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LOAN NUMBER 2332-BAN

LOAN AGREEMENT  
(Ordinary Operations)  
(Sustainable Power Sector Development Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 28 JUNE 2007

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LAL: BAN 36107

## **LOAN AGREEMENT (Ordinary Operations)**

LOAN AGREEMENT dated 28 June 2007 between PEOPLE'S REPUBLIC OF BANGLADESH (hereinafter called the Borrower) and ASIAN DEVELOPMENT BANK (hereinafter called ADB).

### **WHEREAS**

(A) the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(B) the Borrower has also applied to ADB for a loan from its Special Funds resources for the purpose of the Program described in Schedule 1 to the Program Loan Agreement referred to in Recital (D) (hereinafter called the Program);

(C) the Borrower has also applied to ADB for a loan from its Special Funds resources for the purpose of the Project described in Schedule 1 to the Special Operations Project Loan Agreement referred to in Recital (E) (hereinafter called the Special Operations Project);

(D) by agreement of even date herewith between the Borrower and ADB (hereinafter called the Program Loan Agreement), ADB has agreed to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to forty million four hundred fifty thousand Special Drawing Rights (SDR 40,450,000) for the purpose of the Program (hereinafter called the Program Loan);

(E) by agreement of even date herewith between the Borrower and ADB (hereinafter called the Special Operations Project Loan Agreement), ADB has agreed to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to three million three hundred seventy one thousand Special Drawing Rights (SDR 3,371,000) for the purpose of the Special Operations Project (hereinafter called the Special Operations Project Loan);

(F) the Project will be carried out by Bangladesh Power Development Board (hereinafter called BPDB), Power Grid Company of Bangladesh Limited (hereinafter called PGCB), Dhaka Electric Supply Company Limited (hereinafter called DESCO) and Dhaka Power Distribution Company Limited (hereinafter called DPDC), and for this purpose the Borrower will make available to BPDB (and its successor entity), PGCB, DESCO and DPDC the proceeds of the Loan provided for herein upon terms and conditions satisfactory to ADB; and

(G) ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein and in the Project Agreements herewith between (i) ADB and BPDB (hereinafter called BPDB/ Northwest Power Generation Company Limited Project Agreement), (ii) ADB and PGCB (hereinafter called PGCB Project Agreement), (iii) ADB and DESCO (hereinafter called DESCO Project Agreement), and (iv) ADB and DPDC (hereinafter called DPDC Project Agreement);

NOW THEREFORE the parties hereto agree as follows:

## **ARTICLE I**

### **Loan Regulations; Definitions**

Section 1.01. All the provisions of the Ordinary Operations Loan Regulations Applicable to LIBOR-Based Loans Made from ADB's Ordinary Capital Resources, dated 1 July 2001, are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Loan Agreement, unless the context otherwise requires, the several terms defined in the Loan Regulations have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) "BERC" means the Borrower's Bangladesh Energy Regulatory Commission established in April 2004 pursuant to Act No. 13 of 2003 of the Borrower;

(b) "BPDB" means Bangladesh Power Development Board, established and operating under the President's Order No. 59 of 1972 (the Bangladesh Water and Power Development Board Order, 1972) including its successor company for the Sirajganj peaking power station and Khulna peaking power station, tentatively called the Northwest Power Generation Company Limited (NWPGC);

(c) "BPDB/Northwest Power Generation Company Limited Subsidiary Loan Agreement" means the Subsidiary Loan Agreement between the Borrower and BPDB referred to in Section 3.01(b)(i) of this Loan Agreement;

(d) "Component" means each of the Project parts as described in Schedule 1 to this Loan Agreement;

(e) "Consulting Guidelines" means ADB's "Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers" dated April 2006, as amended from time to time;

(f) "Committee" means the grievance redress committee as referred to in paragraph 16 of Schedule 5 to this Loan Agreement;

(g) "DESA" means Dhaka Electric Supply Authority established under the Borrower's Dhaka Electric Supply Authority Act No-36 of 1990, as amended;

(h) "DESCO" means Dhaka Electric Supply Company Limited, incorporated as a company under the Borrower's Companies Act, 1994, as amended, and including any legal successor thereto;

(i) “DESCO Subsidiary Loan Agreement” means the Subsidiary Loan Agreement between the Borrower and DESCO referred to in Section 3.01(b)(iv) of this Loan Agreement;

(j) “DPDC” means Dhaka Power Distribution Company Limited, incorporated as a company under the Borrower’s Companies Act, 1994, as amended;

(k) “DPDC Subsidiary Loan Agreement” means the Subsidiary Loan Agreement between the Borrower and DPDC referred to in Section 3.01(b)(iii) of this Loan Agreement;

(l) “Goods” means equipment and materials to be financed out of the proceeds of the Loan; and including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding consulting services;

(m) “HIV/AIDS” means Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome;

(n) “IEE” means the initial environmental examination for the Project and agreed between the Borrower and ADB;

(o) “MOF” means the Ministry of Finance of the Borrower and any successor thereto;

(p) “PGCB” means Power Grid Company of Bangladesh Limited, incorporated as a company under the Borrower’s Companies Act, 1994, as amended;

(q) “PGCB Subsidiary Loan Agreement” means the Subsidiary Loan Agreement between the Borrower and PGCB referred to in Section 3.01(b)(ii) of this Loan Agreement;

(r) “Procurement Guidelines” means ADB’s “Procurement Guidelines” dated April 2006, as amended from time to time;

(s) “Procurement Plan” means the procurement plan for the Project dated 26 September 2006 and agreed between the Borrower and ADB, as updated from time to time in accordance with Procurement Guidelines, Consulting Guidelines, and other arrangements agreed with ADB;

(t) “Project” means the project as described in Schedule 1 to this Loan Agreement;

(u) “Project Executing Agencies” means, BPDB, or any legal successor acceptable to ADB for Component A of the Project; PGCB, or any legal successor acceptable to ADB for Component B of the Project; DPDC, or any legal successor acceptable to ADB for Component C of the Project; and DESCO, or any legal successor acceptable to ADB for Component D of the Project, as more fully described in paragraph 1 of Schedule 5 to this Loan Agreement;

(v) “Project Agreement” means each of the Project Agreements between ADB and BPDB/Northwest Power Generation Company Limited, DESCO, DPDB, and PGCB respectively;

(w) "Project Facilities" means the facilities to be constructed, provided or maintained under the Project;

(x) "RP" means the Resettlement Plan prepared by the Borrower for the Project in accordance with its laws and regulations and ADB's Policy on Involuntary Resettlement, 1995, as agreed with ADB in August 2006, and referred to in paragraph 11 of Schedule 5 to this Loan Agreement;

(y) "RRP" means the Report and Recommendation of the President to ADB's Board of Directors for this Project;

(z) "Subsidiary Loan Agreement" means each of the subsidiary loan agreements to be entered into between the Borrower and each of the Project Executing Agencies with respect to the funds lent under the Project as described in Section 3.01(a) of this Loan Agreement;

(aa) "Taka" means the currency of the Borrower; and

(bb) "Works" means construction or Works to be financed out of the proceeds of the Loan, and including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract, but excluding consulting services.

## **ARTICLE II**

### **The Loan**

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of four hundred million dollars (\$400,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(b) The Loan has a term of 25 years, including a grace period of 5 years, as provided in Schedule 2 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of LIBOR and 0.60% as provided by Section 3.02 of the Loan Regulations.

Section 2.03. (a) The Borrower shall pay a commitment charge at the rate of three-fourths of one percent (0.75%) per annum. Such charge shall accrue on amounts of the Loan (less amounts withdrawn from time to time), during successive periods commencing sixty (60) days after the date of this Loan Agreement, as follows:

during the first twelve-month period, on \$60,000,000;  
during the second twelve-month period, on \$180,000,000;

during the third twelve-month period, on \$340,000,000; and thereafter, on the full amount of the Loan.

(b) If any amount of the Loan is cancelled, the amount of each portion of the Loan stated in paragraph (a) of this Section shall be reduced in the same proportion as the cancellation bears to the full amount of the Loan before such cancellation.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 1 February and 1 August in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 2 to this Loan Agreement.

Section 2.06. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

- (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and
- (iii) the setting of limits on the Floating Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Floating Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(6) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

### **ARTICLE III**

#### **Use of Proceeds of the Loan**

Section 3.01. (a) Out of the proceeds of the Loan, the Borrower shall relend (i) one hundred forty five million hundred ten thousand dollars (\$145,110,000), together with other funds, if any, required for the Project to BPDB under the BPDB/Northwest Power Generation Company Limited Subsidiary Loan Agreement for the purpose of carrying out Component A of the Project as described in Schedule 1 to this Loan Agreement; (ii) one hundred five million ninety thousand dollars (\$ 105,090,000), together with other funds, if any, required for the Project to PGCB under the PGCB Subsidiary Loan Agreement for the purpose of carrying out Component B of the Project as described in Schedule 1 to this Loan Agreement; (iii) forty nine million six hundred thirty thousand dollars (\$ 49,630,000), together with other

funds, if any, required for the Project to DPDC under the DPDC Subsidiary Loan Agreement for the purpose of carrying out Component C; and (iv) one hundred million hundred seventy thousand dollars (\$100,170,000), together with other funds, if any, required for the Project to DESCO under the DESCO Subsidiary Loan Agreement for the purpose of carrying out Component D of the Project as described in Schedule 1 to this Loan Agreement . Except as ADB may otherwise agree, the terms for relending the proceeds of the Loan shall include interest at the rate of five and a half percent (5.5%) per annum (inclusive of foreign exchange risk) and a repayment period of 20 years including a grace period of 5 years.

(b) The Borrower shall cause BPDB, DESCO, DPDC, and PGCB to apply the proceeds of the Loan to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreements.

Section 3.02. The Goods, Works and consulting services and other items of expenditure to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan among different categories of such Goods, Works and consulting services and other items of expenditure shall be in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, all Goods, Works and consulting services to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 4 to this Loan Agreement. ADB may refuse to finance a contract where Goods, Works or consulting or services have not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

Section 3.04. Except as ADB may otherwise agree, the Borrower shall cause all Goods, Works and consulting services financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.05. The closing date for withdrawals from the Loan Account for the purposes of Section 9.02 of the Loan Regulations shall be 30 June 2010 or such other date as may from time to time be agreed between the Borrower and ADB.

## **ARTICLE IV**

### **Particular Covenants**

Section 4.01. (a) The Borrower shall cause BPDB, DESCO, DPDC, and PGCB to carry out the Project with due diligence and efficiency and in conformity with sound administrative, financial, engineering, environmental and power sector development practices.

(b) In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Loan Agreement.

Section 4.02. The Borrower shall make available to BPDB, DESCO, DPDC, and PGCB, promptly as needed and on terms and conditions acceptable to ADB, the funds, facilities, services, land and other resources which are required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 4.03. The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project and operation of the Project facilities are conducted and coordinated in accordance with sound administrative policies and procedures.

Section 4.04. The Borrower shall take all action which shall be necessary on its part to enable BPDB, DESCO, DPDC, and PGCB to perform its obligations under the Project Agreements, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.05. (a) The Borrower shall exercise its rights under the Subsidiary Loan Agreements in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

(b) No rights or obligations under the Subsidiary Loan Agreements shall be assigned, amended, abrogated or waived without the prior concurrence of ADB.

## **ARTICLE V**

### **Suspension; Cancellation; Acceleration of Maturity**

Section 5.01. The following are specified as additional events for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 9.01(l) of the Loan Regulations.

(a) the Borrower or BPDB shall have failed to perform any of its obligations under the BPDB/Northwest Power Generation Company Limited Subsidiary Loan Agreement;

(b) the Borrower or DESCO shall have failed to perform any of its obligations under DESCO Subsidiary Loan Agreement;

(c) the Borrower or DPDC shall have failed to perform any of its obligations under the DPDC Subsidiary Loan Agreement;

(d) the Borrower or PGCB shall have failed to perform any of its obligations under the PGCB Subsidiary Loan Agreement;

(e) the Borrower shall have failed to perform any of its obligations under the Program Loan Agreement; and

(f) the Borrower shall have failed to perform any of its obligations under the Special Operations Project Loan Agreement.



Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 9.07(a)(iv) of the Loan Regulations: any of the events specified in Section 5.01 of this Loan Agreement shall have occurred.

## **ARTICLE VI**

### **Effectiveness**

Section 6.01. The following are specified as additional conditions to the effectiveness of this Loan Agreement for the purposes of Section 10.01(f) of the Loan Regulations:

(a) the Northwest Power Generation Company Limited shall have been registered with the Registrar of the Joint Stock Companies of Bangladesh under the Companies Act, 1994, as amended;

(b) BPDB's Board of Directors' approval for the transfer of all management, implementation, operational, and fiscal authority of BPDB's Sirajganj peaking power station and Khulna peaking power station to NWPGC;

(c) the BPDB/Northwest Power Generation Company Limited Subsidiary Loan Agreement, in form and substance satisfactory to ADB, shall have been duly executed and delivered on behalf of the Borrower and BPDB, and shall have become fully effective and binding upon the parties thereto in accordance with its terms, subject only to the effectiveness of this Loan Agreement;

(d) the DPDC Subsidiary Loan Agreement, in form and substance satisfactory to ADB, shall have been duly executed and delivered on behalf of the Borrower and DPDC, and shall have become fully effective and binding upon the parties thereto in accordance with its terms, subject only to the effectiveness of this Loan Agreement;

(e) the DESCO Subsidiary Loan Agreement, in form and substance satisfactory to ADB, shall have been duly executed and delivered on behalf of the Borrower and DESCO, and shall have become fully effective and binding upon the parties thereto in accordance with its terms, subject only to the effectiveness of this Loan Agreement;

(f) the PGCB Subsidiary Loan Agreement, in form and substance satisfactory to ADB, shall have been duly executed and delivered on behalf of the Borrower and PGCB, and shall have become fully effective and binding upon the parties thereto in accordance with its terms, subject only to the effectiveness of this Loan Agreement;

(g) the Program Loan Agreement shall have been duly executed and delivered on behalf of the Borrower, and all conditions precedent to its effectiveness (other than conditions requiring the effectiveness of this Loan Agreement and the Special Operations Project Loan Agreement) shall have been fulfilled; and

(h) the Special Operations Project Loan Agreement shall have been duly executed and delivered on behalf of the Borrower, and all conditions precedent to its

effectiveness (other than conditions requiring the effectiveness of this Loan Agreement and the Program Loan Agreement) shall have been fulfilled.

Section 6.02. The following are specified as additional matters, for the purposes of Section 10.02(d) of the Loan Regulations, to be included in the opinion or opinions to be furnished to ADB:

(a) the BPDB/Northwest Power Generation Company Limited Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Borrower and BPDB, and is legally binding upon the parties thereto in accordance with its terms subject only to the effectiveness of this Loan Agreement;

(b) the DPDC Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Borrower and DPDC, and is legally binding upon the parties thereto in accordance with its terms subject only to the effectiveness of this Loan Agreement;

(c) the DESCO Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Borrower and DESCO, and is legally binding upon the parties thereto in accordance with its terms subject only to the effectiveness of this Loan Agreement; and

(d) the PGCB Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Borrower and PGCB, and is legally binding upon the parties thereto in accordance with its terms subject only to the effectiveness of this Loan Agreement.

Section 6.03. A date ninety (90) days after the date of this Loan Agreement is specified for the effectiveness of the Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

## **ARTICLE VII**

### **Delegation of Authority**

Section 7.01. The Borrower hereby designates BPDB, DESCO, DPDC, and PGCB its agent for the purposes of taking any action or entering into any agreement required or permitted under Sections 3.02, 3.03 and 3.05 of this Loan Agreement and under Sections 6.01, 6.02, 6.03 and 6.04 of the Loan Regulations.

Section 7.02. Any action taken or any agreement entered into by BPDB, DESCO, DPDC, or PGCB pursuant to the authority conferred under Section 7.01 of this Loan Agreement shall be fully binding on the Borrower and shall have the same force and effect as if taken by the Borrower.

Section 7.03. The authority conferred on BPDB, DESCO, DPDC or PGCB under Section 7.01 of this Loan Agreement may be revoked or modified by agreement between the Borrower and ADB.

## **ARTICLE VIII**

### **Miscellaneous**

Section 8.01. The Secretary, or any Additional Secretary, Joint Secretary, Deputy Secretary, Deputy Chief, Senior Assistant Secretary, Senior Assistant Chief, Assistant Secretary or Assistant Chief of Economic Relations Division, Ministry of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 8.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

#### For the Borrower

Economic Relations Division  
Ministry of Finance  
Government of the People's Republic of Bangladesh  
Sher-e-Bangla Nagar  
Dhaka 1207, Bangladesh

Facsimile Number:

(880-2) 811-3088

#### For ADB

Asian Development Bank  
P.O. Box 789  
0980 Manila, Philippines

Cable Address:

ASIANBANK  
MANILA

Telex Numbers:

29066 ADB PH (RCA)  
42205 ADB PM (ITT)  
63587 ADB PN (ETPI)

Facsimile Numbers:

(632) 636-2444  
(632) 636-2391.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and to be delivered at the principal office of ADB, as of the day and year first above written.

PEOPLE'S REPUBLIC OF BANGLADESH

By \_\_\_\_\_  
Authorized Representative

ASIAN DEVELOPMENT BANK

By \_\_\_\_\_

## SCHEDULE 1

### Description of the Project

1. The objective of the Project is to increase power supply capacity with improved reliability through (i) increasing peak load generation capacity; (ii) expanding power transmission systems to enhance network reliability; and (iii) augmenting power distribution systems.

2. The Project consists of the following four components:

#### **Component A: Clean Energy Capacity Expansion**

- (i) Construction of a 150MW natural gas-fired simple cycle gas turbine peaking power plant in Sirajganj including its auxiliaries; and
- (ii) Construction of a 150 MW natural gas-fired simple cycle gas turbine peaking power plant in Khulna including auxiliaries and associated underground connecting transmission line to Khulna central substation.

#### **Component B: Transmission System Efficiency Improvements**

- (i) Construction of a 400kV overhead transmission line from Meghnaghat to Aminbazar including bay extensions;
- (ii) Improvement of 230kV transmission system in Aminbazar – Old Dhaka Airport and Dhaka University areas and its associated substations; and
- (iii) Construction of three 132kV system transmission lines and their associated substations in western and northwestern regions of the territory of the Borrower.

#### **Component C: Distribution System Efficiency Improvements in DESA Area**

- (i) Reinforcement, renovation and augmentation of 10 existing 33/11kV substations in the area covered by DESA's authority;
- (ii) Development of 132/33kV and 33/11kV substations in the area covered by DESA's authority;
- (iii) Procurement and installation of 3x50/75 Mega Volt Ampere, 132/133kV transformers and associated equipment in three existing 132/33kV substations; and
- (iv) Upgrading of Shyampur Bangladesh Small and Cottage Industries Corporation 11kV switching station.

#### **Component D: Distribution System Efficiency Improvements in DESCO Area**

- (i) Upgrading and expansion of distribution system in Gulshan Circle and the Tongi area; and
- (ii) Upgrading and expansion of distribution system in Mirpur Circle area.

3. The Project is expected to be completed by 31 December 2009.

## SCHEDULE 2

### Amortization Schedule

#### (Sustainable Power Sector Development Project)

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by ADB by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<u>Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
01-Feb-2012	0.83
01-Aug-2012	0.87
01-Feb-2013	0.91
01-Aug-2013	0.96
01-Feb-2014	1.01
01-Aug-2014	1.06
01-Feb-2015	1.11
01-Aug-2015	1.16
01-Feb-2016	1.22
01-Aug-2016	1.28
01-Feb-2017	1.35
01-Aug-2017	1.42
01-Feb-2018	1.49
01-Aug-2018	1.56
01-Feb-2019	1.64
01-Aug-2019	1.72
01-Feb-2020	1.81
01-Aug-2020	1.90
01-Feb-2021	1.99
01-Aug-2021	2.09
01-Feb-2022	2.20
01-Aug-2022	2.31
01-Feb-2023	2.42
01-Aug-2023	2.54
01-Feb-2024	2.67
01-Aug-2024	2.80
01-Feb-2025	2.94
01-Aug-2025	3.09

01-Feb-2026	3.25
01-Aug-2026	3.41
01-Feb-2027	3.58
01-Aug-2027	3.76
01-Feb-2028	3.94
01-Aug-2028	4.14
01-Feb-2029	4.35
01-Aug-2029	4.57
01-Feb-2030	4.79
01-Aug-2030	5.03
01-Feb-2031	5.29
01-Aug-2031	5.54
<b>TOTAL</b>	<b>100.00</b>

2. If the proceeds of the Loan shall not have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule.

(b) Any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. Withdrawals made within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by ADB by multiplying such amount in its currency of denomination immediately prior to said Conversion by either: (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by ADB under the Currency Hedge Transaction relating to said Conversion; or (ii) if ADB so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.



### **SCHEDULE 3**

#### **Allocation and Withdrawal of Loan Proceeds**

##### General

1. The table attached to this Schedule sets forth the Categories of Goods, Works, consulting services and other items to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan to each such Category (hereinafter called the Table). (Reference to "Category" or "Categories" in this Schedule is to a Category or Categories of the Table and reference to "Subcategory" or "Subcategories" in this Schedule is to a Subcategory or Subcategories of a Category.)

##### Percentages of ADB Financing

2. Except as ADB may otherwise agree, the items of the Categories and Subcategories listed in the Table shall be financed out of the proceeds of the Loan on the basis of the percentages set forth in the Table.

##### Interest and Commitment Charge

3. The amount allocated to Category 6 is for financing interest and commitment charge on the Loan during the implementation period of the Project. ADB shall be entitled to withdraw from the Loan Account and pay to itself, on behalf of the Borrower, the amounts required to meet payments, when due, of such interest and commitment charge.

##### Reallocation

4. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Loan then allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Borrower, reallocate such excess amount to any other Category.

##### Disbursements

5. Except as ADB may otherwise agree, disbursements for financing all Goods, Works and consulting services to be financed out of the proceeds of the Loan shall be in accordance with ADB's "Loan Disbursement Handbook" dated January 2001, as amended from time to time, and ADB's commitment letter and direct payment procedures shall be used for disbursement of payments.

TABLE

<b>ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Sustainable Power Sector Development Project)</b>				
<b>CATEGORY</b>				<b>ADB FINANCING</b>
<b>Number</b>	<b>Item</b>	<b>Amount Allocated [\$]</b>		<b>Percentage and Basis for Withdrawal from the Loan Account</b>
		<b>Category</b>	<b>Subcategory</b>	
1	Power Stations and Connecting Transmission Lines	123,010,000		100 percent of foreign expenditure
2	Transmission Lines and Substations	87,470,000		100 percent of foreign expenditure
3	Distribution Lines, Substations, and Other Materials	125,090,000		100 percent of foreign expenditure
3A	Part C		42,050,000	100 percent of foreign expenditure
3B	Part D		83,040,000	100 percent of foreign expenditure
5	Consulting Services	1,990,000		100 percent of foreign expenditure
6	Interest and Commitment Charges	38,820,000		100 percent of amounts due*
7	Unallocated	23,620,000		
	Total	400,000,000		

\*Exclusive of local taxes and duties

## SCHEDULE 4

### Procurement of Goods and Works, and Consulting Services

#### A. General

1. All Goods and Works, and consulting services, to be financed out of the proceeds of the Loan shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
2. All terms used and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

#### B. Procurement for Goods and Works

3. Except as ADB may otherwise agree, Goods and Works shall only be procured on the basis of the methods of procurement set forth below:

International Competitive Bidding
National Competitive Bidding

The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

4. Domestic Preference. The Borrower may grant a margin of preference in the evaluation of bids under international competitive bidding in accordance with paragraphs 2.55(a) and 2.56 of the Procurement Guidelines for domestically manufactured Goods and paragraphs 2.55(b) and 2.56 of the Procurement Guidelines for domestic Works.
5. National Competitive Bidding. No NCB procurement may be undertaken unless ADB and the Borrower have agreed in writing to necessary modifications or clarifications to the Borrower's Public Procurement Regulations 2003 to ensure consistency with ADB's Procurement Guidelines. Any such modifications or clarifications shall be subsequently reflected in the Procurement Plan and are hereby incorporated by reference to this Loan Agreement.

#### C. Conditions for Award of Contract

6. The Borrower shall ensure that no Works contracts financed under the Loan is awarded until:
  - (a) all land and related rights to be handed over to the contractor by the Borrower before construction commences, have been acquired;

(b) all compensation required under the RP to be paid to affected persons have been provided prior to their displacement and dispossession of assets; and

(c) all necessary resettlement activities have been conducted.

**D. Selection of Consulting Services**

7. Quality- and Cost-Based Selection. Except as ADB may otherwise agree, and except as set forth in the paragraph below, the Borrower shall apply quality- and cost-based selection for selecting and engaging consulting services.

**E. Industrial or Intellectual Property Rights**

8. (a) The Borrower shall ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) The Borrower shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

9. The Borrower shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the consulting services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

**F. ADB's Review of Procurement Decisions**

10. All contracts procured under international competitive bidding procedures and contracts for consulting services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

## **SCHEDULE 5**

### **Execution of Project and Operation of Project Facilities; Other Matters**

#### Project Executing Agencies

1. (a) Component A of the Project, as described in Schedule 1 to this Loan Agreement, shall be executed by BPDB until such date as its Northwest Power Generation Company Limited is incorporated as a power generation company in accordance with the Companies Act, 1994, as amended and commences its operations, except award of contracts. From such date, all remaining activities under Component A shall be carried out by the newly incorporated power station company.

(b) Component B of the Project, as described in Schedule 1 to this Loan Agreement, shall be executed by PGCB.

(c) Component C of the Project, as described in Schedule 1 to this Loan Agreement, shall be executed by DPDC. Until such time that DPDC shall be operational, DESA shall assist and carry out all the necessary steps and actions to prepare for, and facilitate the implementation of Component C, except awarding of contracts

(d) Component D of the Project, as described in Schedule 1 to this Loan Agreement, shall be executed by DESCO.

2. Direct supervision of Project implementation and monitoring of Project operational performance shall be the responsibility of the Project Executing Agencies.

#### Counterpart Funds

3. Throughout the implementation of the Project, the Borrower shall ensure that adequate allocations of the required counterpart funds are made, approved and released in a timely manner in order to ensure proper implementation of the Project.

#### Autonomy of Sector Entities

4. The Borrower shall ensure that the sector entities, including but not limited to BPDB, DESCO, DPDC, and PGCB and such other entities which will be incorporated under the Borrower's applicable laws, shall be autonomous and shall operate independently in advancing their commercial and administrative interests. Specifically, the Borrower shall not intervene, directly or indirectly, in the conduct of actions of such sector entities, including their organizational structure, recruitment of personnel, procurement decisions, or actions regarding their respective management, operational, financial and commercial activities. The Borrower shall further refrain from taking any actions, directly or indirectly, that inhibit, curb or otherwise limit the independence of such entities.

#### Corporatization of Sector Entities

5. The Borrower shall ensure that each of the power sector entities established under the Companies Act, 1994, as amended, shall be constituted in accordance with

principles and procedures acceptable to ADB. At least 50% of the membership of the Board of Directors of each such entity shall be persons who are neither current employees of such entity, nor have been Government employees in the preceding three years. At least 25% of all board members of each of these entities shall be representatives of independent consumer or professional interest groups.

6. Within six months of the Effective Date, the Borrower shall ensure that key officers of NWPDC have been recruited through open competitive selection process to implement Component A of the Project.

7. Within six months of the Effective Date, key DPDC's officers and officers of NWPDC shall be recruited through open competitive selection process by the respective Boards of Directors of such companies.

### Financial Matters

8. The Borrower shall take all necessary actions to make the Bangladesh Energy Regulatory Commission fully functional no later than 31 December 2007 enabling it to operate as an independent regulator. This shall include tariff setting based on cost recovery principles, in accordance with the Bangladesh Energy Regulatory Commission Act of 2003, as amended.

9. The Borrower shall cause each of BPDB, DESCO, DPDC and PGCB to comply at all times with the following financial covenants:

- (a) ratio of total operating expenses to total operating revenue shall not be higher than 85%;
- (b) debt-equity ratio shall not exceed 70:30;
- (c) account receivables shall not be more than 2 months billing for PGCB and shall not be more than 3 months billing for BPDB, DESCO and DPDC; and
- (d) debt service coverage ratio shall not be less than 1.2.

### Land Acquisition and Involuntary Resettlement.

11. The Borrower shall cause the EAs to ensure that all land acquisition, compensation, relocation and resettlement activities under the Project shall be carried out in accordance with (a) all applicable laws and regulations governing land acquisition in Bangladesh, (b) ADB's *Policy on Involuntary Resettlement* (1995); and (c) the agreed-upon Resettlement Plan (RP). In case of discrepancies between the Borrower's laws, regulations, and procedures on the one hand and ADB's requirements on the other hand, ADB's requirements shall prevail. The Borrower shall cause the EAs (i) to ensure that payment of compensation and other entitlements to the affected persons shall be made in accordance with the agreed RP prior to possession of land and assets on the basis of replacement costs and prior to the relocation of affected persons and commencement of the Works; (ii) to acquire or make available the land and rights to land free from any encumbrances required for commencement of construction activities in accordance with the schedule agreed under the related works contract; (iii) to ensure timely provision of budget for land acquisition and other activities outlined in the related RP; (iv) to meet any unforeseen obligations in excess of budget estimates; and (v) to ensure that resettlement funds disbursement are audited annually by an independent auditor.

12. The Borrower shall cause the EAs to update the RP upon finalization of alignment and detailed design.

13. In the event of any unanticipated or unforeseen involuntary resettlement during Project implementation in any other Component than Component B, the Borrower shall cause the EAs to update the RP.

14. Such updated RP shall be reviewed and approved by ADB prior to award of the Works contract. The updated RP shall contain all final information related to affected households and related compensation packages. The Borrower shall cause the EAs to disclose the updated RP and ensure that the information shall be available to all affected persons, in a form and manner acceptable to ADB.

15. Within three months of the Effective Date, the Borrower shall cause the EAs to engage an independent expert or agency, acceptable to ADB for monitoring and verification of the RP implementation. The independent expert/agency shall provide external monitoring and evaluation reports simultaneously to the EAs and the ADB in accordance with the RP. The Borrower shall cause the EAs to submit quarterly progress reports and completion reports acceptable to ADB, on land acquisition, resettlement, on implementation of the RP, or updated RP.

16. Within three months of the Effective Date, the Borrower shall cause the EAs to establish an independent grievance redress Committee to hear any grievances or any complaints related to resettlement for the Project. Such Committee shall include representation from the EAs, affected persons, women and vulnerable groups, local government agencies and NGOs. The EAs shall provide administrative support as may be required by the Committee.

### Environment

17. The Borrower shall cause the EAs to ensure that the Project is undertaken and all Project facilities are operated and maintained in accordance with all applicable laws, rules and regulations of the Borrower, and ADB's *Environment Policy* (2002). The Borrower shall cause the EAs to prepare and implement for each Component, the IEE (including related environmental management plan with budget) in accordance with said Borrower's regulations and ADB's Environment Policy 2002.

18. The Borrower shall cause the EAs to ensure that (i) all necessary environmental clearances are obtained from the relevant statutory authorities of the Borrower and all environmental mitigation measures set forth in the IEEs for each Component are incorporated in detailed designs (including any amendments on account of detailed designs with prior ADB approval) and followed during construction and operation of the components; (ii) environmentally-friendly procurement guidelines of ADB are followed; (iii) all environmental mitigation measures set forth in the IEE and environmental clearance shall be implemented; (iv) all facilities renovated and/or established under the Project loan shall only use transformers that are free of polychlorinated bi-phenyls (PCB); and (v) any PCB waste generated during renovation and upgrading of Project facilities shall be managed in accordance with international best practices.

19. The Borrower shall cause the EAs to submit reports on monitoring results, permits, licenses, and clearances obtained for the Project loan. In case of any violation of laws and standards, the report shall also include certification from the relevant authority that such violation has been remedied or an acceptable plan for its correction has been approved.

#### Tribal People

20. The Borrower shall cause the EAs to ensure that the Project loan shall not cause any negative impact on tribal people. In the event of any unanticipated or unforeseen negative impact on tribal people, the Borrower shall cause the EAs to ensure that the Project is implemented in accordance with *ADB's Policy on Indigenous People* (1998) and the applicable laws and regulations of the Government. In the event of any discrepancy between the Borrower's laws and regulations on the one hand and ADB's Policy on the other hand, ADB's policy shall prevail.

#### Social Protection

21. The Borrower shall cause the EAs to ensure that the Works contractors under the Project comply with all applicable labor laws and regulations and incorporate provisions that contractors (i) shall not use children as labor; (ii) provide equal opportunity to women and men; and (iii) shall follow legally-mandated provisions of labor including equal pay for work of equal value, health, safety, sanitation and working conditions. The contracts shall include termination clauses in case of breach of any of the stated provisions by the contractors. Compliance with these provisions shall be strictly monitored during implementation.

22. The Borrower shall cause the EAs to ensure that Works contracts include a requirement on the part of the contractors to conduct an information and education campaign on communicable diseases, including but not limited to sexually transmitted diseases and HIV/AIDS for construction workers as a part of the health and safety program at campsites during the construction period.

#### Good Governance

23. The Borrower shall ensure that the Project funds are utilized effectively and efficiently to implement the Project and to achieve the Project objectives. ADB shall have the right to conduct spot audits at any time during Project implementation to determine the degree to which Project funds have been effectively and efficiently utilized to implement the Project and achieve its objectives, outputs and performance indicators. ADB shall also have the right to investigate any possible financial or management impropriety in conducting the Project. The Borrower and each EA shall fully cooperate with any such investigation and extend all necessary assistance, including access to all relevant books and records as well as engagement by the EAs of independent auditors and experts that may be needed for satisfactory completion of such investigations. All costs related to such investigation shall be borne by the Project.

24. The Borrower shall cause the EAs to appoint an independent external auditor in accordance with the Companies Act, 1994, as amended, which must also be auditor acceptable to ADB. The auditor shall conduct annual review of all disbursements made by



the EAs. In addition, ADB may conduct Project procurement audits during implementation as part of its regular review.

25. The Borrower shall cause the EAs to take pro-active steps to ensure good governance and prevent corruption, by among other things (i) expanding the use of computerized billing systems and pre-paid meters; and (ii) including pre-ship inspection by an independent third party to ensure the quality of the Goods and the equipment procured.

#### Project Performance Management System (PPMS)

26. Within six months of the Effective Date, the Borrower shall cause the EAs to establish a comprehensive PPMS acceptable to ADB. The PPMS shall carry out performance monitoring and reviews during Project implementation, to evaluate the scope, implementation arrangements, benefit monitoring, progress, and achievement of the objectives of the components of the Project. PPMS indicators shall serve as a basis for reports on Project implementation. These reviews shall include verification of (i) numbers of additional connections provided; (ii) the consumer categories for the new connections; (iii) the improvements in service for existing consumers in the Project area; and (iv) institutional parameters such as accounts receivables and accounts payables, and system losses.

#### Project Reporting

27. The Borrower shall cause each EA to prepare quarterly progress reports for its respective component to be submitted to ADB within 20 days at the end of each quarter. Such progress reports shall include a summary financial account for the Project Loan Components.

#### Project Review

28. ADB shall review the implementation and operation of the Project based on the quarterly progress review. ADB and the EAs shall jointly undertake semiannual reviews of the Project to assess progress, identify constraints and agree on strategies for resolving constraints. Within two years of Effective Date, the EAs and ADB shall undertake a midterm review of the Project. During the midterm review, ADB and the EAs shall (i) review the scope, design, and implementation arrangements of the Project; (ii) identify changes needed since the time of the project appraisal; (iii) assess implementation performance against Project performance indicators; (iv) review and establish compliance with legal covenants; and (v) identify problems and constraints. The results of the mid term review shall be discussed by the EAs and ADB and if required, appropriate corrective measures shall be formulated to ensure successful Project implementation and achievement of the Project objectives.