LOAN AGREEMENT
(Ordinary Operations)

(Dhaka Environmentally Sustainable Water Supply Project – Additional Financing)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 1 MARCH 2022

BAN 42173
LOAN AGREEMENT
(Ordinary Operations)

LOAN AGREEMENT dated 1 March 2022 between PEOPLE’S REPUBLIC OF BANGLADESH (“Borrower”) and ASIAN DEVELOPMENT BANK (“ADB”).

WHEREAS

(A) by a loan agreement dated 24 April 2014 between the Borrower and ADB (“Original ADB Loan Agreement”), ADB agreed to make a concessional loan to the Borrower from ADB’s ordinary capital resources in an amount equivalent to one hundred sixty four million nine hundred eighty six thousand Special Drawing Rights (SDR 164,986,000) (“Original ADB Loan” for the purposes of the project described in Schedule 1 of the Original ADB Loan Agreement (“Initial Project”);

(B) by a loan agreement of even date herewith between the Borrower and ADB (“Ordinary Operations [Concessional] Loan Agreement”), ADB has agreed to make an additional loan, on concessional terms, to the Borrower from ADB’s ordinary capital resources in an amount of fifty million Dollars ($50,000,000) (“Concessional Loan”) for the purposes of (i) meeting cost overruns under the Initial Project; and (ii) scaling up the Initial Project as described in Schedule 1 of the Ordinary Operations [Concessional] Loan Agreement (“Project”);

(C) by a grant agreement of even date herewith between the Borrower and ADB (“Grant Agreement”), ADB has agreed to make an additional grant to the Borrower from ADB’s Special Funds resources in an amount of five million Dollars ($5,000,000) (“Grant”) for the purposes of the Project;

(D) the Borrower has also applied to the Agence Française de Développement (“AFD”) for an additional loan in the amount of one hundred thirty million Euros (€130,000,000) (“AFD Loan”) for the purposes of cofinancing expenditures under the Project;

(E) by a Cofinancing Agreement dated 24 October 2021 between ADB and AFD (“AFD Cofinancing Agreement”), ADB has agreed to partially administer the AFD Loan on the terms and conditions set out in the AFD Cofinancing Agreement;

(F) the Borrower intends to borrow the AFD Loan under a loan agreement to be entered into between AFD and the Borrower (“AFD Loan Agreement”);

(G) the Borrower has applied to ADB for an additional loan for the purposes of the Project;

(H) the Project will be carried out by Dhaka Water Supply and Sewerage Authority (“Dhaka WASA”), and for this purpose the Borrower will make available to Dhaka WASA the proceeds of the loan provided for herein upon terms and conditions satisfactory to ADB; and

(I) 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 Agreement of even date herewith between ADB and Dhaka WASA;

NOW THEREFORE the parties hereto agree as follows:
ARTICLE I
Loan Regulations; Definitions

Section 1.01. All the provisions of ADB’s Ordinary Operations Loan Regulations, dated 1 January 2017 (“Loan Regulations”), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

(a) Section 2.01 (Definitions) subsection (xx) shall be deleted and replaced in its entirety as follows:

(xx) “Reference Rate” means, (i) except as ADB has otherwise made a determination in accordance with Section 3.02(c), in respect of any Loan Currency other than Euro, LIBOR, and in respect of Euro, Euribor; and (ii) if a determination is made in accordance with Section 3.02(c), such other reference rate and any spread for the Loan Currency as ADB shall reasonably determine and promptly notify the Borrower and the Guarantor.

(b) A new subsection 3.02(c) shall be inserted after subsection 3.02(b) as follows:

Section 3.02(c). If interest on any amount of the Loan is calculated based on LIBOR or Euribor, and ADB determines that (i) such Reference Rate has permanently ceased to be quoted for the relevant Loan Currency or a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate announcing such Reference Rate is no longer representative has been made or (ii) ADB is no longer able, or it is no longer commercially acceptable for ADB, to continue to use such Reference Rate for purposes of its asset and liability management, ADB shall apply such other Reference Rate for the relevant Loan Currency, including any applicable spread, as it may reasonably determine. ADB shall promptly notify the Borrower and the Guarantor of such other reference rate and any spread, and of related amendments to the provisions of the Loan Agreement necessary to give effect to its application, which shall become effective as of the date of such notice.

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations and Ordinary Operations [Concessional] Loan Agreement have the respective meanings therein set forth unless modified herein or the context otherwise requires.
ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of eighty five million Dollars ($85,000,000), 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 principal repayment period of 20 years, and a grace period as defined in subsection (c) hereinafter.

(c) The term "grace period" as used in subsection (b) hereinafore 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 2.02. 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:

(a) LIBOR;

(b) 0.60% as provided by Section 3.02 of the Loan Regulations less a credit of 0.10% as provided by Section 3.03 of the Loan Regulations; and

(c) a maturity premium of 0.10% as provided by Section 3.03 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 15 January and 15 July 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 1 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 subsection (a) hereinabove that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(f) 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) The Borrower shall re lend the proceeds of the Loan together with other funds required for the Project to the Project Executing Agency under a Subsidiary Financing Agreement upon terms and conditions satisfactory to ADB.

(b) The Borrower shall cause the proceeds of the Loan to be applied exclusively 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 Borrower shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to the Ordinary Operations [Concessional] Loan Agreement, provided that such items of expenditure that relate to the financing of cost overruns under the Initial Project shall be procured in accordance with the provisions of Schedule 4 to the Original ADB Loan Agreement.

Section 3.04. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 31 March 2026 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. 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 4 to the Ordinary Operations [Concessional] Loan Agreement and the Project Agreement, provided that the portion of the Project that relates to the financing of cost overruns
under the Initial Project shall be carried out in accordance with the provisions of Schedule 5 to the Original ADB Loan Agreement.

Section 4.02. ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

Section 4.03. The Borrower shall enable ADB's representatives to inspect the Project, the Goods, Works and Services, and any relevant records and documents.

Section 4.04. The Borrower shall take all actions which shall be necessary on its part to enable the Project Executing Agency 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 Subsidiary Financing 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 Subsidiary Financing Agreement shall be assigned, amended, abrogated 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 9.01(m) of the Loan Regulations:

(a) the Grant shall have become liable for suspension or cancellation;
(b) the AFD Loan shall have become liable for suspension or cancellation or shall have become repayable prior to its agreed maturity date; and
(c) the Borrower or the Project Executing Agency shall have failed to perform any of their respective obligations under the Subsidiary Financing 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 Ordinary Operations [Concessional] Loan Agreement shall have been duly executed and delivered on behalf of the Borrower, and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Loan Agreement) shall have been fulfilled; and

(b) the Grant Agreement shall have been duly executed and delivered on behalf of the Borrower, and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Loan Agreement) shall have been fulfilled.

Section 6.02. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this 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 the Project Executing Agency 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 3.04 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 the Project Executing Agency 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 the Project Executing Agency 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 Senior Secretary or Secretary or any Additional Secretary or Chief, Joint Secretary or Joint Chief, Deputy Secretary or Deputy Chief, Senior Assistant Secretary or Senior Assistant Chief, Assistant Secretary or Assistant Chief of the Economic Relations Division of the 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) 2918-0788

For ADB

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

Facsimile Numbers:

(632) 8636-2444
(632) 8636-2338.
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

FATIMA YASMIN
Secretary
Economic Relations Division
Ministry of Finance

ASIAN DEVELOPMENT BANK

By

EDIMON GINTING
Country Director
Bangladesh Resident Mission
SCHEDULE 1

Amortization Schedule

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.

<table>
<thead>
<tr>
<th>Payment Due</th>
<th>Installment Share (Expressed as a %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 January 2027</td>
<td>2.500000</td>
</tr>
<tr>
<td>15 July 2027</td>
<td>2.500000</td>
</tr>
<tr>
<td>15 January 2028</td>
<td>2.500000</td>
</tr>
<tr>
<td>15 July 2028</td>
<td>2.500000</td>
</tr>
<tr>
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<td>2.500000</td>
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<tr>
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<td>2.500000</td>
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<td>15 January 2030</td>
<td>2.500000</td>
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<tr>
<td>15 July 2030</td>
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<tr>
<td>15 January 2031</td>
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<tr>
<td>15 July 2031</td>
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<td>15 January 2032</td>
<td>2.500000</td>
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<tr>
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<tr>
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<td>2.500000</td>
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<tr>
<td>15 July 2033</td>
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<tr>
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<tr>
<td>15 January 2043</td>
<td>2.500000</td>
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<tr>
<td>Payment Due</td>
<td>Installment Share (Expressed as a %)</td>
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<tr>
<td>----------------------</td>
<td>--------------------------------------</td>
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<tr>
<td>15 July 2043</td>
<td>2.500000</td>
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<td>15 January 2045</td>
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<td>2.500000</td>
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<td>15 July 2046</td>
<td>2.500000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.000000</strong></td>
</tr>
</tbody>
</table>
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; and

(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 2 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 (a) 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 (b) 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 2

Allocation and Withdrawal of Loan Proceeds

General

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

Basis for Withdrawal from the Loan Account

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

Interest and Commitment Charge

3. The amount allocated to Category "Interest and Commitment Charges" is for financing interest and commitment charges 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 charges.

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 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.

Disbursement Procedures

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

6. Withdrawals from the Loan Account may be made to finance eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement in connection with Works and equipment, subject to a maximum amount equivalent to 20% of the Loan amount.

Condition for Withdrawals from Loan Account

7. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the Loan Account until the Subsidiary Financing Agreement has been duly executed and delivered on behalf of the Borrower and the Project Executing Agency, and is legally binding upon each in accordance with its terms.
## TABLE

### ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS

<table>
<thead>
<tr>
<th>Number</th>
<th>Item</th>
<th>Total Amount Allocated for ADB Financing ($)</th>
<th>Basis for Withdrawal from the Loan Account</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Category</strong></td>
</tr>
<tr>
<td>1</td>
<td>Works and equipment (intake, raw water pipeline, WTP)</td>
<td>14,861,000</td>
<td>14.7% of total expenditures claimed*</td>
</tr>
<tr>
<td>2</td>
<td>Works and equipment (secondary distribution pipeline, deep tube wells, domestic water meters)</td>
<td>44,890,000</td>
<td>100% of total expenditures claimed*</td>
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<tr>
<td>3</td>
<td>Consulting Services (project management and NGO)</td>
<td>12,000,000</td>
<td>100% of total expenditures claimed*</td>
</tr>
<tr>
<td>4</td>
<td>Incremental administrative costs</td>
<td>5,360,000</td>
<td>100% of total expenditures claimed*</td>
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<td>5</td>
<td>Interest and Commitment Charges</td>
<td>2,179,000</td>
<td>100% of amounts due</td>
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<tr>
<td>6</td>
<td>Unallocated</td>
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<td><strong>Total</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>85,000,000</td>
</tr>
</tbody>
</table>

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