



website: www.bb.org.bd
BANGLADESH BANK
(Central Bank of Bangladesh)
Head Office
Motijheel, Dhaka-1000
Bangladesh



SME & Special Programmes Department
LFSSP PMU

SMESPD (LFSSP) Circular No- 03

Date: 27 March 2022
১৩ ই চৈত্র ১৪২৮

Managing Directors/Chief Executive Officers
All Banks and Financial Institutions in Bangladesh
Head Office
Dhaka

Financing facility under “Line of Finance to Support SMEs Project under the IsDB SPRP for Covid-19, Restore Track (LFSSP), BGD-1074.”

The Government of Bangladesh (GoB) has signed a Framework Agreement with Islamic Development Bank (IsDB) on 24/06/2021 to support its CMSMEs under a project titled as “Line of Finance to Support SMEs Project under the IsDB SPRP for Covid-19, Restore Track (LFSSP)”. The project contributes to the economic stimulus packages launched by the GoB for combating COVID-19 crisis. In accordance with the Agency Agreement signed between IsDB and GoB, Bangladesh Bank (BB) is designated as ‘Executing Agency (EA)’ for implementing this project. The project component includes a line of financing for US\$ 47.00 million (approx. BDT 398.58 crore) of which an eligible amount (approx. BDT 398.16 crore) would be disbursed in a Shariah Compliant method to eligible Financial Institutions (Banks and NBFIs) for supporting CMSME sector.

The features and instructions for the Participating Financial Institutions (PFIs) to govern the Financing Facility under the project are as follows:

- 1. Name of the project:** “Line of Finance to Support SMEs Project under the IsDB SPRP for Covid-19, Restore Track (LFSSP)”- BGD1074;
- 2. Source of Fund:** Islamic Development Bank (IsDB);
- 3. Total eligible Project Fund:** US\$ 46.95 million (approx. BDT 398.16 crore @ 1 Us\$ = BDT 84.8050 as on 24/06/2021);
- 4. Period:** 2 years from the date of first disbursement from IsDB;
- 5. Financing mode:** Murabaha Financing (instalment Sale);

6. **Financing Structure:** BB on behalf of GoB as an 'Agent' will sell the assets to the PFIs. In line with that, BB at the request of the PFIs, procure the Project assets and sell the Project assets to the PFIs, and PFIs will then sell those to the CMSMEs. BB will have the authority to sub-delegate its agency role and appoint the PFIs or the CMSMEs as its agent in procuring assets;
7. **Mode of Investment:** This facility is for new assets to be acquired (not for existing assets those already been acquired);
8. **Agency fee:** BB will provide an amount not exceeding BDT 500.00 (including VAT & Tax) to each PFIs (as an agent) for each drawdown as agency fee. Each PFI, on the other hand, will have to pay to their end financing beneficiary an amount not exceeding BDT 50.00 (including VAT & Tax) for Small & Medium enterprises and BDT 25.00 (including VAT & Tax) for Cottage and Micro enterprises;
9. **Eligibility Criteria of Participating Financial Institutions (PFIs):** As described in - Annex- A;
10. **Application by Banks and Financial Institutions:**
The Application by banks and financial institutions (as Annex-F) must include following information and data, inter alia:
 - Audited financial statements (As Annex-C) for latest three (03) full years, together with the latest Annual Report, which show profitable operation in latest two (02) consecutive years;
 - Copy of financing policies, which show commitment to SME financing and
 - Copy of Risk Assessment Procedure.The other information and data such as Capital Adequacy Ratio, Non-Performing Financing (NPF) Ratio, CAMELS Rating and Compliance with Prudential Regulations shall be obtained by BB itself;
11. **Master Facility Agreement:** The PFIs (shown their Expression of Interest to participate under the project) those accredited finally have to sign a Master Facility Agreement with BB under the Project. The format of the agreement is attached herewith (Annex- D);
12. **Terms and Conditions of On-Financing Facility (OFF) to PFIs:** As described in Annex-E;
13. **Definition of Eligible Project Companies/enterprises and Related Entrepreneurs:**
 - a) **Manufacturing Industry:** The industry includes activities related to manufacturing of goods, processing, assembling and all activities related to further processing and re-assembling of manufactured goods;
 - b) **Service Industry:** The industry includes activities related to producing supplementary utility through using equipment or fixed assets or intellectual property. National Industrial Policy 2016 is referred for the list of industry of this type (Annex-I);
 - c) **Trading:** Trading includes activities related to gain income by purchase and sale of products;

- d) **Women led enterprises:** If a woman be the owner or proprietor of a ownership or proprietorship business or having more than 51% share among directors or shareholders of a private company registered with 'Partnership business' or 'Office of the Registrar of Joint Stock Companies and Firms', then she will be treated as Women entrepreneur and the enterprise will be as Women led enterprise;
- e) **Youth:** If the applicant (owner of a company/enterprise) having an age of 18 to 35 (according to National Youth Policy 2017) on the date of application will be treated as Youth.

14. Benchmark of Selecting Industry Under Cottage, Micro, Small and Medium Enterprises:

Enterprises	Industry	Selection Benchmark	
		Total cost of fixed asset including establishment and excluding land & factory building	Number of manpower involved
Cottage	Manufacturing	Below BDT 1.00 million	Not more than 15 including family members
Micro	Manufacturing	BDT 1.00 million to below BDT 7.5 million	16-30
	Service	Below BDT 1.00 million	Max. 15
Small	Manufacturing	BDT 7.5 million to below BDT 150 million	31-120
	Service	BDT 1.00 million to below BDT 20.00 million	16-50
Medium	Manufacturing	BDT 150 million to not more than BDT 500 million	121-300, but 1000 for RMG & labour consuming Indus.
	Service	BDT 20.00 million to BDT 300.00 million	51-120

(Source: SMESPD Circular no-2, dated 05/09/2019, this benchmark will be considered revised/amended according to any further change to be done by BB)

15. Benchmark for selecting Trading Business under Micro and Small Enterprises:

Trading Business	Selection Benchmark		
	Total cost of fixed asset including establishment and excluding land & factory building	Number of manpower involved	Annual Turnover
Micro	Below BDT 1.00 million	Max. 15	Max BDT 20.00 million
Small	BDT 1.00 million to BDT 20.00 million	16-50	More than BDT 20.00 million but not more than BDT 200.00 million

(Source: SMESPD Circular no-2, dated 05/09/2019, this benchmark will be considered revised/amended according to any further change to be done by BB)

- 16. Terms and conditions of Sub-investment to eligible Project company/ enterprise:** As described in Annex-K;
- 17. Environmental and Social Risk Management Issue:** The facility is expected to conform with IsDB policies and guidelines on environmental and social safeguards;
- 18. Discretions of disbursement of Fund:** BB shall have the sole discretion to refuse any request for procuring assets made by the PFIs, if such request in BB's consideration does not conform to the objectives of the project, terms and conditions of the Financing Facility and also based on the availability of project fund;
- 19. Monitoring of the Activities Under the Project:** BB will take actions for monitoring of the project progress in line with the fulfilment of the objectives through- 1) offsite monitoring activities (periodic or independent statements/ reports what would be circulated time to time and whenever felt necessary) and 2) onsite activities (inspect by itself or jointly with representatives of the GoB and/or the IsDB/any nominated person(s) by BB such goods and sites, works, plants included in the investment to Sub-project of the eligible enterprises, the operation thereof, and any relevant records and documents);
- 20. Deadline of the Submission of the Application:** Interested Banks and NBFIs to participate in this financing facility under the project should apply as per the application format annexed with this circular by end of 3 months from the date of publication of this circular or a later date approved by BB authority.

Bangladesh Bank reserves the right to amend/review the content of this circular as and when necessary in future.

Yours Sincerely,



(AKM Sayduzzaman)
Deputy General Manager
&
Project Director (LFSSP)
Phone: 9530098

Attachment: As mentioned

ELIGIBILITY CRITERIA OF PARTICIPATING FINANCIAL INSTITUTIONS

In order to be eligible for financing with proceeds of the project (LFSSP), a PFI must comply with the following criteria:

	Criterion	Requirements
i	Legality	Duly licensed from Bangladesh Bank.
ii	Shariah Compliant	Must be an Islamic Shariah compliant Bank or Non-Bank Financial Institution (NBFI) or conventional Banks/NBFI having Islamic banking branches/window.
iii	Operational Experience	Minimum 03 (Three) years of successful operational experiences as an Islamic Shariah compliant bank/institute or its branches/windows with audited records.
iv	Capital Adequacy	
	(a) Minimum capital requirement	Compliant with the minimum capital requirement for banks and non-bank financial institutions as stipulated by Bangladesh Bank and also compliant with minimum Cash Reserve Ratio (CRR) & Statutory Liquidity Ratio (SLR).
	(b) Capital Adequacy Ratio	Compliant with the minimum risk weighted capital adequacy ratio as stipulated by Bangladesh Bank.
v	Profitability	Running profitably for the last 02 (two) accounting years.
vi	Non-Performing Financing (NPF)	Not exceeding 10% (ten percent) for the last accounting year.
vii	CAMELS rating:	Minimum "Satisfactory".
viii	Other compliant issues	Must maintain the proper compliance of- <ul style="list-style-type: none"> • Guidelines for Islamic Banking; • Prudential Regulations for Banks; • Prudential Regulations for Financial Institutions; • Single borrower exposure limit and • Other regulations issued by BB.
viii	Transparency	Submission and/or disclosure of annual reports /financial statements/ green banking initiatives/ activities to the respective authority and publishing/ updating them in the official websites in a timely manner.

ix	AML requirements	<p>PFI's undertaking:</p> <ul style="list-style-type: none"> - to implement "Know Your Customer" procedures that fully comply with BFIU guidelines and the recommendations of the FATF - not to finance any customers through this Project who are on the sanction lists of Bangladesh Bank, United Nation and the Organization of Islamic Cooperation in connection with fraud, embargoes or fight against terrorism.
x	Corporate Governance	A framework of policies, procedures and workflows that establish effective internal control and accountability in all phases of management operations is to be existed to control and manage business risks and corruption.
xi	Risk Management	Core risk management guidelines and frameworks stipulated by Bangladesh Bank are to be implemented for capacity building of risk assessment and adoption of adequate procedures.
xii	Green Banking Guidelines	A green banking policy and strategy (approved by the banks/non-bank financial institutions' Board of Directors) in line with the ESRM guidelines issued by Bangladesh Bank is to be formulated and adopted.

SAMPLE OF LETTER OF INTENT TO BECOME A PFI

Project Director
Line of Finance to Support SMEs Project under the IsDB SPRP for
Covid-19, Restore Track (LFSSP)
SME & Special Programmes Department
Bangladesh Bank,
Head Office, Dhaka-1000.

**Subject: Letter of Intent to become Participating Financial Institutions under Line of
Finance to Support SMEs Project under the IsDB SPRP for Covid-19, Restore
Track (LFSSP), BGD-1074.**

Dear Sir,

With reference to the SMESPD Circular no...../2021 dated 2021, we intend to express our interest in participating the project. We attach the documents as required for your kind consideration.

We, therefore, request you to consider our application and allow us to work with you for the development of CMSME sector in Bangladesh through our active participation in the project.

Thanking you

Truly yours,

(.....)
CEO/MD Bank/FI Name

Financial Statements

Attachment to Accreditation Assessment Form

(Name of Financial Institution:

Items	Year	Shares	Growth	Year	Shares	Growth	Year	Shares	Growth	Avg. Growth
	--	(%)	(%)	--	(%)	(%)	--	(%)	(%)	(%)
Balance Sheet										
Cash and cash equiv.	--	--	--	--	--	--	--	--	--	--
Short-term liquid assets	--	--	--	--	--	--	--	--	--	--
Financing/investment (net)	--	--	--	--	--	--	--	--	--	--
Other assets	--	--	--	--	--	--	--	--	--	--
Total assets	--	--	--	--	--	--	--	--	--	--
Deposits from customers	--	--	--	--	--	--	--	--	--	--
Interbank funding/ liabilities	--	--	--	--	--	--	--	--	--	--
Other liabilities	--	--	--	--	--	--	--	--	--	--
Total liabilities	--	--	--	--	--	--	--	--	--	--
Share capital	--	--	--	--	--	--	--	--	--	--
Reserves	--	--	--	--	--	--	--	--	--	--
Retained earnings	--	--	--	--	--	--	--	--	--	--
Total equity	--	--	--	--	--	--	--	--	--	--
Total liability & equity	--	--	--	--	--	--	--	--	--	--
Income Statement										
i. Net financing and investment income*	--	--	--	--	--	--	--	--	--	--
ii. Fees, commission and other income	--	--	--	--	--	--	--	--	--	--
Gross income (i + ii)	--	--	--	--	--	--	--	--	--	--
Operating expenses:										
Non-financing and investment expenses:	--	--	--	--	--	--	--	--	--	--
Personal expenses (administration and General expenses):	--	--	--	--	--	--	--	--	--	--
Other expenses:	--	--	--	--	--	--	--	--	--	--
Provisions:	--	--	--	--	--	--	--	--	--	--
Net Income before extraordinary items, taxes and zakat=	--	--	--	--	--	--	--	--	--	--
Net Income (after extraordinary items, taxes and zakat)	--	--	--	--	--	--	--	--	--	--
Operational Ratios										
Capital adequacy (>10%)	--	--	--	--	--	--	--	--	--	--
Liquidity (liquid assets/total assets)	--	--	--	--	--	--	--	--	--	--
Single borrower exp. (<20%)	--	--	--	--	--	--	--	--	--	--
Net foreign exchange position to capital (<40%)	--	--	--	--	--	--	--	--	--	--
Financing/investments to deposit	--	--	--	--	--	--	--	--	--	--
NPL	--	--	--	--	--	--	--	--	--	--
RoE	--	--	--	--	--	--	--	--	--	--
RoA	--	--	--	--	--	--	--	--	--	--

*Gross financing and Investment income less- i) Share of income attributable to on-balance sheet profit sharing investment accounts, ii) Share of income taken as profit equalisation reserve (PER), iii) provisions for accrued income on nonperforming assets.

SECONDARY MASTER FACILITY AGREEMENT

UNDER

LINE OF FINANCE TO SUPPORT SMEs PROJECT UNDER THE IsDB SPRP
FOR COVID-19, RESTORE TRACK (BGD-1074)

BETWEEN

BANGLADESH BANK

AND

NAME OF THE BANK AND NON-BANK FINANCIAL INSTITUTION

Dated ____/____/2022

MASTER FACILITY AGREEMENT

This Master Facility Agreement (the “Agreement”) is entered into on ___/___/2022

BETWEEN

The Bangladesh Bank established by the Bangladesh Bank Order, 1972 (P.O. No. 127 of 1972), having its head office at Motijheel Commercial Area, Dhaka (hereinafter called “**FIRST PARTY**”).

AND

Name of PFI duly established under Bank Company Act, 1991/Financial Institutions Act, 1993 and Guidelines for Conducting Islamic Banking, 2009 and carrying on its business under BB’s license No.dated.....having its head office, at, Dhaka (hereinafter called “**SECOND PARTY**” or “**PARTICIPATING FINANCIAL INSTITUTION**”).

The both are hereinafter referred to as the “Parties”.

WHEREAS,

- (A) The Government of Bangladesh has already committed different stimulus package to support the Cottage, Micro, Small and Medium enterprises to address the effects of pandemic which includes providing working capitals for the affected industries, services through the banking sector, so that, intending enterprise can avail sufficient fund in this difficult time to recover from crisis;
- (B) The IsDB Board of Executive Directors approved, in its 335th meeting, the IsDB Group Strategic Preparedness and Response Program for COVID-19 pandemic which aims to support its Member Countries efforts in preventing, containing, mitigating and recovering from the impact of the COVID-19 pandemic;
- (C) The GoB has, in response to the COVID-19 pandemic, requested from IsDB to finance specific assets associated with the efforts to respond to the impact on the COVID-19 pandemic;
- (D) IsDB approved and agreed on the basis, inter alia, on the foregoing, to procure the Project assets for an amount not exceeding Forty-Seven million United States Dollar (\$ 47,000,000.00) to GoB under the “Line of Finance to Support SMEs Project under the IsDB’s SPRP for Covid-19, Restore Track (BGD-1074)” hereinafter referred to as “The Project” implemented by First Party through its.....Circular.....datedto finance to SECOND PARTY for procuring assets as described in this Contract to SME sector;
- (E) Bangladesh Bank has been designated as “Executing Agency” with the responsibility to administer the Project on behalf of GoB under the Agency Agreement dated June 24, 2021;

- (F) It is requested to enter into a Secondary Master Facility Agreement between FIRST PARTY and the Islamic Shariah compliant Commercial banks/Non-Bank Financial Institutions (NBFI) and also conventional banks/NBFI those having Islamic branches/window (hereinafter called the "PFIs") interested to avail this financing facility out of IsDB's fund;
- (G) The SECOND PARTY fulfils the eligibility criteria as set forth in clause of..... Circular....., dated is willing to avail the above mentioned financial facility on terms and conditions described in the said Circular;
- (H) SECOND PARTY has requested the Bank to participate in the financing of certain Asset as described in **Schedule-I** to this Contract;
- (I) The eligible Financing amount will be made available to SECOND PARTY on "first come first served" basis and subject to the availability of the eligible fund. First Party shall reserve the right to meet the request for eligible amount of PFIs in part or in full as considered appropriate by FIRST PARTY;
- (J) The purpose of this agreement is to set out the Parties' common understanding with regards to the implementation of the Project.

NOW THEREFORE the Parties agree as follows:

ARTICLE I - DEFINITION

Unless the context otherwise requires, the terms used in the preamble to this Agreement have the respective meaning therein set forth and the following additional terms have the following meaning:

- 1.1 Banks Any banking company operating in Bangladesh having license from Bangladesh Bank;
- 1.2 Eligible enterprises The SMEs which are suitable to invest by the PFIs according to the Circular no....., dated.....under the project;
- 1.3 Eligible Financing Amount The amount which is eligible to disburse to the PFI according to the circular issued under the project;
- 1.4 Mark up The profit which would be imposed on the disbursed amount to the PFIs at a rate subject to the concerned provision mentioned in the Circular no....., dated.....
- 1.5 PFIs Participating Financial Institutions, Islamic Shariah compliant Commercial banks/Non-Bank Financial Institutions (NBFI) and also conventional banks/NBFI those having Islamic branches/window participating under the project;

- 1.6 Project Assets The assets (Fixed assets, equipment machinery and working capital limited to raw materials and other tangible assets) comprising the Project or any part thereof as more particularly described in the Circular no....., dated.....;

- 1.7 Sub-Project An investment project of the eligible enterprise where the PFI intend to invest.

ARTICLE II - THE FINANCING FACILITY

- 2.1 **Purpose:** the purpose of this Contract is to make available to SECOND PARTY the eligible Financing Amount for the acquisition of the Assets;
- 2.2 **Promise to purchase:** SECOND PARTY acknowledges that the provision of the financing amount by the FIRST PARTY is subject to SECOND PARTY undertaking to purchase the Assets from the FIRST PARTY, “as is” and “where is”, upon delivery of the Asset. Accordingly, SECOND PARTY hereby undertakes to the FIRST PARTY that it shall purchase the Asset from the FIRST PARTY. SECOND PARTY also undertakes to indemnify the FIRST PARTY against any costs, expenses, damages or losses suffered by the FIRST PARTY in relying upon this provision in circumstances where SECOND PARTY is in default of its obligations thereto;
- 2.3 **Terms and Conditions:** The FIRST PARTY fixes the terms and conditions of the facility through its circular no....., dated.....

ARTICLE III- COMMITMENT TO THE OBJECTIVE OF THE PROJECT:

The SECOND PARTY declares its commitment to the objective of the Project executed by the FIRST PARTY throughCircular.....and to this end, carries out its activities for procuring assets with due diligence and efficiency.

ARTICLE IV- TRANSFER OF ASSET:

- 4.1 The FIRST PARTY shall authorize the SECOND PARTY as its agent to procure the Assets pursuant to the Agency Agreement in the form provided in Schedule-IV.
- 4.2 The FIRST PARTY shall transfer the ownership of the Asset to the SECOND PARTY on the date on which the SECOND PARTY countersigns (acceptance) the Murabaha Sale Contract in the form provided in Schedule-II. Henceforward possession of the Asset by the SECOND PARTY shall be deemed to be possession in its capacity as owner thereof and shall bear, from that date, the risk of damage, loss or destruction.
- 4.3 On the Murabaha Sale Contract - Acceptance Date, the FIRST PARTY and the SECOND PARTY shall be deemed to have concluded a Sale Agreement (constituted by the Sale Offer from FIRST PARTY and Sale Acceptance by SECOND PARTY) in the form provided in Schedule-II.

- 4.4 If the SECOND PARTY fails to notify the FIRST PARTY of its rejection of the Murabaha Sale Contract - Offer within 07 business days from the date of receiving the Sale Offer (the "Contemplated Sale Acceptance Date"), the SECOND PARTY will be deemed to have accepted the Sale Offer, and a Murabaha Sale Contract shall be deemed to have been concluded between the FIRST PARTY and the SECOND PARTY on the Contemplated Sale Acceptance Date.
- 4.5 The FIRST PARTY shall not have any responsibility or liability whatsoever to the SECOND PARTY or any other person or entity, with respect to any liability, loss or damage (for all assets procured by the SECOND PARTY as an agent of the FIRST PARTY):
- (a) caused (or alleged to be caused) directly or indirectly by the Asset or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith;
 - (b) resulting from the use or operation of the Asset or any risks relating thereto;
 - (c) resulting from any interruption of service, loss of business or anticipated profit or consequential damages.

ARTICLE V -DISCRETION OF SANCTION

FIRST PARTY shall have the sole discretion to refuse any request for procuring assets made by the SECOND PARTY if such request in FIRST PARTY's consideration does not conform to the objectives of the project, terms and conditions of the Financing Facility set forth in itsCircular..... dated.....and also the availability of fund.

ARTICLE VI - RECOVERY OF SALE PRICE

BB will realize the sale price of the project asset on maturity by debiting their current accounts (or their bank's account in case of NBF1) maintained with the Motijheel Office of BB.

ARTICLE VII -PUNITIVE MEASURES IN EVENT OF DEFAULT

In case, the SECOND PARTY is found to have received the eligible amount for procuring asset under the Project on the basis of such statement and information which may subsequently be proved false or incorrect, FIRST PARTY shall have the right to impose penalty fee at the rate of the Bank Rate above the mark up on that eligible amount. In such cases, FIRST PARTY will recover the entire outstanding amount with accrued mark up by way of debiting the current account of the SECOND PARTY. The penalty fee imposed is a deterrent to default not an income to the FIRST PARTY and shall be disposed off to charitable purposes by the FIRST PARTY in line with Shariah requirements.

ARTICLE VIII -MISCELLANEOUS

8.1 The SECOND PARTY shall be duly established and operating under the laws of the Country and shall:

- (a) maintain a sound financial structure, a healthy portfolio, and the organization, management, staff and other resources required for the efficient carrying out of its activities;
- (b) conduct its operation and affairs strictly under the Guidelines of conducting Islamic banking, 2009 issued by the FIRST PARTY in accordance with sound financial principles and practices;
- (c) maintain a Shariah based investment policy conducive to the growth and development of CMSME sector and maintain suitable procedures and adequate number of qualified staff to enable it effectively to:
 - (i) appraise the economic feasibility (including financial, technical and environmental) Sub-projects, to make finance to End-financing beneficiary in accordance with sound business with investment policy and in keeping with the principles, terms and conditions set forth in First Party's Guidelines for Conducting Islamic Banking, 2009 as well as the Circulars issued under the project;
 - (ii) supervise and monitor the activities regarding procuring project asset and proper use of it by the enterprises; and
 - (iii) undertake not to assign, amend, abrogate or waive any of its agreements with the End-financing beneficiary providing for investments or any provision thereof without the approval of the FIRST PARTY.

8.2 The SECOND PARTY shall comply with the obligations under this Master Facility Agreement in order to achieve the purpose of the Project including the right to:

- (a) inspect by FIRST PARTY itself or jointly with representatives of the GoB and/or the IsDB, any nominated person(s) by the FIRST PARTY such goods and sites, works, plants included in the investment to Sub-project of the eligible enterprises, the operation thereof, and any relevant records and documents;
- (b) obtain all such information as FIRST PARTY, GoB or IsDB shall request relating to the forgoing and to the administration, operation and financial conditions of the eligible enterprises and to the benefit to be derived from the concerned procuring the assets, including but not limited to the evidence of use of the proceeds/procurement of asset, financial statements for every accounting term;
- (c) suspend or terminate the right of the eligible enterprises to the use of the proceeds of the investment of the SECOND PARTY upon failure by such enterprise to perform its obligations under its contract with the SECOND PARTY; and
- (d) cause to comply with all the environmental regulations established by GoB and IsDB's guidelines for environmental and social consideration.

8.3. The SECOND PARTY shall only invest to the eligible enterprises exclusively for the purposes mentioned in the related circular(s) under the project.

ARTICLE IX -REPRESENTATIONS

9.1 SECOND PARTY represents and warrants that:

- 9.1.1 All governmental authorizations and actions of any kind necessary to authorize or required for the validity or enforceability of the obligations contemplated under this Agreement have been obtained or performed and are valid and subsisting in full force and effect.
- 9.1.2 Under the laws of Bangladesh in force at the date of this Agreement, the claims of the FIRST PARTY against SECOND PARTY under this Agreement will rank at least *pari passu* with the claims of all other unsecured creditors for any indebtedness of SECOND PARTY.

ARTICLE X - GOVERNING LAW AND SETTLEMENT OF DISPUTES

This Contract, including its Schedules, shall be governed by the laws of Bangladesh. Any disputes arising out of, or in connection with the present Agreement shall be finally settled through arbitration under the Arbitration Act-2001.

SCHEDULE I: FORM OF ASSET DESCRIPTION

- Asset Description:
- Asset Supplier details:
- Asset Price:
- Expected delivery Date:
- Other details:

SCHEDULE II: FORM OF MURABAHA SALE CONTRACT - OFFER

From: FIRST PARTY

Tel: +

Fax:

Email: _____

To: SECOND PARTY

Tel: +

Fax: +

Email: _____

Ref: SALE OFFER RELATING TO [*Insert Project Details - Title and Code*]

Dear Sirs,

We refer to:

- (i) The Master Facility Agreement (the "Agreement") executed between the _____ ("FIRST PARTY ") and _____ ("SECOND PARTY ") on ___/___/___
- (ii) The Delivery Notice certifying that the SECOND PARTY has duly taken delivery of the Asset (copy attached).

FIRST PARTY, hereby offers SECOND PARTY, to purchase from FIRST PARTY the Asset listed in the Delivery Notice. The terms of this Sale Offer are as follows:

- (a) **Sale Price:** the Sale Price is [... ..]. This amount is net of all Advance Payments.
- (b) **Payment Instalments:** you shall pay us the Sale Price in [... ..] Payment Instalments in accordance with the Payment Schedule attached hereto¹.
- (c) **No responsibility:** from the date of the Sale Agreement (concluded in accordance with Article II of the Contract), FIRST PARTY shall not have any responsibility or liability whatsoever to you or any other person or entity, with respect to any liability, loss or damage:
 - (i) caused (or alleged to be caused) directly or indirectly by the Asset or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; or
 - (ii) resulting from the use or operation of the Asset or any risks relating thereto; or
 - (iii) resulting from any interruption of service, loss of business or anticipated profit or consequential damages.

1. Depending on the arrangement between FIRST PARTY and SECOND PARTY, a payment schedule has to be attached.

- (d) **Non-waiver:** FIRST PARTY's failure or delay to exercise or assert any of our rights hereunder shall not prejudice such right or remedy and shall not be construed as a waiver of such right or remedy.

Within seven (07) Business Days from the date of receiving this Sale Offer, SECOND PARTY will be deemed to have accepted this Sale Offer, and a Sale Agreement shall be deemed to have been concluded between us on the Contemplated Sale Acceptance Date.

Please, kindly indicate your acceptance of this Sale Offer on the terms set out hereinabove by countersigning this Sale Offer herein below.

In Witness Whereof, we has executed and delivered this Sale Offer as of ___/___/___.

For and on behalf of
[insert name of the First Party]

Name:
Title:

MURABAHA SALE CONTRACT - ACCEPTANCE
--

The undersigned being duly authorized to execute and deliver this Sale Acceptance for and on behalf of [insert name of the Second Party] (SECOND PARTY), hereby confirms acceptance of the Sale Offer above and agreement to buy the Asset from the FIRST PARTY on the terms set out hereinabove.

By executing this Sale Acceptance, we acknowledge that we have executed a Murabaha Sale Contract with the (FIRST PARTY).

In Witness Whereof, we have executed this Sale Acceptance as of ___/___/___.

For and on behalf of
[insert name of the Second Party]

Name:
Title:

SCHEDULE III: FORM OF DELIVERY NOTICE

From:
Tel: +
Fax: +
Email: _____

To:
Tel:
Fax:
Email: _____

Dear Sirs,

DELIVERY NOTICE

We refer to the Master Facility Agreement (the Agreement) dated ___/___/___ concluded between us.

1. The undersigned is duly authorised to execute and deliver this Delivery Notice on behalf of _____[insert name of the Second Party] .
2. The Bank is hereby notified that the Asset, as listed in Agreement, have been delivered to us by the supplier [insert name of the supplier] as per the contract dated.....
3. We have reviewed the Asset and found them in conformity with the specification set out in the Agreement and accordingly accepted the Asset.
4. In issuing this Delivery Notice, we confirm that the asset has been duly delivered.

In witness whereof, this Delivery Notice is executed and delivered as of the date hereof.

For and on behalf of
[insert name of the Second Party]

Name | Title of the Signatory

SCHEDULE IV: FORM OF AGENCY AGREEMENT

From: FIRST PARTY

Tel: +

Fax:

Email: _____

To: SECOND PARTY

Tel: +

Fax: +

Email: _____

Ref: AGENCY AGREEMENT RELATING TO [*Insert Project Details - Title and Code*]

1.1. Authorisation and Acceptance of Agency:

1.1.1. Subject to the terms of the Master Facility Agreement, the FIRST PARTY hereby authorises the SECOND PARTY as its agent and the SECOND PARTY accepts such appointment to:

- (i) negotiate and agree the supply contracts, the Asset Prices, all specifications of the Assets (as described in SCHEDULE I: FORM OF ASSET DESCRIPTION) and all other terms and conditions relating to the procurement and delivery of the Assets under the respective supply contracts; and
- (ii) take delivery of the Assets in accordance with the terms of respective supply contracts.

1.1.2. In consideration of SECOND PARTY acting as FIRST PARTY's agent under this Agreement, FIRST PARTY shall pay SECOND PARTY ten (10) US Dollars the receipt and adequacy of which is acknowledged.

1.1.3. SECOND PARTY acknowledges that the Assets and the specifications thereof are satisfactory for their purposes under the agreement and the Procurement Procedures.

1.1.4. SECOND PARTY (as FIRST PARTY's agent) may appoint a third-party company to perform SECOND PARTY's procurement obligations under this Agreement and deliver the Assets; provided that SECOND PARTY shall be liable for all acts and omissions of that third-party in connection with the performance or non-performance of such obligations.

For and on behalf of
[insert name of the First Party]

For and on behalf of
[insert name of the Second Party]

Name:
Title:
Date: ____/____/

Name:
Title:
Date: ____/____/

MASTER FACILITY AGREEMENT EXECUTION PAGE

FOR AND ON BEHALF OF FIRST PARTY

Name:

Title:

FOR AND ON BEHALF OF SECOND PARTY

Name:

Title:

TERMS AND CONDITIONS OF ON- FINANCING FACILITY (OFF) TO PFIs

'On-Financing Facility means the investment by BB towards PFIs for purchasing Project Assets under LFSSP. The features of OFF are as follows:

- I. **Total Amount:** US\$ 46.95 million (approx. BDT 398.16 crore @ 1 US \$ = BDT 84.8050 as on 24/06/2021);
- II. **Currency:** Bangladesh Taka (BDT);
- III. **Mode of financing:** Murabaha (Instalment Sale) financing;
- IV. **Allocation of Fund under the project:** This financing facility will be provided to PFIs on "First Come First Served" basis;
- V. **Purchase Price of Project asset:** Financed amount for each disbursement;
- VI. **Mark up:** A Rate sum of Reference rate of 5-year US Dollar mid swap rates at the time of each drawdown from IsDB to GOB plus Financial Spread plus 0.5%. The financial spread means 135 basis points which will be revised depending on the prevailing financial market conditions at the time of semi-annual revision of IsDB Pricing mark-up. The source for 5-year USD Mid-Swap rate is "Bloomberg" and ID for it is "USSWAP5 Curncy";
- VII. **Procurement of Project assets by BB:** The bank will utilize the approved amount in each drawdown to procure the project assets and, in accordance with the promise to purchase hereunder, sell the same to the PFI;
- VIII. **Eligible Project assets:** Fixed assets, equipment machinery and working capital limited to raw materials and other tangible assets;
- IX. **Ineligible Project assets:** Personal finance or the purchase of shares and expenditures for goods and services supplied by parties in sanctioned countries declared as such by the UN (United Nations) and the OIC (Organization of Islamic Co-operation);
- X. **Promise to purchase:** PFI will irrevocably and unconditionally promise to purchase the project assets from BB "as in" and "where is" and in accordance with the terms set out hereunder;

- XI. Ownership of the Project Assets:** The ownership will pass from BB to the PFI upon concluding a Sale Agreement (comprised of the Sale Offer and the Sale Acceptance);
- XII. Types of OFF:** For working capital limited to raw materials and other tangible assets, OFF will be provided Short term basis (12 months) and for fixed assets/equipment machinery, it would be 5 years (long term basis), OFF of Mid-term (3 years) will also be allowed for fixed assets/equipment machinery where PFIs will have to submit a clear intention for it.
- XIII. Terms of Sale of Project Assets:**
- a) **Sale price:** Purchase Price plus Mark up;
 - b) **Payment of Sale price:** For OFF of Short term, sale price has to be paid to BB once at a time on maturity. For OFF of Mid and Long term, PFIs have to pay the sale price to BB on half yearly basis regardless the payment term of sale price from eligible project company/enterprise/entrepreneur;
 - c) **Payment date:** Each Payment date will be fixed at the next day of ending 360 days (for short term)/180 days (for mid-term and long term) from date of disbursement. If the day would be a holiday, the payment day will be the very next official day;
 - d) **Gestation period:** 6 (six) months from the date of disbursement for mid and long term OFF where first payment of sale price will be payable end of this gestation period;
 - e) **Recovery of sale price:** BB will realize the sale price of the project asset on maturity by debiting their current accounts (or their bank's account in case of NBFI) maintained with the Motijheel Office of BB;
- XIV. Documents need to be submitted for claiming OFF (per drawdown):**
- a. **The application** (as Annex-F);
 - b. **A Disbursement Plan:** An Integrated statement of Investment Plan after determining eligible CMSMEs having related information (as Annex-G);
 - c. **A Demand Promissory Note (DP Note)** concerning the payment of sale price as collateral (as Annex-H);
- XV. Others:**
- In case, BB is found to have received the eligible amount for procuring asset under the Project on the basis of such statement and information which may subsequently be proved false or incorrect, BB has the right to impose penalty fee at the rate of the Bank Rate above the mark up on that eligible amount. In such cases, BB will recover the entire outstanding amount with accrued mark up and penalty by way of debiting the current account of that PFI. The penalty fee imposed is a deterrent not an income to the FIRST PARTY and shall be disposed off to charitable purposes by the FIRST PARTY in line with Shariah requirements.

SAMPLE APPLICATION FOR OFF

Ref: _____ Date: _____

Project Director
 Line of Finance to Support SMEs Project under the IsDB SPRP
 for Covid-19, Restore Track (LFSSP)
 SME & Special Programmes Department
 Bangladesh Bank
 Head Office, Dhaka

Subject: **Application of On-Financing Facility for procuring project assets under SMESPD**
Circular No:, dated

Dear Sir,

Pursuant to the Master Facility Agreement signed between Bangladesh Bank and, on and SMESPD Circular No:....., dated:, we hereby submit the application of On-Financing Facility for procuring project asset for your kind approval, information of which are as follows:

1	Application no*:	
2	Requested Amount of OFF (BDT)	Short term (1yr):
		Mid term (3 yr.):
		Long term (5 yr.):
		Total Amount:
3	Mark up	A Rate sum of Reference rate of 5-year US DOLLAR mid swap rates at the time of each disbursement from IsDB to GoB plus Financial Spread (means 135 basis points which will be revised depending on the prevailing financial market conditions at the time of semi-annual revision of IsDB Pricing mark-up)
4	Payment of sale price	Short term: 360 days once at a time;
		Mid-term: 3 yrs. with semi-annual instalments;
		Long term: 5 yrs. with semi-annual instalments.
5	Account to be credited (in case of Non Bank Financial Institutions)	

* should be unique

Yours Faithfully,

(-----)
 Managing Director/
 Chief Executive Officer
 Phone No:

SAMPLE DISBURSEMENT PLAN FORM

Project No & Name: Line of Finance to Support SMEs Project under the IsDB SPRP for Covid-19, Restore Track, BGD-1074.

Statement Period:.....

Application Number:.....

Sl	Component/ category	Description of goods & services	Name & Address of contractor/supplier	Contact/Invoice date and ref.	Amount in BDT	Remarks*
1	4	5	6	7	8	

**whether women/youth-led enterprise or not*

SAMPLE DEMAND PROMISORY NOTE

Place for Special Sticky
stamp of due duty

Place:

Date:.....

We,, promise to pay on demand the undersigned, for the value received in the order of Bangladesh Bank by letter no:....., dated..... the sum of Taka..... (in word..... only) received for procuring project assets mentioned in the documents attached with the above mentioned letter with the mark up from the date of receiving finance (OFF) to the date of payment of sale price at the rate mentioned in the circular no....., dated.....

In case if the note is not paid within 10 days of the demand, the undersigned will then pay all attorney's fee and reasonable amount of all the cost of collection of the payable amount mentioned above.

For and on behalf of

Signature:

সেবা শিল্পসমূহ

- ১। তথ্য প্রযুক্তিভিত্তিক সেবা (আইসিটিএস) ও কর্মকাণ্ড। যেমন- সিস্টেমস এনালাইসিস, ডিজাইন, সলিউশন সিস্টেম উন্নয়ন, তথ্য সেবা প্রদান, কল সেন্টার সার্ভিস, অফশোর ডেভেলপমেন্ট সেন্টার (ওডিসি), বিজনেস প্রসেস আউট সোর্সিং (বিপিও) ইত্যাদি
- ২। কৃষিভিত্তিক কর্মকাণ্ড, যেমন- কৃষি পণ্য, শস্য, ফলমূল ও সবজি প্রক্রিয়াজাতকরণ, মৎস্য আহরণ, মৎস্য সংরক্ষণ ও বিপণন ইত্যাদি
- ৩। নির্মাণ শিল্প ও হাউজিং
- ৪। বৈদেশিক কর্মসংস্থান
- ৫। বিনোদন শিল্প
- ৬। জিনিং এ্যান্ড বেলিং
- ৭। হাসপাতাল ও ক্লিনিক
- ৮। নিউক্লিয়ার ও এনালাইটিক্যাল সেবা (যেমন- নিউক্লিয়ার চিকিৎসা সেবা)
- ৯। পর্যটন ও সেবা
- ১০। মানব সম্পদ উন্নয়ন, উচ্চমানের মেধা ও দক্ষতাসম্পন্ন নলেজ সোসাইটি
- ১১। বিভিন্ন ধরনের টেস্টিং ল্যাবরেটরী
- ১২। ফটোগ্রাফি
- ১৩। টেলিকমিউনিকেশন
- ১৪। পরিবহন ও যোগাযোগ
- ১৫। ওয়্যারহাউজ
- ১৬। ইঞ্জিনিয়ারিং কনসালট্যান্সি
- ১৭। ফিলিং স্টেশন (পেট্রোল পাম্প, সি এন জি স্টেশন, কনভার্সন সেন্টার)
- ১৮। প্রাইভেট ইনল্যান্ড কনটেইনার ডিপো এন্ড কনটেইনার ফ্রেইট স্টেশন
- ১৯। ট্যাংক টার্মিনাল
- ২০। চেইন সুপার মার্কেট/ শপিংমল
- ২১। এ্যাভিয়েশন সার্ভিস
- ২২। ইন্সপেকশন এন্ড টেস্টিং সার্ভিস
- ২৩। আঞ্চলিক ফিডার ভেসেল ও কোস্টাল জাহাজ চলাচল শিল্প
- ২৪। ড্রাই ডকিং ও জাহাজ মেরামত শিল্প
- ২৫। মডার্নাইজড ক্লিনিং সার্ভিস ফর হাইরাইজ এপার্টমেন্টস, কমার্শিয়াল বিল্ডিং
- ২৬। অটো মোবাইল সার্ভিসিং
- ২৭। টেকনিক্যাল ভোকেশনাল ইন্সটিটিউটস
- ২৮। বিজ্ঞাপন শিল্পখাত ও মডেলিং যেমন- প্রিন্ট মডেলিং, টিভি কমার্শিয়ালস, র‍্যাঙ্গম্প মডেলিং (ক্যাট ওয়াক/ ফ্যাশন)
- ২৯। মানসম্মত বীজের জন্য গবেষণা এবং উন্নয়ন
- ৩০। আউটসোর্সিং এবং সিকিউরিটি সার্ভিস (বেসরকারিভাবে নিরাপত্তারক্ষী/ জনবল সরবরাহ)
- ৩১। সমুদ্রগামী জাহাজ চলাচল ব্যবসা
- ৩২। চলচ্চিত্র শিল্প
- ৩৩। নিউজ পেপার শিল্প

(বিনামূল্যে প্রদেয়)

তারিখঃ

ব্যবস্থাপক

.....
.....

ছবি

সিএমএসএমই উদ্যোক্তা হিসেবে ঋণ/বিনিয়োগ এর আবেদন।

প্রিয় মহোদয়,

আমি/আমরা সিএমএসএমই উদ্যোক্তা হিসেবে আপনার প্রতিষ্ঠানের শাখা হতে আমার/আমাদের প্রতিষ্ঠানের অনুকূলে চলাতি মূলধন/ব্যবসা সম্প্রসারণ ও যন্ত্রপাতি ক্রয়/অন্যান্য বাবদ মাস মেয়াদে টাকার মেয়াদী/চলাতি ঋণ/বিনিয়োগ এর জন্য আবেদন করছি। নিম্নে আমার/আমাদের ব্যক্তিসত, ব্যবসা সংক্রান্ত এবং প্রস্তাবিত সিএমএসএমই ঋণ/বিনিয়োগ বিষয়ক তথ্য পেশ করা হ'ল।

১	আবেদনকারী প্রতিষ্ঠানের বৃত্তান্ত	
১.১	প্রতিষ্ঠানের নাম	ঃ
১.২	ট্রেড লাইসেন্স	ঃ
১.৩	ব্যবসায় বিনিয়োগকৃত মূলধন	ঃ
১.৪	টিসি (ট্যাক্স আইডেন্টিফিকেশন নম্বর)	ঃ
১.৫	ব্যাংক হিসাবের নাম ও নম্বর	ঃ
১.৬	প্রতিষ্ঠানের বার্ষিক বিক্রয় (প্রযোজ্য ক্ষেত্রে)	ঃ
১.৭	প্রতিষ্ঠানের মোট বার্ষিক আয়	ঃ
১.৮	প্রতিষ্ঠানের মোট বার্ষিক ব্যয়	ঃ
১.৯	প্রতিষ্ঠানের স্থায়ী সম্পদ (ভূমি ও ইমারত ব্যতীত)	ঃ
১.১০	প্রতিষ্ঠানে নিয়োজিত জনবলের সংখ্যা	ঃ
১.১১	মজুদ পণ্যের মূল্য	ঃ
২	আবেদনকারী প্রতিষ্ঠানের দায়	
২.১	ব্যাংক/আর্থিক প্রতিষ্ঠান	ঃ
২.২	অন্যান্য	ঃ
৩	আবেদনকারীর বৃত্তান্ত (অংশীদারি/যৌথমূলধনী কারবারের ক্ষেত্রে পরিচালকদের অনুরূপ তথ্য পৃথক কাগজে সংযুক্ত করতে হবে)	
৩.১	নাম	ঃ
৩.২	জাতীয় পরিচয়পত্র নম্বর	ঃ
৩.৩	প্রশিক্ষণ (প্রযোজ্য ক্ষেত্রে)	ঃ
৩.৪	টিসি (ট্যাক্স আইডেন্টিফিকেশন নম্বর)	ঃ
৪	জামানতের বিবরণ (প্রযোজ্য ক্ষেত্রে)	
৫	জমিনদার সম্পর্কিত তথ্য	
৫.১	নাম	ঃ
৫.২	জাতীয় পরিচয়পত্র নম্বর	ঃ
৫.৩	পেশা	ঃ
৫.৪	টিসি (ট্যাক্স আইডেন্টিফিকেশন নম্বর) (প্রযোজ্য ক্ষেত্রে)	ঃ
৫.৫	আবেদনকারীর সাথে সম্পর্ক	ঃ

[বিশেষ দ্রষ্টব্যঃ প্রয়োজন পৃথক কাগজ সংযুক্ত করতে হবে এবং ঋণ/বিনিয়োগ মঞ্জুরির জন্য আবশ্যিকীয় অন্য যে কোন তথ্য, প্রমাণপত্র এবং দলিলাদি ব্যাংক/আর্থিক প্রতিষ্ঠানের চাহিদা অনুযায়ী গ্রহণ করা করতে বাধ্য থাকবে।

জামিনদারের স্বাক্ষর ও তারিখ

এই মর্মে প্রত্যয়ন করছি যে, এ আবেদনপত্রে প্রদত্ত সকল তথ্যাদি সঠিক।

আবেদনকারীর স্বাক্ষর ও তারিখ

**TERMS AND CONDITIONS OF SUB-INVESTMENT TO ELIGIBLE
PROJECT COMPANY/ENTERPRISE**

‘Sub-investment’ means the investment by PFIs towards the eligible company/ enterprise for purchasing Project Assets under LFSSP. The features of sub-investment are as follows:

- I. **Currency:** Bangladeshi Taka (BDT);
- II. **Mode of Financing:** Murabaha Financing (Instalment Sale);
- III. **Other Eligibility Criteria of Project Companies/Enterprises:**
 - a. The Eligible Project company/enterprise (the end-client) must be a formal Bangladeshi business entity registered with the competent authority, operating prior to the Covid-19 crisis (registered in and before FY 2018-2019);
 - b. The business activities and financial flows of the eligible company/enterprise should be satisfactory in the preceding fiscal year of the crisis (during 2018-2019) and the company/enterprise must not be a defaulter of any kind of institutional investment before the crisis;
 - c. The eligible project companies should not be operating in the tourism or defence sectors;
 - d. The main business complies with the principles of Islamic Shariah.
- IV. **The Purpose of the Financing:** To finance fixed assets, equipment, machinery and working capital limited to raw materials and other tangible assets. It shall not however cover personal finance or the purchase of shares, and is not in reimbursement of, or to be used for, expenditures for goods and services supplied by parties in sanctioned countries declared as such by the United Nations and the Organization for Islamic Cooperation,
- V. **Purchase Price:** Financed (disbursed) amount to each enterprise plus a rate sum of Reference Rate of 5-year US Dollar mid swap rates at the time of each disbursement from IsDB to GoB plus Financial Spread (means 135 basis points which will be revised depending on the prevailing financial market conditions at the time of semi-annual revision of IsDB Pricing mark-up) on the disbursed amount plus 0.5%.
- VI. **Mark up:** Each PFI will receive mark up at a maximum of 4% on the financed amount to maintain a maximum sale price, which refers to financed (disbursed) amount to each enterprise plus a rate of maximum 7.18% on it from their end-client;

- VII. **Procurement of Project Assets by PFIs:** PFIs will utilize the approved amount in each drawdown to procure the project assets and, in accordance with the promise to purchase hereunder, sell the same to the eligible project companies/enterprises;
- VIII. **Promise to Purchase:** Each enterprise will irrevocably and unconditionally promise to purchase the project assets from the concerned PFI “as in” and “where is” and in accordance with the terms set out hereunder;
- IX. **Ownership of the Project Assets:** The ownership will pass from PFI to the enterprise upon concluding a Sale Agreement (comprised of the Sale Offer and the Sale Acceptance);
- X. **Distribution of Sub-investment:** Each PFI will have to distribute their sub-investment out of total OFF received from BB, to Women and Youth led enterprises about 20% of total CMSMEs;
- XI. **Types of Sub-investment:** For working capital limited to raw materials and other tangible assets, sub-investment will be provided Short term basis (12 months) and for fixed assets/equipment machinery, it would be a maximum of 5 years (long term basis), OFF of Mid-term (3 years) will also be allowed in this category where eligible enterprises will have to submit a clear intention for it;
- XII. **Maximum Investment Limit of Sub-investment for CMSME:**

Amount in Million BDT

Cottage	Micro			Small			Medium	
Manuf.	Manuf.	Service	Trading	Manuf.	Service	Trading	Manuf.	Service
1.5	10	2.5	5.0	200	50	50	750	500

(Source: SMESPD Circular no-2, dated 05/09/2019, this benchmark will be considered revised/amended according to any further change to be done by BB)

- XIII. **Terms of Sale of Project Assets:**
 - a) **Sale price:** Purchase Price plus Mark up;
 - b) **Payment of Sale price:** For sub-investment of Short term, sale price has to be paid to PFI once at a time on maturity. Early payment of sale price will also be acceptable in this regard. For sub-investment of Mid and Long term, eligible project company/enterprise/entrepreneur has to pay the sale price to PFI on quarterly/half yearly basis;
 - c) **Payment date:** Each Payment date will be fixed at the next day of ending 360 days (for short term)/90 days (for mid-term and long term) from date of disbursement. If the day would be a holiday, the payment day will be the very next official day;

- d) **Gestation period:** PFIs will have to consider gestation period of a period of 06 (Six) months for Mid and Long term sub-investment where first payment of sale price will be payable end of this gestation period;

XIV. Application of End-Client and the Process of Approval:

- a) The application for opening concerned investment account to be used for end-client under this facility must be in Bangla (sample as Annex-J). The usual form (if in Bangla) of PFI in this regard may be used having just a rubberstamped word "LFSSP";
- b) The officers of PFIs will assist to fill up the application of end-client and provide the receipt of application. PFIs will have to inform its end-client about their decision on it within an approved time line from the receiving of full filled up application;
- c) PFIs will consider sanctioning the request from end client at the branch level in case of Cottage and Micro enterprises;
- d) PFIs will release the fund as soon as possible after sanctioning it;
- e) An end-client can appeal for further reconsideration his/her application to the next higher authority if rejected primarily;
- f) PFIs must inform the applicants about the reasons for rejection without delay;
- g) The approval process must be transparent and hassle free for the applicant, these kinds of activities will go under monitoring by the project authority;
- h) The branch authority will have to preserve the database regarding application receiving date, date of sanction, date of disbursement and date & reasons for rejection etc.
- i) The PFIs have to maintain all effective prudential circulars issued by BRPD and SMESPD regarding the schedule of charges in this regard.

- XV. **Others:** A Tertiary Murabaha agreement (sample attached as Annex-L) between PFI and eligible enterprises has to be signed.

TERTIARY FACILITY AGREEMENT

UNDER
LINE OF FINANCE TO SUPPORT SMEs PROJECT UNDER THE IsDB SPRP FOR
COVID-19, RESTORE TRACK (BGD-1074)

BETWEEN

NAME OF THE PFI

AND

NAME OF CMSME

Dated ____/ ____/2021

TERTIARY FACILITY AGREEMENT

This Facility Agreement (the "Agreement") is entered into on ___/___/2021 between:

NAME OF PFI ("FIRST PARTY").

AND

NAME OF CMSME ("SECOND PARTY" or "ELIGIBLE END BENEFICIARY")

The FIRST and SECOND PARTY are hereinafter referred to as the "Parties".

WHEREAS,

- (A) FIRST PARTY signed a Secondary Master Facility Agreement with Bangladesh Bank under the project "Line of Finance to Support SMEs Project under the IsDB SPRP Covid-19, Restore Track (LFSSP)";
- (B) SECOND PARTY has requested the FIRST PARTY to participate in the financing of certain Asset as described in **Schedule-I** to this Contract;
- (C) FIRST PARTY has on ___/___/ approved and agreed on the basis, inter alia, of the foregoing to finance the Asset through Murabaha Financing for an amount not exceeding **BDT.....**(in word BDT.....only) upon the terms and conditions hereinafter set forth.
- (D) The purpose of this agreement is to set out the Parties' common understanding with regards to the implementation of the Project.

NOW THEREFORE the Parties agree as follows:

ARTICLE I - THE FINANCING FACILITY

1.1 Purpose: the purpose of this Contract is to make available to SECOND PARTY the Financing Amount, mentioned above, for the acquisition of the assets.

1.2 Promise to Purchase: SECOND PARTY acknowledges that the provision of the financing amount by the FIRST PARTY is subject to SECOND PARTY undertaking to purchase the Assets from the FIRST PARTY, "as is" and "where is", upon delivery of the Asset. Accordingly, SECOND PARTY hereby undertakes to the FIRST PARTY that it shall purchase the Asset from the FIRST PARTY. SECOND PARTY also undertakes to indemnify the FIRST PARTY against any costs, expenses, damages or losses suffered by the Bank in relying upon this provision in circumstances where SECOND PARTY is in default of its obligations thereto.

ARTICLE II- TRANSFER OF ASSET:

- 2.1 The FIRST PARTY shall authorize the SECOND PARTY as its agent to procure the assets pursuant to the Agency Agreement in the form provided in Schedule-IV.
- 2.2 The FIRST PARTY shall transfer the ownership of the Asset to the SECOND PARTY on the date on which the SECOND PARTY countersigns (acceptance) the Murabaha Sale Contract in the form provided in Schedule-II. Henceforward possession of the Asset by the SECOND PARTY shall be deemed to be possession in its capacity as owner thereof and shall bear, from that date, the risk of damage, loss or destruction.
- 2.3 On the Murabaha Sale Contract - Acceptance Date, the FIRST PARTY and the SECOND PARTY shall be deemed to have concluded a Sale Agreement (constituted by the Sale Offer and from FIRST PARTY and Sale Acceptance by SECOND PARTY) in the form provided in Schedule-II.
- 2.4 If the SECOND PARTY fails to notify the FIRST PARTY of its rejection of the Murabaha Sale Contract - Offer within 07 business days from the date of receiving the Sale Offer (the "Contemplated Sale Acceptance Date"), the SECOND PARTY will be deemed to have accepted the Sale Offer, and a Murabaha Sale Contract shall be deemed to have been concluded between the FIRST PARTY and the SECOND PARTY on the Contemplated Sale Acceptance Date.
- 2.5 The FIRST PARTY shall not have any responsibility or liability whatsoever to the SECOND PARTY or any other person or entity, with respect to any liability, loss or damage (for all assets procured by the SECOND PARTY as an agent of the FIRST PARTY):
 - (a) caused (or alleged to be caused) directly or indirectly by the Asset or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith;
 - (b) resulting from the use or operation of the Asset or any risks relating thereto;
 - (c) resulting from any interruption of service, loss of business or anticipated profit or consequential damages.

ARTICLE III -REPRESENTATIONS

3.1 SECOND PARTY represents and warrants that:

- 3.1.1 All governmental authorizations and actions of any kind necessary to authorize or required for the validity or enforceability of the obligations contemplated under this Agreement have been obtained or performed and are valid and subsisting in full force and effect.

3.1.2 Under the laws of Bangladesh in force at the date of this Agreement, the claims of the FIRST PARTY against SECOND PARTY under this Agreement will rank at least *pari passu* with the claims of all other unsecured creditors for any indebtedness of SECOND PARTY.

ARTICLE IV - GOVERNING LAW AND SETTLEMENT OF DISPUTES

This Contract, including its Schedules, shall be governed by the laws of Bangladesh. Any disputes arising out of, or in connection with the present Agreement shall be finally settled through arbitration under the Arbitration Act-2001.

SCHEDULE I: FORM OF ASSET DESCRIPTION

- Asset Description:

- Asset Supplier Details:

- Asset Price:

- Expected Delivery Date:

- Other Details:

SCHEDULE II: FORM OF MURABAHA SALE CONTRACT - OFFER

From: FIRST PARTY

Tel: +

Fax:

Email: _____

To: SECOND PARTY

Tel: +

Fax: +

Email: _____

Ref: SALE OFFER RELATING TO [*Insert Project Details - Title and Code*]

Dear Sirs,

We refer to:

- (i) The Tertiary Facility Agreement (the "Agreement") executed between the _____ ("FIRST PARTY ") and _____ ("SECOND PARTY ") on ___/___/___
- (ii) The Delivery Notice certifying that the SECOND PARTY has duly taken delivery of the Asset (copy attached).

FIRST PARTY, hereby offers SECOND PARTY, to purchase from FIRST PARTY the Asset listed in the Delivery Notice. The terms of this Sale Offer are as follows:

- (a) **Sale Price:** the Sale Price is [... ..]. This amount is net of all Advance Payments.
- (b) **Payment Instalments:** you shall pay us the Sale Price in [... ..] Payment Instalments in accordance with the Payment Schedule attached hereto. ²
- (c) **No responsibility:** from the date of the Sale Agreement (concluded in accordance with Article II of the Contract), FIRST PARTY shall not have any responsibility or liability whatsoever to you or any other person or entity, with respect to any liability, loss or damage: (i) caused (or alleged to be caused) directly or indirectly by the Asset or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; or (ii) resulting from the use or operation of the Asset or any risks relating thereto; or (iii) resulting from any interruption of service, loss of business or anticipated profit or consequential damages.

² Depending on the arrangement between FIRST PARTY and SECOND PARTY, a payment schedule has to be attached.

- (d) **Non-waiver:** FIRST PARTY's failure or delay to exercise or assert any of our rights hereunder shall not prejudice such right or remedy and shall not be construed as a waiver of such right or remedy.

Within seven (07) Business Days from the date of receiving this Sale Offer, SECOND PARTY will be deemed to have accepted this Sale Offer, and a Sale Agreement shall be deemed to have been concluded between us on the Contemplated Sale Acceptance Date.

Please, kindly indicate your acceptance of this Sale Offer on the terms set out hereinabove by countersigning this Sale Offer herein below.

In Witness Whereof, we has executed and delivered this Sale Offer as of ___/___/___.

For and on behalf of
[insert name of the First Party]

Name:
Title:

MURABAHA SALE CONTRACT - ACCEPTANCE
--

The undersigned being duly authorized to execute and deliver this Sale Acceptance for and on behalf of [insert name of the Second Party] (SECOND PARTY), hereby confirms acceptance of the Sale Offer above and agreement to buy the Asset from the FIRST PARTY on the terms set out hereinabove.

By executing this Sale Acceptance, we acknowledge that we have executed a Murabaha Sale Contract with the (FIRST PARTY).

In Witness Whereof, we have executed this Sale Acceptance as of ___/___/___.

For and on behalf of
[insert name of the Second Party]

Name:
Title:

SCHEDULE III: FORM OF DELIVERY NOTICE

From:
Tel: +
Fax: +
Email: _____

To:
Tel:
Fax:
Email: _____

Dear Sirs,

DELIVERY NOTICE

We refer to the Master Facility Agreement (the Agreement) dated ___/___/___ concluded between us.

1. The undersigned is duly authorised to execute and deliver this Delivery Notice on behalf of _____ [insert name of the Second Party] .
2. The Bank is hereby notified that the Asset, as listed in Agreement, have been delivered to us by the supplier [insert name of the supplier] as per the contract dated.....
3. We have reviewed the Asset and found them in conformity with the specification set out in the Agreement, and accordingly accepted the Asset.
4. In issuing this Delivery Notice, we confirm that the asset has been duly delivered.

In witness whereof, this Delivery Notice is executed and delivered as of the date hereof.

For and on behalf of
[insert name of the Second Party]

Name | Title of the Signatory

SCHEDULE IV: FORM OF AGENCY AGREEMENT

From: FIRST PARTY

Tel: +

Fax:

Email: _____

To: SECOND PARTY

Tel: +

Fax: +

Email: _____

Ref: AGENCY AGREEMENT RELATING TO [*Insert Project Details - Title and Code*]

1.1. Authorisation and Acceptance of Agency:

1.1.1. Subject to the terms of the Tertiary Facility Agreement, the FIRST PARTY hereby authorises the SECOND PARTY as its agent and the SECOND PARTY accepts such appointment to:

- (i) negotiate and agree the supply contracts, the Asset Prices, all specifications of the Assets (as described in SCHEDULE I: FORM OF ASSET DESCRIPTION) and all other terms and conditions relating to the procurement and delivery of the Assets under the respective supply contracts; and
- (ii) take delivery of the Assets in accordance with the terms of respective supply contracts.

1.1.2. In consideration of SECOND PARTY acting as FIRST PARTY's agent under this Agreement, FIRST PARTY shall pay SECOND PARTY BDT(in word..... only) including VAT & Tax the receipt and adequacy of which is acknowledged.

1.1.3. SECOND PARTY acknowledges that the Assets and the specifications thereof are satisfactory for their purposes under the agreement and the Procurement Procedures.

For and on behalf of
[insert name of the First Party]

For and on behalf of
[insert name of the Second Party]

Name:
Title:
Date: ____/____/

Name:
Title:
Date: ____/____/

MASTER FACILITY AGREEMENT EXECUTION PAGE

FOR AND ON BEHALF OF FIRST PARTY

Name:

Title:

FOR AND ON BEHALF OF SECOND PARTY

Name:

Title: