
LOAN NUMBER 3031-BAN(SF)
(Additional to Loan Number 2661-BAN[SF])

LOAN AGREEMENT
(Special Operations)

(SASEC Bangladesh-India Electrical Grid Interconnection Project – Additional Financing)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 23 OCTOBER 2013

BAN 44192

LOAN AGREEMENT (Special Operations)

LOAN AGREEMENT dated 23 October 2013 between PEOPLE'S REPUBLIC OF BANGLADESH ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a loan agreement (Loan No. 2661-BAN[SF]) between the Borrower and ADB dated 13 October 2010 and amended by letter agreement of 22 May 2012 ("Initial Loan Agreement"), ADB made a loan to the Borrower from ADB's Special Funds resources in the amount of sixty five million nine hundred eighty six thousand Special Drawing Rights (SDR65,986,000) for the purposes of the Project described in Schedule 1 to the Initial Loan Agreement ("Initial Loan");

(B) the Project has since been renamed 'SASEC Bangladesh-India Electrical Grid Interconnection Project';

(C) the Borrower has applied to ADB for additional financing to meet cost overruns under the Project;

(D) the Project is being carried out by Power Grid Company of Bangladesh Limited ("PGCB") and, for this purpose, the Borrower (i) has made available to PGCB the proceeds of the Initial Loan and (ii) will make available to PGCB the proceeds of the loan provided for herein, upon terms and conditions satisfactory to ADB; and

(E) ADB has agreed to make a loan to the Borrower from ADB's Special Funds resources upon the terms and conditions set forth herein and in the Project Agreement between ADB and PGCB, as amended and restated on even date herewith;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Special Operations Loan Regulations of ADB, dated 1 January 2006 ("Loan Regulations"), 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. (a) Wherever used in this Loan Agreement, unless the context otherwise requires, the several terms defined in the Initial Loan Agreement and the Loan Regulations have the respective meanings therein set forth, except that for purposes of this Loan Agreement:

- (i) “Goods” means equipment and materials to be financed out of the proceeds of the Loan and/or the Initial Loan, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance;
- (ii) “Loan Disbursement Handbook” means ADB’s Loan Disbursement Handbook (2012, as amended from time to time); and
- (iii) “Works” means construction or civil works to be financed out of the proceeds of the Loan and/or the Initial Loan, including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract.

(b) In addition, the term “Amended Subsidiary Loan Agreement”, wherever used in this Loan Agreement, shall mean the Subsidiary Loan Agreement, as amended to reflect the relending arrangements described in Section 3.01 of this Loan Agreement as well as the relending arrangements described in Section 3.01 of the Initial Loan Agreement.

ARTICLE II

The Loan

Section 2.01. ADB agrees to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to seven million nine hundred four thousand Special Drawing Rights (SDR7,904,000).

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of 2% per annum during the grace period and thereafter on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

(b) The term “grace period” as used in subsection (a) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 1 to this Loan Agreement.

Section 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 15 March and 15 September in each year.

Section 2.04. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 1 to this Loan Agreement.

Section 2.05. The currency of repayment of the principal amount of the Loan and the currency of payment of the interest charge for the purposes of Sections 4.03(a) and 4.04 of the Loan Regulations shall be the Dollar.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. (a) The Borrower shall relend the proceeds of the Loan to PGCB under an Amended Subsidiary Loan Agreement upon terms and conditions satisfactory to ADB.

(b) The Borrower shall cause the proceeds of the Loan to be applied to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 2 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, the proceeds of the Loan shall be used to finance items of expenditure that have already been procured in accordance with the provisions of Schedule 4 to the Initial Loan Agreement.

Section 3.04. Except as ADB may otherwise agree, the Borrower shall cause all items of expenditure financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.05. Withdrawals from the Loan Account in respect of Goods and Works shall be made only on account of expenditures relating to:

- (a) Goods which are produced in and supplied from and Works which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement; and
- (b) Goods and Works which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.06. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 31 December 2014 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) Except as provided in subparagraph (b) of this Section, in the carrying out of the Project and the operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to the Initial Loan Agreement and the Amended Subsidiary Loan Agreement.

(b) Paragraph 17 of Schedule 5 to the Initial Loan Agreement is deleted and the following is substituted therefor: the Borrower shall ensure that the Bangladesh Energy Regulatory Commission Electricity Transmission Tariff Regulations and the Bangladesh Energy Regulatory Commission Electricity Distribution Tariff Regulations have entered into force and effect no later than 30 June 2014, substantially in the form as notified by public notice of 27 February 2008 and subsequently amended to take into account the subsequent stakeholder consultations.

Section 4.02. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.03. ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

Section 4.04. The Borrower shall take all actions which shall be necessary on its part to enable PGCB to perform its obligations under the Project Agreement, 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 Amended Subsidiary Loan Agreement 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 Amended Subsidiary Loan Agreement shall be assigned, amended, or waived without the prior concurrence of ADB.

ARTICLE V

Suspension; 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 8.01(m) of the Loan Regulations:

- (a) the Initial Loan Agreement shall have become liable for suspension or cancellation; and

- (b) the Borrower or PGCB shall have failed to perform any of their respective obligations under the Amended Subsidiary Loan Agreement.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 8.07(d) of the Loan Regulations: either event specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations: the Amended 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 legally binding upon the Borrower and PGCB in accordance with its terms, subject only to the effectiveness of this Loan Agreement.

Section 6.02. The following is specified as an additional matter, for the purposes of Section 9.02(d) of the Loan Regulations, to be included in the opinion or opinions to be furnished to ADB: that the Amended Subsidiary Loan has been duly authorized by, and executed and delivered on behalf of, the Borrower and PGCB, and is legally binding upon the Borrower and PGCB in accordance with its terms, subject only to the effectiveness of this Loan Agreement.

Section 6.03. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of the Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VII

Delegation of Authority

Section 7.01. The Borrower hereby designates PGCB as 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 5.01, 5.02, 5.03 and 5.04 of the Loan Regulations.

Section 7.02. Any action taken or any agreement entered into by 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 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 or Joint Chief or Deputy Secretary or Deputy Chief, Senior Assistant Secretary or Senior Assistant Chief, Assistant Secretary, Assistant Chief of the Economic Relations Division of the Borrower's Ministry of Finance is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 8.02. The following addresses are specified for the purposes of Section 11.01 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) 9180788.

For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

(632) 636-2444
(632) 636-2338.

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 as of the day and year first above written and to be delivered at the principal office of ADB.

PEOPLE'S REPUBLIC OF BANGLADESH

By 

MD. ABUL KALAM AZAD
Secretary
Economic Relations Division
Ministry of Finance

ASIAN DEVELOPMENT BANK

By 

M. TERESA KHO
Country Director
Bangladesh Resident Mission

SCHEDULE 1**Amortization Schedule****(SASEC Bangladesh-India Electrical Grid Interconnection Project – Additional Financing)**

<u>Date Payment Due</u>	<u>Payment of Principal</u> (expressed in Special Drawing Rights)*
15-Mar-2019	197,600.00
15-Sep-2019	197,600.00
15-Mar-2020	197,600.00
15-Sep-2020	197,600.00
15-Mar-2021	197,600.00
15-Sep-2021	197,600.00
15-Mar-2022	197,600.00
15-Sep-2022	197,600.00
15-Mar-2023	197,600.00
15-Sep-2023	197,600.00
15-Mar-2024	197,600.00
15-Sep-2024	197,600.00
15-Mar-2025	197,600.00
15-Sep-2025	197,600.00
15-Mar-2026	197,600.00
15-Sep-2026	197,600.00
15-Mar-2027	197,600.00
15-Sep-2027	197,600.00
15-Mar-2028	197,600.00
15-Sep-2028	197,600.00
15-Mar-2029	197,600.00
15-Sep-2029	197,600.00
15-Mar-2030	197,600.00
15-Sep-2030	197,600.00
15-Mar-2031	197,600.00
15-Sep-2031	197,600.00
15-Mar-2032	197,600.00
15-Sep-2032	197,600.00
15-Mar-2033	197,600.00
15-Sep-2033	197,600.00
15-Mar-2034	197,600.00
15-Sep-2034	197,600.00
15-Mar-2035	197,600.00
15-Sep-2035	197,600.00
15-Mar-2036	197,600.00
15-Sep-2036	197,600.00
15-Mar-2037	197,600.00
15-Sep-2037	197,600.00
15-Mar-2038	197,600.00
15-Sep-2038	197,600.00
Total	7,904,000.00

* The arrangements for payment are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations

SCHEDULE 2

Allocation and Withdrawal of Loan Proceeds

General

1. The table attached to this Schedule sets forth the Category of items of expenditure to be financed out of the proceeds of the Loan and the allocation of the Loan proceeds to such Category ("Table"). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Table.)

Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Disbursement Procedures

3. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Retroactive Financing

4. Withdrawals from the Loan Account may be made for reimbursement of eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement, subject to a maximum amount equivalent to 20% of the Loan amount.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (SASEC Bangladesh-India Electrical Grid Interconnection Project – Additional Financing)			
Number	Item	Total Amount Allocated for ADB Financing (SDR) Category	Basis for Withdrawal from the Loan Account
1	Equipment, including installation	7,904,000	100 % of total expenditure claimed*
	Total	7,904,000	

* Exclusive of taxes and duties imposed within the territory of the Borrower.