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LOAN NUMBER 3676-BAN

LOAN AGREEMENT  
(Ordinary Operations)

(Rupsha 800-Megawatt Combined Cycle Power Plant Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 2 AUGUST 2018

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BAN 50161

**LOAN AGREEMENT  
(Ordinary Operations)**

LOAN AGREEMENT dated 2 August 2018 between PEOPLE'S REPUBLIC OF BANGLADESH ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(B) the Project will be carried out by North-West Power Generation Company Limited ("NWPGL"), and for this purpose the Borrower will make available to NWPGL the proceeds of the loan provided for herein upon terms and conditions satisfactory to ADB;

(C) by an agreement of even date herewith ("Grant Agreement"), ADB has agreed to make the proceeds of a grant from the Japan Fund for Poverty Reduction ("Grant") available to the Borrower in an amount of one million five hundred thousand Dollars (\$1,500,000) for the purposes of Part D of the Project; and

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

NOW THEREFORE the parties hereto agree as follows:

**ARTICLE I**

**Loan Regulations; Definitions**

Section 1.01. All the provisions of ADB's Ordinary Operations Loan Regulations, dated 1 January 2017 ("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 Loan Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Loan Agreement have the following meanings:

- (a) "BERC" means Bangladesh Energy Regulatory Commission;
- (b) "BPDB" means Bangladesh Power Development Board;
- (c) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);

- (d) "Consulting Services" means the services to be financed out of the proceeds of the Loan as described in paragraph 3 of Schedule 1 to this Loan Agreement;
- (e) "Environmental Impact Assessment" or "EIA" means the environmental impact assessment for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (f) "Environmental Management Plan" or "EMP" means the environmental management plan for the Project, including any update thereto, incorporated in the EIA;
- (g) "ERP" means enterprise resource planning;
- (h) "Gender Action Plan" or "GAP" means the gender action plan prepared for the Project, including any update thereto, and agreed to between the Borrower and ADB;
- (i) "Goods" means equipment and materials to be financed out of the proceeds of the Loan and the Grant, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;
- (j) "km" means kilometer;
- (k) "kV" means kilovolt;
- (l) "LNG" means liquefied natural gas;
- (m) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (n) "MW" means megawatt;
- (o) "PAM" means the project administration manual for the Project dated April 2018 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;
- (p) "PGCB" means Power Grid Company of Bangladesh Limited;
- (q) "Power Plant Package" means the Works package for the design, supply, installation and commissioning of the Rupsha 800 MW combined cycle power plant;
- (r) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);
- (s) "Procurement Plan" means the procurement plan for the Project dated 19 April 2018 and agreed between the Borrower and ADB, as updated

from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

- (t) "Resettlement Plan" or "RP" means the resettlement plan for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (u) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009);
- (v) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower to ADB that describes progress with implementation of and compliance with the EMP and the RP, including any corrective and preventative actions;
- (w) "SGCL" means Sundarban Gas Company Limited;
- (x) "Subsidiary Financing Agreement" means the agreement between the Borrower and NWPGL with respect to the proceeds of the Loan provided under the Project as described in Section 3.01(a) of this Loan Agreement and the proceeds of the Grant provided under the Project as described in Section 3.01(a) of the Grant Agreement; and
- (y) "Works" means construction or civil works to be financed out of the proceeds of the Loan, including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract, but excluding Consulting Services.

## ARTICLE II

### The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of five hundred million Dollars (\$500,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(b) The Loan has a principal repayment period of 20 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 2 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

- (a) LIBOR;
- (b) 0.60% as provided by Section 3.02 of the Loan Regulations less a credit of 0.10% as provided by Section 3.03 of the Loan Regulations; and
- (c) a maturity premium of 0.10% as provided by Section 3.03 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 15 June and 15 December in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 2 to this Loan Agreement.

Section 2.06. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

- (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and
- (iii) the setting of limits on the Floating Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Floating Rate.

(b) Any conversion requested pursuant to subsection (a) hereinabove that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(f) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

**ARTICLE III****Use of Proceeds of the Loan**

Section 3.01. (a) The Borrower shall relend the proceeds of the Loan to NWPGL under the Subsidiary Financing Agreement upon terms and conditions satisfactory to ADB.

(b) 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 and the Project Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 3 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 4 to this Loan Agreement.

Section 3.04. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 31 December 2022 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 5 to this Loan Agreement and the Project Agreement.

Section 4.02. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.03. 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.

Section 4.04. The Borrower shall take all actions which shall be necessary on its part to enable NWPGL to perform its obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.05. (a) The Borrower shall exercise its rights under the Subsidiary Financing Agreement in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

(b) No rights or obligations under the Subsidiary Financing Agreement shall be assigned, amended, abrogated or waived without the prior concurrence of ADB.

## ARTICLE V

### Suspension

Section 5.01. The following is specified as an additional event for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 9.01(m) of the Loan Regulations: the Borrower shall have failed to perform any of its obligations under the Grant Agreement.

## ARTICLE VI

### Effectiveness

Section 6.01. 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 10.04 of the Loan Regulations.

## ARTICLE VII

### Miscellaneous

Section 7.01. The Senior Secretary or Secretary or any Additional Secretary, Joint Secretary or Joint Chief, Deputy Secretary or Deputy Chief, Senior Assistant Secretary or Senior Assistant Chief, Assistant Secretary or Assistant Chief of the Economic Relations Division of the Borrower's Ministry of Finance is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 12.01 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:

+632 636-2444  
+632 636-2338.



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 

MUHAMMAD ALKAMA SIDDIQUI  
Additional Secretary  
Economic Relations Division  
Ministry of Finance

ASIAN DEVELOPMENT BANK

By 

MANMOHAN PARKASH  
Country Director  
Bangladesh Resident Mission

**SCHEDULE 1****Description of the Project**

1. The objective of the Project is to increase the availability of efficient and cleaner energy.

2. The Project shall comprise:

**Part A. Increase in efficient gas-fired power generation**

Design, supply, installation and commissioning of the new Rupsha 800 MW combined cycle power plant;

**Part B. Upgraded energy transfer systems**

(a) construction of approximately 10 km of 24-inch gas distribution pipeline to connect the Khulna City Gas Station to the Rupsha power plant;

(b) construction of approximately 2 km of 20-inch gas distribution pipeline to connect the Rupsha power plant to the existing Khulna power plant;

(c) construction of a 230 kV switchyard at the Rupsha power plant site and an approximately 29 km of 230 kV high capacity double circuit transmission line to the Khulna South substation;

**Part C. Strengthened institutional capacity of NWPGL**

(a) implementation and operation of ERP system for NWPGL;

(b) supply and installation of a universal power plant operations training simulator;

(c) delivery of capacity enhancement through on the job training for NWPGL staff in (i) project management, implementation and supervision; (ii) monitoring and evaluation; (iii) operation and maintenance; (iv) environment and social safeguards; (v) gender equity; and (vi) effective project communications;

**Part D. Pilot testing of socially inclusive development of communities neighboring the project site**

(a) increasing awareness on safe and efficient use of electricity;

(b) training on livelihood activities and employment opportunities; and

(c) installing a 10 kW solar system, two information technology laboratories, and two science laboratories in schools near the Rupsha power plant.

3. Consulting Services will be provided to support the above stated activities.
4. The Project is expected to be completed by 30 June 2022.

## SCHEDULE 2

## Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by ADB by multiplying (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<u>Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
15 December 2023	2.500000
15 June 2024	2.500000
15 December 2024	2.500000
15 June 2025	2.500000
15 December 2025	2.500000
15 June 2026	2.500000
15 December 2026	2.500000
15 June 2027	2.500000
15 December 2027	2.500000
15 June 2028	2.500000
15 December 2028	2.500000
15 June 2029	2.500000
15 December 2029	2.500000
15 June 2030	2.500000
15 December 2030	2.500000
15 June 2031	2.500000
15 December 2031	2.500000
15 June 2032	2.500000
15 December 2032	2.500000
15 June 2033	2.500000
15 December 2033	2.500000
15 June 2034	2.500000
15 December 2034	2.500000
15 June 2035	2.500000
15 December 2035	2.500000
15 June 2036	2.500000
15 December 2036	2.500000
15 June 2037	2.500000
15 December 2037	2.500000
15 June 2038	2.500000
15 December 2038	2.500000
15 June 2039	2.500000

<u>Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
15 December 2039	2.500000
15 June 2040	2.500000
15 December 2040	2.500000
15 June 2041	2.500000
15 December 2041	2.500000
15 June 2042	2.500000
15 December 2042	2.500000
15 June 2043	<u>2.500000</u>
<b>TOTAL</b>	<b>100.000000</b>

2. If the proceeds of the Loan shall not have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

- (a) to the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule; and
- (b) any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. Withdrawals made within 2 calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by ADB by multiplying such amount in its currency of denomination immediately prior to said Conversion by either (a) the exchange rate that reflects the amounts of principal in said Approved Currency payable by ADB under the Currency Hedge Transaction relating

to said Conversion; or (b) if ADB so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

**SCHEDULE 3****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 or Subcategory 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.

Reallocation

3. 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, by notice to 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, by notice to the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

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

Retroactive Financing

5. Withdrawals from the Loan Account may be made to finance eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement in connection with all eligible items, subject to a maximum amount equivalent to 20% of the Loan amount.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS			
Number	Item	Total Amount Allocated for ADB Financing (\$)	Basis for Withdrawal from the Loan Account
1	Turnkey contract for power plant	396,060,000	100% of total expenditure claimed
2	Turnkey contract for gas pipeline	5,000,000	100% of total expenditure claimed
3	Turnkey contract for transmission line	23,200,000	100% of total expenditure claimed
4	Consulting Services	13,770,000	100% of total expenditure claimed
5	Capacity development	7,000,000	100% of total expenditure claimed
6	Unallocated	54,970,000	
	<b>TOTAL</b>	<b>500,000,000</b>	



**SCHEDULE 4****Procurement of Goods, Works and Consulting Services**General

1. The procurement of Goods, Works and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
2. Except as ADB may otherwise agree, Goods and Works shall be procured and Consulting Services shall be selected and engaged only on the basis of the procurement method and the selection methods set forth below. These methods are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the procurement method and the selection methods or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.
3. All terms used in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

Eligible Source of Procurement of the Power Plant Package

4. The Power Plant Package may also be procured under the Project from non-member countries of ADB.

Goods and Works

5. Goods and Works shall be procured on the basis of the procurement method: International Competitive Bidding.

Domestic Preference

6. The Borrower may grant a margin of preference in the evaluation of bids under international competitive bidding in accordance with paragraphs 2.55(a) and 2.56 of the Procurement Guidelines for domestically manufactured Goods.

Conditions for Award of Contract

7. The Borrower shall not award:
  - (a) any Works contracts which involves environmental impacts until: (i) the Borrower's Department of Environment has granted the approval of the EIA (including approval of separate environmental impact assessment required to be prepared under Bangladesh law); (ii) the Borrower has incorporated the relevant provisions from the EMP into the Works contract; (iii) the EIA is updated to reflect the turnkey contractor's detailed design; and (iv) such updated EIA is cleared by ADB; and

- (b) any Works contracts which involves involuntary resettlement impacts, until the Borrower has prepared and submitted to ADB the final RP based on the Project's detailed design, and obtained ADB's clearance of such RP.

#### Consulting Services

8. Except as set forth in the paragraph below, the Borrower shall apply Quality- and Cost-Based Selection for Consulting Services.

9. The Borrower shall recruit the individual consultants for (a) supporting the Project Executing Agency in implementation of the ERP system, and (b) external validation of the environmental monitoring reports produced by the Project Executing Agency, in accordance with procedures acceptable to ADB for recruiting individual consultants.

#### Industrial or Intellectual Property Rights

10. (a) The Borrower shall ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) The Borrower shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

11. The Borrower shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the Consulting Services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

#### ADB's Review of Procurement Decisions

12. Contracts procured under international competitive bidding procedures and contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

**SCHEDULE 5****Execution of Project; Financial Matters**Implementation Arrangements

1. The Borrower and NWPGL shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by NWPGL and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

2. NWPGL shall ensure that its project management unit has adequate qualified staff to undertake necessary tasks of procurement, construction supervision, inspection and testing of equipment, payments to contractors, monitoring, environmental and social safeguards implementation and reporting of progress of the Project.

Environment

3. The Borrower shall ensure, or cause NWPGL to ensure, that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to environment, health, and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the respective EIA and EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Land Acquisition and Involuntary Resettlement

4. The Borrower shall ensure, or cause NWPGL to ensure, that all land and all rights-of-way required for the Project, and all Project facilities are made available to the Works contractor in accordance with the schedule agreed under the related Works contract, and that all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Borrower relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; and (c) all measures and requirements set forth in the RP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

5. Without limiting the application of the Involuntary Resettlement Safeguards or the RP, the Borrower shall ensure, or cause NWPGL to ensure, that no physical or economic displacement takes place in connection with a subproject until:

- (a) compensation and other entitlements have been provided to affected people in accordance with the RP; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with the RP.

Human and Financial Resources to Implement Safeguards Requirements

6. The Borrower shall make available, or cause NWPGL to make available, all necessary budgetary and human resources to fully implement the EMP and the RP.

Safeguards-Related Provisions in Bidding Documents and Works Contracts

7. The Borrower shall ensure, or cause the Project Executing Agency to ensure, that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures and requirements relevant to the contractor set forth in the EIA, the EMP and the RP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report;
- (b) make available a budget for all such environmental and social measures;
- (c) provide the Borrower with a written notice of any unanticipated environmental or resettlement risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the EIA, the EMP or the RP;
- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (e) fully reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.

Safeguards Monitoring and Reporting

8. The Borrower shall do, or cause NWPGL to do, the following:

- (a) submit semiannual Safeguards Monitoring Reports to ADB for disclosure on ADB's website, and disclose relevant information from such reports to affected persons promptly upon submission;
- (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the EIA, the EMP, or the RP, as applicable, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan;
- (c) no later than June 2019, engage a qualified and experienced external expert under a selection process and terms of reference acceptable to ADB, to verify information produced through the Project monitoring

process, and facilitate the carrying out of any verification activities by such an external expert;

- (d) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP or the RP promptly after becoming aware of the breach.

#### Prohibited List of Investments

9. The Borrower shall ensure, or cause NWPGCL to ensure, that no proceeds of the Loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

#### Labor Standards, Health and Safety

10. The Borrower shall ensure, or cause NWPGCL to ensure, that the core labor standards and the Borrower's applicable laws and regulations are complied with during Project implementation. The Borrower shall include specific provisions in the bidding documents and contracts financed by ADB under the Project requiring that the contractors, among other things: (a) comply with the Borrower's applicable labor law and regulations and incorporate applicable workplace occupational safety norms; (b) do not use child labor; (c) do not discriminate workers in respect of employment and occupation; (d) do not use forced labor; (e) allow freedom of association and effectively recognize the right to collective bargaining; and (f) disseminate, or engage appropriate service providers to disseminate, information on the risks of sexually transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities surrounding the Project area, particularly women.

11. The Borrower shall strictly monitor compliance with the requirements set forth in paragraph 10 above and provide ADB with regular reports.

#### Gender and Development

12. The Borrower shall ensure that (a) the GAP is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GAP; (c) adequate resources are allocated for implementation of the GAP; and (d) progress on implementation of the GAP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB.

#### Counterpart Support

13. The Borrower shall make available, and ensure that the Project Executing Agency makes available, adequate budgetary allocations of the required counterpart funds in respect of the Project on a timely and regular basis. In addition to the foregoing, the Borrower shall ensure that NWPGCL has sufficient funds to satisfy its liabilities arising from any Works, Goods and/or Consulting Services contract.

Fuel Supply Agreement

14. The Borrower shall ensure uninterrupted supply of natural gas to the Rupsha power plant by the time of the commissioning of the first generating unit and onward, for the power plant to operate as base load. The Borrower shall ensure, or cause NWPGL to ensure, that a fuel supply agreement between NWPGL and SGCL is executed prior to the commissioning of the first generating unit.

Rupsha Power Purchase Agreement

15. The Borrower shall ensure, or cause NWPGL to ensure, that a draft power purchase agreement between NWPGL and BPDB is agreed by the parties, and submitted to ADB for its review and comments, by 31 December 2019. The Borrower shall ensure, or cause NWPGL and BPDB to ensure, that the power purchase agreement, on terms and conditions satisfactory to ADB, is executed prior to commercial operation of the first generating unit, and that a copy of the executed power purchase agreement is provided to ADB.

Operation and Maintenance

16. The Borrower shall ensure that NWPGL, at all times, have sufficient provision for its operation and maintenance cost for assets owned by it. The Borrower shall ensure, or cause NWPGL to ensure, maintenance of the Rupsha power plant at regular intervals as recommended by the manufacturers, and unhindered operation of the Rupsha power plant on base load to achieve plant availability of higher than 80%.

17. The Borrower shall ensure that SGCL (a) at all times have sufficient provision for its operation and maintenance cost for assets owned by it; (b) at all times operate and maintain its plants, equipment and other property, including the gas supply Project facilities transferred to it under the Project; and (c) from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound applicable technical, financial, business, development, operational and maintenance practices.

18. The Borrower shall ensure that PGCB (a) at all times have sufficient provision for its operation and maintenance cost for assets owned by it; (b) at all times operate and maintain its plants, equipment and other property, including the power transmission Project facilities transferred to it under the Project; and (c) from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound applicable technical, financial, business, development, operational and maintenance practices.

Gas Pricing Policy

19. The Borrower shall ensure that a practicable pricing formula applicable to all power generation projects owned by government utilities and companies, including the Project, which reflects the proportional cost of imported LNG and domestically sourced gas in the context of the introduction of LNG to Bangladesh national gas network, is concluded by 31 December 2020, and provided to ADB.

Electricity Tariff Revisions

20. The Borrower shall cause BPDB and other utilities to submit annually all requirements to BERC for periodic tariff revisions to reflect the changing energy mix, increasing generation capacity, and development of transmission and distribution network. The Borrower shall provide timely policy information to BERC to fully implement the tariff methodology by December 2020, and use its best efforts to have tariff revisions announced by BERC annually from 2021.

Human Resource and Financial Management

21. The Borrower shall cause NWPGL to approve and submit to ADB, by December 2019, a long-term human resource development plan, including job description and measures to strengthen manpower.

22. The Borrower shall cause NWPGL to fully implement, by June 2022, an enterprise resource planning system to ensure efficiency in its overall operations and service delivery.

Financial Covenants

23. The Borrower shall ensure that its Subsidiary Financing Agreements with NWPGL is implemented according to project schedule, guaranteeing timely completion of project activities.

24. The Borrower shall ensure, or cause NWPGL, SGCL and PGCB to ensure, that, after the commissioning of the gas supply pipelines and the power transmission line: (a) all assets and liabilities with respect to the gas supply Project facilities are duly transferred to SGCL, and SGCL agrees to assume the corresponding linked financial obligations under the Subsidiary Financing Agreement; (b) all assets and liabilities with respect to the power transmission Project Facilities are duly transferred to PGCB, and PGCB agrees to assume the corresponding linked financial obligations under the Subsidiary Financing Agreement; and (c) NWPGL is duly compensated for all costs, including capital expenditure, financing costs and overheads, incurred for creating such assets, either in cash or by any other means.

25. The Borrower shall cause NWPGL to comply with the following financial covenants: (a) the debt-equity ratio shall not exceed 80:20 from 30 June 2019 onwards; (b) service regularly all debts incurred by NWPGL and the debt service coverage ratio shall not be less than 1.2 from 31 December 2019 onwards; (c) the annual accounts receivable ratio shall be maintained at 75 days by 30 June 2019 onwards; (d) the ratio of total operating expenses to total operating revenue shall not exceed 85% at all times; and (e) the self financing ratio shall be maintained at 5% from 2021, and 10% from 2025, based on a 3-year moving average capital expenditure (calculated by adding the capital expenditures for the previous year and the current year, and the projection for the capital expenditure for the following year, divided by 3).

Grievance Redress Mechanism

26. The Borrower shall cause NWPGL to have a grievance redress mechanism, acceptable to ADB, to receive and resolve complains/grievances or act upon reports from stakeholders on misuse of funds and other irregularities, including grievances due to environment and resettlement. The Borrower and NWPGL shall (a) make public the existence of this grievance redress mechanism; (b) review and address grievances of stakeholders of the Project, in relation to the Project, any of the service providers, or any person responsible for carrying out any aspects of the Projects; and (c) proactively and constructively respond to them.

Governance and Anticorruption

27. The Borrower and NWPGL shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

28. The Borrower and NWPGL shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.