

CONFORMED COPY

CREDIT NUMBER 2720 BD

Project Agreement

(Gas Infrastructure Development Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PETROBANGLA

Dated May 24, 1995

CREDIT NUMBER 2720 BD

PROJECT AGREEMENT

AGREEMENT, dated May 24, 1995, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and Petrobangla.

WHEREAS (A) by the Development Credit Agreement of even date herewith between People's Republic of Bangladesh (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to eighty-three million four hundred thousand Special Drawing Rights (SDR 83,400,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that Petrobangla agree to undertake such obligations toward the Association as are set forth in this Agreement;

(B) by a subsidiary loan agreement to be entered into between the Borrower and Petrobangla, part of the proceeds of the credit provided for under the Development Credit Agreement will be made available to Petrobangla on the terms and conditions set forth in said Subsidiary Loan Agreement; and

WHEREAS Petrobangla, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Development Credit Agreement, the Preamble to this Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

## ARTICLE II

### Execution of the Project

Section 2.01. Petrobangla declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall carry out its part of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and environmental and operational safety practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for its part of the Project.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to the Development Credit Agreement.

Section 2.03. Petrobangla shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of its Project Agreement and its part of the Project.

Section 2.04. Petrobangla shall duly perform all its obligations under the Subsidiary Loan Agreement. Except as the Association shall otherwise agree, Petrobangla shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Loan Agreement or any provision thereof.

Section 2.05. (a) Petrobangla shall, at the request of the Association, exchange views with the Association with regard to the progress of its part of the Project, the performance of its obligations under this Agreement and under the Subsidiary Loan Agreement, and other matters relating to the purposes of the Credit.

(b) Petrobangla shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of its part of the Project, the accomplishment of the purposes of the Credit, or the performance by Petrobangla of its obligations under this Agreement and under the Subsidiary Loan Agreement.

Section 2.06. Petrobangla shall commence by October 1, 1995:

(a) the implementation of a detailed training program, satisfactory to the Association, for the Petrobangla group's staff;

(b) a program satisfactory to the Association for the development and implementation of a group-wide environmental and safety management system; and

(c) the implementation of a program satisfactory to the Association for the upgrading of the Petrobangla group's accounting systems and management information systems.

## ARTICLE III

### Management and Operations of Petrobangla

Section 3.01. Petrobangla shall carry on its operations and conduct its affairs in accordance with sound administrative, financial, and gas development practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. Petrobangla shall at all times operate and maintain its plant, machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial, environmental and safety practices.

Section 3.03. Petrobangla shall take out and maintain with responsible insurers, or make other provision satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

## ARTICLE IV

## Financial Covenants

Section 4.01. (a) Petrobangla shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition.

(b) Petrobangla shall:

- (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year, certified copies of its financial statements for such year as so audited and the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records, accounts and financial statements as well as the audit thereof, as the Association shall from time to time reasonably request.

## ARTICLE V

### Effective Date; Termination; Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 5.02. (a) This Agreement and all obligations of the Association and of Petrobangla thereunder shall terminate on the earlier of the following two dates:

- (i) the date on which the Development Credit Agreement shall terminate in accordance with its terms; or
- (ii) the date twenty years after the date of this Agreement.

(b) If the Development Credit Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify Petrobangla of this event.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

## ARTICLE VI

### Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Association:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:

Telex:

INDEVAS  
Washington, D.C.

197688 (TRT),  
248423 (RCA),  
64145 (WUI) or  
82987 (FTCC)

For Petrobangla:

"Petrocentre" 3 Kawran Bazar C/A.  
Dhaka-1215,  
Bangladesh

Cable address:

Telex:

PETROBANGLA

642765 HNXN BJ

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of Petrobangla, may be taken or executed by the Secretary of the Board of Petrobangla or such other person or persons as Petrobangla shall designate in writing, and Petrobangla shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ D. Joseph Wood

Regional Vice President  
South Asia

PETROBANGLA

By /s/ K. M. Ejazul Huq

Authorized Representative

