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LOAN NUMBER 2448-PRC

PROJECT AGREEMENT  
(Central Yunnan Roads Development Project)

between

ASIAN DEVELOPMENT BANK

and

YUNNAN PROVINCIAL GOVERNMENT

DATED 27 MARCH 2009

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PAL:PRC 36455

## PROJECT AGREEMENT

PROJECT AGREEMENT dated 27 March 2009 between ASIAN DEVELOPMENT BANK (hereinafter called ADB) and YUNNAN PROVINCIAL GOVERNMENT (hereinafter called YPG).

### WHEREAS

(A) by a Loan Agreement of even date herewith between People's Republic of China (hereinafter called the Borrower) and ADB, ADB has agreed to make to the Borrower a loan of two hundred million dollars (\$200,000,000) on the terms and conditions set forth in the Loan Agreement, but only on condition that the proceeds of the Loan be made available to YPG and that YPG agree to undertake certain obligations towards ADB as hereinafter set forth; and

(B) YPG in consideration of ADB entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth;

NOW THEREFORE the parties hereto agree as follows:

## ARTICLE I

### Definitions

Section 1.01. (a) Wherever used in this Project Agreement, unless the context otherwise requires, the several terms defined in the Loan Agreement and in the Loan Regulations (as so defined) have the respective meanings therein set forth.

(b) In addition to the terms referred to in paragraph (a) of this Section, the following expression, wherever used in this Project Agreement, unless the context otherwise requires, shall have the following meanings:

- (i) the expression "YPCD shall" means that YPG shall act through YPCD to, or cause YPCD to, or ensure that YPCD, undertake required responsibilities or perform specified obligations in this Project Agreement; and
- (ii) the expression "WKEC shall" means that YPG shall, through YPCD, cause WKEC to, or ensure that WKEC, undertake required responsibilities or perform specified obligations in this Project Agreement.

## ARTICLE II

### Particular Covenants

Section 2.01. (a) Wherever in this Project Agreement any acts or obligations are stipulated to be carried out or performed by YPCD or WKEC, the primary obligation to carry out such acts or perform such obligations shall be that of or deemed to be assumed by YPG. For this purpose YPG shall, through YPCD or WKEC, or otherwise ensure that YPCD or WKEC, perform such acts or obligations.

(b) YPCD and WKEC shall carry out the Project with due diligence and efficiency, and in conformity with sound administrative, financial, engineering, environmental, roads and expressway construction, operation and maintenance practices.

(c) In the carrying out of the Project and operation of the Project facilities, YPCD and WKEC shall perform all obligations set forth in the Loan Agreement to the extent that they are applicable to YPCD and WKEC, respectively, and all obligations set forth in the Schedule to this Project Agreement.

Section 2.02. YPCD and WKEC shall make available, promptly as needed, the funds, facilities, services, equipment, land and other resources which are required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 2.03. (a) In the carrying out of the Project, YPCD and WKEC shall employ competent and qualified consultants and contractors acceptable to ADB to an extent and upon terms and conditions satisfactory to ADB.

(b) 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 the Loan Agreement. ADB may refuse to finance a contract where Goods, Works or consulting services have not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

Section 2.04. YPCD and WKEC shall carry out the Project in accordance with plans, design standards, specifications, work schedules, and construction methods acceptable to ADB. YPCD and WKEC shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.

Section 2.05. (a) YPCD and WKEC shall take out and maintain with responsible insurers, or make other arrangements satisfactory to ADB, for insurance of the Project facilities to such extent and against such risks and in such amounts as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, YPCD and WKEC undertake to insure, or cause to be insured, the Goods to be imported for the Project and to be financed out of the proceeds of the Loan against hazards incident to the acquisition,

transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such Goods.

Section 2.06. YPCD and WKEC shall maintain, or cause to be maintained, records and accounts adequate to identify the Goods, Works and consulting services, and other items of expenditure financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, its operations and financial condition.

Section 2.07. (a) ADB, YPCD and WKEC shall cooperate fully to ensure that the purposes of the Loan will be accomplished.

(b) YPCD and WKEC shall promptly inform ADB of any condition which interferes with, or threatens to interfere with, the progress of the Project, the performance of its obligations under this Project Agreement or the Onlending Agreement, or the accomplishment of the purposes of the Loan.

(c) ADB, YPCD and WKEC shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Project, YPCD and WKEC, and the Loan.

Section 2.08. (a) YPCD and WKEC shall furnish to ADB all such reports and information as ADB shall reasonably request concerning (i) the Loan and the expenditure of the proceeds thereof; (ii) the Goods, Works and consulting services and other items of expenditure financed out of such proceeds; (iii) the Project; (iv) the administration, operations and financial condition of YPCD and WKEC in relation to the Project; and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, YPCD and WKEC shall furnish to ADB quarterly reports on the execution of the Project and on the operation and management of the Project facilities during Project implementation period. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the quarter under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following quarter.

(c) Promptly after physical completion of the Project, but in any event not later than three (3) months thereafter or such later date as ADB may agree for this purpose, YPCD and WKEC shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and initial operation of the Project, including its cost, the performance by YPCD and WKEC of their respective obligations under this Project Agreement and the accomplishment of the purposes of the Loan.

Section 2.09. (a) YPCD shall, to the extent relevant to the Project, and WKEC shall, (i) maintain separate accounts for the Project and for its overall operations; (ii) have such accounts and related financial statements (balance sheet, statement of income and expenses, and related statements) audited annually, in accordance with appropriate auditing standards consistently applied, by external auditors whose qualifications, experience and terms of reference are acceptable to ADB; and (iii) furnish to ADB, promptly after their

preparation but in any event not later than 6 months after the close of the fiscal year to which they relate, 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 covenants of the Loan Agreement), all in the English language. YPCD and WKEC shall furnish to ADB such further information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

(b) YPCD and WKEC shall enable ADB, upon ADB's request, to discuss financial statements maintained by YPCD for the Project and WKEC's financial statements and its financial affairs from time to time with the auditors appointed by YPCD pursuant to Section 2.09(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 YPCD or WKEC unless YPCD or WKEC shall otherwise agree.

Section 2.10. YPCD and WKEC shall enable ADB's representatives to inspect the Project, the Goods and Works financed out of the proceeds of the Loan, all other plants, sites, properties and equipment of YPCD and WKEC, and any relevant records and documents, to the extent relevant to the Project.

Section 2.11. (a) WKEC shall, promptly as required, take all action within its powers to maintain its corporate existence, to carry on its operations, and to acquire, maintain and renew all rights, properties, powers, privileges and franchises which are necessary in the carrying out of the Project or in the conduct of its business.

(b) YPCD and WKEC shall at all times conduct its business in accordance with sound administrative, financial, environmental, construction, maintenance and operational practices, and under the supervision of competent and experienced management and personnel.

(c) YPCD and WKEC shall at all times operate and maintain its road assets, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound administrative, financial, engineering, environmental, construction, maintenance and operational practices.

Section 2.12. Except as ADB may otherwise agree, YPG shall not, and shall ensure that YPCD and WKEC shall not sell, lease or otherwise dispose of any of its assets which shall be required for the efficient carrying on of its operations or the disposal of which may prejudice its ability to perform satisfactorily any of its obligations under this Project Agreement.

Section 2.13. Except as ADB may otherwise agree, YPCD and WKEC shall apply the proceeds of the Loan to the financing of expenditures on the Project in accordance with the provisions of the Loan Agreement and this Project Agreement, and shall ensure that all Goods, Works and consulting services financed out of such proceeds are used exclusively in the carrying out of the Project.

Section 2.14. Except as ADB may otherwise agree, YPG and WKEC shall duly perform all their respective obligations under the Onlending Agreement, and shall

not take, or concur in, any action which would have the effect of assigning, amending, abrogating or waiving any rights or obligations of the parties under the Onlending Agreement.

### **ARTICLE III**

#### **Effective Date; Termination**

Section 3.01. This Project Agreement shall come into force and effect on the date on which the Loan Agreement shall come into force and effect. ADB shall promptly notify YPG of such date.

Section 3.02. All the provisions of this Project Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Loan Agreement.

### **ARTICLE IV**

#### **Miscellaneous**

Section 4.01. Any notice or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, facsimile or radiogram to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For ADB

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

Facsimile Numbers:

(632) 636-2444  
(632) 636-2426.

For YPG

Yunnan Provincial Communications Department  
1 Huanchengxilu Road  
Kunming, Yunnan Province  
People's Republic of China  
650011

Facsimile Number:

(86-871) 312-6954.

Yunnan Wukun Expressway Company  
226 Lianmeng Road  
Kunming, Yunnan Province  
People's Republic of China  
650224

Facsimile Number:

(86-871) 562-6618.

Section 4.02. (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement by or on behalf of YPG may be taken or executed by its Governor or by such other person or persons as the Governor shall so designate in writing notified to ADB.

(b) YPG shall furnish to ADB sufficient evidence of the authority of each person who will act under paragraph (a) of this Section, together with the authenticated specimen signature of each such person.

Section 4.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Project 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.

ASIAN DEVELOPMENT BANK

By   
HARUHIKO KURODA  
President

YUNNAN PROVINCIAL GOVERNMENT

By   
JIANCHAO LIU  
Authorized Representative

## SCHEDULE

### Execution of Project; Financial Matters

#### Implementation Arrangements

1. YPCD shall be the Project Executing Agency responsible for overall implementation of the Project. The PMO established within YPCD shall be responsible for overall project implementation, which shall include, among others, coordinating and overseeing project implementation, submitting progress, audit and other reports to ADB, and coordinating with ADB review missions. YPCD, through the PMO, shall be responsible for direct implementation of Component B and Component C of the Project. WKEC shall be the Implementing Agency responsible for direct implementation of Component A and Component D of the Project.

#### Counterpart Financing

2. YPG and WKEC shall ensure that all counterpart financing necessary for the Project is provided in time, and that YPG, through YPCD and WKEC, make available all funds and resources necessary for construction, operation and maintenance (O&M), and management of the Project on a timely basis.

#### Construction Quality

3. YPCD shall ensure that (i) the Project expressway, local roads, and local road safety enhancement program are constructed in accordance with the MOC's technical standards and requirements; and (ii) the project construction supervision, quality control, and contract management are conducted in accordance with national standards and internationally accepted practices.

#### Road Safety

4. Prior to construction and operation of the Project expressway and implementation of local road safety enhancement program, YPG shall (i) establish a road safety inter-agency committee to facilitate the Project implementation, (ii) ensure that the independent road safety audits are carried out and the recommendations of these audits are taken into account during Project construction and operations, and control of "overload" and "overlimit" vehicles. YPG shall strengthen road safety enforcement and education, including (i) vehicle maintenance and inspections; (ii) enforcement of proper driver behavior; and (iii) road safety education to general public on road safety matters, taking into consideration special categories such as drivers and school children. At least 6 months prior to the opening of the Project expressway, YPG shall (i) develop and implement a safety and emergency response plan to ensure safe operation of road infrastructure facilities; and (ii) YPG shall establish a sufficient number of teams of traffic police personnel, in accordance with the national law and relevant requirements, to patrol the Project expressway and local roads and enforce the national regulations.

Rural Transport Services

5. YPCD shall ensure that the rural transport services are provided to the rural people in the Project area. In particular, YPG, through YPCD, shall adopt, as applicable, recommendations made under ADB-financed technical assistance for Sustainable Rural Transport Services (TA 4806) in the Project area.

Private Sector Development

6. Yunnan Provincial Highway Development and Investment Company Limited (YHIC) and/or WKEC shall explore the possibility of attracting private sector investment by potential investors in close consultation with ADB. At least 6 months prior to the opening of the Project expressway, YHIC and/or WKEC shall analyze the feasibility of tapping the financial markets for financing future road sector investments, including possible private sector participation in O&M of the Project expressway, and report its conclusions to ADB.

Corporate Governance

7. WKEC shall prepare a corporate development plan by 31 December 2009 to assure high standards of corporate governance, management practices, and financial reporting.

Rural Road Maintenance

8. YPCD shall (i) implement the Rural Road Maintenance Policy Reform as approved by YPG (effective as of 1 January 2008), (ii) establish an efficient prioritization and monitoring system as specified in the Rural Road Maintenance Policy Reform, and (iii) provide a training program under the Project to strengthen the capacity of local government maintenance units and local communities. YPG shall cause the local governments to ensure adequate funding and effective management of Project's rural roads.

Financial Ratios

9. (a) Except as ADB may otherwise agree, WKEC shall maintain for each fiscal year commencing from the first year of full operation of the Project expressway a working ratio of total working expenses to total working revenues of not higher than 15%.

(b) For the purposes of this paragraph:

- (i) The term "total working expenses" means the sum of all expenses relating to operations, including administration, adequate annual maintenance and taxes on revenues but excluding periodic maintenance cost, depreciation, interest and other charges on debt.
- (ii) The term "total working revenues" means revenues from all sources relating to operations.

10. (a) Except as ADB shall otherwise agree, WKEC shall not incur, for each fiscal year commencing from the eighth year of the full operation of the Project expressway, any debt unless reasonable forecast of the revenues and the expenditures of WKEC shows that the estimated net revenues of WKEC for each fiscal year during the term of the debt to be incurred shall be at least 1.2 times the estimated maximum debt service requirements of WKEC for any succeeding fiscal year on all debt of WKEC, including the debt to be incurred.

(b) For the purposes of this paragraph:

- (i) The term "debt" means any indebtedness, of WKEC maturing by its terms more than one year after the date on which it is originally incurred.
- (ii) Debt shall be deemed to be incurred: (a) under a loan contract or agreement or other instrument providing for such debt or for the modification of its terms of payment on the date of such contract, agreement or instrument; and (b) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.
- (iii) The term "net revenues" means the difference between:
  - i. the sum of revenues from all sources related to operations and net non-operating income, after making adequate provisions for uncollectible debts; and
  - ii. the sum of all expenses related to operations including administration, adequate maintenance, taxes and payments in lieu of taxes, but excluding provision for depreciation, other non-cash operating charges and interest and other charges on debt. Lease payments under finance leases must also be included.
- (iv) The term "net non-operating income" means the difference between:
  - i. revenues from all sources other than those related to operations; and
  - ii. expenses, including taxes and payments in lieu of taxes, incurred in the generation of revenues in (iv)(a) above.
- (v) The term "debt service requirements" means the aggregate amount of repayments (including sinking fund payments, if any) of, and interest and other charges on, debt.
- (vi) The term "reasonable forecast" means a forecast prepared by WKEC, not earlier than 12 months prior to the incurrence of the debt in question, which both ADB and WKEC accept as

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reasonable and as to which ADB has notified WKEC of its acceptability.

11. (a) Except as ADB may otherwise agree, WKEC shall not incur any debt if after the incurrence of such debt the ratio of debt to equity shall be greater than 65:35.
- (b) For the purposes of this paragraph:
- (i) The term "debt" means any indebtedness of WKEC maturing by its terms more than one year after the date on which it is originally incurred.
  - (ii) Debt shall be deemed to be incurred: (a) under a loan contract or agreement or other instrument providing for such debt or for the modification of its terms of payment, on the date of such contract, agreement or instrument; and (b) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.
  - (iii) The term "equity" means the sum of the total unimpaired paid-up capital, retained earnings and reserves of WKEC not allocated to cover specific liabilities.

12. For purposes of the covenants contained in paragraphs 9 to 11 above, whenever it shall be necessary to value, in terms of the currency of the Borrower, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is at the time of such valuation obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to ADB.

Tolls

13. In determining the toll level, YPG shall take into consideration the levels sufficient to satisfy the Project expressway's minimum debt service coverage ratio of 1.2. At least 6 months prior to the opening of the Project expressway, YPCD through WKEC shall submit to ADB for review the proposed toll structure and levels before seeking YPG's approval. For the first 5 years of operation of the Project expressway, YPCD through WKEC shall annually review the toll structure and levels, and submit a report to ADB. YPCD through WKEC shall submit to ADB for review the toll level adjustment, if any, before seeking YPG approval.

Capacity Building

14. YPCD shall prepare a human resource development plan before undertaking international training for ADB's concurrence, which shall include a program of workshops to be delivered at WKEC and the local bureaus by the people trained internationally to enhance the YPCD's and WKEC's domestic training programs.

Environment

15. YPCD and WKEC shall ensure that (i) the Project is designed, constructed, implemented and operated in accordance with environmental laws and regulations of the Borrower, ADB's *Environment Policy (2002)*, and the EIA; (ii) the EMP and the mitigation measures included therein, as specified in the EIA, as applicable, are properly and promptly implemented; (iii) the EMP and mitigation measures included therein are updated, at engineering design stage, and incorporated into the bidding documents and civil works contracts; (iv) any adverse impact on the environment that may arise from Project implementation activities is promptly mitigated or minimized in accordance with the EMP; and (v) any major accidents, including any safety breaches, violation of environmental standards, and corrective measures taken thereto, are reported forthwith to ADB; (vi) at least semi-annual reports on the implementation of the EMP are submitted to ADB, and that ADB is allowed to conduct annual environmental reviews; and (vii) reports and information is provided to ADB on request to enable it to verify that the goods and services financed out of the proceeds of the loan have been produced in a responsible manner with a view to resource efficiency, waste minimization, and other environmental considerations.

Vehicle Emissions

16. At least 6 months prior to the opening of the Project expressway, YPG shall ensure that the national vehicle emission standards are enforced, and the requirements of the policies and regulations of the Borrower are fulfilled.

Land Acquisition and Resettlement

17. (a) YPCD and WKEC shall ensure that (i) the RPs for the Project are implemented in accordance with their terms, (ii) all land and rights-of-way required by the Project are made available in a timely manner, (iii) the provisions of the RPs, including compensation and entitlements for affected persons (APs), are implemented in accordance with all the Borrower's applicable laws and regulations and ADB's *Involuntary Resettlement Policy (1995)*, (iv) compensation and resettlement assistance is given to the APs prior to dispossession and displacement, (v) the timely provision of counterpart funds is made for land acquisition and resettlement activities, (vi) any obligations in excess of the two RP budget estimates is met, and (vii) the APs are at least as well off as they would have been in the absence of the Project.

(b) YPCD and WKEC shall (i) update the Project expressway RP upon the completion of the Project detailed design and detailed measurement survey, and obtain ADB approval prior to commencement of civil works, and (ii) as necessary, reflect any significant material changes in the Project scope or other changes caused by other reasons, and submit any such changes to ADB for its approval. YPCD shall disclose such updated RP to APs. YPCD and WKEC shall (i) ensure that civil works contractor's specifications include requirements to comply with the RPs and entitlements for permanent and temporary impacts to APs, (ii) supervise the contractors to ensure compliance with requirements of the RPs, the Borrower's applicable laws and regulations, and ADB's *Involuntary Resettlement Policy (1995)*, and (iii) ensure that contractors are required as a priority to provide employment to affected people with equal access to women and the aforesaid requirement is monitored and reported to ADB.

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(c) YPCD and WKEC shall also ensure that (i) adequate staff and resources are committed to supervising and monitoring the implementation of the RPs and providing to ADB quarterly reports on implementation and a resettlement completion report, (ii) an independent national consultant acceptable to ADB is engaged by WKEC to carry out investigations to monitor progress semi-annually and to evaluate results through annual survey updates for two years after completion of resettlement, and forward such reports to ADB and YPCD, (iii) data are disaggregated by gender and ethnicity, where applicable, and monitoring includes impacts on gender, ethnicity and vulnerable groups, and (iv) a summary of the final government audit of resettlement disbursements and expenditures is provided to ADB.

Ethnic Minorities Development

18. YPG shall cause YPCD and WKEC to ensure that (i) the EMDP be implemented in accordance with its terms, (ii) targeted ethnic minorities benefit from the Project at least equitably and in accordance with ADB's *Policy on Indigenous Peoples* (1998), and (iii) civil works contractor's specifications include requirements to comply with the EMDP and as a priority to provide employment to ethnic minority people. YPG shall cause YPCD and WKEC also to ensure that (i) adequate staff and resources are committed to supervising and monitoring the implementation of the EMDP and report progress to ADB quarterly, (ii) an independent agency acceptable to ADB is engaged by YPCD and WKEC to carry out investigations to monitor and evaluate progress annually, and forward reports to ADB and YPCD, and (iii) data are disaggregated by gender, and monitoring includes gender impacts.

Poverty Reduction

19. YPCD and WKEC shall cause the contractors involved in the Project implementation to maximize the employment of local poor people, including the ethnic minorities, who meet the job and efficiency requirements for construction and maintenance of the project roads. Such workers shall be provided with adequate on-the-job training. YPCD shall monitor the Project impact on poverty in accordance with guidelines set forth in Project Performance Management System.

Labor Standards

20. YPCD shall cause the concerned local communications bureaus to, and WKEC shall, ensure that under the Project all the employment and labor standards provided in the applicable laws and regulations of the Borrower be complied with, and in particular, that all civil works contractors engaged under the Project (i) provide timely payment of wages on at least a monthly basis and safe working conditions to all workers, including male and female workers, with such requirements being included in the civil works contracts and monitored by the construction supervision consultants; (ii) provide employment opportunities to women and ethnic minorities, where appropriate, and pay equal wages to the male and female employees for equivalent work; and (iii) not employ child labor in the Project works following the relevant laws and regulations of the Borrower.

Gender and Development

21. YPCD and WKEC shall follow ADB's *Policy on Gender and Development* (1998) during Project implementation and take necessary steps to encourage women living in the Project area to participate in planning and implementing the Project, including causing the contractors to maximize the employment of women in connection with the Project. YPCD shall monitor, as set out in RPs and EMDP, the effects of the Project on women during Project implementation.

Health Risks

22. YPCD and WKEC shall in coordination with the local health bureaus cause the civil work contractors to disseminate information on the risks of socially and sexually transmitted diseases, including human immunodeficiency virus (HIV) and/or acquired immunodeficiency syndrome (AIDS), to their employees, temporary laborers and family members, and subcontractors during Project implementation. YPCD and WKEC shall cause the appropriate agencies to disseminate similar information to transport operators and to local communities living in the Project area during Project implementation and operation of the Project facilities. YPCD and WKEC shall cause the contractors to monitor health risk control in accordance with the relevant laws and regulations of the Borrower and relevant clause of ADB's *Standard Bidding Document*; and methods specified in the EMDP.

Project Performance Management System (PPMS)

23. WKEC shall monitor and evaluate impact of the Project. YPCD and WKEC shall (i) hire a qualified national consultant prior to Project implementation to carry out the monitoring activities; (ii) collect the data to measure the indicators contained in the PPMS prior to, and during implementation of the Project, at completion of the Project, and 3 years thereafter; and (iii) submit to ADB the reports summarizing the key findings of monitoring.

Axle Loads

24. WKEC shall install vehicle axle-weighing equipment before opening of the Project expressway and shall implement weight-based tolls on the Project expressway.

Change in Ownership

25. In the event that (i) any change in ownership or operation of the Project facilities, or Project expressway; or (ii) any sale, transfer, or assignment of YPG's and YPCD's shares or interest, or WKEC's interest in the Project expressway is contemplated, YPG, YPCD, and the WKEC shall consult, through the Borrower, with ADB at least 6 months prior to the implementation of such a change. YPG, YPCD and WKEC shall ensure that such change is carried out in a lawful and transparent manner.

Anticorruption Measures

26. YPCD and WKEC shall ensure that ADB's *Anticorruption Policy* (1998, as amended to date) be followed along with the Borrower's regulations and requirements in relation to anticorruption. During the Project implementation YPCD through WKEC shall also ensure that (i) the officials from the Discipline and Inspection Bureau shall monitor bidding,

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construction, and operations; (ii) an internal audit unit shall be established in WKEC; (iii) a two-contract system shall be adopted where the winner of a civil works contract shall also sign an anticorruption contract with the employer; (iv) periodic inspection of contractors shall be undertaken to ensure that fund withdrawal and settlement procedures are followed; and (v) the status of procurements and awards of contracts will be published on YPCD's website in accordance with ADB's *Procurement Guidelines*. YPCD and WKEC shall initiate liaison meetings with the relevant agencies, on a need basis, to discuss warnings about, or information on, any corrupt practices.