

---

LOAN NUMBER 4120-BAN(COL)  
(Additional to Loan 3135-BAN(SF))

LOAN AGREEMENT  
(Ordinary Operations [Concessional])  
(Irrigation Management Improvement Project – Additional Financing)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 23 DECEMBER 2021

---

BAN 45207

**LOAN AGREEMENT**  
**(Ordinary Operations [Concessional])**

LOAN AGREEMENT dated 23 December 2021 between PEOPLE'S REPUBLIC OF BANGLADESH ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

**WHEREAS**

(A) by a loan agreement dated 14 August 2014 between the Borrower and ADB ("Initial Loan Agreement"), ADB agreed to provide a concessional loan to the Borrower from ADB's ordinary capital resources in various currencies equivalent to twenty-nine million five hundred and fifty-one thousand Special Drawing Rights (SDR 29,551,000) ("Initial Loan") for the purposes of the project described in Schedule 1 to the Initial Loan Agreement ("Project");

(B) the Borrower has applied to ADB for an additional loan for the purposes of financing cost overruns under the Project;

(C) the Project will be carried out by the Bangladesh Water Development Board ("BWDB"), and for this purpose the Borrower will make available to BWDB the proceeds of the loan provided for herein upon terms and conditions satisfactory to ADB; and

(D) ADB has agreed to make a concessional 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 BWDB;

NOW THEREFORE the parties hereto agree as follows:

**ARTICLE I**

**Loan Regulations; Definitions**

Section 1.01. All the provisions of ADB's Ordinary Operations (Concessional) 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.

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

- (a) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (b) "PBS" means the relevant Palli Bidyut Samity, a subsidiary of REB for purposes of rural power distribution; and

- (c) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means BWDB or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project.

## **ARTICLE II**

### **The Loan**

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of thirteen million five hundred thousand Dollars (\$13,500,000).

(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) 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 2.02. 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.

Section 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 15 January and 15 July 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.

## **ARTICLE III**

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

Section 3.01. The Borrower shall make the proceeds of the Loan available to BWDB upon terms and conditions satisfactory to ADB and shall cause BWDB to apply such proceeds 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 Initial Loan Agreement.

Section 3.04. Withdrawals from the Loan Account in respect of Goods, Works and Consulting Services shall be made only on account of expenditures relating to:

- (a) Goods which are produced in and supplied from and Works and Consulting Services 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, Works and Consulting Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.05. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 31 December 2023 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 3 to this Loan Agreement, the Project Agreement, and in Schedule 5 to the Initial Loan Agreement unless modified herein or the context otherwise requires.

Section 4.02. The Borrower shall enable ADB's representatives to inspect the Project, the Goods, Works and Consulting Services 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 14 days of the date of ADB's confirmation of their acceptability 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 BWDB 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.

## **ARTICLE V**

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

Section 5.01. The following is specified as an additional event 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: the Initial Loan shall have become liable for suspension or cancellation.

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: the event specified in Section 5.01 of this Loan Agreement shall have occurred.

## **ARTICLE VI**

### **Effectiveness**

Section 6.01. 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 9.04 of the Loan Regulations.

## **ARTICLE VII**

### **Delegation of Authority**

Section 7.01. The Borrower hereby designates BWDB 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 BWDB 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 BWDB 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 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) 2-918-0788

For ADB


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

Facsimile Numbers:


(632) 8636-2444  
(632) 8636-2391.

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 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

<u>Payment Due</u>	<u>Payment of Principal</u> (expressed in Dollars)*
15 January 2027	337,500
15 July 2027	337,500
15 January 2028	337,500
15 July 2028	337,500
15 January 2029	337,500
15 July 2029	337,500
15 January 2030	337,500
15 July 2030	337,500
15 January 2031	337,500
15 July 2031	337,500
15 January 2032	337,500
15 July 2032	337,500
15 January 2033	337,500
15 July 2033	337,500
15 January 2034	337,500
15 July 2034	337,500
15 January 2035	337,500
15 July 2035	337,500
15 January 2036	337,500
15 July 2036	337,500
15 January 2037	337,500
15 July 2037	337,500
15 January 2038	337,500
15 July 2038	337,500
15 January 2039	337,500
15 July 2039	337,500
15 January 2040	337,500
15 July 2040	337,500
15 January 2041	337,500
15 July 2041	337,500
15 January 2042	337,500
15 July 2042	337,500
15 January 2043	337,500
15 July 2043	337,500
15 January 2044	337,500
15 July 2044	337,500



Schedule 1

15 January 2045	337,500
15 July 2045	337,500
15 January 2046	337,500
15 July 2046	337,500
<b>Total</b>	<b>13,500,000</b>

\* 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 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 Charge

3. The amount allocated to Category "Interest Charge" is for financing the interest 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 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 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.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS			
Number	Item	Total Amount Allocated for ADB Financing (\$)	Basis for Withdrawal from the Loan Account
		Category	
1	Civil Works packages – Others	9,311,560	90% of total expenditure claimed
2	Other investment costs – electrification, Consulting Services, Goods, training	3,961,730	100% of total expenditure claimed*
3	Interest Charge	226,710	100% of amounts due
	<b>TOTAL</b>	13,500,000	

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

### SCHEDULE 3

#### Execution of Project

##### Implementation Arrangements

1. The Borrower shall ensure, or cause the Project Executing Agency to ensure, that (a) the PMU, the PIU, and the monitoring and procurement cells at BWDB employ sufficient staff for the duration of the Project with adequate and relevant expertise for each position, as set forth in the PAM; (b) the procurement cell employs at least one PPP officer, who shall receive specialized training, to support the tender preparation of the Management-phase IMO; and (c) the PMU, the PIU and the monitoring and procurement cells are equipped with the necessary office space, facilities, equipment, support staff and management information systems for the entire duration of the Project.

2. The Borrower and the Project Executing Agency shall (a) ensure that all counterpart staff assigned to the PMU, the PIU, and the procurement and monitoring cells are assigned to the Project on a fulltime basis; and (b) undertake best efforts to ensure that they remain in their positions for a reasonable period of time, and that staff replacements do not unduly disrupt implementation of the Project. The Borrower and the Project Executing Agency shall provide ADB reasonable opportunity to comment on any proposed appointment of persons to key positions in the PMU, the PIU and procurement cell, including the PMU Director, the PIU Director and the PPP officer.

##### Management, Operation and Maintenance of Project Facilities

3. The Borrower and the Project Executing Agency shall ensure that: (i) the ownership of the constructed and/or rehabilitated/or expanded electrical lines shall be transferred by the BWDB to the relevant PBS immediately after completion of work/or segment of work connected with irrigation water meter; and (ii) REB and the relevant PBS shall ensure round-the-clock (24/7) reliable and adequate supply of power in the MIP area to support the peak electricity demands for crop irrigation during the Boro season.

4. The Borrower shall cause the Project Executing Agency to (a) review a short-list of candidates on a non-objection basis for an independent panel of experts to be recruited and engaged by ADB, and (b) implement the recommendations made by the independent panel of experts regarding long-term MOM of the project facilities, as further detailed in the Project Agreement.

5. In the event that the project cannot be completed by the estimated completion date, the Borrower and Project Executing Agency shall remain committed to complete the project and shall take any necessary action for that purpose, including (a) extending the Borrower's detailed project proforma beyond June 2022 as may be required; and (b) extending the Construction-phase IMO contract with adequate budget until (i) work construction is completed, and (ii) at least one cropping season after the Management-phase IMO has been appointed to ensure proper handover.

6. The Borrower and the Project Executing Agency shall commit to keep PMDC mobilized to support the Management-phase IMO tender process, and to extend PMDC contract as may be required, until the Management-phase IMO is recruited.

Labor Standards, Health and Safety

7. The Borrower shall cause the Project Executing Agency to strictly monitor compliance with the requirements set forth in paragraph 19 to Schedule 5 of the Initial Loan Agreement and provide ADB with regular reports.

Policy Dialogue and Interagency Coordination

8. The Borrower and the Project Executing Agency shall keep ADB informed of discussions (a) among government and quasi-government bodies with responsibility for water sector development; and (b) with Japan International Cooperation Agency, the Kingdom of the Netherlands, World Bank and other multilateral and bilateral agencies, that have implications for the implementation of the Project, and shall provide ADB with an opportunity to comment on any proposed interventions in the water sector resulting from such discussions. The Borrower and the Project Executing Agency shall take ADB's views into consideration before finalizing and implementing any such proposals.