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GRANT NUMBER 0584-BAN(EF)  
(Additional Financing to Loan 2769-BAN)

GRANT AGREEMENT  
(Externally Financed – Strategic Climate Fund)  
(Power System Efficiency Improvement Project  
– Additional Financing)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 9 AUGUST 2018

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BAN 37113

**GRANT AGREEMENT  
(Externally Financed)**

GRANT AGREEMENT dated 9 August 2018 between PEOPLE'S REPUBLIC OF BANGLADESH ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a loan agreement dated 4 January 2012 (Loan No. 2769-BAN), as amended by amendment letters dated 8 March 2018 and on or about 9 August 2018, respectively between the Recipient and ADB ("ADB Loan Agreement"), ADB agreed to make a loan to the Recipient from ADB's ordinary capital resources in the amount of three hundred million Dollars (\$300,000,000) for the purposes of the Project described in Schedule 1 to the ADB Loan Agreement;

(B) by a grant agreement (Grant No. 0583-BAN[EF]) of even date herewith between the Recipient and ADB ("CEF Grant Agreement"), ADB made available to the Recipient a grant from the Clean Energy Fund ("CEF") under the Clean Energy Financing Partnership Facility ("CEF Grant") in an amount of three million Dollars (\$3,000,000) for the purposes of cofinancing expenditures under Part B(iv) of the Project described in Schedule 1 to the ADB Loan Agreement;

(C) the Recipient has applied to Strategic Climate Fund ("SCF") under the Scaling Up Renewable Energy Program in Low-Income Countries for a grant, to be administered by ADB, for the purposes of cofinancing expenditures under Part B(iv) of the Project; and

(D) ADB has agreed to make the proceeds of the grant from SCF available to the Recipient upon the terms and conditions set forth herein;

NOW THEREFORE the parties agree as follows:

**ARTICLE I**

**Grant Regulations; Definitions**

Section 1.01. All the provisions of ADB's Externally Financed Grant Regulations, dated 1 January 2017 ("Grant Regulations"), are hereby made applicable to this Grant Agreement with the same force and effect as if they were fully set forth herein.

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

(a) "ADB Loan" means the loan provided for in the ADB Loan Agreement;

- (b) "BREB Subsidiary Financing Agreement" means the agreement between the Borrower and BREB with respect to proceeds of the Grant made available to BREB under the Project as described in Section 3.01(a) of this Grant Agreement; and
- (c) "Project" means Part B(iv) of the Project described in Schedule 1 to the ADB Loan Agreement.

## **ARTICLE II**

### **The Grant**

Section 2.01. ADB agrees to make available to the Recipient a grant from SCF in the amount of twenty-two million four hundred forty-two thousand Dollars (\$22,442,000) ("Grant").

## **ARTICLE III**

### **Use of Proceeds of the Grant**

Section 3.01. (a) The Recipient shall relend the proceeds of the Grant together with other funds required for the Project to BREB under a Subsidiary Financing Agreement upon terms and conditions satisfactory to ADB.

(b) The Recipient shall cause the proceeds of the Grant to be applied to the financing of expenditures on the Project in accordance with the provisions of this Grant Agreement.

Section 3.02. The proceeds of the Grant shall be allocated and withdrawn in accordance with the provisions of Schedule 1 to this Grant Agreement, as such Schedule may be amended from time to time by agreement between the Recipient and ADB.

Section 3.03. Except as ADB may otherwise agree, the Recipient shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Grant in accordance with the provisions of Schedule 4 to the ADB Loan Agreement and Schedule 2 to this Grant Agreement.

Section 3.04. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 30 June 2021 or such other date as may from time to time be agreed between the Recipient and ADB.

## **ARTICLE IV**

### **Particular Covenants**

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Recipient shall perform, or cause to be performed, all obligations set forth in Schedule 5 to the ADB Loan Agreement, Schedule 2 to this Grant Agreement and the Project Agreement.

Section 4.02. 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 4.03. The Recipient shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.04. The Recipient acknowledges and agrees that this Grant Agreement is entered into by ADB, not in its individual capacity, but as trustee of SCF. Accordingly, the Recipient agrees that (i) it may only withdraw Grant proceeds to the extent that ADB has received proceeds for the Grant from SCF and such proceeds has not been suspended or cancelled in whole or in part pursuant to the applicable provisions of SCF, and (ii) that ADB does not assume any obligations or responsibilities of SCF in respect of the Project or the Grant other than those set out in this Grant Agreement.

## **ARTICLE V**

### **Suspension**

Section 5.01. The following is specified as an additional event for suspension of the right of the Recipient to make withdrawals from the Grant Account for the purposes of Section 8.01(k) of the Grant Regulations: the ADB Loan Agreement or the CEF Grant Agreement shall have become liable for suspension or cancellation.

## **ARTICLE VI**

### **Effectiveness**

Section 6.01. The following are specified as additional conditions to the effectiveness of this Grant Agreement for the purposes of Section 9.01(e) of the Grant Regulations:

- (a) the CEF Grant Agreement shall have been duly executed and delivered, and all conditions precedent to its effectiveness (other than a condition

requiring the effectiveness of this Grant Agreement) shall have been satisfied;

- (b) the amendment letter to the ADB Loan Agreement shall have been duly executed and delivered, and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Grant Agreement) shall have been satisfied; and
- (c) the BREB Subsidiary Financing Agreement, in form and substance satisfactory to ADB, shall have been duly executed and delivered on behalf of the Borrower and BREB, and shall have become legally binding on the Borrower and BREB in accordance with its terms, subject only to the effectiveness of this Loan Agreement.

Section 6.02. The following are specified as additional matters, for the purposes of Section 9.02(c) of the Grant Regulations, to be included in the opinion or opinions to be furnished to ADB:

- (a) that the amendment letter to the ADB Loan Agreement has been duly authorized or ratified by, executed and delivered on behalf of, the Recipient, and is legally binding on the Recipient in accordance with its terms; and
- (b) that the BREB Subsidiary Financing Agreement has been duly authorized or ratified by, executed and delivered on behalf of, the Recipient and BREB, and is legally binding on the Recipient and BREB in accordance with its terms.

Section 6.03. A date 90 days after the date of this Grant Agreement is specified for the effectiveness of this Grant Agreement for the purposes of Section 9.04 of the Grant Regulations.

## **ARTICLE VII**

### **Termination**

Section 7.01. The Grant Agreement and all obligations of the parties thereunder shall terminate on the date on which the ADB Loan Agreement terminates.

## **ARTICLE VIII**

### **Miscellaneous**

Section 8.01. 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 Ministry of Finance of the Recipient is designated as representative of the Recipient for the purposes of Section 11.02 of the Grant Regulations.

Section 8.02. The following addresses are specified for the purposes of Section 11.01 of the Grant Regulations:

For the Recipient

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) 636-2293.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Grant 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   
KAZI SHOFIQL AZAM  
Secretary  
Economic Relations Division  
Ministry of Finance

ASIAN DEVELOPMENT BANK

By   
MANMOHAN PARKASH  
Country Director  
Bangladesh Resident Mission

**SCHEDULE 1****Allocation and Withdrawal of Grant 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 Grant and the allocation of the Grant 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 Grant Account

2. Except as ADB may otherwise agree, the proceeds of the Grant shall be allocated to items of expenditure, and disbursed on the basis of the withdrawal percentage for each item of expenditure, as set forth in the Table.

Reallocation

3. Notwithstanding the allocation of Grant proceeds and the withdrawal percentages set forth in the Table,

- (a) if the amount of the Grant allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, in consultation with the Recipient, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Grant 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 Grant allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, in consultation with the Recipient, reallocate such excess amount to any other Category.

Disbursement Procedures

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

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS			
Number	Item	Total Amount Allocated for SCF Financing (\$)	Basis for Withdrawal from the Grant Account
		Category	
1	Turnkey contract	22,242,000	50.27% of total expenditure claimed*
2	Gender Action Plan Implementation	200,000	100% of total expenditure claimed*
	<b>TOTAL</b>	<b>22,442,000</b>	

\* Exclusive of taxes and duties imposed within the territory of the Recipient.

## SCHEDULE 2

### Execution of Project

#### Combating Money Laundering and Financing of Terrorism

1. The Recipient shall ensure that (a) the Project Executing Agency comply with applicable laws and regulations of the Recipient on combating money laundering and financing of terrorism; and (b) Grant proceeds are not used, directly or indirectly, in money laundering or financing of terrorism, including payment to persons and entities that are subject to financial sanctions of United Nations Security Council resolutions on combating the financing of terrorism.

2. ADB shall inform SCF in a timely manner if, during the implementation of this Agreement, ADB becomes aware that the Grant proceeds are being used for money laundering or financing of terrorism, including any payment to persons or entities that is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.