

Public Disclosure Authorized

# OFFICIAL DOCUMENTS

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CREDIT NUMBER 6177-BD

## Project Agreement

(Enhancement and Strengthening of Power Transmission Network in Eastern  
Region Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

POWER GRID COMPANY OF BANGLADESH LIMITED

April 10, 2018

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## **PROJECT AGREEMENT**

AGREEMENT between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and the POWER GRID COMPANY OF BANGLADESH LIMITED (“PGCB” or “Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of the Signature Date between the PEOPLE’S REPUBLIC OF BANGLADESH (“Recipient) and the Association. The Association and the Project Implementing Entity hereby agree as follows:

### **ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to the Financing Agreement) apply to and form 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. The Project Implementing Entity declares its commitment to the objective of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article V of the General Conditions, the Subsidiary Loan Agreement and the Schedule to this Agreement, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

### **ARTICLE III — TERMINATION**

- 3.01. For purposes of Section 10.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the Signature Date.

### **ARTICLE IV — REPRESENTATIVE; ADDRESSES**

- 4.01. The Project Implementing Entity’s Representative is its Managing Director or any other authorized representative.
- 4.02. For purposes of Section 11.01 of the General Conditions: (a) the Association’s address is:

International Development Association  
1818 H Street, NW  
Washington, DC 20433  
United States of America; and

(b) the Association's Electronic Address is:

Telex:                      Facsimile:  
248423(MCI) or          1-202-477-6391

4.03. For purposes of Section 11.01 of the General Conditions: (a) the Project Implementing Entity's address is:

IEB Building (4<sup>th</sup> 11<sup>th</sup>, 12<sup>th</sup>, and 13<sup>th</sup> Floor)  
Ramna, Dhaka 1000, Bangladesh; and

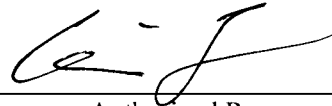
(b) the Project Implementing Entity's Electronic Address is:

Facsimile:                      E-mail:  
8802-9582382                  md@pgcb.org.bd

AGREED, as of the latest of the two dates written below.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Qimiao Fan

Title: Country Director

Date: 10/04/2018

POWER GRID COMPANY OF BANGLADESH  
LIMITED

By



Authorized Representative

Name: Pranam Kumar Roy

Title: Chief Engineer (PE'D)

Date: 10/04/2018

## SCHEDULE

### Execution of the Project

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements.

###### 1. Board

PGCB shall, throughout the period of implementation of the Project: (a) carry out oversight functions over activities carried out under the Project; and (b) approve all the contracts spelled out in the Procurement Plan.

###### 2. Project Management Unit

By no later than one (1) month after the Effective Date, PGCB shall establish, and thereafter maintain throughout the period of implementation of the Project, a project management unit headed by a project director and comprised of competent staff, all with experience and qualification, in numbers and under terms of reference acceptable to the Association including, *inter alia*, one (1) procurement specialist, one (1) financial management specialist, and one (1) monitoring and evaluation specialist.

###### 3. Audit Committee

PGCB shall maintain throughout the period of implementation of the Project, the audit committee comprised of staff, with experience and qualifications, in numbers and under terms of reference acceptable to the Association, which committee shall be responsible for overseeing and settling any audit issues during the implementation of the Project.

###### 4. Bid/Proposal Evaluation Committee; Independent Procurement Expert

- (a) PGCB shall ensure, throughout the period of implementation of the Project, that the final composition(s) of its bid/proposal evaluation committee(s) is agreed with the Association.
- (b) At any stage of the procurement processes of contracts defined as high value in the Procurement Plan and following a request from the Association, PGCB shall hire an independent procurement expert under terms of reference satisfactory to the Association for assistance in evaluating internationally competitive bids.

**B. Expenditures to be Exclusively Financed with Counterpart Funds**

PGCB shall: (a) ensure that the following expenditures are financed exclusively out of its own resources (or, as agreed with the Recipient, the resources of the Recipient) and not out of the proceeds of the Credit: (i) all land required for the purposes of the Project; (ii) all resettlement and rehabilitation compensation and other assistance to Affected Persons, in accordance with the RAP; (iii) operational costs of the PMU including purchase of vehicles; (iv) consultancy costs including for the compiling of a fixed asset register and inventory for PGCB; (v) consultancy costs for the developing of the computerized financial management system for PGCB; (vi) any interest during construction; (vii) recurrent expenditures such as workshop allowances, sitting allowances, cash per diems, honoraria and fuel; ; and (viii) import and supplementary duties and value-added taxes at import stage; and (ix) value-added taxes on contracts.

**C. Safeguards.**

1. PGCB shall carry out the Project in accordance with the provisions of the relevant Safeguards Instruments.
2. PGCB shall: (a) ensure that any technical assistance to be supported under the Project are carried out under terms of reference satisfactory to the Association following its review thereof and, to that end, said studies shall duly incorporate the requirements of Association's Safeguard Policies and be publicly disclosed and consulted upon in accordance with the Association's Safeguard Policies; and (b) ensure that any capacity building activities under the Project are consistent with, and pay due attention to, the Association's Safeguard Policies.
3. Prior to commencing any civil works for any transmission line, substation or distribution network under the Project, PGCB shall ensure that (i) all necessary governmental permits and clearances for such civil works shall have been obtained from the competent governmental authority/ies and submitted to the Association; and (b) all the pre-construction conditions imposed by the governmental authorities under such permit(s) or clearances shall have been complied with.
4. In the event of any conflict between the provisions of any of the Safeguard Instruments on the one hand, and any of the provisions of this Agreement or the Financing Agreement, on the other hand, the provisions of this Agreement or the Financing Agreement shall prevail.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports.**

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of the indicators acceptable to the Association. Each such Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Recipient not later than forty-five (45) days 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.

**Section III. Other Requirements**

- (a) PGCB shall fill the vacancy for the position of General Manager, Finance and Executive Director, Finance in PGCB and appoint experienced and professionally qualified accountant(s) to the said position by December 31, 2018.
- (b) PGCB shall hire, by December 31, 2018, the relevant consultants/consulting firm (i) for assisting PGCB in compiling a fixed asset register and (ii) for supporting PGCB in developing a computerized financial management system in accordance with the terms of reference agreed to with the Association.
- (c) PGCB shall hire, by December 31, 2018, the relevant consultants/consulting firm for the carrying out of Part 2.b, Schedule 1 of the Financing Agreement in accordance with the terms of reference agreed to with the Association.
- (d) PGCB shall enter into the Subsidiary Loan Agreement, and shall exercise its rights and carry out its obligations under the Subsidiary Loan Agreement in such manner as to protect the interests of the Association and to accomplish the purposes of the Credit, including to identify the allocation of expenditures between PGCB and the Recipient and the role of the Recipient as the default financier. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Loan Agreement or any of its provisions. In the event of any conflict between the provisions of the Subsidiary Loan Agreement and this Agreement or the Financing Agreement, the provisions of this Agreement or the Financing Agreement shall prevail.