
LOAN NUMBER 2602-CAM(SF)

LOAN AGREEMENT
(Special Operations)

(GMS: Rehabilitation of the Railway in Cambodia Project - Supplementary)

between

KINGDOM OF CAMBODIA

and

ASIAN DEVELOPMENT BANK

DATED 2 MARCH 2010

LAS:CAM 37269

LOAN AGREEMENT (Special Operations)

LOAN AGREEMENT dated 2 March 2010 between KINGDOM OF CAMBODIA (Borrower) and ASIAN DEVELOPMENT BANK (ADB).

WHEREAS

(A) by a loan agreement (Loan No. 2288-CAM(SF): GMS: Rehabilitation of the Railway in Cambodia) dated 5 March 2007 between the Borrower and ADB (Initial Loan Agreement), ADB agreed to make a loan in the amount equivalent to SDR28,277,000 (Initial Loan) to the Borrower from ADB's Special Funds resources for the purposes of the project described in Schedule 1 to the Initial Loan Agreement and the Borrower has applied to ADB for a supplementary loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(B) the Borrower has also applied to the Government of Australia (Australia) for a grant for the purposes of the Project;

(C) ADB has agreed to make a loan to the Borrower from ADB's Special Funds resources upon the terms and conditions hereinafter set forth; and

(D) ADB also agreed, upon the request of the Government of the Borrower, to provide technical assistance for a total amount of four hundred thousand Dollars (\$400,000) to be funded by Australia and administered by ADB for outcomes monitoring and procurement review.

NOW THEREFORE the parties agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All provisions of the Special Operations Loan Regulations of ADB, dated 1 January 2006 (the "Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein.

Section 1.02. The definitions set forth in the Loan Regulations and the Initial Loan Agreement are applicable to this Loan Agreement unless the context requires otherwise. In addition, the following terms have the following meanings:

(a) "Australia Grant" means the grant equivalent to \$21,500,000 to be provided by Australia to the Borrower for the Project;

(b) "Concession Agreement" means the railway concession agreement between the Borrower and the Concessionaire dated 12 June 2009;

(c) "Concessionaire" means Toll (Cambodia) Co. Ltd. or any successor thereto;

(d) "Concession Management Committee" means the committee set up by MPWT to negotiate and agree on a concession agreement with a private sector railway operator;

(e) "Consulting Guidelines" means ADB's Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2007, as amended from time to time);

(f) "Goods" means equipment and materials to be financed out of the proceeds of the Loan; and including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding consulting services;

(g) "Initial Environmental Examination" means the initial environmental examination prepared for the Project and endorsed by the Borrower on 8 September 2009;

(h) "IRC" means the interministerial resettlement committee which is responsible for implementing all resettlement under the Project;

(i) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2007, as amended from time to time);

(j) "Procurement Guidelines" means ADB's Procurement Guidelines (2007, as amended from time to time);

(k) "Procurement Plan" means the procurement plan for the Project dated 6 November 2009 and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

(l) "Resettlement Plan" means any of the resettlement plans prepared under the Initial Loan and the resettlement plan for Samrong endorsed by the Borrower on 3 August 2009 and approved by ADB on 5 August 2009; and

(m) "Works" means construction or civil works to be financed out of the proceeds of the Loan, including project related services that are provided as part of a single contract, but excluding consulting services.

ARTICLE II

The Loan

Section 2.01. ADB agrees to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to twenty six million four hundred eight thousand Special Drawing Rights (SDR26,408,000).

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of 1% per annum during the grace period, and 1.5% per annum thereafter, on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

(b) The term "grace period" as used in paragraph (a) of this Section means the period prior to payment of the first principal amount of the Loan on the payment date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 1 April and 1 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 2 to this Loan Agreement.

Section 2.05. The currency of repayment of the principal of the Loan and the currency of payment of the interest charge for the purposes of Sections 4.03(a) and 4.04 of the Loan Regulations shall be Dollar.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement.

Section 3.02. The Goods, Works, consulting services and other items of expenditure to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan among different categories of such Goods, Works, consulting services and other items of expenditure shall be in accordance with the provisions of Schedule 3 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, all Goods and Works to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 4 to this Loan Agreement.

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

- (a) Goods which are produced in and supplied from and consulting 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 consulting 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 8.02 of the Loan Regulations shall be 30 September 2013 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 5 to this Loan Agreement.

Section 4.02. (a) The Borrower shall (i) maintain, or cause to be maintained, separate accounts for the Project; (ii) have such accounts and related financial statements audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; (iii) furnish to ADB, as soon as available but in any event not later than 6 months after the end of each related fiscal year, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the Loan proceeds and compliance with the financial covenants of this Loan Agreement as well as on the use of the procedures for imprest account/statement of expenditures), all in the English language; and (iv) furnish to ADB such other information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

(b) The Borrower shall enable ADB, upon ADB's request, to discuss the Borrower's financial statements for the Project and its financial affairs related to the Project from time to time with the auditors appointed by the Borrower pursuant to Section 4.02(a) hereabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB, provided that any such discussion shall be conducted only in the presence of an authorized officer of the Borrower unless the Borrower shall otherwise agree.

Section 4.03. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works financed out of the proceeds of the Loan, and any relevant records and documents.

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 8.01(m) of the Loan Regulations: the Australia Grant shall have become liable for suspension or cancellation.

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: the event specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations: the Australia Grant has been approved by Australia.

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

Miscellaneous

Section 7.01. The Minister of Economy and Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Borrower

Ministry of Economy and Finance
Royal Government of Cambodia
Phnom Penh, Cambodia

Facsimile Numbers:

(855-23) 428-424
(855-23) 430-224.

For ADB

Asian Development Bank
P.O. Box 789
0980 Manila, Philippines

Facsimile Numbers:

(632) 636-2444
(632) 636-2336.

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 and to be delivered at the principal office of ADB, as of the day and year first above written.

KINGDOM OF CAMBODIA

By 

H.E. KEAT CHHON
Authorized Representative

ASIAN DEVELOPMENT BANK

By 

KUNIO SENGA
Director General
Southeast Asia Department

SCHEDULE 1

Description of the Project

1. The intended impact of the Project will be that domestic and regional trade movement via the railway increases; thereby further supporting sustainable economic growth and poverty reduction. The Project will accomplish this by developing the railway in Cambodia into a provider of logistics services in Cambodia and the neighboring Greater Mekong Subregion countries. The intended outcome of the Project will be that the rehabilitated and restructured railway is operational.

2. The scope of the Project comprises:

Part A: Partial Upgrading of Existing Railway Lines

- (i) Partial upgrading of the southern line from Phnom Penh to Sihanoukville (approximately 254 km) and the northern line from Phnom Penh to Sisophon (approximately 338 km);
- (ii) construction of new rail links to the container port in Sihanoukville, and two dry ports in Phnom Penh; and
- (iii) carrying out ancillary works at level crossings.

Part B: Construction of new freight facilities in Samrong

Part C: Institutional Support and Capacity Building (financed by the Australia Grant)

- (i) transforming the Concession Management Committee from an ad-hoc committee to a permanent railway department within MPWT;
- (ii) defining the management and staffing structure for the new agency;
- (iii) monitoring the concession; and
- (iv) preparing training programs and manuals for the railway department's operations, including safety monitoring, financial management, international relations (for the rail links with Thailand and, in the longer term, Viet Nam), non-concession asset management, infrastructure and rolling stock inspection.

3. The Project also includes provision of consulting services.

4. The Project is expected to be completed by 31 March 2013.

SCHEDULE 2**Amortization Schedule****(GMS: Rehabilitation of the Railway in Cambodia Project - Supplementary)**

| <u>Date Payment Due</u> | <u>Payment of Principal</u> (expressed in Special Drawing Rights)* |
|-------------------------|--|
| 1-April-2018 | 550,167.00 |
| 1-October-2018 | 550,167.00 |
| 1-April-2019 | 550,167.00 |
| 1-October-2019 | 550,167.00 |
| 1-April-2020 | 550,167.00 |
| 1-October-2020 | 550,167.00 |
| 1-April-2021 | 550,167.00 |
| 1-October-2021 | 550,167.00 |
| 1-April-2022 | 550,167.00 |
| 1-October-2022 | 550,167.00 |
| 1-April-2023 | 550,167.00 |
| 1-October-2023 | 550,167.00 |
| 1-April-2024 | 550,167.00 |
| 1-October-2024 | 550,167.00 |
| 1-April-2025 | 550,167.00 |
| 1-October-2025 | 550,167.00 |
| 1-April-2026 | 550,167.00 |
| 1-October-2026 | 550,167.00 |
| 1-April-2027 | 550,167.00 |
| 1-October-2027 | 550,167.00 |
| 1-April-2028 | 550,167.00 |
| 1-October-2028 | 550,167.00 |
| 1-April-2029 | 550,167.00 |
| 1-October-2029 | 550,167.00 |
| 1-April-2030 | 550,167.00 |
| 1-October-2030 | 550,167.00 |
| 1-April-2031 | 550,167.00 |
| 1-October-2031 | 550,167.00 |
| 1-April-2032 | 550,167.00 |
| 1-October-2032 | 550,167.00 |
| 1-April-2033 | 550,167.00 |
| 1-October-2033 | 550,167.00 |
| 1-April-2034 | 550,167.00 |
| 1-October-2034 | 550,167.00 |
| 1-April-2035 | 550,167.00 |
| 1-October-2035 | 550,167.00 |
| 1-April-2036 | 550,167.00 |
| 1-October-2036 | 550,167.00 |
| 1-April-2037 | 550,167.00 |
| 1-October-2037 | 550,167.00 |

Schedule 2

| <u>Date Payment Due</u> | <u>Payment of Principal</u> (expressed in Special Drawing Rights)* |
|-------------------------|--|
| 1-April-2038 | 550,167.00 |
| 1-October-2038 | 550,167.00 |
| 1-April-2039 | 550,167.00 |
| 1-October-2039 | 550,167.00 |
| 1-April-2040 | 550,167.00 |
| 1-October-2040 | 550,167.00 |
| 1-April-2041 | 550,167.00 |
| 1-October-2041 | 550,151.00 |
| Total | 26,408,000.00 |

* The figures in this column represent SDR equivalents determined as of the respective dates of withdrawal. The arrangements for payment of each maturity are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.

SCHEDULE 3**Allocation and Withdrawal of Loan Proceeds**General

1. The table attached to this Schedule sets forth the Categories of Goods, Works and consulting services and other items of expenditure to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan to each such Category (hereinafter called the Table). (Reference to "Category" or "Categories" in this Schedule is to a Category or Categories of the Table.)

Percentages of ADB Financing

2. Except as ADB may otherwise agree, the items of the Categories listed in the Table shall be financed out of the proceeds of the Loan on the basis of the percentages set forth in the Table.

3. The percentage set forth for Category 1 in the Table is the average percentage during implementation of the Project. This percentage will be adjusted on 1 July every year and the new percentage will be valid for the following 12 months. It is anticipated that the percentage of ADB financing will gradually be reduced as the budgetary allocations for the Australia Grant are approved.

Interest Charge

4. The amount allocated to Category 5 is for financing the interest charge on the Loan during the implementation period of the Project.

Reallocation

5. 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, by notice to 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 then allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

6. Except as ADB may otherwise agree, the Loan proceeds for financing Goods, Works, consulting services and other items shall be disbursed in accordance with the Loan Disbursement Handbook.

Imprest Account; Statement of Expenditures

7. (a) Except as ADB may otherwise agree, the Borrower shall establish immediately after the Effective Date, an imprest account at the National Bank of Cambodia. The imprest account shall be established, managed, replenished and liquidated in accordance with ADB's Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB. The currency of the imprest account shall be the Dollar. The initial amount to be deposited into the imprest account shall not exceed the lower of (i) the estimated expenditure to be financed from the imprest account for the first 6 months of Project implementation; or (ii) the equivalent of 10% of the Loan. The imprest account may only be used for expenditures under Category 3.

(b) The statement of expenditures (SOE) procedure may be used for reimbursement of eligible expenditures and to liquidate advances provided into the imprest account, in accordance with ADB's Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB. Any individual payment to be reimbursed or liquidated under the SOE procedure shall not exceed the equivalent of \$100,000.

TABLE

| ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (GMS: Rehabilitation of the Railway in Cambodia Project - Supplementary) | | | |
|--|---------------------------------------|--|--|
| CATEGORY | | | ADB FINANCING |
| Number | Item | Amount Allocated SDR Category | Percentage and Basis for Withdrawal from the Loan Account |
| 1 | Works | 13,833,000 | 52.4 ^a percent of total expenditure* |
| 2 | Equipment | 2,012,000 | 100 percent of total expenditure* |
| 3 | Resettlement and Social Mitigation | 2,138,000 | 89.5 percent of total expenditure* |
| 4 | Consulting Services | 1,572,000 | 100 percent of total expenditure* |
| 5 | Interest Charge | 629,000 | 100 percent of amount due |
| 6 | Unallocated | 6,224,000 | |
| | Total | 26,408,000 | |

^a The percentage shown for Category 1 will change in accordance with the provisions of paragraph 3 of Schedule 3.

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

SCHEDULE 4

Procurement of Goods and Works

A. General

1. All Goods and Works to be financed out of the proceeds of the Loan shall be subject to and governed by the Procurement Guidelines.
2. All terms used and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines.

B. Procurement for Goods and Works

3. Except as ADB may otherwise agree, Goods and Works shall only be procured on the basis of the methods of procurement set forth below:

| |
|-----------------------------------|
| International Competitive Bidding |
| Shopping |

The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

4. Domestic Preference. The Borrower may grant a margin of preference in the evaluation of bids under international competitive bidding in accordance with paragraphs 2.55(a) and 2.56 of the Procurement Guidelines for domestically manufactured Goods and paragraphs 2.55(b) and 2.56 of the Procurement Guidelines for domestic Works.

C. Industrial or Intellectual Property Rights

5. (a) The Borrower shall ensure that all Goods and Works procured (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.

(b) The Borrower shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

D. ADB's Review of Procurement Decisions

6. All contracts procured under international competitive bidding procedures and contracts for consulting services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

SCHEDULE 5

Execution of Project and Operation of Project Facilities; Safeguard and Other Matters

A. PROJECT IMPLEMENTATION

Executing Agency

1. As the Project Executing Agency, the MPWT shall have overall responsibility for Project coordination and implementation, including provision of policy guidance and monitoring and evaluating the Project.

Project Implementation Team

2. The existing PIT within MPWT shall be headed by a Project Director and shall be responsible for day-to-day Project implementation including procurement, application for withdrawal of the Loan proceeds and reporting to ADB. Representatives of the Concessionaire shall be included in the technical PIT to ensure that Works are prioritized and implemented in a way that maximizes the future usability of the Project facilities for the Concessionaire.

3. The MPWT implementation committee shall meet quarterly to ensure close interagency coordination and supervise Project implementation. Representatives of relevant local governments and the Concessionaire shall be invited to these meetings as necessary.

B. SAFEGUARD AND OTHER MATTERS

Environment and Social

4. The Borrower shall ensure that all Works contracts under the Project incorporate provisions to ensure that contractors (i) comply with the Borrower's environmental regulations, ADB's *Environment Policy* (2002), the environmental management plan and the Initial Environmental Examination for the Project; (ii) comply with all applicable laws and regulations of the Borrower, including ratified international treaty obligations; (iii) do not employ child labor and provide safe working conditions for male and female workers; (iv) do not provide male and female workers with different wages or benefits for work of equal value to the extent that it is applicable to contractors; and (v) carry out training programs and awareness campaigns on the human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS) at campsites and in communities along the railway lines. The MPWT shall monitor compliance through the Project consultant which has been recruited for independent monitoring of compliance with safeguard requirements.

Resettlement

5. The Borrower shall ensure that IRC updates the Resettlement Plan after detailed project design based on a detailed measurement survey of losses. The assignments of the independent monitoring agency and the Project consultant's resettlement specialists already engaged for the initial project shall be expanded to also include monitoring and supervision at Samrong. The update shall be prepared in full consultation with affected

persons and shall be disclosed to them through relevant commune offices. The updated Resettlement Plan for any section of the railway shall be submitted to ADB for review and approval before commencement of any land acquisition and relocation activities for that section. IRC shall implement the approved, updated Resettlement Plans in accordance with the Borrower's laws, regulations, and procedures and ADB's *Involuntary Resettlement Policy* (1995). In the case of discrepancies between the Borrower's laws, regulations, and procedures and ADB's policy, ADB's policy shall prevail.

6. The Borrower shall ensure that Works contractors are not issued a notice of possession of the pertinent section of railway until (i) the satisfactory completion of compensation payments and relocation to new sites for that particular section; (ii) the agreed rehabilitation assistance is in place; and (iii) the particular section is free from all encumbrances.

7. The Borrower shall ensure that if people in the remaining right-of-way beyond the corridor of impact are resettled in the future, the resettlement shall be carried out in accordance with the standards established for the Project.

8. The Borrower shall ensure the timely provision of counterpart funds for resettlement to meet any unforeseen obligations in excess of the resettlement budget estimates to satisfy resettlement requirements and objectives.

Anticorruption Policy and Good Governance

9. The Borrower shall comply with, and shall cause MPWT to comply with ADB's *Anticorruption Policy* (1998, as amended to date). The Borrower (i) acknowledges ADB's right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive, or coercive practices relating to the Project; and (ii) agrees to cooperate fully with, and to cause MPWT to cooperate fully with, any such investigation and to extend all necessary assistance, including providing access to all relevant accounts and records, as may be necessary for the satisfactory completion of any such investigation.

10. Without limiting the generality of the preceding paragraph, the Borrower shall: (i) ensure that MPWT conducts periodic inspections of contractors' activities related to fund withdrawals and settlements; and (ii) ensure and cause MPWT to ensure that all contracts financed by ADB or financed by Australia and administered by ADB in connection with the Project include provisions specifying ADB's right to audit and examine the records and accounts of all contractors, suppliers, consultants, and other service providers as they relate to the Project.

11. In addition to these requirements, to deter corruption and increase transparency, the Borrower shall set up a web site to disclose information about procurements related to the Project. For each contract, the web site shall include a list of participating bidders, the name of the winning bidder, the basic details of the bidding procedures adopted, the amount of the contract awarded, the list of goods and/or works procured, and intended and actual utilization of the Initial Loan, this Loan and the Australia Grant. In addition to the web-based disclosure, the public shall be provided with detailed information about procurement on public notice boards (for example, at commune council facilities) in the area where works are carried out for the Project.

Gender

12. The Borrower shall ensure that women, in particular, those who belong to women-headed households and ethnic minority groups, participate to the extent satisfactory to ADB in (i) public consultation meetings on resettlement planning; (ii) detailed measurement survey; (iii) capacity-building programs relating to resettlement; and (iv) relocation, compensation, and livelihood improvement activities to be undertaken under the Project.

13. The Borrower shall ensure that (i) any land rights granted to affected people are issued in the names of both husband and wife; (ii) women railway staff affected by restructuring are included in counseling and retraining programs for securing employment opportunities; and (iii) gender sensitization training is undertaken as part of supervision consulting services, particularly in the context of resettlement, for pertinent MPWT staff and district resettlement committees, district officials, and commune leaders.

Project Monitoring

14. At the beginning of the Project implementation, the Borrower shall ensure that MPWT shall establish baseline and target values for the indicators before the start of works. The indicators shall include, at a minimum, information on railway passenger and freight traffic; effective average train speed; container traffic; traffic accidents; railway, road, and sea transport costs; heavy traffic on the railway versus roads; and producer prices as a share of the value of exports. The indicators shall be measured at Project inception, Project completion, and 3 years after Project completion and compared with baseline values. Support to help establish the monitoring and evaluation system shall be provided as part of supervision consulting services, and through technical assistance. The main sources of data shall include (i) secondary data from the Borrower's sources; (ii) traffic counts; (iii) railway statistics; (iv) shipper and passenger surveys; (v) traffic accident database; (vi) producer and price surveys; and (vii) trade and customs statistics. The MPWT shall submit a report to ADB summarizing the key findings of monitoring at inception, Project completion, and 3 years after Project completion.

Project Review

15. ADB and the Borrower shall undertake semi-annual reviews of the Project to assess (i) the status of implementation; (ii) the performance of the Borrower and the Concessionaire; (iii) the performance of consultants and contractors; (iv) compliance with the covenants of this Loan Agreement; and (v) the need for any changes in the Project scope or schedule to achieve the Project's impact and objectives. These reviews shall be supported by consultants with appropriate expertise, in particular for the Project's involuntary resettlement activity. A midterm review of the Project shall be undertaken in 2011. In addition to the issues reviewed during regular Project reviews, the following items shall be assessed during the midterm review: (a) the impacts of the Project; (b) the progress on developing the new railway department's capacity to manage the concession; and (c) the railway sector in general.