Project Agreement

(Amending and Restating Original Project Agreement for the Rural Electrification and Renewable Energy Development Project II)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED

Dated June 30, 2014
PROJECT AGREEMENT

AGREEMENT dated June 30, 2014, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between PEOPLE'S REPUBLIC OF BANGLADESH ("Recipient") and the Association.

WHEREAS (A) under an agreement dated October 23, 2012, between the Association and the Recipient, as amended (the "Original Financing Agreement"), the Association agreed to provide to the Recipient a credit in the amount equivalent to one hundred two million and eight hundred thousand Special Drawing Rights (SDR 102,800,000) to assist in financing the Rural Electrification and Renewable Energy Development Project II described in Schedule I to the Original Financing Agreement;

(B) under an agreement dated October 23, 2012 between the Association and the Project Implementing Entity, as amended, (the "Original Project Agreement") the Project Implementing Entity agreed to carry out Parts A and B of the Project on the terms and conditions set forth therein;

(C) the Recipient has requested the Association to: (i) provide additional financial assistance in support of the Rural Electrification and Renewable Energy Development Project II by increasing the amount made available under the Original Financing Agreement; and (ii) restructure the Original Project to, among other things, revise the project development objective and include additional activities, as described in Schedule I to the Financing Agreement; and

WHEREAS the Project Implementing Entity, in consideration of the Association's entering into the Financing Agreement with the Recipient which provides for the Additional Financing by amending and restating the Original Financing Agreement, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the Association and the Project Implementing Entity hereby agree to amend and restate the Original Project Agreement to read as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Financing Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Financing Agreement or the General Conditions.
ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, Project Implementing Entity shall carry out Parts A and B of the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for Parts A and B of the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out Parts A and B of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

3.01. For purposes of Section 8.05(c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. IDCOL’s Representative is its Executive Director and Chief Executive Officer.

4.02. The Association’s Address is:

International Development Association  
1818 H Street, NW  
Washington, DC 20433  
United States of America

Facsimile:

1-202-477-6391

4.03. IDCOL’s Address is:

UTC Building, (16th floor)  
8 Panthapath, Kawran Bazar  
Dhaka 1215  
Bangladesh

Facsimile:

(8802) 8116663
AGREED at Dhaka, People's Republic of Bangladesh, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Christine Kimes
Authorized Representative

Name: Christine Kimes
Title: Acting Head of Bangladesh Country Office

INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED

By

Authorized Representative

Name: S.M. Monirul Islam
Title: Chief Financial Officer and Head of Operations Infrastructure Development Company Limited (IDCOL)
SCHEDULE

Execution of Parts A and B of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

The Project Implementing Entity shall maintain, throughout the period of Project implementation, a Project Management Unit responsible for the day-to-day implementation of Part B of the Project, including monitoring the activities and results under such Part.

B. Operating Guidelines and GAAP

1. The Project Implementing Entity shall ensure that Parts A and B of the Project are carried out in accordance with the provisions of the Operating Guidelines and the GAAP.

2. Except as the Association shall otherwise agree, the Project Implementing Entity shall not amend or waive any provision of the Operating Guidelines and/or the GAAP, or any part thereof.

C. Anti-Corruption

The Project Implementing Entity shall ensure that Parts A and B of the Project are carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Sub-projects

1. (a) The Project Implementing Entity shall ensure that, except as the Association shall otherwise agree, Sub-projects shall be promoted, identified, appraised, approved, carried out and monitored in accordance with the procedures and other provisions set forth or referred to in the Operating Guidelines, GAAP, the ESMF and the TPDF.

   (b) Participating Organizations applying for Sub-loans or Sub-grants provided under the Project shall meet relevant eligibility criteria set out in the Operating Guidelines, the ESMF and the TPDF with respect to the making of Sub-loans and Sub-grants.

   (c) The Project Implementing Entity shall, not later than October 1 of each year, carry out an annual review to determine that Participating Organizations continue to be eligible for Sub-loans and Sub-grants in
accordance with the eligibility criteria set out in the Operating Guidelines, and, no later than December 31 of each year, furnish the results of such review to the Association.

2. The Project Implementing Entity shall make each Sub-loan and Sub-grant under a Participation Agreement with the respective Participating Organization on terms and conditions approved by the Association, which shall include the following:

(a) the Project Implementing Entity shall obtain rights adequate to protect its interests and those of the Recipient and the Association, including the right to:

(i) suspend or terminate the right of the Participating Organization to use the proceeds of the Sub-loan or Sub-grant, or declare to be immediately due and payable all or any part of the amount of the Sub-loan then withdrawn or obtain a refund of all or any part of the amount of the Sub-grant then withdrawn, upon the Participating Organization’s failure to perform any of its obligations under the Participation Agreement; and

(ii) require each Participating Organization to:

(A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient;

(B) procure the goods, works and services to be financed out of the Sub-loan and Sub-grant in accordance with the provisions of Section III of the Schedule to this Agreement;

(C) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and

(2) at the Recipient’s or the Association’s or the Project Implementing Entity’s request, have
such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient, the Association and the Project Implementing Entity;

(F) enable the Recipient, the Association and the Project Implementing Entity to inspect the Sub-project, its operation and any relevant records and documents; and

(G) prepare and furnish to the Recipient, the Association and the Project Implementing Entity all such information as the Recipient or the Association or IDCOL shall reasonably request relating to the foregoing.

(b) The Project Implementing Entity shall exercise its rights under each Participation Agreement in such manner as to protect the interests of the Recipient, the Association and the Project Implementing Entity and to accomplish the purposes of the Financing. Except as the Recipient and the Association shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive any Participation Agreement or any of its provisions.

3. The Project Implementing Entity shall:

(a) furnish to the Association, for its review and approval, appraisal reports of the first five (5) Sub-projects under each technology proposed to be financed under Part A.2 of the Project;

(b) maintain the independent third party engaged to perform an annual technical audit of the Sub-projects, under terms of reference satisfactory to the Association; and

(c) furnish to the Association the report of such audit not later than September 30 of each year until completion of the Project.

E. Safeguards

1. The Project Implementing Entity shall carry out and cause to carry out Parts A and B of the Project in accordance with the Environmental and Social Management Framework, the Tribal People’s Development Framework and each relevant EMP and Tribal Peoples Plan and each relevant EMP and Tribal Peoples Plan.
2. Whenever an EMP or Tribal Peoples Plan shall be required for any Project activity in accordance with the provisions of the ESMF and/or the TPDF, as the case may be, the Recipient shall:

(a) prior to the commencement of such activity, proceed to have such EMP and Tribal Peoples Plan: (i) prepared in accordance with the provisions of the ESMF and the TPDF, as the case may be; (ii) furnished to the Association for review and approval; and (iii) thereafter adopted and disclosed as approved by the Association, in a manner acceptable to the Association; and

(b) thereafter take such measures as shall be necessary or appropriate to ensure compliance by the relevant Participating Organization, with the requirements of such EMP and Tribal Peoples Plan.

3. Without limitation on its other reporting obligations under this Agreement, the Project Implementing Entity shall:

(a) engage an independent third party to perform an annual audit of environmental safeguards, under terms of reference satisfactory to the Association; such third party shall collect, compile consolidated reports on the status of compliance with the ESMF, the TPDF, and each EMP and Tribal Peoples Plan, giving details of: (i) measures taken in furtherance of the said instruments; (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the said measures; and (iii) remedial measures taken or required to be taken to address such conditions; and

(b) furnish to the Association the report on such audit not later than September 30 of each year until completion of the Project.

4. In the event of any conflict between the provisions of any of the ESMF, the TPDF, or any EMP or Tribal Peoples Plan, the provisions of this Agreement, and the provisions of the Financing Agreement, the provisions of the Financing Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of Parts A and B of the Project and prepare Project Reports for Parts A and B of the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators agreed with the Association. Each such Project Report shall cover the period of one (1) calendar semester, and shall
be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. The Project Implementing Entity shall provide to the Recipient not later than August 30, 2015, for incorporation in the report referred to in Section II.A.2.(a) of Schedule 2 to the Financing Agreement all such information as the Recipient or the Association shall reasonably request for the purposes of such paragraph.

3. The Project Implementing Entity shall provide to the Recipient not later than April 30, 2019, for incorporation in the report referred to in Section 4.08(c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to Parts A and B of the Project.

2. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one (1) fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period are: (a) furnished to the Recipient and the Association not later than six (6) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.

Section III. Procurement

1. All goods, works and services required for Parts A and B of the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.

2. The Project Implementing Entity shall:

(a) engage an independent third party to perform a review of the procurement practices of the Participating Organizations not later than the end of the first year of Project implementation, under terms of reference satisfactory to the Association;
(b) carry out such independent review on a biennial basis thereafter until completion of the Project; and

(c) furnish to the Association the results of such review not later than September 30 of each year in which such review shall be carried out.