Project Agreement

(Siddhirganj Peaking Power Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

POWER GRID COMPANY OF BANGLADESH LIMITED

Dated November 13, 2008
PROJECT AGREEMENT

AGREEMENT dated November 13, 2008, entered into between
INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and Power Grid
Company of Bangladesh Limited (“PGCB”) (“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 PGCB
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. PGCB declares its commitment to the objectives of the Project. To this end,
PGCB shall carry out Parts B and D2 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 B and
D2 of the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and
except as the Association and PGCB shall otherwise agree, PGCB shall carry out
Parts B and D2 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. The PGCB’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

4.03. PGCB’s Address is:

Power Grid Company of Bangladesh Limited (PGCB)  
IEB New Building (3rd & 4th Floor)  
Ramna, Dhaka – 1000, Bangladesh  
www.pgcb.org.bd

Telephone: +880-2-9888589

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By  
/s/ Vinaya Swaroop  
Authorized Representative

POWER GRID COMPANY OF BANGLADESH

By  
/s/ Md. Nazimuddin  
Authorized Representative
SCHEDULE

Execution of the Parts B and D2 of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. PGCB 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. PGCB shall maintain accounts receivables at a level not exceeding an amount equivalent to its billing for energy 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. PGCB shall participate in a coordinating committee with EGCB and GTCL for the purpose of flagging critical issues that could result in delaying the smooth implementation and operation of the Project.

B. Anti-Corruption

PGCB shall ensure that Parts B and D2 of the Project are carried out in accordance with the provisions of the Anti-Corruption Guidelines and the TASRCM.

C. Safeguards

PGCB shall implement the EMP and the RAP, with respect to the Parts B and D2 of the Project in accordance with the objectives, policies, procedures, time schedules and other provisions set forth therein. PGCB 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) PGCB shall monitor and evaluate the progress of Parts B and D2 of the Project and prepare Project Reports for Parts B and D2 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 declaration of commercial operation, kWh received at Maniknagar through the 230 kV line on a quarterly basis.

2. PGCB 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. PGCB 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 PGCB, including the operations, resources and expenditures related to Parts B and D2 of the Project.

2. PGCB 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 PGCB. 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, PGCB 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 B and D2 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. PGCB 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.