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LOAN NUMBER 2190-BAN(SF)

PROJECT AGREEMENT  
(Agribusiness Development Project)

between

ASIAN DEVELOPMENT BANK

BANGLADESH SMALL INDUSTRIES AND COMMERCE BANK LIMITED

AND

EASTERN BANK LIMITED

DATED \_\_\_\_\_

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PAG:BAN 33224

## **PROJECT AGREEMENT**

PROJECT AGREEMENT dated \_\_\_\_\_ between ASIAN DEVELOPMENT BANK ("ADB"), BANGLADESH SMALL INDUSTRIES AND COMMERCE BANK LIMITED ("BASIC"), and EASTERN BANK LIMITED ("EBL").

### **WHEREAS**

(A) by a Loan Agreement of even date herewith between People's Republic of Bangladesh (the "Borrower") and ADB, ADB has agreed to make to the Borrower a loan in various currencies equivalent to twenty-eight million nine hundred ten thousand Special Drawing Rights (SDR28,910,000) on the terms and conditions set forth in the Loan Agreement, but only on condition that certain portions of the proceeds of the Loan be made available to BASIC and EBL, respectively, and that BASIC and EBL agree to undertake certain obligations towards ADB as set forth in this Project Agreement; and

(B) BASIC and EBL, in consideration of ADB entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth in this Project Agreement;

NOW THEREFORE the parties agree as follows:

## **ARTICLE I**

### **Definitions**

Section 1.01. Wherever used in this Project Agreement, unless the context otherwise requires, the terms defined in the Loan Agreement and in the Loan Regulations (as so defined) have the respective meanings therein set forth, except that for the purposes of this Project Agreement, the terms (a) "Project" means Part A of the Project, as described in Schedule 1 of the Loan Agreement, and (b) "Loan" means each of the Subsidiary Loans, as described in Section 3.01(a) of the Loan Agreement.

## **ARTICLE II**

### **Particular Covenants**

Section 2.01. (a) BASIC and EBL shall, and cause Participating NGOs to, carry out the Project with due diligence and efficiency, and in conformity with sound administrative, financial, environmental, microfinance and agribusiness development, and professional management practices.

(b) In the carrying out of the Project and operation of the Project facilities, BASIC and EBL shall perform all obligations set forth in the Loan Agreement to the extent that they are applicable to BASIC and EBL and all obligations set forth in this Project Agreement.

Section 2.02. BASIC and EBL shall cause Participating NGOs to make available, promptly as needed, the funds, facilities, services and other resources which are required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 2.03. Except as ADB may otherwise agree, all goods and services to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 4 and Schedule 5 to the Loan Agreement. ADB may refuse to finance a contract where goods 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 2.04. BASIC and EBL shall cause Participating NGOs to carry out the Project in accordance with plans and work schedules acceptable to ADB. BASIC and EBL shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.

Section 2.05. BASIC and EBL shall maintain, or cause to be maintained, records and accounts adequate to identify the goods and services and other items of expenditure financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, their operations and financial condition.

Section 2.06. (a) BASIC and EBL shall, and cause Participating NGOs to, cooperate fully with ADB to ensure that the purposes of the Loan will be accomplished.

(b) BASIC and EBL shall promptly inform ADB of any condition which interferes with, or threatens to interfere with, the progress of the Project, the performance of their obligations under this Project Agreement, the Subsidiary Loan Agreements, and any onlending agreement with Participating NGOs, or the accomplishment of the purposes of the Loan.

(c) ADB, BASIC and EBL shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Project, BASIC, EBL and the Loan.

Section 2.07. (a) BASIC and EBL shall furnish to ADB all such reports and information as ADB shall reasonably request concerning (i) the Loan and the expenditure of the proceeds thereof; (ii) the goods and services and other items of expenditure financed out of such proceeds; (iii) the Project; (iv) the administration, operations and financial condition of BASIC and EBL to the extent relevant to the Loan; and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, BASIC and EBL shall furnish to ADB quarterly reports on the execution of the Project and semi-annually on the operation and management of the Project facilities. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the quarter or six months under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following quarter or six months.

(c) Promptly after completion of the Project, but in any event not later than three (3) months thereafter or such later date as ADB may agree for this purpose, BASIC and EBL shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and initial operation of the Project, including its cost, the performance by BASIC and EBL of their obligations under this Project Agreement and the accomplishment of the purposes of the Loan.

Section 2.08. (a) BASIC and EBL shall (i) maintain separate accounts for the Project; (ii) have such accounts and related financial statements (balance sheet, statement of income and expenses, and related statements) audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; and (iii) furnish to ADB, promptly after their preparation but in any event not later than six (6) months after the close of the fiscal year to which they relate, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the Loan proceeds and compliance with the financial covenants of the Loan Agreement as well as on the use of the procedures for imprest account/statement of expenditures), all in the English language. BASIC and EBL shall furnish to ADB such further information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

(b) BASIC and EBL shall enable ADB, upon ADB's request, to discuss their financial statements and financial affairs, to the extent pertaining to the utilization of the Loan proceeds, from time to time with the auditors appointed by BASIC and EBL pursuant to Section 2.08(a) hereabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB, provided that any such discussion shall be conducted only in the presence of authorized officers of BASIC and EBL unless BASIC and EBL shall otherwise agree.

Section 2.09. BASIC and EBL shall cause Participating NGOs to enable ADB's representatives to inspect the Project and the subprojects, the goods financed out of the proceeds of the Loan and subloans, and any relevant records and documents.

Section 2.10. (a) BASIC and EBL shall, promptly as required, take all action within their powers to maintain their legal existence, to carry on their operations, and to acquire, maintain and renew all rights, properties, powers, privileges and franchises which are necessary in the carrying out of the Project or in the conduct of their business.

(b) BASIC and EBL shall at all times conduct business in accordance with sound administrative, financial, environmental practices, and under the supervision of competent and experienced management and personnel.

(c) BASIC and EBL shall at all times operate and maintain their offices, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound administrative, financial, engineering, environmental, and maintenance and operational practices.

Section 2.11. Except as ADB may otherwise agree, BASIC and EBL shall apply the proceeds of the Loan to the financing of expenditures on the Project in accordance with the provisions of the Loan Agreement and this Project Agreement, and shall cause Participating NGOs to ensure that all goods and services financed out of such proceeds are used exclusively in the carrying out of the Project.

Section 2.12. Except as ADB may otherwise agree, BASIC and EBL shall duly perform all their obligations under the Subsidiary Loan Agreements and the onlending agreements, and shall not take, or concur in, any action which would have the effect of assigning, amending, abrogating or waiving any rights or obligations of the parties under such agreements.

### **ARTICLE III**

#### **Effective Date; Termination**

Section 3.01. This Project Agreement shall come into force and effect on the date on which the Loan Agreement shall come into force and effect. ADB shall promptly notify BASIC and EBL of such date.

Section 3.02. All the provisions of this Project Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Loan Agreement.

### **ARTICLE IV**

#### **Miscellaneous**

Section 4.01. Any notice or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex, facsimile or radiogram to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

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) 636-2337.

For BASIC

Bangladesh Small Industries and Commerce Bank Limited  
Sena Kalyan Bhaban (6<sup>th</sup> Floor)  
195, Motijheel Commercial Area  
Dhaka-1000  
Bangladesh

Facsimile Number:

880-2 9564829

For EBL

Eastern Bank Limited  
Jiban Rima Bhaban  
10, Dilkusha, C.A.  
Dhaka-1000  
Bangladesh

Facsimile Number:

880-2-9562364

Section 4.02. (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement or under Section 7.01 of the Loan Agreement by or on behalf of BASIC and EBL may be taken or executed by Managing Director of BASIC and Managing Director of EBL respectively, or by such other person or persons as the Managing Directors shall so designate in writing notified to ADB.

(b) BASIC and EBL shall furnish to ADB sufficient evidence of the authority of each person who will act under paragraph (a) of this Section, together with the authenticated specimen signature of each such person.

Section 4.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Project 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.

ASIAN DEVELOPMENT BANK

By \_\_\_\_\_

BANGLADESH SMALL  
INDUSTRIES AND COMMERCE  
BANK LIMITED

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

EASTERN BANK LIMITED

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