



PHASE 1: 1.4

Legal, Regulatory, and Compliance Issues

December 2024

Revised on January 15, 2025

1. Legal Considerations

1.1. Grant Agreement Development:

- (a) **Clarity and enforceability:** The grant agreement must clearly outline the terms, conditions, obligations, and rights of all parties involved.
- (b) **Intellectual property rights (IPR):** Define how intellectual property generated during the project will be owned, shared, or licensed.
- (c) **Liability and indemnity:** Specify the extent of liability for both grant recipients and SICIP, Finance Division to mitigate legal risks.
- (d) **Dispute resolution:** Include mechanisms for resolving conflicts, such as arbitration or mediation clauses.
- (e) **Termination clauses:** Outline conditions under which the grant agreement can be terminated or modified.
- (f) **Compliance with local laws and regulations:** Ensure the agreement adheres to laws of Bangladesh and any applicable international legal standards.

1.2. Eligibility and Application Requirements:

- (a) Ensure applicants meet the legal definitions of eligible entities (academia, industry bodies, SMEs).
- (b) Require proof of registration, licenses, and permits for industry and research entities.

1.3. Confidentiality and Data Protection:

- (a) Include clauses protecting confidential business information and sensitive data in line with applicable privacy laws.
- (b) Address data handling, storage, and sharing protocols to ensure data security and privacy.

2. Regulatory Issues

2.1. Compliance with National and International Regulations:

- (a) Ensure funded projects comply with Bangladesh's regulatory framework for industries such as pharmaceuticals, agriculture, and renewable energy.
- (b) Adhere to international standards where applicable (e.g., environmental regulations, ISO standards).

2.2. Financial Regulations:

- (a) Ensure grant funds are disbursed and reported in compliance with SICIP Financial Manual, ADB guidelines and government financial management policies and procedures.
- (b) Address issues related to double funding (e.g., grants cannot duplicate funds from other government or non-government sources).

2.3. Reporting and Auditing:

- (a) Develop robust reporting mechanisms to ensure transparency in the use of grant funds.
- (b) Grant recipients must maintain accurate financial records and comply with auditing requirements outlined in the grant agreement.

2.4. Workplace Safety and Environmental Compliance:

- (a) Ensure grant-funded projects adhere to occupational health and safety regulations and environmental sustainability practices.

3. Compliance Considerations

3.1. Due Diligence and Risk Management:

- (a) Conduct background checks on applicants and partners to assess financial and operational integrity.
- (b) Implement risk assessment processes to mitigate potential fraud, conflicts of interest, and mismanagement.

3.2. Grant Expenditure Monitoring:

- (a) Develop a clear framework for eligible and ineligible expenditures.
- (b) Ensure compliance with guidelines to prevent misuse of funds (e.g., no retrospective costs or capital expenditures).

3.3. Conflict of Interest Management:

- (a) Require declarations of any potential conflicts of interest and outline steps for managing these conflicts.

3.4. Public Disclosure and Transparency:

- (a) Publish non-sensitive details of approved grants (e.g., project names, funding amounts) to promote transparency and accountability.

3.5. Capacity Building Workshop:

- (a) Mandate grant management, reporting and compliance workshop for successful applicants to ensure they understand their compliance obligations.

4. Preparation of the Grant Agreement

4.1. Key Sections to Include:

- (a) Parties to the agreement: Identify grant recipient and partnering organizations.
- (b) Scope and objectives: Clearly define the project goals and expected outcomes.
- (c) Funding amount and payment terms: Specify total grant amount, payment terms, and conditions for disbursement.
- (d) Project milestones and deliverables: Outline key milestones, timelines, and deliverables.
- (e) Reporting requirements: Detail the format, frequency, and content of required reports.
- (f) Intellectual Property management: State ownership and usage rights of project-generated IP.
- (g) Compliance obligations: Include legal, regulatory, CoI and ethical compliance clauses.
- (h) Audit and record-keeping: Specify requirements for maintaining and submitting records.
- (i) Dispute resolution and termination: Procedures for handling disputes and conditions for termination.

4.2. Execution Process:

- (a) Grant agreement to be executed within a specified period after approval.
- (b) Managed through an online portal to streamline communication and documentation.