Project Agreement

(Siddhirganj Peaking Power Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

GAS TRANSMISSION COMPANY LIMITED

Dated November 13, 2008
PROJECT AGREEMENT

AGREEMENT dated November 13, 2008, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and Gas Transmission Company Limited (GTCL) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of same date between the People’s Republic of Bangladesh (“Recipient”) and the Association. The Association and GTCL hereby agree 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. GTCL declares its commitment to the objectives of the Project. To this end, GTCL shall carry out Parts C and D3 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 C and D3 of the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and GTCL shall otherwise agree, GTCL shall carry out Parts C and D3 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. GTCL’s Representative is Managing Director.
4.02. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, DC 20433
United States of America

Cable: INDEVAS  Telex: 248423(MCI) Facsimile: 1-202-477-6391

Washington, D.C.

4.03. GTCL’s Address is:

Gas Transmission Company Limited (GTCL)
Red Crescent Borak Tower (Level 4, 5 & 6)
71 – 72 Old Elephant Road Eskaton
Ramna Dhaka – 1000, Bangladesh
www.gtcl.org.bd

Telephone:
+880-2-9362800

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

/s/ Vinaya Swaroop
Authorized Representative

GAS TRANSMISSION COMPANY LIMITED

By

/s/ Mohammed Eunus
Authorized Representative
SCHEDULE

Execution of the Parts C and D3 of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. GTCL shall maintain until the completion of the Project, a project management unit, headed by an appropriately qualified project director, which shall include procurement and financial management specialists. The PMU shall be directly supported by the Owner’s Engineers in all aspects of design, tendering, negotiation, and implementation of engineering, procurement, and construction contracts.

2. GTCL shall maintain accounts receivables at a level not exceeding an amount equivalent to its billing for transmission services for the previous three (3) months, and shall furnish to the Association not later than December 31 of each year, ten (10) year financial projections, including updated investment and finance plans.

3. GTCL shall participate in a coordinating committee with EGCB and PGCB for the purpose of flagging critical issues that could result in delaying the smooth operation of the Project.

B. Anti-corruption

GTCL shall ensure that Parts C and D3 of the Project are carried out in accordance with the provisions of the Anti-Corruption Guidelines and the TASRCM.

C. Safeguards

1. GTCL shall implement the EMP and the RAP, with respect to the Parts C and D3 of the Project, in accordance with the objectives, policies, procedures, time schedules and other provisions set forth therein. GTCL shall, prior to commencing construction work, in the event that such work shall involve the involuntary resettlement of persons, ensure that such persons shall be resettled in accordance with a resettlement action plan approved by the Association, such plan to be designed on the basis of the policies, planning principles, institutional arrangements and design criteria acceptable to the Association, and set out in the RAP, so as to improve the standards of living and production levels of such persons.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) GTCL shall monitor and evaluate the progress of Parts C and D3 of the Project and prepare Project Reports for Parts C and D3 of the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in subparagraph (b) of this paragraph. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later two (2) weeks after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.

(b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

(i) prior to commercial operation, implementation progress reports related to physical progress on the project components, on a quarterly basis; and

(ii) following initiation of the commercial operation, total natural gas throughput, expressed in million standard cubic feet, on a quarterly basis.

2. GTCL shall provide to the Recipient not later than three (3) months after the Closing Date, 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. GTCL 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 GTCL, including the operations, resources and expenditures related to Parts C and D3 of the Project.

2. GTCL 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 fiscal year of GTCL. The audited financial statements for each period shall be furnished to the Association not later than six (6) months after the end of the period. In addition, GTCL shall provide the Association, not later than three (3) months from the end
of such semester, copies of its internal audit reports for each calendar semester with details of actions taken to address the issues identified in such internal audit reports.

Section III. Procurement

1. All goods and services required for Parts C and D3 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. GTCL shall cause its owner’s engineer consulting firm to prepare and submit to the Association a satisfactory report assessing the overall procurement process throughout the Project.