USAID Co-financing Trust Fund Project Agreement

(Rural Electrification and Renewable Energy Development Project II)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the United States Agency for International Development
Trust Fund for the Rural Electrification and Renewable Energy Development Project II

and

INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED

Dated July 10, 2013
PROJECT AGREEMENT

AGREEMENT dated July 10, 2013, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION, acting as administrator of the United States Agency for International Development Trust Fund for the Rural Electrification and Renewable Energy Development Project II ("World Bank") and INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED (IDCOL) ("Project Agreement") in connection with the Grant Agreement ("Grant Agreement") of same date between the People's Republic of Bangladesh ("Recipient") and the World Bank. The World Bank and IDCOL hereby agree as follows:

ARTICLE I — STANDARD CONDITIONS; DEFINITIONS

1.01. The Standard Conditions (as defined in the Appendix to the Grant 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 Grant Agreement or the Standard Conditions.

ARTICLE II — PROJECT

2.01. IDCOL declares its commitment to the objectives of the Project. To this end, IDCOL shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the World Bank and IDCOL shall otherwise agree, the IDCOL shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. IDCOL’s Representative referred to in Section 7.02 of the Standard Conditions is its Executive Director and Chief Executive Officer.

3.02. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Development Association
1818 H Street, NW
3.03. IDCOL’s Address referred to in Section 7.01 of the Standard Conditions is:

UTC Building, (16\textsuperscript{th} Floor)
8 Panthapath, Kawran Bazar
Dhaka 1215, GPO Box 619
Bangladesh

Facsimile:

(8802) 811 6663
AGREED at Dhaka, People's Republic of Bangladesh, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the United States Agency for International Development Trust Fund for the Rural Electrification and Renewable Energy Development Project II

By

[Signature]
Authorized Representative

Name: **CHRISTINE KIMES**
Title: Acting Head of Office for the Country Director

INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED

By

[Signature]
Authorized Representative

Name: **Mahmood Malik**
Title: Executive Director & CEO

*Infrastructur e Development Company Limited (IDCOL)*
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Operating Guidelines and GAAP

1. IDCOL shall ensure that the Project is carried out in accordance with the provisions of the Operating Guidelines and the GAAP.

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

B. Anti-Corruption

IDCOL shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Sub-projects

1. (a) IDCOL shall ensure that, except as the World Bank 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-grants provided under Parts A.1 and A.2 of the Project shall meet relevant eligibility criteria set out in the Operating Guidelines and the ESMF with respect to the making of 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-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 World Bank.

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

(a) IDCOL shall obtain rights adequate to protect its interests and those of the Recipient and the World Bank, including the right to:
(i) suspend or terminate the right of the Participating Organization to use the proceeds of the Sub-grant, 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;

(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 World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Grant proceeds other than the Recipient;

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

(C) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, 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 World Bank’s or IDCOL’s request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient, the World Bank and IDCOL;

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

(E) prepare and furnish to the Recipient, the World Bank and IDCOL, all such information as the Recipient or the World Bank or IDCOL shall reasonably request relating to the foregoing.
(b) IDCOL shall exercise its rights under the Participation Agreement in such manner as to protect the interest of the Recipient, the World Bank and IDCOL and to accomplish the purposes of the Grant. Except as the Recipient and the World Bank shall otherwise agree, IDCOL shall not assign, amend, abrogate or waive the Participation Agreement or any of its provisions.

3. IDCOL shall:

(a) furnish to the World Bank, for its review and approval, appraisal reports of the first five (5) sub-grants 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 and reference satisfactory to the World Bank; and
(c) furnish to the World Bank the report of such audit not later than September 30 of each year until completion of the Project.

D. Safeguards

1. IDCOL shall ensure that 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 World Bank;
(b) engage an independent third party to perform an annual audit of environmental safeguards, under terms of reference satisfactory to the World Bank; and
(c) furnish to the World Bank the report on such audit not later than September 30 of each year until completion of the Project.

E. Donor Visibility and Visit

1. IDCOL shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly USAID’s support for the Project.
2. For the purposes of Section 2.09 of the Standard Conditions, IDCOL shall, upon the World Bank's request, take all measures required on its part to enable the representatives of USAID to visit any part of the Recipient's territory for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. IDCOL shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators agreed with the World Bank. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank 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 Grant Agreement all such information as the Recipient or the World Bank shall reasonably request for the purposes of such paragraph.

3. IDCOL shall, not later than four months of the Closing Date, provide the Recipient, for incorporation in the report referred to in Section 2.06 of the Standard Conditions, all such information as the Recipient or the World Bank 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 World Bank, both in a manner adequate to reflect the operations and financial conditions of IDCOL, including the operations, resources and expenditures related to the Project, all in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. IDCOL shall have its financial statements referred to above audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, all in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. 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 World Bank not later than six (6) months after the end of each period; and (b) made publicly available in a timely fashion and in a manner acceptable to the World Bank.
Section III. Procurement

1. All goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Section III of Schedule 2 of the Grant 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 fiscal year of the Project implementation, under terms of reference satisfactory to the World Bank;

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

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