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LOAN NUMBER 2534-GEO(SF)

LOAN AGREEMENT  
(Special Operations)

(Municipal Services Development Project - Phase II)

between

GEORGIA

and

ASIAN DEVELOPMENT BANK

DATED 20 AUGUST 2009

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LAS:GEO 43171

## **LOAN AGREEMENT (Special Operations)**

LOAN AGREEMENT dated 20 August 2009 between GEORGIA (the "Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

### WHEREAS

(A) the Borrower has applied to ADB for a loan for the purposes of a project described in Schedule 1 to this Loan Agreement (the "Project");

(B) the Project shall be carried out by the Borrower's Municipal Development Fund ("MDF") and for this purpose the Borrower will make available to MDF the proceeds of the Loan provided for herein upon terms and conditions satisfactory to ADB; and

(C) ADB, on the basis inter alia of the foregoing, has agreed to make a loan to the Borrower from ADB's Special Funds resources upon the terms and conditions set forth herein and in an agreement of even date herewith between ADB and MDF (the "Project Agreement");

NOW THEREFORE the parties agree as follows:

## **ARTICLE I**

### **Loan Regulations; Definitions**

Section 1.01. All the 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 are applicable to this Loan Agreement, unless the context requires otherwise. In addition, the following terms have the following meanings:

(a) "ADB's Loan Disbursement Handbook" means the ADB's Loan Disbursement Handbook dated January 2007, as amended from time to time;

(b) "Charter" means the charter of MDF approved by Government Decree No. 118 dated 23 July 2005 as amended from time to time;

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

(d) "EARF" means the Environmental Assessment and Review Framework for the Project, as agreed between MDF and ADB under the MSDP-I, as amended from time to time;

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

(f) "grant" means a grant made or proposed to be made by MDF out of the proceeds of the Loan to an MG for a subproject;

(g) "Investment Financing Agreement" means an agreement to be entered into between MDF and an MG for financing a subproject as further described in paragraph 8 of the Schedule to the Project Agreement;

(h) "Lari" means the lawful currency of the Borrower;

(i) "MDF" means the Municipal Development Fund of the Borrower, established under Presidential Decree No. 294 dated 7 June 1997, as amended from time to time;

(j) "MG" means a municipal government within the Project Area to which MDF makes a loan and/or grant for a subproject;

(k) "MSDP-I" means the ADB-financed Municipal Services Development Project (Loan No.2441-GEO[SF]);

(l) "Operations Manual" means the Operations Manual adopted by MDF and agreed with ADB for the MSDP-I, as amended from time to time);

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

(n) "Procurement Plan" means the procurement plan for the Project dated 10 June 2009 and agreed between MDF and ADB, as updated from time to time in accordance with the Procurement Guidelines, Consulting Guidelines, and other arrangements agreed with ADB;

(o) "Project Area" means the urban areas in the territory of the Borrower;

(p) "Project Agreement" has the meaning given in Recital (C) of this Loan Agreement;

(q) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means MDF or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;

(r) "Project Implementation Agreement" means the agreement to be entered into between the Borrower and MDF for the Project as referred to in Section 3.01 of the Loan Agreement;

(s) "SAR" means a subproject appraisal report to be prepared by MDF for a subproject estimated to cost the equivalent of \$2,000,000 and more;

(t) "SSR" means a subproject summary report to be prepared by MDF for a subproject estimated to cost less than the equivalent of \$2,000,000;

(u) "subloan" means a loan made or proposed to be made by MDF out of the proceeds of the Loan to an MG for a subproject;

(v) "subproject" means a specific development project that meets the eligibility criteria set out in paragraph 2 of the Schedule to the Project Agreement;

(w) "Window 1" means a financing window providing a combination of subloans and grants as described in paragraph 3(i) of Schedule 5 of this Loan Agreement;

(x) "Window 2" means a financing window providing grants as described in paragraph 3(ii) of Schedule 5 of this Loan Agreement; and

(y) "Works" means construction or civil works to be financed out of the proceeds of the Loan, and including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey 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 nineteen million three hundred seventy-four thousand Special Drawing Rights (SDR19,374,000).

Section 2.02. The Borrower shall pay to ADB an interest charge at the rate of one and six-tenth percent (1.6%) per annum 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 March and 15 September 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 the Dollar.

### ARTICLE III

#### Use of Proceeds of the Loan

Section 3.01. The Borrower shall make the proceeds of this Loan available on a non-refundable basis to MDF for the purposes of its capacity development and financing specific development subprojects in accordance with the Charter, this Loan Agreement and the Project Agreement. The Borrower shall enter into the Project Implementation Agreement, providing inter alia for the use of the proceeds of the Loan by MDF in carrying out the Project, and the rights of the Borrower and ADB with respect thereto. Such Project Implementation Agreement shall be in form and 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 3.02. (a) The amount of the Loan may be withdrawn from the Loan Account to finance (i) the reasonable foreign-currency cost of Goods, Works and consulting services and other items of expenditures required for a subproject and (ii) a portion of the local-currency cost of Goods, Works and consulting services required for a subproject.

(b) Except as ADB may otherwise agree, the proceeds of the Loan shall be used only for making a subloan or grant to a qualified MG in respect of which such Loan proceeds were withdrawn from the Loan Account, and shall be applied exclusively to the cost of Goods, Works and consulting services and other items of expenditure required to carry out the subproject in respect of which such Loan proceeds were withdrawn.

(c) Except as ADB may otherwise agree, all Goods, Works and consulting services 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 as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. 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 Works 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 3.04. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 June 2014 or such other date as may from time to time be agreed between the Borrower and ADB.

## ARTICLE IV

### Particular Covenants

Section 4.01. (a) The Borrower shall comply with and cause MDF to comply with Section 6.08 of the Loan Regulations.

(b) In the carrying out of the Project, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Loan Agreement and the Project Agreement.

Section 4.02. In addition to the reports and information set forth in Section 6.05 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, with regard to the Project, concerning (i) the MGs, the subprojects, subloans and grants; and (ii) the administration, operations and financial condition of MDF.

Section 4.03. The Borrower shall enable ADB's representatives to inspect, with regard to the Project, any MG, any subproject, the Goods, Works and consulting services financed out of the proceeds of the Loan, and any relevant records and documents maintained by MDF.

Section 4.04. The Borrower shall promptly take all action which shall be necessary to enable MDF to perform its obligations under the Project Agreement and shall not take or permit any action which would interfere with MDF's performance of its obligations.

Section 4.05. (a) The Borrower shall exercise its rights under the Project Implementation 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 Project Implementation 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 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 Borrower or MDF shall have failed to perform any of its material obligations under the Project Implementation Agreement and/or any Investment Financing Agreement.

(b) The Charter as of the date hereof shall have been subsequently amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of MDF to perform any of its obligations under the Project Agreement; or

(c) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of MDF or for the suspension of its operations.

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: any of the events specified in Section 5.01 of this Loan Agreement shall have occurred and continued for the period of ninety (90) days.

## **ARTICLE VI**

### **Effectiveness**

Section 6.01. A date sixty (60) days after the date of this Loan Agreement is specified for the effectiveness of the 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 MDF as its agent for the purposes of taking any action or entering into any agreement required or permitted under Section 3.02 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 MDF 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 MDF 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 Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 8.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Borrower

External Relations Department  
Ministry of Finance  
16 Gorgasali Street, 0114  
Tbilisi, Georgia

Facsimile Number:

(99532) 261 461

For ADB

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

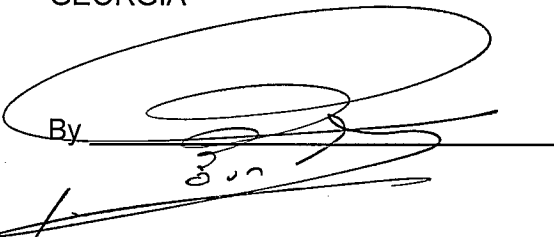
Facsimile Numbers:

(632) 636-2444

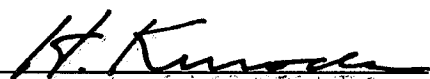
(632) 636-4284.

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.

GEORGIA

By 

ASIAN DEVELOPMENT BANK

By   
HARUHIKO KURODA  
President

## SCHEDULE 1

### Description of the Project

1. The expected overall impact of the Project is improved environment, economy and public health in the Project Area. The expected outcome of the Project is improved municipal infrastructure, service delivery and better living conditions within the Project Area.

2. The Project includes the following components:

Part A: Project Financing Facility

Provide MDF with resources for financing subprojects that will increase efficiency, quality, coverage and reliability of urban transport, water supply, waste water, solid waste management, roads, street lighting, traffic management, and other municipal services and goods.

Part B: Project Management and Capacity Development

- (a) Improve capacity of the MGs in preparing and appraising feasibility, engineering, design, environmental, social, and other related studies.
- (b) Improve capacity in project management at municipal level.
- (c) Strengthen corporate and business planning processes within MDF, provide training to MDF staff, and improve its capacity in conducting studies.

3. The Project is expected to be completed by 31 December 2013.

**SCHEDULE 2****Amortization Schedule  
(Municipal Services Development Project – Phase II)**

<b>Period</b>	<b>Date Payment Due</b>	<b>Payment of Principal (expressed in SDR)</b>
1	15-Sep-2017	403,625.00
2	15-Mar-2018	403,625.00
3	15-Sep-2018	403,625.00
4	15-Mar-2019	403,625.00
5	15-Sep-2019	403,625.00
6	15-Mar-2020	403,625.00
7	15-Sep-2020	403,625.00
8	15-Mar-2021	403,625.00
9	15-Sep-2021	403,625.00
10	15-Mar-2022	403,625.00
11	15-Sep-2022	403,625.00
12	15-Mar-2023	403,625.00
13	15-Sep-2023	403,625.00
14	15-Mar-2024	403,625.00
15	15-Sep-2024	403,625.00
16	15-Mar-2025	403,625.00
17	15-Sep-2025	403,625.00
18	15-Mar-2026	403,625.00
19	15-Sep-2026	403,625.00
20	15-Mar-2027	403,625.00
21	15-Sep-2027	403,625.00
22	15-Mar-2028	403,625.00
23	15-Sep-2028	403,625.00
24	15-Mar-2029	403,625.00
25	15-Sep-2029	403,625.00
26	15-Mar-2030	403,625.00
27	15-Sep-2030	403,625.00
28	15-Mar-2031	403,625.00
29	15-Sep-2031	403,625.00
30	15-Mar-2032	403,625.00
31	15-Sep-2032	403,625.00
32	15-Mar-2033	403,625.00
33	15-Sep-2033	403,625.00
34	15-Mar-2034	403,625.00
35	15-Sep-2034	403,625.00
36	15-Mar-2035	403,625.00
37	15-Sep-2035	403,625.00
38	15-Mar-2036	403,625.00
39	15-Sep-2036	403,625.00
40	15-Mar-2037	403,625.00
41	15-Sep-2037	403,625.00
42	15-Mar-2038	403,625.00
43	15-Sep-2038	403,625.00

Period	Date Payment Due	Payment of Principal (expressed in SDR)
44	15-Mar-2039	403,625.00
45	15-Sep-2039	403,625.00
46	15-Mar-2040	403,625.00
47	15-Sep-2040	403,625.00
48	15-Mar-2041	403,625.00
	<b>TOTAL</b>	<b>19,374,000.00</b>

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

1. The table attached to this Schedule sets forth the Categories of expenditures 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 and reference to "Subcategory" or "Subcategories" in this Schedule is to a Subcategory or Subcategories of a Category.)

Percentages of ADB Financing

2. Except as ADB may otherwise agree, the items of the Categories and Subcategories 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.

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 upon consultation and agreement 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 then allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, upon consultation and agreement with the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

4. Except as ADB may otherwise agree, the Loan proceeds for financing Goods, Works, consulting services and other expenditures shall be disbursed in accordance with ADB's Loan Disbursement Handbook (2007, as amended from time to time).

Imprest Account; Statement of Expenditures

5. (a) Except as ADB may otherwise agree, the Borrower shall cause MDF to establish immediately after the Effective Date, an imprest account at the Treasury service of the Borrower. 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 six (6) months of Project implementation, or (ii) the equivalent of ten (10) percent of the Loan amount.

(b) The statement of expenditures procedure may be used for reimbursement of eligible expenditures and to liquidate advances provided into the imprest account for any individual payment not exceeding \$200,000.

#### Subloan Approval and Withdrawal procedure

6. For a subproject in the amount not exceeding two million Dollars (\$2,000,000) eligible for financing under the Project Financing Facility component, the subloan approval and withdrawal (SAW) procedure may be used in accordance with the ADB's Loan Disbursement Handbook, provided that a related SSR is submitted together with the withdrawal application in form and substance satisfactory to ADB. For a subproject in the amount equal to or exceeding two million Dollars (\$2,000,000) eligible for financing under the Project Financing Facility component, ADB's prior review and approval of the related SAR and Investment Financing Agreement will be required prior to disbursement in accordance with the ADB's Loan Disbursement Handbook.

#### Retroactive Financing

7. Withdrawals from the Loan Account may be made for reimbursement of reasonable eligible expenditures incurred under the Project before the Effective Date, but not earlier than twelve (12) months before the date of this Loan Agreement, subject to a maximum amount equivalent to 20 percent of the Loan amount.

#### Condition of Withdrawals from Loan Account

8. Except as ADB may otherwise agree, no withdrawal shall be made from the Loan Account for any Category until:

(a) the Borrower has submitted to ADB the duly executed Project Implementation Agreement, satisfactory to ADB;

(b) MDF has submitted to ADB a SAR or a SSR, and a draft Investment Financing Agreement for at least one subproject, all in a form and substance satisfactory to ADB.

9. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the imprest account for any subproject estimated to cost the equivalent of \$2,000,000 and more until MDF has submitted to ADB the SAR for the relevant subproject, in a form and substance satisfactory to ADB.

TABLE

<b>ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Municipal Services Development Project – Phase II)</b>				
<b>CATEGORY</b>				<b>ADB FINANCING BASIS</b>
		<b>Total Amount Allocated for ADB Financing</b>		<b>Percentage of ADB Financing from the Loan Account</b>
<b>Number</b>	<b>Item</b>	<b>SDR '000</b>		
		<b>Category</b>	<b>Subcategory</b>	
1	Project Financing Facility	16,802		
1A	Subprojects under Window 1		11,137	68 percent of total expenditure claimed
1B	Subprojects under Window 2		5,665	85 percent of total expenditure claimed
2	Project Management and Capacity Development (Consulting Services)	867		80 percent of total expenditure claimed
3	Incremental Administration	1,517		85 percent of total expenditure claimed
4	Unallocated	188		
	TOTAL	19,374,000		

## SCHEDULE 4

### Procurement of Goods and Works, and Consulting Services

#### A. General

1. All Goods, Works and consulting services to be financed out of the proceeds of the Loan shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
2. All terms used and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

#### B. Procurement of 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
National Competitive Bidding
Shopping
Direct Contracting

4. 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.
5. 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.
6. National Competitive Bidding. The Borrower and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the Borrower's national competitive bidding procedures are consistent with the Procurement Guidelines. Any modifications or clarifications to such procedures agreed between the Borrower and ADB shall be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after written approval of such change by the Borrower and ADB.

#### C. Selection of Consulting Services

7. Quality- and Cost-Based Selection. Except as ADB may otherwise agree, and except as set forth in paragraphs 8 and 9 below, the Borrower shall ensure or cause to be ensured that quality- and cost-based selection is applied for selecting and engaging consulting services.

8. The Borrower shall ensure, or cause to be ensured, that the following methods for selecting and engaging the specified consulting services are applied, in accordance with, among other things, the procedures set forth in the Procurement Plan:

Quality-Based Selection
Consultants' Qualifications Selection
Least-Cost Selection
Fixed budget selection
Single Source Selection

9. The Borrower shall ensure that the individual consultants are recruited in accordance with procedures acceptable to ADB for recruiting individual consultants.

**D. Industrial or Intellectual Property Rights**

10. (a) The Borrower shall ensure, or cause to be ensured, that all Goods and Works procured under the Project (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, intellectual or related property rights.

(b) The Borrower shall ensure, or cause to be ensured, that all contracts for the procurement of Goods and Works contain, as 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.

11. The Borrower shall ensure, or cause to be ensured, that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the consulting services provided do not violate or infringe any industrial, intellectual or related property rights.

**E. ADB's Review of Procurement Decisions**

12. 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 MDF and ADB and set forth in the Procurement Plan.

## SCHEDULE 5

### Execution of Project; Financial Matters

#### Project Executing Agency

1. MDF shall be the Project Executing Agency responsible for carrying out the Project.

#### Subproject Selection

2. The Borrower shall ensure that each subproject financed out of the proceed of the Loan meets eligibility criteria set forth in the Schedule to the Project Agreement.

3. Notwithstanding anything to the contrary provided herein, the Borrower shall ensure that:

- (i) a portion of the Loan proceeds in an amount not less than the equivalent of SDR11,137,000 is used by MDF to finance eligible subprojects of qualifying MGs in the form of combination of subloans and grants upon terms and conditions satisfactory to ADB ("Window 1"), and
- (ii) a portion of the Loan proceeds in an amount not exceeding the equivalent of SDR5,665,000 is used by MDF to finance eligible subprojects of qualifying MGs on a grant basis upon terms and conditions satisfactory to ADB ("Window 2").

#### Environment and Social Aspects

4. The Borrower shall ensure and cause MDF to ensure that the Project is carried out in compliance with the applicable environmental laws and regulations of the Borrower and ADB's *Environment Policy* (2002) and each subproject is screened and/or assessed in accordance with the agreed EARF. The Borrower shall also ensure and cause MDF to ensure that all subprojects are carried out within the existing right-of-ways and do not involve any land acquisition and/or resettlement that would trigger ADB's *Involuntary Resettlement Policy* (1995). The Borrower shall cause MDF to ensure that the subprojects are carried out in a socially responsible manner seeking mitigation of any potential social risks.

#### Project Review

5. The Borrower, MDF and ADB shall undertake Project review twice a year for the first two (2) years of the Project implementation and once a year thereafter. A mid-term review shall be conducted two (2) years after the commencement of the Project implementation. The mid-term review shall include a detailed evaluation of the Project scope, implementation arrangements, and progress in achieving scheduled targets and compliance with loan covenants.