
LOAN NUMBER 4192-BAN(COL)

LOAN AGREEMENT
(Ordinary Operations [Concessional])
(Emergency Assistance Project – Additional Financing)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 29 JUNE 2022

BAN 52174

LOAN AGREEMENT
(Ordinary Operations [Concessional])

LOAN AGREEMENT dated 29 June 2022 between PEOPLE'S REPUBLIC OF BANGLADESH ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a grant agreement dated 9 August 2018 between the Borrower and ADB ("Initial Grant Agreement"), ADB provided the Borrower with a grant from ADB's Special Funds resources in an amount of one hundred million Dollars for the purposes of the project described in Schedule 1 of the Initial Grant Agreement ("Initial Project");

(B) the Borrower has applied to ADB for a loan for the purposes of scaling up the Initial Project, as further described in paragraph 2(c) of Schedule 1 to the Grant Agreement (as defined in recital (C) below);

(C) by a grant agreement of even date herewith between the Borrower and ADB ("Grant Agreement"), ADB has agreed to provide a grant to the Borrower from ADB's Special Fund resources in an amount of forty-one million and four hundred thousand Dollars for the purposes of scaling up the Initial Project, as further described in paragraphs 2(a) and 2(b) of Schedule 1 to the Grant Agreement; and

(D) ADB has agreed to make a concessional loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of ADB's Ordinary Operations (Concessional) Loan Regulations, dated 1 January 2022 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Grant Agreement and the Loan Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires, subject, to the following modification:

"Project Executing Agency" or "EA" for the purposes, and within the meaning, of the Loan Regulations means the Borrower's Roads and Highways Department for Part C of the Project as identified in the PAM, or any successor to any of foregoing acceptable to ADB.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of thirty million Dollars (\$30,000,000).

(b) The Loan has a principal repayment period of 30 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 1 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB an interest charge at the rate of 1% per annum during the grace period and thereafter, on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

Section 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 15 January and 15 July in each year.

Section 2.04. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 1 to this Loan Agreement.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. 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.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 2 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 3 to the Grant Agreement.

Section 3.04. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 June 2025 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 3 to the Grant Agreement.

Section 4.02. (a) The Borrower shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with financial reporting standards acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the Loan proceeds, and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) 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.

(c) The Borrower shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Borrower's financial affairs where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Borrower, unless the Borrower shall otherwise agree.

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.

ARTICLE V

Effectiveness

Section 5.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations: the Grant Agreement shall have been duly 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 5.02. 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 9.04 of the Loan Regulations.

ARTICLE VI

Miscellaneous

Section 6.01. The Senior Secretary or Secretary or any Additional Secretary, Joint Secretary, Deputy Secretary, Senior Assistant Secretary or Assistant Secretary of the Economic Relations Division of the Ministry of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 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.

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
Economic Relations Division
Ministry of Finance

ASIAN DEVELOPMENT BANK

By 

EDIMON GINTING
Country Director
Bangladesh Resident Mission

SCHEDULE 1**Amortization Schedule**

| <u>Payment Due</u> | <u>Payment of Principal</u> (expressed in Dollar)* |
|--------------------|---|
| 15 July 2032 | 300,000 |
| 15 January 2033 | 300,000 |
| 15 July 2033 | 300,000 |
| 15 January 2034 | 300,000 |
| 15 July 2034 | 300,000 |
| 15 January 2035 | 300,000 |
| 15 July 2035 | 300,000 |
| 15 January 2036 | 300,000 |
| 15 July 2036 | 300,000 |
| 15 January 2037 | 300,000 |
| 15 July 2037 | 300,000 |
| 15 January 2038 | 300,000 |
| 15 July 2038 | 300,000 |
| 15 January 2039 | 300,000 |
| 15 July 2039 | 300,000 |
| 15 January 2040 | 300,000 |
| 15 July 2040 | 300,000 |
| 15 January 2041 | 300,000 |
| 15 July 2041 | 300,000 |
| 15 January 2042 | 300,000 |
| 15 July 2042 | 600,000 |
| 15 January 2043 | 600,000 |
| 15 July 2043 | 600,000 |
| 15 January 2044 | 600,000 |
| 15 July 2044 | 600,000 |
| 15 January 2045 | 600,000 |
| 15 July 2045 | 600,000 |
| 15 January 2046 | 600,000 |
| 15 July 2046 | 600,000 |
| 15 January 2047 | 600,000 |
| 15 July 2047 | 600,000 |
| 15 January 2048 | 600,000 |
| 15 July 2048 | 600,000 |
| 15 January 2049 | 600,000 |
| 15 July 2049 | 600,000 |
| 15 January 2050 | 600,000 |

| | |
|-----------------|------------|
| 15 July 2050 | 600,000 |
| 15 January 2051 | 600,000 |
| 15 July 2051 | 600,000 |
| 15 January 2052 | 600,000 |
| 15 July 2052 | 600,000 |
| 15 January 2053 | 600,000 |
| 15 July 2053 | 600,000 |
| 15 January 2054 | 600,000 |
| 15 July 2054 | 600,000 |
| 15 January 2055 | 600,000 |
| 15 July 2055 | 600,000 |
| 15 January 2056 | 600,000 |
| 15 July 2056 | 600,000 |
| 15 January 2057 | 600,000 |
| 15 July 2057 | 600,000 |
| 15 January 2058 | 600,000 |
| 15 July 2058 | 600,000 |
| 15 January 2059 | 600,000 |
| 15 July 2059 | 600,000 |
| 15 January 2060 | 600,000 |
| 15 July 2060 | 600,000 |
| 15 January 2061 | 600,000 |
| 15 July 2061 | 600,000 |
| 15 January 2062 | 600,000 |
| Total | 30,000,000 |

* The arrangements for payment are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.

SCHEDULE 2**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.

Interest Charge

3. The amount allocated to Category "Interest Charge" is for financing the interest charge on the Loan during the implementation period of the Project. ADB shall be entitled to withdraw from the Loan Account and pay to itself, on behalf of the Borrower, the amounts required to meet payments, when due, of such interest charge.

Reallocation

4. 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

5. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Retroactive Financing

6. Withdrawals from the Loan Account may be made for reimbursement of eligible expenditures incurred under the Project before the Effective Date in connection with Goods, Works and Services, subject to a maximum amount equivalent to 30% of the Loan amount; provided that the expenditures have been incurred not earlier than 12 months before the date of this Loan Agreement.

TABLE

| ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS | | | |
|--|---------------------|--|--|
| Number | Item | Total Amount Allocated for ADB Financing (\$) | Basis for Withdrawal from the Grant Account |
| | | Category | |
| 1 | Civil Works | 18,960,000 | 100% of total expenditure claimed* |
| 2 | Consulting Services | 440,000 | 100% of total expenditure claimed* |
| 3 | Interest Charge | 650,000 | 100% of amount due |
| 4 | Unallocated | 9,950,000 | |
| | TOTAL | 30,000,000 | |

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