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LOAN NUMBER 3958-BAN

LOAN AGREEMENT  
(Ordinary Operations)

(Strengthening Bangladesh Infrastructure Finance Fund Limited Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 10 SEPTEMBER 2020

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BAN 51311

**LOAN AGREEMENT  
(Ordinary Operations)**

LOAN AGREEMENT dated 10 September 2020 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 Section 3.01 of this Loan Agreement;

(B) the Project will be carried out by Bangladesh Infrastructure Finance Fund Limited ("BIFFL") and for this purpose the Borrower will make available to BIFFL the proceeds of the loan provided for herein upon terms and conditions satisfactory to ADB; and

(C) 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 of even date herewith between ADB and BIFFL;

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, subject, however, to the following modifications:

(a) Section 2.01(uu) is deleted and the following is substituted therefor:

"Project Agreement" means the project agreement of even date herewith between ADB and BIFFL, as such agreement may be amended from time to time; and such project agreement includes all schedules to the project agreement.

(b) The term "Project Executing Agency" appearing in Sections 7.01(a)(i), 9.01(d), 9.01(f), 9.01(k), 10.01(c) and 10.02(c) of the Loan Regulations shall be substituted by the term "BIFFL".

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) "Consulting Services" means consulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Loan;
- (b) "EIA" means an environmental impact assessment for a Qualified Subproject, including any update thereto, prepared and submitted by BIFFL pursuant to the requirements set forth in the ESMS and cleared by ADB;
- (c) "EMP" means each environmental management plan for a Qualified Subproject, including any update thereto, incorporated in the EIA or IEE, as applicable;
- (d) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (e) "ESMS" means the environmental and social management system for the Project, including any update thereto, prepared and submitted by BIFFL and cleared by ADB;
- (f) "Goods" means equipment and materials to be financed out of the proceeds of the Loan, including any related Nonconsulting Services such as transportation, insurance, installation, commissioning, training, and initial maintenance;
- (g) "Governmental Authority" means each governmental agency or body of the Borrower with responsibility for oversight of a Qualified Subproject, and shall include, without limitation, the Roads Transport and Highways Division under the Borrower's Ministry of Road Transport and Bridges in respect of Qualified Subprojects for road development;
- (h) "IEE" means each initial environmental examination for a Qualified Subproject, including any update thereto, prepared and submitted by BIFFL pursuant to the requirements set forth in the ESMS and cleared by ADB;
- (i) "Indigenous Peoples Safeguards" means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;
- (j) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;
- (k) "IPP" means each tribes, minority races, ethnic sects and communities plan (equivalent to an indigenous peoples plan) for a Qualified Subproject, including any update thereto, prepared and submitted by BIFFL pursuant to the requirements set forth in the ESMS and cleared by ADB;

- (l) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (m) "MOF" means the Ministry of Finance of the Borrower or any successor thereto;
- (n) "Nonconsulting Services" means nonconsulting services as described in the Procurement Regulations, and to be financed out of the proceeds of the Loan;
- (o) "PAM" means the project administration manual for the Project dated 1 July 2020 and agreed between the Borrower, BIFFL and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower, BIFFL and ADB;
- (p) "PPP" means a partnership carried out between the public sector represented by a governmental agency or body and a private entity for the provision of an infrastructure facility, management functions and/or service with a clear allocation of risks between the two parties;
- (q) "PPP Authority" means the autonomous government agency, under the Prime Minister's Office, responsible for the management and support for PPP;
- (r) "Procurement Policy" means ADB's Procurement Policy – Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (s) "Procurement Regulations" means ADB's Procurement Regulations for ADB Borrowers – Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (t) "Qualified Enterprise" means an entity which satisfies the eligibility criteria set out in paragraph 9 of Schedule 2 to this Loan Agreement;
- (u) "Qualified Subproject" means a specific subproject, which satisfies the eligibility criteria set out in paragraph 10 of Schedule 2 to this Loan Agreement, to be carried out by a Qualified Enterprise;
- (v) "RP" means a resettlement plan for a Qualified Subproject, including any update thereto, prepared and submitted by BIFFL pursuant to the requirements set forth in the ESMS and cleared by ADB;
- (w) "Safeguards Monitoring Report" means each report prepared and submitted by BIFFL to ADB on BIFFL's performance with regard to the ESMS, including any corrective and preventative actions;
- (x) "Services" means Consulting Services and Nonconsulting Services;
- (y) "SPS" means ADB's Safeguard Policy Statement (2009);

- (z) "Subloan" means a loan made, or proposed to be made, by BIFFL out of the proceeds of the Loan to a Qualified Enterprise for a Qualified Subproject;
- (aa) "Subsidiary Loan Agreement" means the agreement between the Finance Division, MOF and BIFFL referred to in Section 3.02 of this Loan Agreement;
- (bb) "Taka" or "BDT" means the currency of the Borrower; and
- (cc) "Works" means construction or civil works to be financed out of the proceeds of the Loan, including any related Nonconsulting Services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract.

## ARTICLE II

### The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of fifty million Dollars (\$50,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 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 1 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 March and 15 September 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 1 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

#### Description of Project; Use of Proceeds of the Loan

Section 3.01. The Project for which the Loan is made is the financing by the Borrower of specific subprojects by causing BIFFL to make Subloans to Qualified Enterprises for Qualified Subprojects, in accordance with this Loan Agreement and the Project Agreement.

Section 3.02. The Finance Division, MOF shall enter into a Subsidiary Loan Agreement with BIFFL on terms and conditions acceptable to ADB, and shall be without prejudice to, and without limitation on, the obligations of the Borrower under this Loan Agreement.

Section 3.03. (a) Except as ADB may otherwise agree, the proceeds of the Loan shall be used only for making Subloans to Qualified Enterprises for Qualified Subprojects and shall be applied exclusively to the cost of Goods, Works and Services and other items of expenditure required to carry out such Qualified Subprojects.

(b) Except as ADB may otherwise agree, the Borrower shall procure, or cause to be procured, all Goods, Works and Services in accordance with the provisions of Schedule 2 to this Loan Agreement.

Section 3.04. Withdrawals from the Loan Account in respect of Goods, Works and Services shall be made only on account of expenditures relating to:

- (a) Goods which are produced in and supplied from, and Works and Services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement; and
- (b) Goods, Works and Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.05. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 28 February 2025 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, the Borrower shall perform, or cause to be performed, all the obligations set forth in Schedule 2 to this Loan Agreement.

Section 4.02. In addition to the information and reports set forth in Sections 7.01 and 7.04 of the Loan Regulations, the Borrower shall furnish, or cause to be furnished, to ADB all such reports and information as ADB shall reasonably request concerning (a) the Qualified Enterprises, the Qualified Subprojects and the Subloans; and (b) the administration, operations and financial condition of BIFFL.

Section 4.03. The Borrower shall enable, and shall cause the Governmental Authority to enable, ADB's representatives to inspect any Qualified Enterprise, any Qualified Subproject, the Goods and Works, and any relevant records and documents maintained by BIFFL.

Section 4.04. The Borrower shall not take or permit any action which would interfere with the performance of BIFFL's obligations under the Project Agreement.

Section 4.05. (a) The Borrower shall exercise its rights under the Subsidiary Loan 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 Loan Agreement shall be assigned, amended, abrogated or waived without the prior concurrence of ADB.

**ARTICLE V****Suspension; Acceleration of Maturity**

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: BIFFL shall have failed to perform any of its obligations under the Subsidiary Loan Agreement, including failure to remedy any default within 90 days of the date of such default.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 9.07(a)(iv) of the Loan Regulations: the event mentioned in Section 5.01 of this Loan Agreement shall have occurred.

**ARTICLE VI****Effectiveness**

Section 6.01. The following are specified as additional conditions to the effectiveness of this Loan Agreement for the purposes of Section 10.01(f) of the Loan Regulations:

- (a) the Subsidiary Loan Agreement, in form and substance satisfactory to ADB, shall have been duly executed and delivered on behalf of the Borrower and BIFFL, and shall have become fully effective and binding on the parties thereto in accordance with its terms, subject only to the effectiveness of this Loan Agreement; and
- (b) BIFFL shall have established, to ADB's satisfaction, a functioning safeguards unit to screen, appraise, and categorize proposed subprojects under the Project.

Section 6.02. The following is specified as an additional matter, for the purposes of Section 10.02(d) of the Loan Regulations, to be included in the opinion or opinions to be furnished to ADB: that the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, and is legally binding upon the Borrower and BIFFL in accordance with its terms, subject only to the effectiveness of this Loan Agreement.

Section 6.03. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of the Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

**ARTICLE VII****Delegation of Authority**

Section 7.01. The Borrower hereby designates BIFFL as its agent for the purposes of taking any action or entering into any agreement required or permitted under Sections 3.03 and 3.05 of this Loan Agreement and under Sections 6.01, 6.02, 6.03 and 6.04 of the Loan Regulations.

Section 7.02. Any action taken or any agreement entered into by BIFFL pursuant to the authority conferred under Section 7.01 of this Loan Agreement shall be fully binding on the Borrower and shall have the same force and effect as if taken by the Borrower.

Section 7.03. The authority conferred on BIFFL under Section 7.01 of this Loan Agreement may be revoked or modified by agreement between the Borrower and ADB.

**ARTICLE VIII****Miscellaneous**

Section 8.01. The Senior Secretary or Secretary or any Additional Secretary or Chief, 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 Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 8.02. 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:

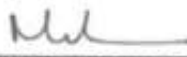
(632) 8-636-2444  
(632) 8-636-2337.

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  \_\_\_\_\_  
FATIMA YASMIN  
Secretary  
Economic Relations Division  
Ministry of Finance

ASIAN DEVELOPMENT BANK

By  \_\_\_\_\_  
MANMOHAN PARKASH  
Country Director  
Bangladesh Resident Mission

## SCHEDULE 1

### 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.

Date Payment Due	Installment Share (Expressed as a %)
15 September 2025	2.500000
15 March 2026	2.500000
15 September 2026	2.500000
15 March 2027	2.500000
15 September 2027	2.500000
15 March 2028	2.500000
15 September 2028	2.500000
15 March 2029	2.500000
15 September 2029	2.500000
15 March 2030	2.500000
15 September 2030	2.500000
15 March 2031	2.500000
15 September 2031	2.500000
15 March 2032	2.500000
15 September 2032	2.500000
15 March 2033	2.500000
15 September 2033	2.500000
15 March 2034	2.500000
15 September 2034	2.500000
15 March 2035	2.500000
15 September 2035	2.500000
15 March 2036	2.500000
15 September 2036	2.500000
15 March 2037	2.500000
15 September 2037	2.500000
15 March 2038	2.500000
15 September 2038	2.500000

Date Payment Due	Installment Share (Expressed as a %)
15 March 2039	2.500000
15 September 2039	2.500000
15 March 2040	2.500000
15 September 2040	2.500000
15 March 2041	2.500000
15 September 2041	2.500000
15 March 2042	2.500000
15 September 2042	2.500000
15 March 2043	2.500000
15 September 2043	2.500000
15 March 2044	2.500000
15 September 2044	2.500000
15 March 2045	2.500000
<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: (i) 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 (ii) 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 2****Execution of Project; Financial Matters**Implementation Arrangements

1. The Borrower and BIFFL 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 the Borrower, BIFFL and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

Disbursement Procedures

2. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with ADB's Loan Disbursement Handbook. ADB shall finance 100% of the expenditures claimed under each Subloan.

Procurement

3. The procurement of Goods, Works, and Services for Qualified Subprojects shall be subject to and governed by ADB's Procurement Policy and the Procurement Regulations, respectively.

4. The Borrower shall cause BIFFL to ensure that the procurement of Goods, Works, and Services for Qualified Subprojects is carried out with due attention to economy and efficiency and in accordance with established private sector or commercial practices, acceptable to ADB.

5. The Borrower shall, or shall cause BIFFL to, enable ADB's representatives to review and examine the Qualified Subprojects, the Goods, Works and Services, and any relevant records and documents. The Borrower and BIFFL shall ensure that all contracts financed by Subloans in connection with Qualified Subprojects shall include provisions specifying the right of ADB to review and examine the records and accounts of the Borrower and BIFFL, and all contractors, suppliers, consultants, and other service providers as they related to the Qualified Subproject. The Borrower and BIFFL shall allow and assist ADB's representatives to carry out random spot checks on the work in progress and utilization of funds for the Qualified Subproject.

6. The Borrower shall cause BIFFL to ensure that all Goods and Works procured and Services obtained for Qualified Subprojects (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.

PPP Sector Matters

7. The Borrower and BIFFL shall ensure that ADB is kept informed of the policies and programs of Bangladesh in respect of PPP, including those under discussion with other multilateral and bilateral agencies and those that may have implications for implementation of

the Project; and (b) ADB is given an opportunity to comment on any proposed new PPP policies or programs.

#### Financial Matters

8. The Borrower shall cause BIFFL to:
- (a) comply at all time with the prudential norms, as made applicable to it by Bangladesh Bank, including capital adequacy, income recognition, liquidity, classification, and provisioning of non-performing assets; and
  - (b) implement the Financial Management Action Plan (FMAP), as set forth in the PAM, in accordance with the required actions and associated timelines as described therein.

#### Qualified Enterprises

9. The Borrower shall cause BIFFL to ensure that, to be eligible for participation in the Project, each Qualified Enterprise meets, except as ADB may otherwise agree, the following eligibility criteria:

- (a) is majority owned by private sector parties;
- (b) has sponsors who have successful track records in carrying out PPP projects;
- (c) has no default record to BIFFL or to any other member of the consortium of financial institutions financing the Qualified Subproject; and
- (d) maintains financial records and accounts of income and expense to the satisfaction of BIFFL and ADB.

#### Qualified Subprojects

10. The Borrower shall cause BIFFL to ensure that each Qualified Subproject:
- (a) is for an emerging PPP subproject being developed by the PPP Authority and supported by ADB through provision of transaction advisory services;
  - (b) supports infrastructure development (e.g., rail system, highway, rural road, port, water supply and treatment, waste management, power generation, renewable energy, health and education, among others) in the territory of the Borrower;
  - (c) is developed by a public sector sponsoring agency (e.g., a government line ministry or a local government agency);
  - (d) is majority-owned by the private sector parties (i.e., at least 51% of the subproject equity);

- (e) is financed from private sector equity (exclusive of viability gap financing/availability payment) comprising no less than 20% of the total estimated cost of the subproject, with the balance from other commercial borrowing;
- (f) is financially viable with predictable cash flows for repaying the Subloan;
- (g) has an economic rate of return higher than or equal to 9%;
- (h) adheres to the safeguards requirements set forth in paragraphs 13 to 20 below; and
- (i) does not involve any activity included in the list of prohibited investment activities provided in Appendix 5 of ADB's Safeguard Policy Statement (2009).

11. Notwithstanding subparagraph 10(a) above, in the event of persistent failures in project development, tendering, and/or financial closure, BIFFL may be permitted to finance PPP projects not supported by prior ADB transaction advisory services, as agreed by ADB on a case-by-case basis.

#### Subloans

12. The Borrower shall cause BIFFL to ensure that each Subloan satisfies the following requirements:

- (a) is for (i) construction loans, including refinance of costlier foreign currency loans, and/or (ii) working capital and/or bridge loans to support PPP subproject completion. For the avoidance of doubt, equity investments shall not be permitted;
- (b) except as ADB otherwise agrees, finances no more than 30% of the total estimated cost of the Qualified Subproject;
- (c) has an interest rate that reflects its cost of funds plus a spread to cover transaction cost and risk following full commercial and competitive terms; and
- (d) has been prior- reviewed and approved by ADB. For undertaking such review, the Borrower shall cause BIFFL to provide ADB with the supporting documents, as applicable, set out in the PAM.

#### Screening, Categorization, and Environmental and Social Assessment and Planning

13. The Borrower (acting through the Governmental Authority) shall ensure, and shall cause BIFFL to ensure, that before any Qualified Subproject is approved for financing by BIFFL:

- (a) potential environmental, indigenous peoples or involuntary resettlement impacts and risks associated with such Qualified Subproject are

screened, appraised and categorized pursuant to the requirements set forth in the ESMS;

- (b) an EIA or IEE, an EMP, a RP and/or an IPP (in each case as applicable) are prepared and disclosed to the public for such Qualified Subproject pursuant to the requirements set forth in the ESMS; and
- (c) the EIA or IEE, the EMP, the RP and the IPP (in each case as applicable) are cleared by ADB.

#### Condition for Disbursement for Qualified Subprojects

14. Notwithstanding any other provision of this Loan Agreement or the Project Agreement, no withdrawals shall be made from the Loan Account for the purpose of any Qualified Subproject until BIFFL has established the ESMS in a manner satisfactory to ADB.

#### Environment

15. The Borrower (acting through the Governmental Authority) shall, or shall cause BIFFL to, ensure that the preparation, design, construction, implementation, operation and decommissioning of each Qualified Subproject comply with (a) all applicable laws and regulations of the Borrower relating to environment, health, and safety; (b) the Environmental Safeguards; (c) the ESMS; and (d) all measures and requirements set forth in the respective IEE or EIA and EMP (in each case as applicable), and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

#### Land Acquisition and Involuntary Resettlement

16. The Borrower (acting through the Governmental Authority) shall, or shall cause BIFFL to, ensure that all land and all rights-of-way required for each Qualified Subproject are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and 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; (c) the ESMS; and (d) all measures and requirements set forth in the respective RP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

17. Without limiting the application of the Involuntary Resettlement Safeguards, the ESMS or the RP, the Borrower (acting through the Governmental Authority) shall, or shall cause BIFFL to, ensure that no physical or economic displacement takes place in connection with any Qualified 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.

Tribes, Minor Races, Ethnic Sects, and Community Peoples

18. The Borrower (acting through the Governmental Authority) shall, or shall cause BIFFL to, ensure that the preparation, design, construction, implementation and operation of each Qualified Subproject comply with (a) all applicable laws and regulations of the Borrower relating to tribes, minor races, ethnic sects and community peoples within the meaning of indigenous peoples under the SPS; (b) the Indigenous Peoples Safeguards; (c) the ESMS; and (d) all measures and requirements set forth in the respective IPP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Human and Financial Resources to Implement Safeguards Requirements

19. The Borrower shall, and shall cause BIFFL to, ensure that necessary financial and human resources are made available to fully implement the ESMS.

Safeguards Monitoring and Reporting

20. The Borrower (acting through the Governmental Authority) shall, or shall cause BIFFL to, do the following:

- (a) submit semiannual Safeguards Monitoring Reports to ADB;
- (b) if any unanticipated environmental and/or social risks and impacts arise during implementation of a Qualified Subproject, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
- (c) report any actual or potential breach of compliance with the measures and requirements set forth in the ESMS and any EMP, RP or IPP promptly after becoming aware of the breach.

Labor Standards, Health and Safety

21. The Borrower shall ensure, and shall cause BIFFL to ensure, that the core labor standards and the Borrower's applicable laws and regulations are complied with during Project implementation. The Borrower shall cause BIFFL to ensure that Works contracts for Qualified Subprojects include specific provisions 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 infections, including HIV, to the employees of contractors engaged under the Qualified Subproject and to members of the local communities surrounding the area of the Qualified Subproject, particularly women.

22. The Borrower shall, and shall cause BIFFL to, strictly monitor compliance with the requirements set forth in paragraph 21 above and provide ADB with regular reports. Such monitoring of compliance shall include ensuring that any subcontractors or other third parties engaged to carry out works and other activities in relation to any Qualified Subproject are compliant with the requirements set forth in paragraph 21 above.

### Gender and Development

23. The Borrower shall ensure, and shall cause BIFFL to ensure, that the principles of gender equality aimed at increasing benefits and impact of each Qualified Subproject on women in the area of such Qualified Subproject are followed during its implementation. These include (a) equal pay to men and women for work of equal value, (b) enabling working conditions for women workers, and (c) taking necessary actions to encourage women living in the area of the respective Qualified Subprojects to participate in the design and implementation of Qualified Subproject activities.

### Reflows of Subloan Proceeds

24. Further to full disbursement of the Taka equivalent of the Loan proceeds during the course of Project implementation, any reflows from the repaid Subloans returned to BIFFL shall be used for making new Subloans to Qualified Enterprises for Qualified Subprojects until the loan under the Subsidiary Loan Agreement is repaid in full.

### Governance and Anticorruption

25. The Borrower and BIFFL 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, including each Qualified Subproject; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

26. The Borrower and BIFFL shall ensure that all contracts in relation to a Qualified Subproject include provisions specifying the right of ADB to audit and examine the records and accounts of the contractors, suppliers, consultants, and other service providers as they relate to the Qualified Subproject.

### Combating Money Laundering and Financing of Terrorism

27. The Borrower shall ensure that BIFFL:

- (a) complies with applicable laws and regulations of Bangladesh on combating money laundering and financing of terrorism and that Loan proceeds are not used, directly or indirectly, in money laundering or financing of terrorism;
- (b) formulates and implements internal control procedures, including customer due diligence procedures, to prevent violation of subparagraph (a) hereinabove; and
- (c) promptly informs ADB if there is any violation or potential violation of subparagraph (a) hereinabove. In the event that ADB informs BIFFL of its concern that there has been such an alleged violation, BIFFL shall:
  - (i) cooperate in good faith with ADB and its representatives so that ADB can determine whether such a violation has occurred;
  - (ii) respond promptly and in reasonable detail to any query from ADB; and
  - (iii) furnish documentary support for such response upon ADB's request.