
LOAN NUMBER 4237-BAN(COL)

LOAN AGREEMENT
(Ordinary Operations [Concessional])
(Coastal Towns Climate Resilience Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 26 DECEMBER 2022

BAN 55201



LOAN AGREEMENT
(Ordinary Operations [Concessional])

LOAN AGREEMENT dated 26 December 2022 between PEOPLE'S REPUBLIC OF BANGLADESH ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a loan agreement of even date herewith between the Borrower and ADB ("Ordinary Operations Loan Agreement"), ADB has agreed to make a concessional loan to the Borrower from ADB's ordinary capital resources ("Ordinary Operations Loan") in an amount of ninety six million Dollars (\$96,000,000) for the purpose of financing expenditures under the Project described in Schedule 1 of the Ordinary Operations Loan Agreement ("Project");

(B) by a grant agreement of even date herewith between the Borrower and ADB ("Grant Agreement"), ADB has agreed to make a grant to the Borrower from ADB's Special Funds resources ("Grant") in an amount of four million Dollars (\$4,000,000) for the purpose of financing expenditures under the Project;

(C) the Project will be carried out by the Borrower and the Pourashavas identified in Schedule 5 to the Ordinary Operations Loan Agreement ("Pourashavas"), and for this purpose the Borrower shall make available to the Pourashavas the proceeds of the loan provided for herein upon terms and conditions satisfactory to ADB; and

(D) ADB has agreed to make a concessional 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 each Pourashava;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of ADB's Ordinary Operations (Concessional) Loan Regulations, dated 1 January 2022 ("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(w) is deleted and the following is substituted therefor:

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



- (b) The term "Project Executing Agency" appearing in Sections 6.01(a), 8.01(d), 8.01(f), 8.01(k), 9.01(c) and 9.02(c) of the Loan Regulations shall be substituted by the term "each Pourashava".

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations and the Ordinary Operations Loan Agreement have the respective meanings therein set forth unless modified herein or the context otherwise requires.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of one hundred and fifty million Dollars (\$150,000,000).

(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 an interest charge at the rate of 2% per annum during the grace period and thereafter, on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

Section 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 15 April and 15 October in each year.

Section 2.04. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 1 to this Loan Agreement.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall make an appropriate portion of the proceeds of the Loan available to the Pourashavas upon terms and conditions satisfactory to ADB and shall cause the Pourashavas to apply such proceeds exclusively to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement.



Section 3.02. The proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 2 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, the Borrower shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to the Ordinary Operations Loan Agreement.

Section 3.04. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 31 December 2029 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 and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 4 to the Ordinary Operations Loan Agreement.

Section 4.02. The Borrower shall enable ADB's representatives to inspect the Project, the Goods, Works and Services and any relevant records and documents.

Section 4.03. (a) The Borrower shall (i) maintain separate accounts and records for the Project and ensure that each Pourashava maintains separate accounts and records for the Project; (ii) prepare annual financial statements for the Project and ensure that each Pourashava prepares annual financial statements for the Project in accordance with financial reporting standards acceptable to ADB; (iii) consolidate its own annual financial statements for the Project with the annual financial statements received from each Pourashava; (iv) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (v) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinions on the financial statements and the use of the Loan proceeds, and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 9 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.




(c) The Borrower shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Borrower's financial affairs where they relate to the Project with the auditors appointed pursuant to subsection (a)(iv) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Borrower, unless the Borrower shall otherwise agree.

Section 4.04. The Borrower shall take all actions which shall be necessary on its part to enable the Pourashavas to perform their obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

ARTICLE V

Suspension; Acceleration of Maturity

Section 5.01. The following are specified as additional events for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 8.01(m) of the Loan Regulations:

- (a) the Ordinary Operations Loan shall have become liable for suspension or cancellation prior to the Loan Closing Date; and
- (b) the Grant shall have become liable for suspension or cancellation or shall have become repayable prior to its agreed maturity date.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 8.07(d) of the Loan Regulations: either of the events specified 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 9.01(f) of the Loan Regulations:

- (a) the Ordinary Operations Loan Agreement shall have been duly executed and delivered and all conditions to its effectiveness (other than the effectiveness of this Loan Agreement and the Grant Agreement) shall have been fulfilled; and

- (b) the Grant Agreement shall have been duly executed and delivered and all conditions to its effectiveness (other than the effectiveness of this Loan Agreement and the Ordinary Operations Loan Agreement) shall have been fulfilled.

Section 6.02. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VII

Delegation of Authority

Section 7.01. The Borrower hereby designates the Project Executing Agency and the Pourashavas as its agents for the purposes of taking any action or entering into any agreement required or permitted under Sections 3.02, 3.03 and 3.04 of this Loan Agreement and under Sections 5.01, 5.02, 5.03 and 5.04 of the Loan Regulations.

Section 7.02. Any action taken or any agreement entered into by the Project Executing Agency and the Pourashavas 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 the Project Executing Agency and Pourashavas 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, 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 Borrower's Ministry of Finance is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.




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  26/12/2026
SHARIFA KHAN
Secretary
Economic Relations Division
Ministry of Finance

ASIAN DEVELOPMENT BANK

By 
JIANGBO NING
Officer-In-Charge
Bangladesh Resident Mission



SCHEDULE 1**Amortization Schedule**

<u>Date Payment Due</u>	<u>Payment of Principal</u> (expressed in USD)*
15 April 2028	3,750,000
15 October 2028	3,750,000
15 April 2029	3,750,000
15 October 2029	3,750,000
15 April 2030	3,750,000
15 October 2030	3,750,000
15 April 2031	3,750,000
15 October 2031	3,750,000
15 April 2032	3,750,000
15 October 2032	3,750,000
15 April 2033	3,750,000
15 October 2033	3,750,000
15 April 2034	3,750,000
15 October 2034	3,750,000
15 April 2035	3,750,000
15 October 2035	3,750,000
15 April 2036	3,750,000
15 October 2036	3,750,000
15 April 2037	3,750,000
15 October 2037	3,750,000
15 April 2038	3,750,000
15 October 2038	3,750,000
15 April 2039	3,750,000
15 October 2039	3,750,000
15 April 2040	3,750,000
15 October 2040	3,750,000
15 April 2041	3,750,000
15 October 2041	3,750,000
15 April 2042	3,750,000
15 October 2042	3,750,000
15 April 2043	3,750,000
15 October 2043	3,750,000
15 April 2044	3,750,000
15 October 2044	3,750,000
15 April 2045	3,750,000
15 October 2045	3,750,000
15 April 2046	3,750,000
15 October 2046	3,750,000



15 April 2047	3,750,000
15 October 2047	3,750,000
Total	150,000,000

* The arrangements for payment are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.



SCHEDULE 2**Allocation and Withdrawal of Loan Proceeds**General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Loan and the allocation of the Loan proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category of the Table.)

Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be allocated to items of expenditure, and disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Reallocation

3. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

- (a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, in consultation with the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and
- (b) if the amount of the Loan allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, in consultation with the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

4. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook, and detailed agreements agreed upon between ADB and the Borrower.



Retroactive Financing

5. Withdrawals from the Loan Account may be made to finance eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement in connection with items 1 (Civil works and equipment), 2 (Civil works and equipment (nature-based solutions)), 4 (Project management and capacity development) and 5 (Incremental administration costs) of the Table, subject to a maximum amount equivalent to 20% of the Loan amount.



TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS			
Number	Item	Total Amount Allocated for ADB Financing (\$)	Basis for Withdrawal from the Loan Account
		Category	
1	Civil Works	111,621,000	60.1% of total expenditure claimed*
2	Equipment	6,303,000	65.4% of total expenditure claimed*
3	Project management and capacity development	8,788,000	72.9% of total expenditure claimed*
4	Incremental administration cost	7,894,000	52.6% of total expenditure claimed*
5	Unallocated	15,394,000	
	TOTAL	150,000,000	

* Exclusive of taxes and duties imposed within the territory of the Borrower.