forex Reserve & Treasury Management Department
FSSP	Financial Sector Support Project
FSSSPD	Financial Sector Support and Strategic Planning Department
GVCs	Global Value Chains
GFET	Guidelines for Foreign Exchange Transactions
IAD	Internal Audit Department
IU	Implementation Unit
LC	Letter of Credit
MIS	Management Information Systems
NPL	Non-performing Loan
OG	Operating Guidelines
PA	Participating Agreement
PFIs	Participating Financial Institutions
SLR	Statutory Liquidity Ratio
SOFR	Secured Overnight Financing Rate
USD	United States Dollar
WB	World Bank
4IR	Fourth Industrial Revolution

## Definitions

**Projects** Projects means projects financed under BB-LTFF.

# Bangladesh Bank - Long Term Financing Facility (BB-LTFF)

## Operating Guidelines

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# Bangladesh Bank - Long Term Financing Facility (BB-LTFF)

## Operating Guidelines

### 1. Introduction:

Bangladesh is on pace to fulfill its aspirations to become an upper middle income country by 2031. Strong macroeconomic fundamentals, economic liberalization, trade integration and large inflows of remittances have underpinned resilience and growth in Bangladesh. However, even a decade earlier, widespread opportunity for medium and longer term financing was inadequate in the country which is still prevalent. Financing of businesses for shorter than actually needed tenors is creating required funding mismatch for which the banking sector is experiencing lack of adequate methods and instruments to mitigate such long term funding gap in both local and foreign currency. For these reasons, the manufacturing concerns are always eager to explore opportunities for getting soft loan facilities with longer tenure from all sources available.

The recently completed Long Term Financing Facility (LTFF) program under Financial Sector Support Project (FSSP) helped to bridge much of these gaps by allowing access to long term financing in foreign currency for the capital intensive manufacturing firms in Bangladesh while generating employment and growth and fostering real output of the economy through inclusive socially responsible banking ethos and Environmental and Social (E&S) compliances. The success and popularity of the LTFF proves that, there exists a huge demand in the market for a sustainable longer term credit facility.

Based on the success of recently completed LTFF under the FSSP, Bangladesh Bank (BB) now decides to continue providing long term financing for private sector firms, mainly the export oriented manufacturing (small, medium and large) firms so that they can adopt to sustainable means of digital transformation of the Fourth Industrial Revolution (4IR) and thus augment their competitive advantage in the Global Value Chains (GVCs). This financing will be offered in US Dollars (USD) and provided through the eligible banks, namely the Participating Financial Institutions (PFIs), authorized by BB to deal in foreign exchange for on lending/refinancing to the private sector firms. Name of this financing facility would be **Bangladesh Bank - Long Term Financing Facility (BB-LTFF)**. This Operating Guidelines (OG) delineates the procedures and other relevant issues for effective implementation of this financing facility. BB may amend/revise the manual from time to time.

### 2. Objectives:

The main objectives of this facility are to:

- Provide long term financing in foreign currency for private sector firms (expected to be mainly export oriented manufacturing units) with a view to contributing to national economy with increased outputs, job creation and economic growth of the country.
- Provide foreign currency soft loan (lower interest rate with long tenure) to the exporters, enterprises and other private sector firms (small, medium and large scale as per relevant BB Circulars) in the country to optimally prepare them to face the toughest challenges of the 4IR paradigm by contributing to firms' enhanced competitiveness and likelihood of grabbing emerging business opportunities.
- Purchase of ocean-going vessels and specialized transport vehicles supporting transportation of goods manufactured in the country.
- Sensitize and establish sustainable growth approach with E&S compliances in businesses.

### **3. Roles and Responsibilities of the Implementing Department:**

The Financial Sector Support and Strategic Planning Department (FSSSPD) of BB will be responsible for both overseeing and managing the operations of the BB-LTFF fund. Responsibility of this department will be as follows:

- Formulate necessary policy circulars and review the OG of BB-LTFF as per requirement.
- Identify and select eligible PFIs following the criteria delineated in this OG, and sign separate Participating Agreement (PA) with the selected PFIs.
- Monitor and track the PFIs' compliance with the eligibility criteria on an on-going basis as described in section 5 of this OG.
- Receive and process applications for facility from PFIs.
- Oversee the approval of facility and process the disbursement and repayment of funds with Forex Reserve & Treasury Management Department (FRTMD) according to the policy guidelines and this OG.
- Post review the loan utilization and disbursement process to ensure that the loans are provided to the target group, and proper procurement process and safeguard procedures are followed.
- Maintain all approval and disbursement records and the accounts of each PFI, preserve supporting approval and disbursement documents, and maintaining bank accounts information relating to disbursement and repayment.
- Conduct regular off-site and on-site supervision at the PFIs and the ultimate borrower entities in order to ensure the effective utilization of the facility.
- Review applicable interest rate and other terms and conditions time to time as per requirement.
- Collect the required progress reports from the PFIs on periodical basis.
- Perform ongoing review of E&S safeguards reports following regulatory guidelines.
- Ensure PFIs' compliance with the facility's safeguards and fiduciary framework.
- Provide technical assistance for capacity building with respect to credit appraisal and risk management, E&S Management compliance, etc.
- Arrange relevant workshops, seminars training programs and regular official meetings to disseminate information on different aspects of the facility (standard procurement procedure, business, risk management, etc.) and on E&S safeguards compliance issues as per requirement.
- Coordinate relevant support to the PFIs and the borrowers as the need arises from time to time.

### **4. Responsibilities of the Other Related Departments:**

- Accounts and Budgeting Department (A&BD) will prepare and maintain the accounting procedure of the total fund under the facility.
- FRTMD will follow A&BD accounting guidelines and the instructions given to them by FSSSPD for preparing, posting and authorizing all transaction vouchers of BB-LTFF disbursement and recovery by crediting/debiting to and from the FC clearing accounts of the PFIs with BB and intimate it to FSSSPD upon completion.

## **5. Eligibility Criteria for Participating Financial Institutions (PFIs):**

The PFIs will be required to meet the eligibility criteria for participating in the facility and maintain the required standard level of operation for continuation of participation thereafter. In order to become eligible to participate in the fund, the financial institutions must meet the following criteria:

1. The PFIs must hold a valid license from BB to operate as banks which are authorized by BB to deal in foreign exchange and must have a sound track record of providing long term lending;
2. The PFIs must have minimum 3 (three) years' experience of business operation in banking with audited records and unqualified opinion with no significant unresolved observations for at least 3 (three) consecutive years;
3. The PFIs must have qualified and experienced management, adequate organization and institutional capacity. They must have appropriate procedures, technologies, practices and staff to (i) carry out the facility, including preparation of the documents for long term lending and payout, sound credit underwriting and risks management procedures and practices (including financing mechanism and borrower's appraisal, cash flow and financial analysis and forecast, collateral assessment and enforcement), (ii) follow BB's framework on Environmental and Social Risk Management (ESRM) for screening and assessment of E&S risks and respective reporting, (iii) prepare other financing documents as envisioned by this OG, (iv) provide timely and accurate reporting of the financing facility, (v) ensure data access and effective monitoring, management and reporting of risks in the BB-LTFF covered portfolio;
4. The PFIs must have adequate and functional internal audits and controls. They must have well defined credit/loan policies, procedures and sound practices in the area of corporate governance, credit underwriting, risk management, AML/CTF procedures and practices, reporting and disclosure in line with the best practices and BB guidelines;
5. The PFIs must have a minimum rating of 3 (three) or better CAMELS Ratings determined by BB;
6. The PFIs must have an acceptable level of non-performing loan (NPL) of no more than 8% (eight percent);
7. The PFIs must meet the minimum level of regulatory capital adequacy requirement as instructed by BB;
8. Problem banks or banks with large financial scams or those with an observer or coordinator placed by BB will become ineligible for participation in the facility.

## **6. Selection and suspension/termination of PFIs:**

1. FSSSPD will have the responsibility for selecting the PFIs. Separate Participating Agreement (PA) will be signed between BB and the selected PFIs. The format of the PA between BB and the PFIs is attached in Annexure – XI. Once the PA is signed, the PFIs can start sending the applications to Director (FSSSPD) for financing. Periodic review of compliance to the eligibility standards will be made for continuation of participation status.
2. After signing PA with BB to participate in this facility, the PFI must continue to satisfy the eligibility criteria mentioned in section 5 of this OG.

3. If the PFI is non-compliant with any of the eligibility criterion, FSSSPD will promptly notify it regarding the specific eligibility criteria with which it is non-compliant and seek appropriate response from that PFI to remedy that non-compliance within an agreed upon time period.
4. If the PFI fails to maintain its eligibility status under the facility, FSSSPD will have the right to suspend all further facilities to that PFI under BB-LTFF from the date of such failure or a date decided by FSSSPD.
5. FSSSPD may re-establish the eligibility status of the PFI upon demonstrated compliance of it that the specific eligibility deviations have been removed, mitigated or no longer exist.
6. FSSSPD may also suspend or terminate the right of the PFI to use the financing made available to it for onward lending or declare it due and payable upon its failure to perform any of its obligations under this OG or the PA that it signs with BB for the facility.

## **7. Responsibilities of PFIs:**

- Will bear all risks associated with the financing.
- Must maintain qualified management staff in adequate numbers as required for the purposes of this facility and its safeguards compliance requirements and provide, promptly as needed, the funds, facilities, services and other resources required for such purposes.
- Must maintain due diligence in selecting borrowers and conduct standard project appraisal process, subject to adherence to all applicable credit norms, prudential parameters and the respective PFIs credit policy.
- Must follow proper KYC process before selecting borrowers.
- Must conduct appropriate credit appraisal process in selecting borrowers.
- Must ensure compliance with BB's ESRM guideline for banks and Financial Institutions in Bangladesh, 2022 and subsequent amendments.
- Will monitor implementation of the E&S measures agreed by the firms as per rules, regulations and standard of DoE and other departments/agencies of the government.
- Proper loan agreement to be framed in order to perfect the claim against borrowers' assets and future income.
- Must ensure that commercial best practices acceptable to BB and other regulatory authorities of the country have been followed by the borrower in procuring the goods, services or works.
- Must obtain credit report on suppliers of goods/works/services from renowned credit agencies according to the Guidelines for Foreign Exchange Transactions (GFET) along with subsequent amendments issued by BB.
- Must observe instructions detailed in the GFET and subsequent amendments while effecting payments abroad.
- Must ensure the proper utilization of the fund for the intended purpose.
- Must ensure that its borrower's exposure remains within the single borrower exposure limit while disbursing fund to them from this facility.
- Must ensure that loan defaulters in banking system/defaulters in realization of export proceeds do not get access to the financing from this fund.
- Must not assign, amend, abrogate or waive any of its agreements providing for a loan under this facility, or any provision thereof, without the prior consent of FSSSPD.



- The PFI must sensitize and safeguard the borrowers regarding possibilities of any future foreign currency exchange rate fluctuation risks that they might find themselves by availing fund in USD through the facility.
- Will not apply for fund from the facility for complex applications such as the applications involving loan takeovers by a PFI from another PFI/bank/NBFI.
- Will coordinate with BB in off-site and on-site quality check of such financing to ensure the proper utilization of the BB-LTFF credit disbursed favoring its clients before and after the loan sanction.
- Will submit borrower's performance report to FSSSPD on periodic basis.
- Will not disburse this facility to the enterprises owned by their Board Members.
- Will provide relevant statements and reports to FSSSPD on their loan portfolio and on key financial and performance indicators, and also on E&S related compliance issues on agreed formats on periodic basis.
- Ensure compliance of all regulatory and supervisory requirements, rules and guidelines of BB regarding the credit operation in Bangladesh.
- Must ensure full compliance of this OG of BB-LTFF.

## **8. Eligible Projects and Borrowers:**

Refinancing from the fund against loans disbursed before 01 January, 2021 will not be permissible.

### **a) Amount of Fund for an Individual Borrower:**

An individual borrower can apply for BB-LTFF for any amount not exceeding a maximum threshold limit of USD 5 million through a single PFI and for any amount not exceeding a maximum threshold limit of USD 10 million under syndicated financing through two or more PFIs.

### **b) Eligible Activities for Utilization of Fund:**

This facility will be available for both on-lending and refinancing as well as will extend financing towards the following areas:

- Purchase of capital machineries, equipments and the expenses related to their installation services for up-gradation (including improvement in health and safety compliance), expansion or for newly set up manufacturing industries.
- Expenses related to construction, refurbishment and ancillary cost for relocation or expansion of existing factories or setting up of new manufacturing factories. The loan applications must not comprise more than 40% under this area of the total financing being sought under BB-LTFF.
- Relocation of factories to designated industrial zones (other than EPZs/specialized zones); however financing will not be provided to any loans that result in direct economic and/or social/environmental impacts through (i) land acquisition, (ii) involuntary resettlement, (iii) impact on indigenous people, (iv) loss of income sources or means of livelihood, etc.
- Purchase of ocean-going vessels and specialized transport vehicles supporting transportation of goods manufactured in the country.

**c) Eligible Ultimate Borrowers:**

The financing will be available for exporters, small, medium and large scale manufacturing enterprises and other private sector firms (expected to be mainly manufacturing units) in the country. Any private sector firm eligible to borrow in local and/or foreign currency from banking system as per BB regulations will be eligible to avail this facility.

**d) Responsibilities of Eligible Ultimate Borrowers:**

- Must carry out the project financed out of the proceeds of BB-LTFF with due diligence and efficiency and in accordance with sound technical, economical, financial, managerial, environmental and social standards and practices, including those set forth in this OG and other regulatory guidelines of BB and all other regulatory Environmental, Health and Safety Guidelines and the Anti-Corruption Guidelines.
- Must maintain full compliance of all E&S requirements mentioned in its Environmental and Social Compliance Management Report (ESCMR) submitted to its designated PFI(s) and FSSSPD in future operation of its industry.
- Must follow policies and procedures of the BB-LTFF loan in accordance with this OG and the sanction advice provided by FSSSPD in favor of it.
- Must organize all such information as sought from it by BB of any of its relevant records and documents in connection to its availed loan under BB-LTFF and provide those to FSSSPD, through its designated PFI(s).
- Must assist BB inspection teams at the time of on-site factory visit.

**9. Process for Approval of Financing Proposals/Facility:**

- a) Financing facility will be provided for the purposes mentioned in Section 8.
- b) A firm will approach any selected PFIs for financing under the facility.
- c) The PFIs will conduct due diligence on the project proposed by the firm.
- d) PFIs will be responsible for reviewing individual project for eligibility under the facility against eligibility criteria, including the list of Ineligible Activities as mentioned in Annexure – VI and against the financing of projects associated with the list of Environmentally and Socially Sensitive Activities as mentioned in Annexure – VII of this OG.
- e) Following the standard loan appraisal procedure, a PFI will take decision to finance a borrower through BB-LTFF program.
- f) After necessary approval at their end, PFIs will send the loan applications to the Director (FSSSPD) of BB along with specified Loan Application Summary Sheet (Annexure – II) after furnishing it in line with the documents specified by the Primary Observation Checklist for BB-LTFF (Annexure – III).
- g) FSSSPD will scrutinize the financial and E&S compliance documents and if found compliant consider them eligible for processing or return the same if found non-compliant.

- h) Loan application of individual cases of BB-LTFF would be approved by the Deputy Governor of BB. Terms and conditions related to approval of BB-LTFF would be well written in the sanction letter.
- i) Syndication amongst the eligible PFIs will be permitted. If participatory PFIs of syndication do not have the same qualification criteria, the interest rate applicable to the lowest rated partner bank will be the effective rate on the entire loan (applicable to the other syndication partners). The Lead PFI will be the focal point for the operation of financing facility. However, all the PFIs will be responsible for credit administration and recovery from the borrower.

Flow chart of the loan approval process is attached in Annexure – I.

## 10. Pricing and other Financing/Refinancing Terms:

The financing facility would be on-lent on market terms, without creating market distortion. The on-lending/refinance rate would cover the cost of funds, operating costs, and other risks and will be competitive with market rates. Pricing of the financing will be determined according to market principles and will vary according to risks and tenor.

- a) **Maturity and Grace Period:** The maturity of the loans will be from 3 to 10 years including grace period. The grace period for the loans will have to be determined by the PFIs based on the projected timing of the cash inflows of individual projects. However, the grace period will not be more than 1 (one) year.

### b) Pricing:

#### i) Indicative Pricing Matrix applicable to PFIs:

The pricing of this loan will be variable in terms of spread as per the decision of BB. An indicative pricing range of 180 - Day Average SOFR + 0.25 to 1.25 percent would be applicable to the PFIs until further notice according to the following matrix:

PFI's \ Tenor	Up to 5 Years	Up to 7 Years	Up to 10 Years
Banks having CAMELS Rating of 1 (One)	SOFR + 0.25%	SOFR + 0.50%	SOFR + 0.75%
Banks having CAMELS Rating of 2 (Two)	SOFR + 0.50%	SOFR + 0.75%	SOFR + 1.00%
Banks having CAMELS Rating of 3 (Three)	SOFR + 0.75%	SOFR + 1.00%	SOFR + 1.25%

These interest rates can be revised by BB depending on market conditions and any such revisions would be made public through issuance of required FSSSPD Circular Letters in future.

#### ii) Rate from PFIs to Borrowers:

The PFIs will determine their own loan interest rates to the borrowers considering their cost of borrowing and operational expenses, plus a reasonable risk-adjusted spread and profit margin to be in the range of 1.00% ~ 2.00% above the cost of funds.

- c) The fund disbursed to the PFIs will be treated as inter-bank borrowing.

## **11. Disbursement and Repayment:**

- a) After sanction, the PFIs will require submitting a Promissory Note (Schedule - 1 of Annexure – XI) along with the application for loans/refinance. This Promissory Note will be considered as collateral of such loans.
- b) The PFIs will also require submitting a Debit Authority (Annexure – XII) or security encashment authority to BB for realizing the due installments.
- c) The PFIs will need to apply separately to get the fund disbursed against approved BB-LTFF in favor of their client(s) as per their requirement/phase by phase with proper documentation.
- d) Loan disbursement application will be approved by the Director (FSSSPD). With the request of FSSSPD, FRTMD will disburse the fund to the respective banks' FC clearing account.
- e) In case of refinance, the PFIs will have to send fund disbursement requests for the outstanding amount of loan remaining at PFI's end under BB-LTFF to FSSSPD rather than the initial amount of the approved loan favoring their client. After processing these disbursement requests, FSSSPD will request FRTMD to disburse that outstanding amount of the sanctioned loan to the respective banks' FC clearing account.
- f) If the disbursed loans to the PFIs are not used, taken or if it is returned to the PFIs by the borrowers after disbursement made by BB, the PFIs then must notify FSSSPD regarding it within 15 days from the date of receiving that fund in their account.
- g) The repayment of the loan will start after a certain grace period (if any) and to be repaid on quarterly (calendar) installments. The grace period will be determined by the PFIs based on the projected timing of the cash inflows of individual projects. However, the grace period will not be more than 1 (one) year.
- h) Interest accrued during the grace period would be repaid in Equal Quarterly Installments (EQI) without compounding as per the tentative Amortization Schedule attached in Annexure – VIII.
- i) FSSSPD will provide amortization schedule(s) to the PFIs for the loan repayment and accordingly the PFIs will generate amortization schedule for their BB-LTFF client(s) after adding their spread by following the specific method given in Annexure – VIII of this manual. In case of multiple installments of disbursements, this amortization schedule will be revised to reflect the actual disbursement.
- j) The due installments will be recovered from the PFIs' F/C account maintained with BB as per the amortization schedule by FRTMD against the request of FSSSPD.
- k) If adequate fund is not available in the PFIs' F/C Account to recover the due installment, the equivalent BDT (at BB Selling Rate on that date) will be debited from the respective PFIs' current account maintained with BB. In case of unavailability of funds in both accounts BB will charge a penal interest on such dues at a rate of 2% above the repo rate and will become payable on demand. BB will have the right to set off such overdue installment(s) from any of the PFIs' assets held with BB in its security depository.

## 12. Safeguard Arrangements:

### a) Environmental and Social Risk Management:

The financing facility would be provided with a view to facilitating the development of economies and to promote socially and environmentally sustainable development outcomes. The PFIs will be responsible to ensure their borrowers to identify and mitigate the potential E&S risks associated with borrowers' proposed activities.

Capacity building of PFIs and borrowers of BB-LTFF on Safeguard Management will be an on-going process under FSSSPD. Capacity building programs will strive to build a strong foundation for knowledge on relevant E&S risks. The PFIs and the borrowers of BB-LTFF will be sensitized to the E&S requirements and guidelines under this facility and will be encouraged to adopt it in future business activities. Capacity building of the firms will be undertaken through official meetings, trainings, workshops, seminars, etc. as per requirement.

The PFIs will be responsible for regular supervision and monitoring of the implementation of any social plans or mitigation measures under all projects. The PFIs will have to submit reports to FSSSPD on the implementation of such plans on half-yearly basis. Based upon the submitted reports, FSSSPD will perform desk review and may conduct field visit(s)/inspection(s)/audit(s) if required.

### b) Capacity Building:

FSSSPD will oversee the capacity building initiatives under BB-LTFF mechanism. Technical assistance will be provided to the PFIs on the technical aspects of long term financing projects. In-depth trainings will be provided through workshops and seminars to relevant BB officials and to the Credit Risk Management and E&S safeguards compliance team of the PFIs to conduct credit appraisal and for assisting the loan processing process under the facility. The technical assistance will also be extend to the ultimate borrowers for developing their capability on E&S safeguards monitoring and mitigating issues and in areas such as business risk assessment, entrepreneurship, accounts management, inventory management, stakeholder management, procurement, etc. Expenses to arrange such programs will be jointly borne by BB, eligible PFIs and the borrowers (potential/existing) of BB-LTFF.

## 13. Procurement Arrangements:

The fund under this financing facility will be disbursed to PFIs for on-lending/refinance to exporters and enterprises. The fund will then be utilized by the borrowers for procuring goods, services and works. An individual borrower can avail a maximum amount of USD 5 million through a single PFI or for a maximum amount of USD 10 million under syndicated financing through two or more PFIs under BB-LTFF through its application to FSSSPD via PFI(s). Goods, services and works to be financed under the facility would include the following:

Goods	: Machinery, plant and equipment, and plant components for the purpose of up-gradation, expansion and setting up new industries.
Services	: Services related to procured machinery, plant and equipment.
Works	: Construction, refurbishment and ancillary cost for relocation or expansion of existing factories or setting up of new manufacturing factories.
Oceangoing Shipping Industry	: Purchase of ocean-going vessels and specialized transport vehicles supporting transportation of goods manufactured in the country.

Procurement of Goods, Services and Works financed under the facility will be carried out by the borrowers following well established standard commercial best practices acceptable to BB. Following steps have to be followed in such procurement process:

- The borrower has to take quotations from a list of potential suppliers/agents and/or contractors to ensure obtaining of competitive prices.
- The borrower has to evaluate the technical specifications of goods, works and services and the financial proposals of the quotations. The borrower will finalize the suppliers based on its own prudential judgment.
- In accordance with the present commercial practice followed for import of goods, the PFI has to verify the creditworthiness of the suppliers from an independent agency before opening a Letter of Credit (L/C) in case of importing machineries from overseas suppliers.
- The PFIs should obtain credit reports of the foreign suppliers from their branches or correspondents abroad or in their discretion, satisfy themselves as to the standing of the suppliers by following standard books of reference issued by international credit rating agencies acceptable to BB as per GFET along with subsequent amendments issued by BB.
- The goods, works and services to be financed out of the proceeds of BB-LTFF shall be procured in accordance with the provisions of this OG and such goods, works and services must be exclusively used in carrying out the activities financed out of the proceeds of this designated loan.
- The borrower/PFI must have to comply with the procedures/salient features set out in the Import Policy Order in force and GFET along with subsequent amendments issued by BB.

#### **14. Monitoring and Evaluation:**

FSSSPD will monitor the operational performance as well as the E&S related outcomes from the utilization of fund under the facility periodically. PFIs have to submit Report on the Loans Disbursed under BB-LTFF (Annexure – IX) on quarterly basis and ESCMR (Annexure – X) on half yearly basis as per the prescribed format.

In addition to the off-site supervision, FSSSPD will conduct onsite inspection of the PFIs and the borrowers (factory location) to ensure the effective end-use of the fund and to monitor the E&S related compliances periodically or as and when required individually or jointly with other relevant departments of BB.

FSSSPD may also conduct performance assessment of this program (through interview and/or questionnaire survey) to identify the effectiveness, gap and course of action from time to time.

#### **15. Financial Management:**

##### **a) Accounting:**

The PFIs will maintain financial management systems in accordance with their own accounting practices. However, PFIs should maintain separate Management Information Systems (MIS) for the use of funds under the facility and will be responsible for providing data on the loan disbursed from the BB-LTFF fund.

A&BD will prepare and maintain the accounting procedure of the total fund under the facility with required assistance from FSSSPD and FRTMD. FSSSPD will track the records of BB-LTFF transactions to the PFIs from the required information provided by FRTMD and the PFIs. FRTMD will be responsible for transactions related to disbursement and repayment of this fund.

#### **b) Disbursement and Repayment:**

Having approval from the Director (FSSSPD), FSSSPD will request FRTMD to disburse the approved amount of fund to the respective PFIs. FRTMD will credit the PFI's F/C Clearing account as per required instructions from FSSSPD.

The repayment of the loan will start after a certain grace period (if any) and to be repaid on quarterly installments. It will be realized by FRTMD by debiting the PFI's F/C Clearing account as per required instructions from FSSSPD.

### **16. Audit and Grievance:**

FSSSPD will preserve all the documents and information related to the facility. The Internal Audit Department (IAD) of BB may conduct audit of this facility while conducting their periodical audit at FSSSPD.

The PFIs will have to preserve all relevant procurement records and documents in accordance with the provisions of this OG. These records must be made readily available on request for audit, investigation or review by BB. The borrowers will have to submit the audited financial statements to the PFIs which must be preserved by the PFIs.

FSSSPD will act as the primary resolution center of grievance made by the PFIs or ultimate borrowers. ED of FSSSPD will solve the grievance issues. Customer Interest Protection Center (CIPC) will also be available to receive and solve any kind of problem/objection related to the activities of BB-LTFF.

### **17. Default Events and Remedies:**

#### **a) Events of Default:**

Any one of the following, which occurs and continues, will constitute an 'Event of Default' by the PFI:

- i) Failure by the PFI to pay any amounts required to be paid hereof causes an 'Event of Default' to the agreements relating to the received facility loan;
- ii) Failure of a PFI to observe and perform any covenant, condition or agreement on its part required to be observed or performed by the PFI Agreement it signs with BB for participating in BB-LTFF, other than making the payments referred to in (i) above, which continues for a period of 30 days after written notice. The notice must specify such failure and request that it be remedied, given to the PFI by the FSSSPD, unless the department agrees in writing to an extension of such time. However if the failure stated in the notice cannot be corrected within such period, then FSSSPD will have the right to withhold their consent to an extension of such time if corrective action is not instituted within such period and diligently pursued until the default is corrected;
- iii) The filing of bankruptcy by a PFI;
- iv) Non-compliance with applicable laws and regulations governing the operation of a PFI.

#### **b) Remedies on Default:**

Upon the occurrence and continuation of an 'Event of Default', FSSSPD will proceed to protect and enforce the rights of BB in the manner it deems most expedient to the interest of itself. BB may recall the fund and recover the full outstanding amount from the PFIs' account against the event of default as per BB's discretion.

#### **c) Expenses on Default:**

In the event any PFI would default under its PFI Agreement with BB for participating under the BB-LTFF mechanism, for which BB requires to employ legal counsel or incur other expenses for the collection of the payment due under the Agreement or for the enforcement of performance or observance of any obligation or agreement on the part of the PFI, then the PFI must pay BB the reasonable fees of such legal counsel and such other expenses incurred by BB in the process.

### **18. Indemnifications:**

BB preserves the right to reject any BB-LTFF loan sanction or loan disbursement applications at its own discretion without having to show any reasons or justifications to the PFIs or the PFIs' clients behind its decision of rejection of those applications.

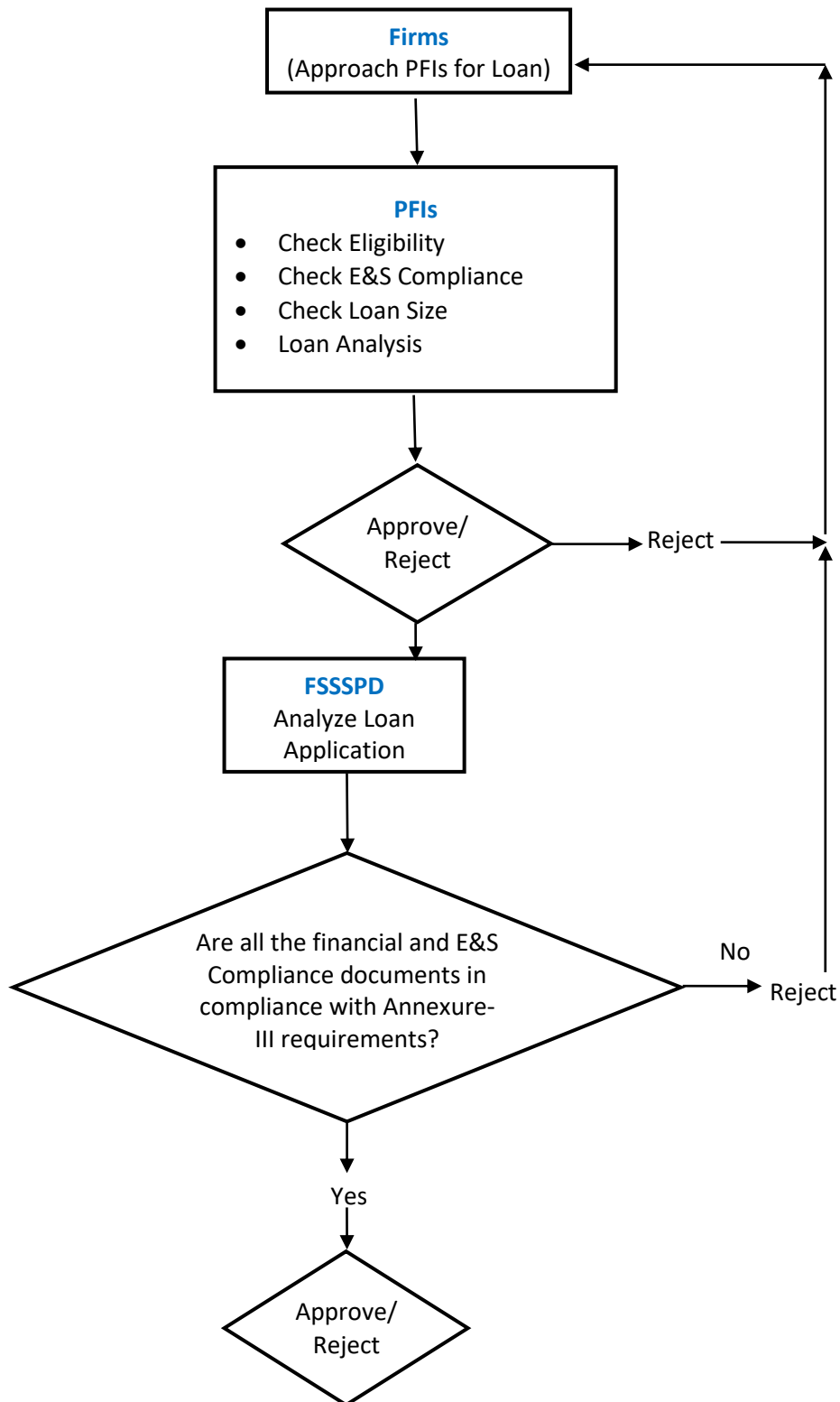
BB will not be obligated to pay any liabilities of the PFIs regarding the BB-LTFF program. The PFIs must agree that BB is not liable and promise to protect BB and its employees from any losses, claims, damages, or expenses that may arise from the project financed through the BB-LTFF program.



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## Loan Approval Process for BB-LTFF



**Note:**

- Rejection of application at any approval stage will be redirected to PFIs through proper channel.
- Please refer to Section 9 of this manual for detailed process.

*[To be printed on the Participating Financing Institution's Official Letterhead Pad]*

## **Loan Application for Bangladesh Bank - Long Term Financing Facility**

### **Summary Sheet**

- 1) Amount of the proposed loan (in USD):
- 2) Tenure and Grace Period:
- 3) Does this project involve procurement of goods and works above the threshold of USD 5 million in a single instance in favor of a single beneficiary under the facility:  
☐ Yes   ☐ No
- 4) Type of project:  
☐ New   ☐ BMRE
- 5) Environmental risk category of the proposed project as per DoE classification:  
☐ Green   ☐ Yellow   ☐ Orange   ☐ Red
- 6) Is there any regulatory restriction on the PFI to extend credit operation?  
☐ Yes   ☐ No
- 7) Is the borrower's current exposure within single borrower exposure limit?  
☐ Yes   ☐ No
- 8) Will the borrower remain within the single borrower exposure limit after disbursing the proposed loan?  
☐ Yes   ☐ No
- 9) Loan proposal approved by:  
☐ Board   ☐ Credit Committee   ☐ Other  
If other, please specify:
- 10) Is the CIB verification done:  
☐ Yes   ☐ No
- 11) Is the borrower defaulter?  
☐ Yes   ☐ No

---

Applying Bank(s) :

(list all in case of syndication)

---

Name of the concerned Relationship  
Managers of the PFI :

---

Contact No. of the concerned  
Relationship Managers of the PFI :

---

E-mail of the concerned Relationship  
Managers of the PFI :

---

Type of Industry :

---

Name of Project/Firm :

---

Address of the Head Office of the  
Project/Firm :

---

Address of the factory of the  
Project/Firm for which the financing has  
been sought :

---

Name and Designation of the  
Project/Firm's Representatives :

---

Representative's contact number :

---

Brief description of project :

---

Purpose of the sought fund :

---

[To be printed on the Participating Financing Institution's Official Letterhead Pad]

## Primary Observation Checklist for Bangladesh Bank Long-term Financing Facility (BB-LTFF)

Name of the Client	:				
Name of the PFI(s)	:				
Amount Applied for	:				
Tenure and Grace Period	:				
Type of project	:				
Purpose of the sought fund	:				
Risk Category by DoE	:	Green	Yellow	Orange	Red

Particulars		Documentation Checklist	Yes	No	N/A
Purpose of Loan	01	Annexure II of BB-LTFF OG			
	02	Borrower's application			
	03	List of activities (with amount in USD) to be funded under the facility			
	04	Copy of Pls (against which LCs will be opened) or Price Quotation (for local purchase)			
	05	Copy of LCs (already opened)			
	06	Approved plan by authority (for civil construction)			
	07	Detailed cost estimate by certified engineer (for civil construction)			
Loan Approval Status by the PFI	08	Extract of Minutes & Memo of the bank's board meeting/competent authority			
	09	Sanction letter by bank in favor of the borrower			
Borrower's Loan Classification Status	10	CIB Compliance Information (with CIB subject code no.)			
Industry Best Practice Standard	11	Project profile of the client			
	12	Proper justification of selecting the particular suppliers			
	13	Supplier's Credit Report (for each individual suppliers)			
	14	Notice of awareness of probable foreign currency exchange rate fluctuation			
Environmental & Social Compliance of the Borrower	15	NOC from Local Authority			
	16	Location Clearance Certificate from DoE (for new project in a location)			
	17	Environmental Clearance Certificate from DoE (for existing project)			
	18	Environmental and Social Compliance Management Report (ESCMR) as per Annexure – X of BB-LTFF OG			
Others	19	Any other relevant documents that might be required from time to time			

\_\_\_\_\_  
Name and Signature of the PFI Official  
(With Date, Seal and Contact Number)

*\*For financing of Ocean-going Vessels a different Checklist of required documents will be provided to the PFIs later.*

List of activities to be funded under BB-LTFF								
SL No.	Item	Name of the Supplier	P.I. No./Price Quotation No.	Date	L.C. No.	Date	FC Value	Approx. Value in USD
<b>Import</b>								
Sub Total:								
<b>Local Procurement</b>								
Sub Total:								
SL No.	Particular of Works	Constructor/Supplier					Value in BDT	Approx. Value in USD
<b>Civil Construction</b>								
Sub Total:								
<b>Total =</b>								

*[Application for Disbursement has to be made on the Participating Financing Institution's Official Letterhead Pad]*

## General Information for Seeking Disbursement for the Approved Loans

.....

### **Import & Local Procurement:**

Sl.	L/C No.	Supplier's Name	Items	L/C Value (in FC)	L/C Value (in USD)	Loan/Claim amount under BB-LTFF (in USD)
<b>Total:</b>						

### **Civil Construction:**

Sl.	Particular of Works	Constructor/Supplier	Amount in BDT	Amount in USD
<b>Total:</b>				

### **Disbursement Details:**

- a. Approved amount:
- b. Disbursement till date:
- c. Proposed disbursement request:

.....

We confirm you that we will make payment of all the mentioned L/Cs immediately after receipt of USD fund from Bangladesh Bank.

.....

### **Enclosure:**

- a) Copy of L/C(s).
- b) Copy of SWIFT message for Acceptance/Payment reference.
- c) Copy of Commercial Invoice.
- d) Copy of Bill of Entry.
- e) Credit Report of the Suppliers.
- f) Copy of Payment Documents (invoice against bills/check/pay-order/money receipt/payment voucher) for civil construction.
- g) Any other relevant documents that might be required.

### **List of Ineligible Activities**

- a) Production of or trade in any product or activity deemed illegal under the country's laws and regulations.
- b) Production of or trade in weapons and ammunitions.
- c) Production or trade in alcoholic beverages.
- d) Production or trade in tobacco.
- e) Gambling, casinos and equivalent enterprises.
- f) Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source is trivial and/or adequately shielded.
- g) Production or trade in un-bonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- h) Firms that discharge untreated polluted water into international waterways.
- i) Drift net fishing in the marine environment using nets in excess of 2.5 km in length.



### **List of Environmentally and Socially Sensitive Activities**

PFI's will not be permitted to finance projects associated with activities listed in (a)-(d) below where they, following an assessment process of the PFI's systems and capacity for environmental and social risk management conducted by Bangladesh Bank, have been found to lack adequate capacity to assess, manage, and monitor environmental and social risks associated with projects for which financing will be sought from the PFI from the proceeds of the Credit.

- a) Activities involving large-scale physical and/or economic displacement resulting from land related transactions that are expected to affect 200 people or more.
- b) Activities in or near critical habitats and/or legally protected areas.
- c) Activities involving adverse impacts on tribes minor races, ethnic sects and communities.
- d) Activities involving significant adverse impacts on critical cultural heritage areas.

### Tentative Amortization Schedule

Principal	5000
Grace Period	1 Year
Repayment Period	5 Years (including Grace Period)
Repayment	Quarterly
Interest Rate at the time of first disbursement	4.00%

<u>Interest Rate Revision</u>	
After 8 <sup>th</sup> quarter	4.50%
After 12 <sup>th</sup> quarter	3.80%
After 16 <sup>th</sup> quarter	4.00%

#### Repayment Method

1. Repayment will be made in near equal sized installments throughout the repayment tenure (in 16 quarterly payments).
2. Interest accrued during the Grace Period would be repaid in EMI without compounding.
3. Interest accrued after the grace period would be repaid in that particular quarter.

Quarter	Outstanding at beginning	Applicable Interest rate	Interest	Repayment				Outstanding at the end	
				Principal (P)	Interest accrued in this quarter (I)	Interest accrued during grace period (G)	Total (P+I+G)	Principal amount (P)	Interest amount (G)
1	5,000.00	0.04	50.00					5,000.00	50.00
2	5,000.00	0.04	50.00					5,000.00	100.00
3	5,000.00	0.04	50.00					5,000.00	150.00
4	5,000.00	0.04	50.00					5,000.00	200.00
5	5,000.00	0.04	50.00	289.72	50.00	12.50	352.22	4,710.28	187.50

Quarter	Outstanding at beginning	Applicable Interest rate	Interest	Repayment				Outstanding at the end	
				Principal (P)	Interest accrued in this quarter (I)	Interest accrued during grace period (G)	Total (P+I+G)	Principal amount (P)	Interest amount (G)
6	4,710.28	0.04	47.10	292.62	47.10	12.50	352.22	4,417.66	175.00
7	4,417.66	0.04	44.18	295.55	44.18	12.50	352.22	4,122.11	162.50
8	4,122.11	0.04	41.22	298.50	41.22	12.50	352.22	3,823.61	150.00
9	3,823.61	0.05	43.02	299.40	43.02	12.50	354.91	3,524.21	137.50
10	3,524.21	0.05	39.65	302.76	39.65	12.50	354.91	3,221.45	125.00
11	3,221.45	0.05	36.24	306.17	36.24	12.50	354.91	2,915.28	112.50
12	2,915.28	0.04	27.70	311.80	27.70	12.50	352.00	2,603.47	100.00
13	2,603.47	0.04	24.73	314.77	24.73	12.50	352.00	2,288.71	87.50
14	2,288.71	0.04	21.74	317.76	21.74	12.50	352.00	1,970.95	75.00
15	1,970.95	0.04	18.72	320.78	18.72	12.50	352.00	1,650.17	62.50
16	1,650.17	0.04	16.50	323.50	16.50	12.50	352.50	1,326.67	50.00
17	1,326.67	0.04	13.27	326.73	13.27	12.50	352.50	999.94	37.50
18	999.94	0.04	10.00	330.00	10.00	12.50	352.50	669.94	25.00
19	669.94	0.04	6.70	333.30	6.70	12.50	352.50	336.63	12.50
20	336.63	0.04	3.37	336.63	3.37	12.50	352.50	-	-

### Report on Loans Disbursed under BB-LTFF as on .....

#	Name of the Borrower	Type of Business	Sanction Date	Sanctioned Amount	Disbursed Amount as of .....	Outstanding Amount as of .....	Overdue Installment Amount	Recovery during the Quarter	Cumulative Recovery as of .....	Classification Status

\_\_\_\_\_  
 Name and Signature of the PFI Official  
 (With Date, Seal and Contact Number)

## Environmental and Social Compliance Management Report (ESCMR) for Bangladesh Bank Long Term Financing Facility (BB-LTFF)

For the Period of \_\_\_\_\_ ' 20 \_\_\_\_\_

### General Information

1	Name of the project borrower	
2	Name of the Financing PFI	
3	Location of the factory	
4	Type of the industry	
5	Environmental Risk Category by DoE	
6	Purpose of borrowing	
7	Approved amount	
8	Tenure and Grace Period	
9	Date of first disbursement	
10	Disbursed amount up to reporting date	

### A. Environmental Due Diligence

1. Is there any focal person who is responsible for Environmental Management Plan (EMP) implementation for your industry? (If yes, please mention name and contact number).

2. Environmental tests conducted during the quarter & results:

Particulars	Tests done	Date of Test Report	Is the test result within the standard limit?	If not, please mention what remedial measures have taken
	Yes/No		Yes/No	
Air				
Waste Water				
Noise				
Drinking Water				

3. Please enclose the latest Environmental Clearance Certificate (ECC) given and the compliance conditions set by Department of Environment (DoE).

Sl No.	Conditions set by the DoE in the ECC/Location Clearance Certificate	Compliance Status (Complied/Moderately Complied/Non-Complied)
a.		
b.		
c.		

4. Please mention the latest certificates/licenses that have been provided by other Government regulatory organizations.

Sl No.	Name of the Government Organization	Inspection/Licensing/Certification Date	Comment
a.	Department of Inspection for Factories and Establishments		
b.	Department of Explosive		
c.			

**5. Please mention the environmental mitigation measures taken during construction of this project (if applicable).**

Environmental impact during Construction	Mitigation measures of environmental impact	Status of compliance (Complied/Moderately Complied/Non-Complied)
Air Pollution		
Water Pollution		
Noise & Vibration		
Traffic Congestion		
Worker Accident		
Construction materials storage & handling		
Others (please specify)		

**6. Please mention the environmental mitigation measures taken during operation of this project.**

Environmental impact during operation	Mitigation measures of environmental impact	Status of compliance (Complied/Moderately Complied/Non-Complied)
Air Pollution		
Waste Water Contamination		
Solid Waste		
Noise Generation		
Energy Consumption (Greenhouse gas emission)		
Others (please specify)		

**7. Other Activities:**

Sl No.	Particulars	Conducted Yes/No	Last date of conducted Fire Drills/Training	Number of participants	Comments
a.	Fire Drills				
b.	Environmental, Health and Safety (EHS) Training				

**8. Accident/Injuries:**

Please mention if any accident(s) occurred in reporting quarter. If yes, what measures/compensation initiatives have been taken for the affected party according to company policy?

**9. Public Consultation on environmental impact:**

Please mention if any public consultation(s) on environmental impact were arranged since the loan sanctioned: Yes/No

Date of Public Consultation(s)	Target People	Number of Participants	Issues discussed/Comments

## **B. Social Due Diligence**

1. Is there any focal person who is responsible for implementation of Social Management Plan (SMP) in your industry? (If yes, please mention name and contact number).

2. a. Was there any land acquisition or resettlement required for this project? Yes/No

b. Please mention the project land type: Own/Rental/Lease

3. Is the E&S issues disclosed and consulted with the stakeholders? Yes/No

If yes, Please mention how it is disclosed:

4. Was there any consultation conducted with community people since the loan sanctioned and any activities that are of benefits (social) for the community? Yes/No

If yes, please fill up the following table:

Date of Consultation(s)	Number of attendee (Community People)	Comments/Social Benefits (if any)

5. Labor Issues :

- a. Is the industry in compliance with Labor Law 2006 and Labor rule 2015? Yes/No

- b. How many local and external labors (male& female) are engaged in the industry?

Total Labor	Local Labor	External Labor	Male Labor	Female Labor

- c. Is there any issue that arises due to labor influx? Yes/No

If yes, please describe the issue & present situation.

6. Is there any regular consultation carried out with labors/female labors? Yes/No

If yes, please fill up the following table:

Target Group	Date of Consultation(s)	Number of Participants	Comments (if any)
Workers			
Female workers			

7. Grievance Redress (GR):

- a) Is there any Grievance Redress Policy (GRP) for the factory/industry? Yes/No

- b) Is there any Grievance Redress Committee (GRC) to solve complaints? Yes/No

If Yes, Please describe briefly about GRC formation and mechanism of GR.

- c) How many grievances received and solved in this quarter?

Number of grievances received	Number of grievances solved

8. Day Care Centre and Medical Facilities for the workers:

Please mention if your industry provides such kind of facilities to the workers.

9. Corporate Social Responsibility (CSR):

- a) Is there any CSR activity performed by your industry? If yes, please mention in brief.

- b) Is there any budget allocated for CSR activities? If yes, please mention the amount.

---

Name, and Signature of the Authorized Signatory of  
Project Borrower  
(With Date, Seal and Contact Number)

---

Name and Signature of the PFI Official  
(With Date, Seal and Contact Number)

**PARTICIPATING AGREEMENT**

**Between**

**BANGLADESH BANK**

**and**

***[Name of the PFI]***  
**(‘Participating Financial Institution [PFI]’)**

**As participant in the**

**Bangladesh Bank - Long Term Financing Facility (BB-LTFF)**



**PARTICIPATING AGREEMENT**

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**PARTICIPATING AGREEMENT**

**PARTIES**

This Participating Agreement (hereafter also referred to ‘Participating Agreement’ or ‘Agreement’) is signed on the ---- day of -----.

between

**BANGLADESH BANK**

the Central Bank of Bangladesh, established under the Bangladesh Bank Order, 1972 (P.O. No. 127 of 1972), having its head office at Motijheel Commercial Area, Dhaka-1000, Bangladesh (herein after called BB) as the Implementing agency of the Bangladesh Bank - Long Term Financing Facility through Financial Sector Support and Strategic Planning Department.

And

**[Name of the PFI]**

a Scheduled Bank of Bangladesh, incorporated under the Companies Act 1994 and governed by the Bank Companies Act, 1991 and carrying business under the BB's license no .....; dated .....having its head office at .....Bangladesh (hereinafter called the Participating Financial Institution or PFI) as participant in the Bangladesh Bank - Long Term Financing Facility (hereafter also referred to ‘BB-LTFF’) through Financial Sector Support and Strategic Planning Department (hereafter also referred to ‘FSSSPD’) financed by Bangladesh Bank (hereafter referred to BB).

**PREAMBLE**

I. WHEREAS, building upon the success of recently completed Long Term Financing Facility under the Financial Sector Support Project, BB now intends to continue providing long term financing for private sector firms, mainly the export oriented manufacturing (small, medium and large) firms so that they can adopt to sustainable means of digital transformation of the Fourth Industrial Revolution (4IR) and thus augment their competitive advantage in the Global Value Chains (GVCs).

II. WHEREAS BB intends to engage through the eligible banks authorized by BB to deal in foreign exchange to borrow the money in foreign currency and on lend/refinance the same to the designated eligible borrowers as defined in the Operating Guidelines of BB-LTFF.

III. WHEREAS the PFI agrees and intends to comply with the terms and conditions of this agreement.

## **ARTICLE I**

### **DEFINITIONS**

#### **SECTION 1.1 Definitions and Related Terms**

Unless the context otherwise requires, the terms defined in this Section 1.1 will, for all purposes of this Agreement and of any agreement supplemental thereto, have the meanings herein specified, as follows:

‘Bangladesh Bank’ means the bank established by the Bangladesh Bank Order, 1972 (President's Order No. 127 of 1972) for the purpose of carrying out the business of central banking, as represented by its Governor. FSSSPD of Bangladesh Bank shall be implementing the program.

‘Scheduled Bank’ means a bank as used in Article 37 of Bangladesh Bank Order, 1972 (P.O No. 127 of 1972).

‘Participating Financial Institutions’ (hereafter also referred to ‘PFIs’) means any bank duly registered according to the applicable laws and regulations of the Recipient, which is authorized by BB to deal in foreign exchange under Foreign Exchange Regulation Act (FERA), 1947 and has met the criteria set forth in the Operating Guidelines, has entered into a Participation Agreement with the Implementing Agency of BB-LTFF and to which the Implementing Agency of BB-LTFF proposes to make or has made, out of the proceeds of the financing, a loan for purposes of on-lending a Sub-loan; and “PFIs” means, collectively, all such PFIs.

‘Governor’ means the Governor of Bangladesh Bank.

‘FSSSPD’ means Financial Sector Support and Strategic Planning Department of Bangladesh Bank implementing the program.

‘Operating Guidelines’ (hereafter also referred to ‘OG’) means the set of policy and operational guidelines that govern the BB-LTFF, initially adopted by the Bangladesh Bank on, (FSSSPD Circular no.----- and Date:-----) and to be amended from time to time as per requirement of the FSSSPD for the purpose of its smooth running and attaining the objectives thereof.

‘Guidelines on Environmental & Social Risk Management (ESRM) for Banks and Financial Institutions in Bangladesh’ means the set of policy and guidelines initially adopted by the Bangladesh Bank on June 2022 (and amendments as per requirement of the BB for the purpose of its smooth running and attaining the objectives thereof) will ensure that the project activities are properly assessed for and will not create adverse Environmental & Social impacts.

‘Financing’ means the long-term funding that will be provided under the BB-LTFF.

‘Facility Loan’ means fund disbursed or to be disbursed to the PFIs against specific Private Manufacturing Firms out of BB-LTFF.

‘Bangladesh Bank - Long Term Financing’ or BB-LTFF means funds disbursed or to be disbursed by a PFI to a Manufacturing Enterprise for the development of a project utilizing the resources of a ‘Facility Loan’.

‘Firm/Ultimate Borrower/Sub-borrower’ means a private enterprise or an enterprise in which private shareholders have majority ownership, and to which PFI(s) proposes to make or has made a BB-LTFF.

‘Sub-loan’ means the loan or a Sharia compliant financing made or proposed to be made by a PFI to an eligible borrower under a loan agreement to finance out of the proceeds of the financing part of the cost of goods, works and/or services under a project which has been selected and approved in accordance with the provisions of OG; and ‘loans’ means, collectively, all such loans.

‘Project’ means a specific project mainly in the manufacturing sector to be carried out by a Private Firm utilizing the proceeds of BB-LTFF.

‘Approval/Sanction Letter’ means the formal letter issued by the FSSSPD of BB (indicating the terms and conditions of an amount of the commitment to be funded through BB-LTFF facility).

‘Taka’ (hereafter also referred to ‘TK’) means the currency of the People’s Republic of Bangladesh.

‘Dollar’ (hereafter also referred to ‘USD’) means the currency of The United States of America’

## **SECTION 1.2      Operational Directives**

Throughout this Participating Agreement, references are made to the OG, which guide the policies and operations of the BB-LTFF. BB may modify the OG from time to time at its own discretion as per requirement. The PFI agrees that the OG will take precedent over this Agreement wherever and whenever indicated throughout this Agreement.

## **SECTION 1.3      Articles, Sections, Number, Etc.**

Unless otherwise specified, references to Articles, Sections and other of this subdivisions of this Agreement are to the designated Articles, Sections, and other subdivisions of this Agreement as amended. The words replace - 'hereof,' 'herein,' 'hereunder,' 'hereafter' and words of similar import refer to this Agreement as a whole. The headings or title of the several articles and sections, and the table of contents appended to copies hereof, will be solely for convenience of reference and will not affect the meaning, construction or effect of the provisions hereof. The singular form of any word used herein, including the terms defined in Section 1.1 of this Agreement, will include the plural, and vice versa.

# **ARTICLE II**

## **REPRESENTATIONS AND WARRANTIES**

### **SECTION 2.1      Representations and Warranties of the Financial Institution**

The PFI makes the following representations as the basis for its participation in the Project:

(a) The PFI is a registered company under the Companies Act of 1994 and licensed to operate as Bank in Bangladesh under the Bank Companies Act 1991 having authorized dealership licenses under FERA, 1947. Pursuant to the Companies Act of 1994 and by its Articles of Association, the PFI has the power to enter into transactions contemplated by this Agreement and to carry out its obligations hereunder. By proper action, the PFI has been duly authorized to execute, deliver and duly perform the duties and fulfill the obligations of this Agreement.

(b) The PFI has a plan of action agreed with FSSSPD and in accordance with appropriate technical, economical, financial, managerial, environmental and social standards and practices, including in conformity with: (a) the investment and lending policies and procedure referred to in the Operating Guidelines; (b) the ESRM and the Environmental, Health and Safety Guidelines; and (c) the Anti-Corruption Guidelines;

(c) The PFI is in full compliance with the eligibility criteria for participation in the program, as set forth in Article III.

(d) The PFI has not experienced any materially adverse financial or business development, not already disclosed to the FSSSPD, which may affect its eligibility as a participant in the program.

(e) The PFI is not in default under any of provisions of the laws of the People's Republic of Bangladesh, which defaults, would affect its existence or its powers referred to in Section 2.1(a).

(f) The PFI is not in default under any provisions of any of its funding agreement with other financial institutions.

(g) The PFI has found and determined, and hereby finds and determines that all requirements of the program and the execution of this Agreement has been complied with and that financing the program by drawing on the FSSSPD, BB-LTFF funds and entering into this Agreement will be in furtherance of the purpose of the program.

### **ARTICLE III**

#### **BANGLADESH BANK - LONG TERM FINANCING FACILITY**

##### **SECTION 3.1 Bangladesh Bank - Long Term Financing Facility**

- (a) Bangladesh Bank - Long Term Financing Facility is designed to provide long term finance mainly for export oriented manufacturing firms in the country in foreign currency through PFIs according to the guidelines stipulated in the OG.

(b) Pursuant to the terms and conditions in the OG, the PFIs will provide best efforts to select and implement the specific projects.

(c) All firms to be funded through the BB-LTFF must meet the eligibility criteria pursuant to the OG.

(d) The requisition for funds by the PFI and the disbursement of funds by the FSSSPD will be in accordance with the OG.

### **SECTION 3.2      Pricing**

Upon disbursement of funds to the PFI under the BB-LTFF, an interest charge will be levied on the PFI. The interest rate on the BB-LTFF facility will be determined in accordance with the pricing matrix of the OG.

### **SECTION 3.3      Loan Repayments: Principal Amortization**

Principal and interest payments in foreign currency along with the principal amortization schedule, on the BB-LTFF will be determined by BB following the procedure mentioned in the OG of BB-LTFF.

## **ARTICLE IV**

### **ELIGIBILITY CRITERIA FOR CONTINUED PARTICIPATION BY FINANCIAL INSTITUTIONS**

#### **SECTION 4.1      Eligibility Criteria for PFIs**

The PFI will be required to meet the eligibility criteria for participating in the facility and maintain the required standard level of operation for continuation of participation during the FSSP tenure. In order to become eligible to participate in the fund, the financial institutions must meet and maintain the following criteria:

(a) The PFIs must hold a valid license from BB to operate as banks which are authorized by BB to deal in foreign exchange and must have a sound track record of providing long term lending.



(b) The PFIs must have minimum 3 (three) years' experience of business operation in banking with audited records and unqualified opinion with no significant unresolved observations for at least 3 (three) consecutive years.

(c) The PFIs must have qualified and experienced management, adequate organization and institutional capacity. They must have appropriate procedures, technologies, practices and staff to (i) carry out the facility, including preparation of the documents for long term lending and payout, sound credit underwriting and risks management procedures and practices (including financing mechanism and borrower's appraisal, cash flow and financial analysis and forecast, collateral assessment and enforcement), (ii) follow BB's framework on Environmental and Social Risk Management (ESRM) for screening and assessment of E&S risks and respective reporting, (iii) prepare other financing documents as envisioned by the this OG, (iv) provide timely and accurate reporting of the financing facility, (v) ensure data access and effective monitoring, management and reporting of risks in the BB-LTFF covered portfolio.

(d) The PFIs must have adequate and functional internal audits and controls. They must have well defined credit/loan policies, procedures and sound practices in the area of corporate governance, credit underwriting, risks management (liquidity, credit, Foreign Exchange, interest rate, and market risk, including risks associated with balance sheets and income statements), AML/CTF procedures and practices, reporting and disclosure in line with the best practices and BB guidelines.

(e) The PFIs must have a minimum rating of 3 (three) or better CAMELS Ratings determined by BB.

(f) The PFIs must have an acceptable level of non-performing loan (NPL) of no more than 8% (eight percent);

(g) The PFIs must meet the minimum level of regulatory capital adequacy requirement as instructed by BB;

(h) Problem banks or banks with large financial scams or those with an observer or coordinator placed by BB will become ineligible for participation in the facility.

## **SECTION 4.2 Compliance and Continuing Eligibility**

(a) After signing PA with BB, to participate in the Facility, the PFI must continue to satisfy the eligibility criteria referred to above in Sec 4.1 of this agreement.

(b) If the PFI is non-compliant with any of the eligibility criterion, FSSSPD will promptly notify it regarding the specific eligibility criteria with which it is non-compliant and seek appropriate response from that PFI to remedy that non-compliance within an agreed upon time period..

(c) If the PFI fails to maintain its eligibility status under the facility, FSSSPD will have the right to suspend all further facilities to that PFI under BB-LTFF from the date of such failure or a date decided by FSSSPD.

(d) FSSSPD may re-establish the eligibility status of the PFI upon demonstrated compliance of it that the specific eligibility deviations have been removed, mitigated or no longer exist.

(e) FSSSPD may also suspend or terminate the right of the PFI to use the financing made available to it for onward lending or declare it due and payable upon its failure to perform any of its obligations under the OG of BB-LTFF or this agreement.

## **SECTION 4.3 Eligibility Criteria for Projects and Borrowers**

### **a) Amount of Fund for an Individual Borrower**

An individual borrower can apply for BB-LTFF for any amount not exceeding a maximum threshold limit of USD 5 million through a single PFI and for any amount not exceeding a maximum threshold limit of USD 10 million under syndicated financing through two or more PFIs.

### **b) Eligible activities:**

This facility will be provided to meet the expenditures incurred for the eligible activities completed on or after 01 January, 2021 by the eligible borrowers.

This facility will be available for both on-lending and refinancing as well as will extend financing towards the following areas:

- o Purchase of capital machineries, equipments and the expenses related to their installation services for up-gradation (including improvement in health and safety compliance), expansion or for newly set up manufacturing industries.
- o Expenses related to construction, refurbishment and ancillary cost for relocation or expansion of existing factories or setting up of new manufacturing factories. The loan applications must not comprise more than 40% under this area of the total financing being sought under BB-LTFF.
- o Relocation of factories to designated industrial zones (other than EPZs/specialized zones); however financing will not be provided to any loans that result in direct economic and/or social/environmental impacts through (i) land acquisition, (ii) involuntary resettlement, (iii) impact on indigenous people, (iv) loss of income sources or means of livelihood, etc.
- o Purchase of ocean-going vessels and specialized transport vehicles supporting transportation of goods manufactured in the country.

**c) Eligible Ultimate Borrowers:**

The financing will be available for exporters, small, medium and large scale manufacturing enterprises and other private sector firms (expected to be mainly manufacturing units) in the country. Any private sector firm eligible to borrow in local and/or foreign currency from banking system as per BB regulations will be eligible to avail this facility, subject to the conditions specified in OG of BB-LTFF.

## **ARTICLE V**

### **COVENANTS OF THE PARTICIPATING FINANCIAL INSTITUTIONS**

#### **SECTION 5.1 Regular Re-payments and Unconditional Obligation**

The PFI will make regular re-payment of amounts due on any outstanding facility. The obligation of the PFI to make payments required hereof and to perform and observe the other agreements on its part contained herein will be absolute and unconditional, irrespective of any defense or any rights to set-off, recoupment or counterclaim it might otherwise have against the FSSP, and during the term of this agreement, the PFI will pay absolutely the gross payments to be made on account of the facility as and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off.

The PFI hereby agrees and authorize Bangladesh Bank that the due installments will be recovered from the PFIs' F/C account maintained with Bangladesh Bank as per the amortization schedule. If adequate fund is not available in the PFIs' F/C Account to recover the due installment, the equivalent BDT (at BB Selling Rate on that date) will be debited from the respective PFIs' current account maintained with BB. In case of unavailability of funds in both accounts, BB will charge a penal interest on such dues at a rate 2% above the repo rate and will become payable on demand. BB will also have the right to set off such overdue installment from any of the PFIs' assets held in BB in its security depository or in others. The PFIs will require submitting a debit authority or security encashment authority to BB for realizing the due installments at the time of first application.

## **SECTION 5.2 Records, Financial Statements and Budgets**

The PFIs will be responsible for regular supervision and monitoring of the implementation of any social plans or mitigation measures under all projects. The PFIs will have to submit reports to FSSSPD on the implementation of such plans on periodic basis. Based upon the submitted reports, FSSSPD will perform desk review and may conduct field visit(s)/inspection(s)/audit(s) if required.

## **SECTION 5.3 Documents and Supporting Schedules**

(a) The PFI will be required to maintain complete documentation and supporting schedules for each project accepted for financing under BB-LTFF. FSSSPD or any other relevant Department/Cell of BB may periodically request from the PFI, and the PFI will promptly provide, material documents, schedules and other information on a specific firm or project, as required by BB.

(b) The PFI will maintain credit files for each firm and project in accordance with the OG of BB-LTFF and Banking best practice.

## **SECTION 5.4 Right of Access to the Financed Projects**

The PFI agrees that during the term of this Agreement the FSSSPD and/or other authorised representatives from FSSSPD will have the right at all reasonable times during normal business hours to enter upon the site of the financed projects to examine and inspect the projects; provided, however, that this right is subject to the laws and the regulations of the People's Republic of Bangladesh.

## **ARTICLE VI**

### **GENERAL AND SPECIAL CONDITIONS**

#### **SECTION 6.1 General Conditions for PFIs**

Bangladesh Bank shall have the right to:

- (a) suspend or terminate the right of the PFI to use the proceeds of the Financing made available to it to make loans or declare it due and payable upon the PFI's failure to perform any of its obligations under the Participation Agreement; and
- (b) The PFI:
  - i. to make one or more Sub-loans to one or more Eligible Sub-borrower under Sub-loan Agreements on the terms and conditions that might include conditions set forth in Section 7.3 to this Agreement;
  - ii. to exercise its rights in relation to each such Sub-loan in such manner as to protect its interests and the interests of the Government and BB, comply with its obligations under its respective Participation Agreement, and achieve the purposes of the Project;
  - iii. to not assign, amend, abrogate or waive any of its agreements providing for a Sub-loan, or any provision thereof, without the prior consent of the BB ; and
  - iv. to supervise, monitor and report on the activities to be carried out under a Sub-project by each Sub-borrower in accordance with the provisions of the OG of BB-LTFF.
  - v. to exchange views with and furnish all such information to the Government and BB, as may be reasonably requested by BB, with regard to the progress of the activities under the Program, the performance of its obligations under its respective Participation Agreement, and other matters relating to the purposes of the Program;
  - vi. promptly to inform the BB of any condition which interferes or threatens to interfere with the progress of its activities under its respective Participation Agreement.

- vii. to obtain rights to examine and inspect the Sub-project; by its officials and or other authorized representatives at all reasonable times during normal business hours to enter upon the site of the Sub-project provided, however, that this right is subject to the laws and the regulations of the People's Republic of Bangladesh.

And other responsibilities of PFIs mentioned in section 7 of OG of BB-LTFF.

## **SECTION 6.2 Special Terms and Conditions**

The PFI shall ensure that their Financing Agreement with the borrowers (projects) gives them adequate rights to protect its interest and those of the Government and BB, including the right to:

- (a) suspend or terminate the right of the Sub-borrower to use the proceeds of the Sub-loans or declare it due and payable upon the Sub-borrower's failure to perform any of its obligations under the Sub-loan Agreement; and
- (b) require the Eligible Sub-borrower to:
  - i. carry out the project financed out of the proceeds of BB-LTFF with due diligence and efficiency and in accordance with sound technical, economical, financial, managerial, environmental and social standards and practices, including those set forth in this OG and other regulatory guidelines of BB and all other regulatory Environmental, Health and Safety Guidelines and the Anti-Corruption Guidelines.
  - ii. maintain full compliance of all E&S requirements mentioned in its Environmental and Social Compliance Management Report (ESCMR) submitted to its designated PFI(s) and FSSSPD in future operation of its industry.
  - iii. follow policies and procedures of the BB-LTFF loan in accordance with this OG and the sanction advice provided by FSSSPD in favor of it.
  - iv. organize all such information as sought from it by BB of any of its relevant records and documents in connection to its availed loan under BB-LTFF and provide those to FSSSPD, through its designated PFI(s).
  - v. assist BB inspection teams at the time of on-site factory visit.
- (c) require that:
  - i) The goods, works and services to be financed out of the proceeds of BB-LTFF shall be procured in accordance with the provisions of this OG and such goods, works and services must be exclusively used in carrying out the activities financed out of the proceeds of this designated loan.

- ii) to inspect, by itself or jointly with representatives of the BB, if the BB shall so request, such goods and the sites, works, plants and construction included in the activities to be financed out of the proceeds of a loan, the operation thereof, and any relevant records and documents.
- iii) Comply with the procedures/salient features set out in the Import Policy Order in force and GFET along with subsequent amendments issued by BB.
- iv) Take quotations from a list of potential suppliers/agents and/or contractors to ensure obtaining of competitive prices.
- v) Evaluate the technical specifications of goods, works and services and the financial proposals of the quotations. The borrower will finalize the suppliers based on its own prudential judgment.
- vi) Verify the creditworthiness of the suppliers from an independent agency before opening a Letter of Credit (L/C) in case of importing machineries from overseas suppliers.

## **ARTICLE VII**

### **DEFAULT EVENTS AND REMEDIES**

#### **SECTION 7.1 Events of Default**

Any one of the following, which occurs and continues, will constitute an Event of Default:

(a) Failure by the PFI to pay any amounts required to be paid hereof which failure causes an Event of Default to the agreements relating to the received Facility Loan;

(b) Failure of the PFI to observe and perform any covenant, condition or agreement on its part required to be observed or performed by this Agreement, other than making the payments referred to in (a) above, which continues for a period of 30 days after written notice, which notice will specify such failure and request that it be remedied, given to the PFI by the FSSSPD, unless the FSSSPD, will agree in writing to an extension of such time; provided, however, that if the failure stated in the notice cannot be corrected within such period, the FSSSPD will not unreasonably withhold their consent to an extension of such time if corrective action is instituted within such period and diligently pursued until the default is corrected;

- (c) The filing of bankruptcy by the PFI; and
- (d) Non-compliance with applicable laws and regulations governing the operation of the PFI.

### **SECTION 7.2 Remedies on Default**

Upon the occurrence and continuation of an ‘Event of Default’, FSSSPD will proceed to protect and enforce the rights of BB in the manner it deems most expedient to the interest of itself. BB may recall the fund and recover the full outstanding amount from the PFIs’ account against the event of default as per BB’s discretion.

### **SECTION 7.3 Remedies Not Exclusive**

No remedies herein conferred upon or reserved to the FSSSPD is intended to be exclusive of any other available remedy or remedies.

### **SECTION 7.4 Expenses on Default**

In the event any PFI would default under its PFI Agreement with BB for participating under the BB-LTFF mechanism, for which BB requires to employ legal counsel or incur other expenses for the collection of the payment due under the Agreement or for the enforcement of performance or observance of any obligation or agreement on the part of the PFI, then the PFI must pay BB the reasonable fees of such legal counsel and such other expenses incurred by BB in the process.

### **SECTION 7.5 Notices of Default**

The FSSSPD will issue to the PFI the Notice of Default by registered mail or in person duly acknowledged by the PFI.

## **ARTICLE VIII**

### **INDEMNIFICATION**

#### **SECTION 8: Indemnification**

BB preserves the right to reject any BB-LTFF loan sanction or loan disbursement applications at its own discretion without having to show any reasons or justifications to the PFIs or the PFIs’ clients behind its decision of rejection of those applications.

BB will not be obligated to pay any liabilities of the PFIs regarding the BB-LTFF program. The PFIs must agree that BB is not liable and promise to protect BB and its employees from any losses, claims, damages, or expenses that may arise from the project financed through the BB-LTFF program.



ARTICLE IX

REPRESENTATIVES OF THE BANGLADESH BANK  
AND PARTICIPATING FINANCIAL INSTITUTION; ADDRESSES

SECTION 9.1 Representative of the Bangladesh Bank; Address

Authorized Representative: -----  
-----  
Bangladesh Bank

Address: Bangladesh Bank, Head Office  
Motijheel, Dhaka-1000

Telephone: -----  
Email: -----

SECTION 9.2 Representative of the Financial Institution; Address

Authorized Representative: -----

Address: -----  
-----  
-----

Telephone: -----  
Facsimile: -----  
Email: -----

## **ARTICLE X**

### **MISCELLANEOUS**

#### **SECTION 10.1 Notices**

All notices, certificates or other communications will be deemed sufficiently given on the next day following the day on which the same have been either sent by facsimile or mailed by registered mail, courier, postage prepaid, addressed to the Bangladesh Bank or the PFI, as the case may be, as follows:

To FSSSPD:

Director (FSSSPD),  
Financial Sector Support and Strategic Planning Department  
Bangladesh Bank, Head Office (2<sup>nd</sup> Annex Building, 17<sup>th</sup> Floor),  
Motijheel C/A, Dhaka-1000.

To Participating Financial Institution:

[Name and address of the PFI]

#### **SECTION 10.2 Severability of Invalid Provision**

If any provision of this Agreement will be held or deemed to be, or will in fact be, illegal, inoperative or unenforceable, the same will not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

#### **SECTION 10.3 Execution of Counterparts**

This Agreement may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

#### **SECTION 10.4 Amendments, Changes and Modifications**

Except as otherwise provided in this Agreement, this Agreement may not be effectively amended changed, modified, altered or terminated without the written consent of the parties to this Agreement.

#### **SECTION 10.5 Governing Law**

This Agreement will be governed exclusively by and construed in accordance with the applicable laws of the People's Republic of Bangladesh.

**SECTION 10.6      Terms of the Agreement**

This Agreement will be in full force and effect from the date hereof and will continue in effect as long as any BB-LTFF given to the PFI under the FSSSPD is outstanding.

**SECTION 10.7      Binding Effect**

This Agreement will inure to the benefit of and will be binding upon the FSSSPD, the PFI and their respective successors and assigns, however, to the limitations contained in Article IV.

IN WITNESS WHEREOF, the **[Name of the PFI]** has caused this Agreement to be executed in its name and its corporate seal to be hereunto affixed and attested by its duly authorized officers, and the Bangladesh Bank as the Administrator of the Fund, has caused this Agreement to be executed, all as of the date first above written.

**[Name of the PFI]**

**[PFI SEAL]**

**[Signature]**

**[Name of the authorized PFI representative]**

**[SEAL]**

BANGLADESH BANK

**[Signature]**

**[BB SEAL]**

**[Name]**

**[SEAL]**

WITNESS:

1.           **[Signature]**

**[Name and designation of witness from BB]**  
**[SEAL]**

2.           **[Signature]**

**[Name and designation of witness from PFI]**  
**[SEAL]**

[To be printed on Tk. 300.00 judicial stamp paper]

SCHEDULE 1

PROMISSORY NOTE

Principal Amount: USD ..... (With reference to the Sanction Letter, Ref. .... dated .....)

Interest Rate: ..... or to be reviewable by Bangladesh Bank

Date of Note: .....

PROMISE TO PAY: As per FSSSPD circular no. ...., dated ..... (Bank/PFI’s Name) promises to pay to BANGLADESH BANK, or order, in lawful money of the People’s Republic of Bangladesh, the principal amount of US dollar ..... in figure (US Dollar..... in words), together with interest on the unpaid principal balance/outstanding amount from the date of disbursement, until paid in full.

PAYMENT: (Name of the Bank/PFI) will pay this loan in ..... quarterly instalment payments of US Dollar ..... for all principal and all accrued interest not yet paid. Payments include principal and interest. Interest on this Note is computed on simple interest basis; that is, by applying the ratio of the annual interest rate over the number of days in a year (Actual/360), multiplied by the outstanding principal balance, multiplied by the actual number of days. The first payment is due on ..... months from the date of first disbursement, and all subsequent payments are due on the immediate next working day of each calendar quarter. PFI will pay FSSSPD/BANGLADESH BANK at FSSSPD/BANGLADESH BANK's address shown above or at such other place as FSSSPD/BANGLADESH BANK may designate in writing. Unless otherwise agreed or required by applicable law, payments will be applied first to accrued unpaid interest, then to principal, and any remaining amount to any unpaid collection costs and late charges.

INTEREST RATE: The interest rate on this Promissory Note is ..... or to be reviewed/adjusted by Bangladesh Bank.

PRIOR TO SIGNING THIS NOTE, \_\_\_\_\_ (Name of the Bank/PFI) READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. \_\_\_\_\_ (Name of the Bank/PFI) AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

Name of the project borrower		
Name of Bank/PFI		
Signatures		
2 Authorized signatories	Name: Managing Director & CEO	Name: Additional Managing Director/ Deputy Managing Director
Signatures		
2 Witnesses from the Bank/PFI	Name: Designation:	Name: Designation:

*[To be printed on the Participating Financing Institution's Official Letterhead Pad]*

## **DEBIT AUTHORITY**

Date:

WE, \_\_\_\_\_, HEREBY AUTHORIZE BANGLADESH BANK TO DEBIT OUR ACCOUNT AND/OR TO ADJUST (AS PER FSSSPD CIRCULAR NO. \_\_\_\_\_, DATED \_\_\_\_\_, AND THE ATTACHED OPERATING GUIDELINES FOR BANGLADESH BANK - LONG TERM FINANCING FACILITY OR SUBSEQUENT AMENDMENTS) THE OUTSTANDING AMOUNT OF OUR BORROWINGS ACCORDING TO THE AMORTIZATION SCHEDULE OF EACH BORROWING UNDER THE BANGLADESH BANK - LONG TERM FINANCING FACILITY.

**Signature:**

**Name of MD & CEO:**

**Name of the bank:**

*[To be printed on the Participating Financing Institution's Official Letterhead Pad]*

### **Undertaking by the PFI**

1. The PFI will confirm that the projects, for which the financing are sought, will be carried out with due diligence and efficiency and in accordance with sound technical, financial and managerial standards set forth in this OG and other regulatory guidelines of Bangladesh Bank and all other regulatory Environmental, Health and Safety Guidelines and the Anti-Corruption Guidelines.
2. The PFI will maintain adequate project records involving BB-LTFF funding; and the Financial Sector Support and Strategic Planning Department (FSSSPD) or any other relevant departments of Bangladesh Bank will have the right of conducting on-sight and of-sight inspection of the PFI and project borrowers anytime with or without prior notice.
3. The PFI shall obtain the right to inspect, by itself or jointly with representatives of FSSSPD or any other relevant departments of Bangladesh Bank, such assets and sites, works, plants and construction included in the BB-LTFF funded projects, the operation thereof, and any relevant records and documents.
4. The PFI shall obtain the right to suspend or terminate the right of its client to the use of BB-LTFF funding upon failure by that client to perform its obligations under contract with the PFI.
5. Neither the PFI nor its client will ever hold Bangladesh Bank liable to pay any liabilities of the PFIs regarding the BB-LTFF mechanism. The PFI agrees that BB is not liable and promise to protect BB and its employees from any losses, claims, damages, or expenses that may arise from the project financed through the BB-LTFF program.

**Signature:**

**Name of MD & CEO:**

**Name of the bank:**

**Date:**

*[To be printed on the Project Borrower's Company Letterhead Pad]*

### **Undertaking by the Ultimate Project Borrower**

1. The project borrower will carry out the project financed out of the proceeds of Bangladesh Bank - Long Term Financing Facility (BB-LTFF) with due diligence and efficiency and in accordance with sound technical, economical, financial, managerial, environmental and social standards and practices, including those set forth in the Operating Guidelines (OG) of BB-LTFF and other regulatory guidelines of Bangladesh Bank and all other regulatory Environmental, Health and Safety Guidelines and the Anti-Corruption Guidelines.
2. The project borrower will always maintain full compliance of all Environmental and Social (E&S) issues and mitigation measures mentioned in its Environmental and Social Compliance Management Report (ESCMR) submitted to its designated PFI(s) and the Financial Sector Support and Strategic Planning Department (FSSSPD) of Bangladesh Bank.
3. The project borrower will maintain policies and procedures to monitor and evaluate the progress of its BB-LTFF loan in accordance with indicators acceptable to FSSSPD and prepare financial statements in accordance with consistently applied accounting standards in accordance with the OG of BB-LTFF.
4. The project borrower will organize all such information as sought from it by BB of any of its relevant records and documents in connection to its availed loan under BB-LTFF and provide those to FSSSPD, through its designated PFI(s).

**Signature:**

**Name of the Authorized Signatory:**

**Designation:**

**Date:**