Project Agreement

(Rural Electrification and Renewable Energy Development Project II)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED

Dated OCTOBER 23, 2012
PROJECT AGREEMENT

Agreement dated October 23, 2012, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED (IDCOL) ("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 IDCOL 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. IDCOL declares its commitment to the objectives of the Project. To this end, IDCOL shall carry out Parts A, B and C.2 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 A, B and C.2 of the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and IDCOL shall otherwise agree, IDCOL shall carry out Parts A, B and C.2 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. IDCOL's Representative is its Executive Director and Chief Executive Officer.

4.02. The Association's Address is:
International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Facsimile:

1-202-477-6391

4.03. IDCOL's Address is:

UTC Building, (16th floor)
8 Panthapath, Kawran Bazar
Dhaka 1215, GPO Box 619
Bangladesh

Facsimile:

(8802) 8116663
AGREED at Dhaka, People's Republic of Bangladesh, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Ellen A. Goldstein
Title: Country Director

INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED

By

[Signature]

Authorized Representative

Name: Mahmood Malik
Title: Executive Director and CEO
SCHEDULE

Execution of Parts A, B and C.2 of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

IDCOL shall, not later than three (3) months after the Effective Date, establish and thereafter maintain, throughout the period of Project implementation, a Project Management Unit responsible for the day-to-day implementation of Part B of the Project, including monitoring the activities and results under such Part.

B. Operating Guidelines and GAAP

1. IDCOL shall ensure that Parts A, B and C.2 of the Project are carried out in accordance with the provisions of the Operating Guidelines and the GAAP.

2. Except as the Association shall otherwise agree, IDCOL shall not amend or waive any provision of the Operating Guidelines and/or the GAAP, or any part thereof.

C. Anti-Corruption

IDCOL shall ensure that Parts A, B and C.2 of the Project are carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Sub-projects

1. (a) IDCOL shall ensure that, except as the Association shall otherwise agree, Sub-projects shall be promoted, identified, appraised, approved, carried out and monitored in accordance with the procedures and other provisions set forth or referred to in the Operating Guidelines, GAAP and the ESMF.

   (b) Participating Organizations applying for Sub-loans or Sub-grants provided under the Project shall meet relevant eligibility criteria set out in the Operating Guidelines and the ESMF with respect to the making of Sub-loans and Sub-grants.

   (c) IDCOL shall, not later than September 1 of each year, carry out an annual review to determine that Participating Organizations continue to be eligible for Sub-loans and Sub-grants in accordance with the eligibility criteria set out in the Operating Guidelines, and, no later than
September 30 of each year, furnish the results of such review to the Association.

2. IDCOL shall make each Sub-loan and Sub-grant under a Participation Agreement with the respective Participating Organization on terms and conditions approved by the Association, which shall include the following:

(a) IDCOL shall obtain rights adequate to protect its interests and those of the Recipient and the Association, including the right to:

(i) suspend or terminate the right of the Participating Organization to use the proceeds of the Sub-loan or Sub-grant, or declare to be immediately due and payable all or any part of the amount of the Sub-loan then withdrawn or obtain a refund of all or any part of the amount of the Sub-grant then withdrawn, upon the Participating Organization's failure to perform any of its obligations under the Participation Agreement; and

(ii) require each Participating Organization to:

(A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient;

(B) procure the goods, works and services to be financed out of the Sub-loan and Sub-grant in accordance with the provisions of Section III of Schedule 2 to this Agreement;

(C) (1) 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, resources and expenditures related to the Sub-project; and

(2) at the Recipient's or the Association's or IDCOL's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the
Association, and promptly furnish the statements as so audited to the Recipient, the Association and IDCOL:

(F) enable the Recipient, the Association and IDCOL to inspect the Sub-project, its operation and any relevant records and documents; and

(G) prepare and furnish to the Recipient, the Association and IDCOL all such information as the Recipient or the Association or IDCOL shall reasonably request relating to the foregoing.

(b) IDCOL shallexercise its rights under each Participation Agreement in such manner as to protect the interests of the Recipient, the Association and IDCOL and to accomplish the purposes of the Financing. Except as the Recipient and the Association shall otherwise agree, IDCOL shall not assign, amend, abrogate or waive any Participation Agreement or any of its provisions.

3. IDCOL shall:

(a) furnish to the Association, for its review and approval, appraisal reports of the first five (5) Sub-projects under each technology proposed to be financed under Part A.2 of the Project;

(b) engage an independent third party to perform an annual technical audit of the Sub-projects, under terms of reference satisfactory to the Association; and

(c) furnish to the Association the report of such audit not later than September 30 of each year until completion of the Project.

E. Safeguards

1. IDCOL shall ensure that Parts A, B and C.2 of the Project, including each Sub-project, shall be carried out in accordance with the provisions of the ESMF and those of each environmental management plan prepared thereunder.

2. To this end, IDCOL shall:

(a) take all necessary measures to implement the safeguards and mitigation measures provided for under the ESMF and each environmental management plan prepared thereunder, all in form and substance satisfactory to the Association;
(b) engage an independent third party to perform an annual audit of environmental safeguards, under terms of reference satisfactory to the Association; and

c) furnish to the Association the report on such audit not later than September 30 of each year until completion of the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. IDCOL shall monitor and evaluate the progress of Parts A, B and C.2 of the Project and prepare Project Reports for Parts A, B and C.2 of the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators agreed with the Association. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. IDCOL shall provide to the Recipient not later than March 15, 2015, for incorporation in the report referred to in paragraph 2(a) of Section II.A of Schedule 2 to the Financing Agreement all such information as the Recipient or the Association shall reasonably request for the purposes of such paragraph.

3. IDCOL shall provide to the Recipient not later than April 30, 2019, 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. IDCOL 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 IDCOL, including the operations, resources and expenditures related to Parts A, B and C.2 of the Project.

2. IDCOL 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 (1) fiscal year of IDCOL. IDCOL shall ensure that the audited financial statements for each period are: (a) furnished to the Recipient and the Association not later than six
Section III.  **Procurement**

1. All goods, works and services required for Parts A, B and C.2 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. IDCOL shall:

   (a) engage an independent third party to perform a review of the procurement practices of the Participating Organizations not later than the end of the first year of Project implementation, under terms of reference satisfactory to the Association;

   (b) carry out such independent review on a biennial basis thereafter until completion of the Project; and

   (c) furnish to the Association the results of such review not later than September 30 of each year in which such review shall be carried out.