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LOAN NUMBER 4040-BAN  
[Additional to Loan 3522-BAN and Loan 3523-BAN(COL)]

LOAN AGREEMENT  
(Ordinary Operations)

(Bangladesh Power System Enhancement and Efficiency Improvement Project – Additional  
Financing)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 29 DECEMBER 2020

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BAN 49423

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

LOAN AGREEMENT dated 29 December 2020 between PEOPLE'S REPUBLIC OF BANGLADESH ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

### **WHEREAS**

(A) by a loan agreement dated 29 May 2017 between the Borrower and ADB ("Initial Concessional Loan Agreement"), ADB agreed to provide a concessional loan from its ordinary capital resources in various currencies equivalent to eleven million six hundred thousand Special Drawing Rights (SDR 11,600,000) to the Borrower for the purposes of financing the expenditures of the project described in Schedule 1 of the Initial Concessional Loan Agreement ("Initial Project");

(B) by a loan agreement dated 29 May 2017 between the Borrower and ADB ("Initial Loan Agreement"), ADB agreed to provide a loan from its ordinary capital resources in the amount of six hundred million Dollars (\$600,000,000) to the Borrower for the purposes of financing expenditures of the Initial Project;

(C) the Borrower has applied to ADB for a loan from ADB's ordinary capital resources for the purposes of scaling up the Initial Project, as described in Schedule 1 to this Loan Agreement ("Project");

(D) by a loan agreement of even date herewith ("Ordinary Operations [Concessional] Loan Agreement"), ADB has agreed to make a concessional loan ("Concessional Loan") to the Borrower from ADB's ordinary capital resources in an amount of one hundred and thirty million Dollars (\$130,000,000) for the purposes of financing the Project;

(E) the Project will be carried out by the Bangladesh Rural Electrification Board ("BREB" as further defined below), and for this purpose the Borrower will make available to BREB the proceeds of the Loan provided for herein upon terms and conditions satisfactory to ADB; and

(F) 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 BREB;

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(uu) is deleted and the following is substituted therefor:  
 "Project Agreement" means the Project Agreement between ADB and BREB, as such agreement may be amended from time to time; and such project agreement includes all schedules to the Project Agreement.
- (b) The term "Project Executing Agency" appearing in Sections 7.01(a)(i), 9.01(d), 9.01(f), 9.01(k), 10.01(c) and 10.02(c) of the Loan Regulations shall be substituted by the term "BREB".

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations 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) "BREB" means Bangladesh Rural Electrification Board, or any successor thereto acceptable to ADB;
- (b) "Consulting Services" means consulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Loan and/or the Concessional Loan;
- (c) "EMP" means the environmental management plan for the Project, including any update thereto, incorporated in the IEE;
- (d) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (e) "GAP" means the gender action plan prepared for the Initial Project and revised for the Project, including any update thereto, and agreed to between the Borrower and ADB;
- (f) "Goods" means equipment and materials as set out in the Procurement Plan and to be financed out of the proceeds of the Loan and/or the Concessional Loan, including any related Nonconsulting Services such as transportation, insurance, installation, commissioning, training, and initial maintenance;
- (g) "IEE" means the initial environmental examination prepared for the Initial Project and revised for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (h) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;
- (i) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);



- (j) "Nonconsulting Services" means nonconsulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Loan and/or the Concessional Loan;
- (k) "PAM" means the project administration manual for the Project dated 29 October 2020 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;
- (l) "PBS" means *palli bidyut samity*, the rural cooperatives that purchase and sell power from BREB and are responsible for maintaining the distribution infrastructure developed by BREB;
- (m) "Procurement Plan" means the procurement plan for the Project dated 29 October 2020 and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Policy, the Procurement Regulations, and other arrangements agreed with ADB;
- (n) "Procurement Policy" means ADB's Procurement Policy – Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (o) "Procurement Regulations" means ADB's Procurement Regulations for ADB Borrowers - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (p) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means the Power Division of the Ministry of Power, Energy, and Mineral Resources, or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;
- (q) "Project facilities" means the facilities to be constructed, rehabilitated or improved under the Project;
- (r) "RP" means the resettlement plan prepared for the Initial Project and revised for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (s) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower to ADB that describes progress with implementation of and compliance with the EMP and the RP, including any corrective and preventative actions;
- (t) "Services" means Consulting Services and Nonconsulting Services;
- (u) "SPS" means ADB's Safeguard Policy Statement (2009);
- (v) "Subsidiary Loan Agreement" means the agreement between the Borrower and BREB, satisfactory to ADB, referred to in Section 3.01 of this Loan Agreement; and

- (w) "Works" means construction or civil works as set out in the Procurement Plan and to be financed out of the proceeds of the Loan and/or the Concessional Loan, including any related Nonconsulting Services, and project related services that are provided as part of a single responsibility or turnkey contract.

## ARTICLE II

### The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of seventy million Dollars (\$70,000,000), 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) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth 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:

- (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 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 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 relend the proceeds of the Loan together with other funds required for the Project to BREB under a Subsidiary Loan 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 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, 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 this Loan Agreement.

Section 3.04. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 30 June 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 this Loan Agreement and the Project 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 BREB 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 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 Subsidiary Loan 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 Concessional Loan has become liable for suspension or cancellation for any reason whatsoever; or
- (b) BREB shall have failed to perform any of its obligations under the Subsidiary 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: either of the events 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 10.01(f) of the Loan Regulations: the Ordinary Operations [Concessional] Loan Agreement shall have been duly authorized by, and 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

### Miscellaneous

Section 7.01. The Senior Secretary or Secretary or any Additional Secretary, 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 Borrower's Ministry of Finance is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 7.02. 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) 2 918-0788

#### 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  
Economics Relations Division  
Ministry of Finance

ASIAN DEVELOPMENT BANK

By   
MANMOHAN PARKASH  
Country Director  
Bangladesh Resident Mission

**SCHEDULE 1****Description of the Project**

1. The objective of the Project is to improve access to efficient and reliable electricity supply in Bangladesh.
2. The Project will scale up the Initial Project and shall comprise the installation of approximately 990 kilometers (km) of 33 kilovolt (kV) and 3,000 km of 11 kV distribution lines and associated facilities including approximately 51 substations.
3. The Project is expected to be completed by 31 December 2025.



**SCHEDULE 2****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.

<u>Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
1 February 2026	2.500000
1 August 2026	2.500000
1 February 2027	2.500000
1 August 2027	2.500000
1 February 2028	2.500000
1 August 2028	2.500000
1 February 2029	2.500000
1 August 2029	2.500000
1 February 2030	2.500000
1 August 2030	2.500000
1 February 2031	2.500000
1 August 2031	2.500000
1 February 2032	2.500000
1 August 2032	2.500000
1 February 2033	2.500000
1 August 2033	2.500000
1 February 2034	2.500000
1 August 2034	2.500000
1 February 2035	2.500000
1 August 2035	2.500000
1 February 2036	2.500000
1 August 2036	2.500000
1 February 2037	2.500000
1 August 2037	2.500000
1 February 2038	2.500000
1 August 2038	2.500000
1 February 2039	2.500000
1 August 2039	2.500000
1 February 2040	2.500000
1 August 2040	2.500000
1 February 2041	2.500000
1 August 2041	2.500000

1 February 2042	2.500000
1 August 2042	2.500000
1 February 2043	2.500000
1 August 2043	2.500000
1 February 2044	2.500000
1 August 2044	2.500000
1 February 2045	2.500000
1 August 2045	2.500000
<b>Total</b>	<b>100.000000</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; 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 3****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.

Reallocation

3. 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, in consultation with 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, in consultation with the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

4. 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	Goods	36,410,000	100% of total expenditure claimed*
2	Works	31,930,000	100% of total expenditure claimed*
3	Unallocated	1,660,000	
	<b>TOTAL</b>	<b>70,000,000</b>	

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

## SCHEDULE 4

### Execution of Project; Financial Matters

#### Implementation Arrangements

1. The Borrower and BREB shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

#### Procurement

2. The Borrower shall ensure, or cause and BREB to ensure, that:
- (a) the procurement of Goods, Works and Services is carried out in accordance with the Procurement Policy and the Procurement Regulations;
  - (b) Goods, Works and Services shall be procured based on the detailed arrangements set forth in the Procurement Plan, including the procurement and selection methods, the type of bidding documents, and ADB's review requirements. The Borrower may modify the detailed arrangements set forth in the Procurement Plan only with the prior agreement of ADB, and such modifications must be set out in updates to the Procurement Plan; and
  - (c) (i) all Goods and Works procured and Services obtained (including 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; and (ii) all contracts for the procurement of Goods, Works and Services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor, supplier, consultant or service provider with respect to the matters referred to in this subparagraph.
3. The Borrower shall ensure, or cause and BREB to ensure, that no Works contract which involves environmental impacts is awarded until:
- (a) the Borrower's Department of Environment has granted the final approval of the IEE; and
  - (b) BREB has incorporated the relevant provisions from the EMP into the Works contract.
4. The Borrower shall ensure, or cause BREB to ensure, that no Works contract which involves involuntary resettlement impacts is awarded, until BREB has prepared and submitted to ADB the final RP based on the Project's detailed design, and obtained ADB's clearance of such RP.



Environment

5. The Borrower shall ensure, or cause BREB to ensure, that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to environment, health and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the IEE, the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Land Acquisition and Involuntary Resettlement

6. The Borrower shall ensure, or cause BREB to ensure, that all land and all rights-of-way required for the Project are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Borrower relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; and (c) all measures and requirements set forth in the RP, and any corrective or preventative actions set forth in the Safeguards Monitoring Report.

7. Without limiting the application of the Involuntary Resettlement Safeguards or the RP, the Borrower and BREB shall ensure that no physical or economic displacement takes place in connection with the Project until:

- (a) compensation and other entitlements have been provided to affected people in accordance with the RP; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with the RP.

Indigenous Peoples

8. The Borrower shall ensure, or cause BREB to ensure, that the Project does not have any impacts on indigenous peoples (also referred to as tribes, minor races, ethnic sects and communities under the laws of the Borrower) within the meaning of the SPS. In the event that the Project does have any such impact, the Borrower and BREB shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Borrower and with the SPS.

Human and Financial Resources to Implement Safeguards Requirements

9. The Borrower shall make available, or cause BREB to make available, necessary budgetary and human resources to fully implement the EMP and the RP.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

10. The Borrower shall ensure, or cause BREB to ensure, that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures relevant to the contractor set forth in the IEE, the EMP and the RP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report;
- (b) make available a budget for all such environmental and social measures;
- (c) provide BREB with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP and the RP;
- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (e) reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.

#### Safeguards Monitoring and Reporting

11. The Borrower shall do the following or cause BREB to do the following:

- (a) submit Safeguards Monitoring Reports to ADB:
  - (i) semiannually during construction of the Project in respect of implementation of and compliance with the Environmental Safeguards and the EMP and thereafter, annually in respect of implementation of and compliance with the EMP during operation of the Project until the issuance of ADB's Project completion report; and
  - (ii) semiannually during the implementation of the Project and the RP in respect of implementation of and compliance with the Involuntary Resettlement Safeguards and the RP,

and disclose relevant information from such reports to affected persons promptly upon submission;

- (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, and the RP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
- (c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP or the RP promptly after becoming aware of the breach.



Prohibited List of Investments

12. The Borrower shall ensure, and cause BREB to ensure, that no proceeds of either the Loan or the Concessional Loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Labor Standards, Health and Safety

13. The Borrower shall ensure, or cause BREB to ensure, that the core labor standards and the Borrower's applicable laws and regulations are complied with during Project implementation. The Borrower shall include specific provisions in the bidding documents and contracts financed by ADB under the Project requiring that the contractors, among other things: (a) comply with the Borrower's applicable labor law and regulations and incorporate applicable workplace occupational safety norms; (b) do not use child labor; (c) do not discriminate workers in respect of employment and occupation; (d) do not use forced labor; (e) allow freedom of association and effectively recognize the right to collective bargaining; and (f) disseminate, or engage appropriate service providers to disseminate, information on the risks of sexually transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities surrounding the Project area, particularly women.

14. The Borrower shall, or cause BREB to, strictly monitor compliance with the requirements set forth in paragraph 13 above and provide ADB with regular reports.

Gender and Development

15. The Borrower shall ensure, or cause BREB to ensure, that (a) the GAP is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GAP (if required); (c) adequate resources are allocated for implementation of the GAP; and (d) progress on implementation of the GAP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB.

Counterpart Support

16. The Borrower shall make available, and ensure that BREB makes available, adequate budgetary allocations of counterpart financing required for the Project on a timely and regular basis. In addition to the foregoing, the Borrower shall ensure that BREB has sufficient funds to satisfy its liabilities arising from any Works, Goods and/or Services contract.

Financial Covenants

17. The Borrower shall ensure that BREB adopts a revised plan by 31 March 2021 to address and reduce outstanding accounts receivable on its balance sheet, so that the ratio of Debt Service Liability Received to Debt Service Liability Claimed increases from 43.44% in 2019 to over 70% by 2026. Such a plan shall lay out a trajectory, including annual targets. Implementation of the plan and achievement of the targets will be reviewed periodically by the Borrower and ADB under review missions. For the purposes of this paragraph:



- (a) "Debt Service Liability Received" is the sum of principal, interest and penal interest paid by PBS to BREB; and
- (b) "Debt Service Liability Claimed" is the sum of principal, interest and penal interest claimed by BREB against PBS.

#### Tariffs

18. The Borrower shall cause BREB to submit annually all the requirements for Bangladesh Energy Regulatory Commission to undertake a review of utility operating costs, capital investment plans, and proposal for tariff amendments in line with the notified tariff regulations (as amended from time to time) for revision of distribution tariff.

#### Operation and Maintenance

19. The Borrower shall ensure that BREB undertakes regular and periodic maintenance of the Project facilities and makes adequate resources available, through budgetary allocations or otherwise, for this purpose.

#### Governance and Anticorruption

20. The Borrower and BREB shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

21. The Borrower and BREB shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.