Strategic Climate Fund
Scaling-Up Renewable Energy Program

Project Agreement

(Scaling-Up Renewable Energy Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as an implementing entity of the Scaling-up Renewable Energy Program under the Strategic Climate Fund

and

INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED

Dated August 29, 2019
PROJECT AGREEMENT

AGREEMENT dated August 29, 2019, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting not in its individual capacity but solely in its capacity as an implementing entity of the Scaling-up Renewable Energy Program ("SREP") under the Strategic Climate Fund ("SCF") and INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED ("Project Implementing Entity") ("Project Agreement") in connection with: the Strategic Climate Fund Loan Agreement ("SCF Loan Agreement") of same date between People’s Republic of Bangladesh and the World Bank. The World Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — STANDARD CONDITIONS; DEFINITIONS

1.01. The Standard Conditions, as defined in the Appendix to the SCF Loan Agreement for the Loan, 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 SCF Loan Agreement or the Standard Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out Part 2 of the Project in accordance with the provisions of Article II of the Standard Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the World Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out Part 2 of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity’s Representative is its Executive Director and Chief Executive Officer.

3.02. The World Bank’s Address is:

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

Telex: 248423(MCI)  Facsimile: 1-202-477-6391
3.03. The Project Implementing Entity’s Address is:

UTC Building, (16th Floor)
8 Panthapath, Kawran Bazar
Dhaka 1215
Bangladesh; and

Telephone: Facsimile:

AGREED at Dhaka, Bangladesh, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION acting as an implementing entity of the Scaling-up Renewable Energy Program under the Strategic Climate Fund

By

Authorized Representative

Name: Dandan Chen
Title: Acting Country Director

INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED

By

Authorized Representative

Name: Mahmood Malik
Title: Executive Director and CEO
SCHEDULE

Execution of the Project Implementing Entity’s Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall maintain, throughout the period of Project implementation, the Renewable Energy Department, under the supervision of its Head of the department, responsible for the day-to-day implementation of Part 2 of the Project, including monitoring the activities and results under such Part.

B. Project Operations Manual

1. The Project Implementing Entity shall ensure that Part 2 of the Project is carried out in accordance with the provisions of the Project Operations Manual.

2. Except as the Association shall otherwise agree in writing, the Project Implementing Entity shall not amend, assign, abrogate or waive or permit to be amended, assigned, abrogated or waived any provision of the Project Operations Manual, or any part thereof.

3. In the event of any conflict between the provisions of the Project Operations Manual and those of this Agreement, the latter shall govern.

C. Anti-Corruption

The Project Implementing Entity shall ensure that Part 2 of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Sub-Loans under Part 2 of the Project

1. For the purpose of carrying out Part 2 of the Project the Project Implementing Entity shall make Sub-Loans to the Beneficiaries in accordance with eligibility criteria and procedures set out in the Operations Manual.

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

(a) The obligation to on-lend the Sub-Loan to one or more Beneficiary(ies) under terms and conditions set forth in the Project Operational Manual (including those referred to in Section I.C of this Schedule);

(b) 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 Beneficiary to use the proceeds of the Sub-Loan, or declare to be immediately due and payable all or any part of the amount of the Sub-Loan then withdrawn, upon the Beneficiary’s failure to perform any of its obligations under the Sub-Loan Agreement; and

(ii) require each Beneficiary 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) provide, promptly as needed, the resources required for the purpose;

(C) procure the goods, works and services to be financed out of the Sub-Loans in accordance with the best commercial practices;

(D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-Loan and the achievement of its objectives;

(E) (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;

(G) promptly inform the Project Implementing Entity of any condition which interferes and threatens to interfere with the purpose of the Sub-Loan or with its performance;

(H) have a closing date (end of disbursement period) not to exceed the Closing Date of this Agreement; and

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

3. The Project Implementing Entity shall exercise its rights under each Sub-Loan 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 Sub-Loan Agreement or any of its provisions.
E. Safeguards

1. The Project Implementing Entity shall ensure that;

(a) The Sub-Projects under Part 2 of the Project are prepared and operated through adequate implementation of the ESMS including the RPF and such safeguards instruments have been prepared and approved by the World Bank in accordance with the provisions of Section 1.D of this Schedule, and all measures required to be taken in accordance with said Section prior to commencement of the activities covered by the safeguards instruments, have been taken.

(b) The Beneficiary(ies) fulfill their respective obligations with regards to environmental and social due diligence and monitoring in accordance with the ESMS.

(c) The Beneficiary(ies) notify IDCOL (who shall in turn promptly notify the Association), of any social, labor, health and safety, security or environmental incident, accident or circumstance which may have any material impact on the applicable environmental and social requirements.

(d) Any technical assistance to be supported under its Respective Part of the Project are carried out under terms of reference satisfactory to the Association following its review thereof and, to that end, said studies shall duly incorporate the requirements of Association’s Safeguard Policies and be publicly disclosed and consulted upon in accordance with the Association’s Safeguard Policies; and (b) ensure that any capacity building activities under the Project are consistent with, and pay due attention to, the Association’s Safeguard Policies.

2. Prior to the carrying out of any activities under Part 2 of the Project, IDCOL shall establish and thereafter maintain throughout the period of implementation of the Project, an easily accessible grievance redressal mechanism acceptable to the Association, to address feedback and grievances relating to the Project.

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

(a) collect, compile consolidated reports on the status of compliance with the ESMS, 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 the ESMS, the provisions of this Agreement, and the provisions of the Financing Agreement, the provisions of the Financing Agreement and this Agreement shall prevail.
F. Expenditures to be Exclusively Financed with Counterpart Funds

IDCOL shall: (a) ensure that the following expenditures are financed exclusively out of its own resources (or, as agreed with the Recipient, the resources of the Recipient or the Beneficiary(ies)) and not out of the proceeds of the Financing: (i) all land required for the purposes of the Project; (ii) all resettlement and rehabilitation compensation and other assistance to Affected Persons, in accordance with the RAP respectively; (iii) Goods, Works, of the Project Implementing Entity including purchase of vehicles; (iv) interest during construction; and (v) recurrent expenditures such as salaries other than as permitted under the Incremental Operating Costs, workshop allowances, sitting allowances, cash per diems, honoraria and fuel.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 (b) of the Standard Conditions and on the basis of the indicators acceptable to the World Bank. Each such Project Report shall cover the period of each calendar semester and shall be furnished to the Recipient not later than thirty (30) days after the end of the period covered by such report for incorporation and forwarding by the Recipient to the World Bank of the overall Project Report.

2. The Project Implementing Entity shall provide to the Recipient not later than six (6) months after the Closing Date, for incorporation in the report referred to in Section 2.06 of the Standard Conditions all such information as the Recipient or the World Bank 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 World Bank, 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 the Project.

2. The Project Implementing Entity shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the calendar quarter, in form and substance satisfactory to the World Bank.

3. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank. 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 shall be: (a) furnished to the Recipient and the World Bank 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 World Bank.
Section III. **Procurement**

All goods, works and services required for 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 SCF Loan Agreement.

Section IV. **Other Undertakings**

1. To facilitate the carrying out of Part 2.a of the Project, IDCOL shall enter into the Subsidiary Financing Agreement with the Recipient, under terms and conditions approved by the World Bank and shall exercise its rights and carry out its obligations under the Subsidiary Financing Agreement in such manner as to protect the interests of the World Bank and to accomplish the purposes of the Loan.

2. To facilitate the carrying out of Part 2.b of the Project, IDCOL shall enter into the Subsidiary Grant Agreement with the Recipient, under terms and conditions approved by the World Bank and shall exercise its rights and carry out its obligations under the Subsidiary Grant Agreement in such manner as to protect the interests of the Association and to accomplish the purposes of the Loan.

3. Except as the World Bank shall otherwise agree, the parties to the Subsidiary Agreements shall not assign, amend, abrogate or waive the Subsidiary Agreements or any of its provisions. In the event of any conflict between the provisions of the Subsidiary Agreements and this Agreement or the SCF Loan Agreement, the provisions of this Agreement or the SCF Loan Agreement shall prevail.