

Annex-9: Legal Due Diligence

Legal Due Diligence

PKSF was established by the Government of Bangladesh as a ‘not-for-profit’ company registered under the Companies Act 1913/1944. Under this act, PKSF can implement the proposed activities anywhere in Bangladesh. Hence, further insurance and regulatory requirements are not needed for implementation of any Activity envisaged under the project including Environmental Impact Assessment (EIA). There is no issue of land rights to implement the proposed activities.

The procurement of goods and services will follow Public Procurement Act, 2006 and Public Procurement Rules, 2008 of the government of Bangladesh (GoB).

PKSF, the AE for the project, is the public organization of the host country and working under Financial Institution Division of the Ministry of Finance. So, no other agreement is required for the implementation of this specific project.

PKSF will select the IEs through a competitive process. The IEs will be responsible to procure local level contractors and other service providers to deliver the project supports to the beneficiaries. The PMU will provide them day-to-day technical guidance, monitor them, review financial and progress reports, visit their field level activities, ensure qualities and compliances and so on. As PKSF and IEs are supporting implementation, the planned interventions will comply with GoB’s rules and regulations. Value Added Tax and Income Tax will be applicable as per Public Procurement Rules, 2008 of the Government of Bangladesh.

PKSF enjoys income tax exemptions” mean that the retained surplus generated from the loan program of PKSF is exempted from the income tax. This facility allows PKSF to offer subsidised loans to poor people.

No license is required to implement any of the proposed activities with either GCF proceeds or PKSF co-finance. The project has received NOL from the NDA which is applicable for local level permissions (if any requirement).

The project will require approval/clearance from the central Bank of Bangladesh in order for PKSF to be able to transfer funds (including investment income and unused funds) from Bangladesh to the GCF.