

**STATUS OF COMPLIANCE WITH UNDERTAKINGS IN FRAMEWORK FINANCING AGREEMENT AND LOAN COVENANTS IN LOAN AGREEMENTS FOR TRANCHE 1**

<b>Undertakings and Loan Covenants</b>	<b>Reference</b>	<b>Status of Compliance</b>
<b>Framework Financing Agreement for MFF for SASEC Dhaka–Northwest Corridor Road Project, Phase 2</b>		
<u>Implementation Arrangements</u>		
1. Bangladesh shall, and shall cause RHD to, remain committed to implementation of the South Subregional Economic Cooperation Dhaka–Northwest Corridor Road Project, Phase 2 (“Investment Program”) and achieve its outputs and outcome in a timely manner.	Para. 2, Schedule 6 of FFA	Being complied with.
2. In the event of any change in the road map, policy framework, Investment Program, or financing plan for the Investment Program, Bangladesh shall, and will cause RHD to, assess with ADB the potential impact on the Investment Program and evaluate any change in scope, amendment, or continuation, as appropriate, of the Investment Program.	Para. 3, Schedule 6 of FFA	Not applicable.
3. Bangladesh shall take all actions, including provision of funds (including any residual funds for completion of project contracts), facilities, services and other resources necessary or appropriate to enable RHD to perform its obligations under the legal agreements for each tranche, and for timely completion of the projects under the Facility.	Para. 4, Schedule 6 of FFA	Being complied with.
4. Bangladesh shall make available to RHD all counterpart fund required for timely and effective implementation of the project under the Investment Program, including, without limitation, any funds required to keep the Road Operation Unit fully equipped and fully staffed in accordance with the requirements set out in the FAM, to mitigate unforeseen environmental and social impacts, and to meet additional costs arising from design changes, price escalation in construction costs and/or other unforeseen circumstances.	Para. 5, Schedule 6 of FFA	Being complied with.
5. Bangladesh shall, and will cause RHD to, implement the Investment Program and the projects of the Investment Program in accordance with the detailed arrangements set forth in the FAM. Any subsequent change to the FAM shall become effective only after approval of such change by the government RHD and ADB.	Para. 6, Schedule 6 of FFA	Being complied with.
6. Bangladesh and RHD shall ensure that the implementation of each projects under the Investment Program and Facility is in compliance with the undertakings and assurances concerning, Environmental Safeguards, Indigenous Peoples Safeguards, Involuntary Resettlement Safeguards, gender policy, labor standards, and prohibited investments as set out in Schedule 5 of this FFA and the loan agreement for each tranche under the Investment Program.	Para. 7, Schedule 6 of FFA	Being complied with.
7. Bangladesh shall cause RHD to employ sufficient staff for the duration of the Investment Program with adequate and relevant expertise in the field of project management, financial management, engineering, procurement, environmental and social safeguards implementation. RHD shall ensure that all	Para. 8, Schedule 6 of FFA	Being complied with.

staff employed for the project are equipped with adequate office space, facilities, equipment, support staff and telecommunications and management information systems for the entire duration of the project.		
8. Bangladesh shall cause RHD to keep the PIUs equipped with the necessary office space, facilities, equipment, support staff and management information systems for the entire duration of the project. Bangladesh and RHD shall undertake best efforts to ensure that the same persons will continue to be assigned to key positions in the PIUs for the entire duration of the project, including, without limitation, the directors or heads of the PIUs.	Para. 9, Schedule 6 of FFA	Being complied with.
<u>Safeguards</u> 9. Bangladesh shall ensure or cause RHD to ensure that the preparation, design, construction, implementation, operation and decommissioning of the projects and all project facilities under the Investment Program comply with (a) all applicable laws and regulations of Bangladesh including relating to environment, health, and safety; (b) the environmental safeguards as set out in ADB's Safeguard Policy Statement ("SPS"); (c) the environmental assessment and review framework; and (d) all measures and requirements set forth in the relevant initial environmental examination and environment management plan and any corrective or preventative actions with respect to environment set forth in a safeguards monitoring report.	Para. 10, Schedule 6 of FFA	Partially complied with.  Some works contractors had started development of their campsites before their site-specific environmental management plans were submitted to RHD. To strengthen compliance with the environmental safeguards, frequency of environmental monitoring reports was increased from annual to semiannual.
10. Bangladesh shall ensure, or cause RHD to ensure, that works do not commence until and unless environmental clearance, satisfactory in form and content to ADB, in respect of the relevant site has been received from the Department of Environment.	Para. 11, Schedule 6 of FFA	Being complied with.
11. Bangladesh shall ensure or cause RHD to ensure that all land and all rights-of-way required for each project and project facilities are made available to the works contractor in accordance with the schedule agreed under the related works contract and all land acquisition and resettlement activities are implemented in compliance with (i) all applicable laws and regulations of Bangladesh to land acquisition and involuntary resettlement; (ii) the involuntary resettlement safeguards as set out in the SPS; (c) the resettlement framework; and (d) all measures and requirements set forth in the respective resettlement plan and safeguard planning document, and any corrective or preventive actions with respect to land acquisition and involuntary resettlement set forth in any safeguards monitoring report.	Para. 12, Schedule 6 of FFA	Being complied with.
12. Bangladesh and RHD shall not award works contract for the Project which involves involuntary resettlement impacts for the project until RHD has prepared and submitted to ADB the final resettlement plan based on the project's detailed design, and obtained ADB's clearance of such resettlement plan.	Para. 13, Schedule 6 of FFA	Not complied with.  RHD awarded such works contracts before ADB's clearance of final resettlement plans (RPs). As a remedial action, RPs are updated for titleholders

		and non-titleholders staying inside the right-of-way. The RPs for non-titleholders have been updated and disclosed, so that the contractors can work inside the right-of-way. The RPs for titleholders are being updated and will be disclosed by the end of 2019.
13. Bangladesh shall ensure, or cause RHD to ensure, that each project does not involve risks or impacts to the tribes, minor races, ethnic sects and community peoples within the meaning of the SPS. In the event that the project does have any such impact, the Bangladesh shall take, or cause the RHD to take, all steps required to ensure that the Project complies with (a) all applicable laws and regulations of the Bangladesh relating to tribes, minor races, ethnic sects and community peoples; (b) the Indigenous Peoples Safeguards; and (c) the indigenous peoples planning framework.	Para. 14, Schedule 6 of FFA	Being complied with.
<u>Social</u> 14. Bangladesh shall ensure that works contracts (i) follow all applicable labor laws of Bangladesh and that these further include provisions to the effect that contractors (a) carry out HIV/AIDS awareness programs and disseminate information at worksites on risks of sexually transmitted diseases and HIV/AIDS as part of health and safety measures for those employed during construction; (b) follow and implement all statutory provisions on labor (including not employing or using children as labor, equal pay for equal work), health, safety, welfare, sanitation, and working conditions. Such contracts shall include clauses for termination in case of any breach of the stated provisions by the contractors.	Para. 15, Schedule 6 of FFA	Bing complied with.
15. Bangladesh shall ensure that RHD announce the Investment Program and business opportunities associated with the Investment Program on its website. In addition, the website shall at least disclose the following information in relation to goods and services procured for the Investment Program: (i) the list of participating bidders; (ii) the name of the winning bidder; (iii) the amount of the contracts awarded; and (iv) the goods and services procured.	Para. 16, Schedule 6 of FFA	Being complied with.
16. Bangladesh shall (a) ensure that a 6-year performance-based maintenance provision is incorporated in the bidding documents for the works, and in the contracts for the works which ADB will review and approve; and (b) provide adequate financing for that purpose.	Para. 17, Schedule 6 of FFA	Bing complied with.
<u>Road Safety</u> 17. Bangladesh shall ensure that the RHD implement road safety measures taking into account findings and	Para. 18, Schedule 6 of FFA	Being complied with.

recommendations of the design and the supervision consultants.		
<p><u>Governance and Anticorruption</u></p> <p>18. Bangladesh and RHD will (i) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to Investment Program; and (ii) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation, and as included in detail in the FAM.</p>	Para. 19, Schedule 6 of FFA	Being complied with.
<p>19. Bangladesh shall (i) ensure that the anticorruption provisions acceptable to ADB, Bangladesh and RHD are included in all bidding documents and contracts financed by ADB in connection with projects under the Facility, including provisions specifying the right of ADB to review and examine the records and accounts of the RHD, and all contractors, suppliers, consultants, and other service providers as they relate to the projects under the Facility and as included in detail in the FAM, and (ii) Bangladesh and RHD shall allow and assist ADB's representatives to carry out random spot-checks on the work in progress and utilization of funds for the projects under the Facility.</p>	Para. 20, Schedule 6 of FFA	Being complied with.
<p>20. All components are selected and approved in accordance with the selection criteria and approval process set out in Schedule 4 to the FFA and all documents forming the basis for screening, selection and processing of components are made available to ADB upon request and are kept available for such purposes for a minimum period of 5 years from the date of the relevant project completion report.</p>	Para. 21, Schedule 6 of FFA	Being complied with.
<p><b>Loan Agreements for Tranche 1 of MFF for SASEC Dhaka-Northwest Corridor Road Project, Phase 2</b></p>		
<p><u>Audit of Project Financial Statement</u></p> <p>21. The Borrower shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with financial reporting standards acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditor's opinion(s) on the financial statements and the use of the Loan Proceeds, and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.</p>	Section 4.03, Article IV of LA	Being complied with.
<u>Implementation Arrangements</u>		

<p>22. The Borrower and RHD shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the FAM. Any subsequent change to the FAM shall become effective only after approval of such change by the Borrower and ADB. In the event of any discrepancy between the FAM and this Loan Agreement, the provision of this Loan Agreement shall prevail.</p>	<p>Para. 1, Schedule 5 of LA</p>	<p>Being complied with.</p>
<p>23. The Borrower shall cause RHD to employ sufficient staff for the duration of the Project with adequate and relevant expertise in the field of project management, financial management, engineering, procurement, environmental and social safeguards implementation. RHD shall ensure that all staff employed for the Project are equipped with adequate office space, facilities, equipment, support staff and telecommunications and management information systems for the entire duration of the Project.</p>	<p>Para. 2, Schedule 5 of LA</p>	<p>Being complied with.</p>
<p>24. The Borrower shall cause RHD to keep the PIUs equipped with the necessary office space, facilities, equipment, support staff and management information systems for the entire duration of the Project. The Borrower and RHD shall undertake best efforts to ensure that the same persons will continue to be assigned to key positions in the PIUs for the entire duration of the Project, including, without limitation, the directors or heads of the PIUs.</p>	<p>Para. 3, Schedule 5 of LA</p>	<p>Being complied with.</p>
<p><u>Counterpart Support</u> 25. Borrower shall make available to RHD all counterpart fund required for timely and effective implementation of the Project, including, without limitation, any funds required to keep the Road Operation Unit fully equipped and fully staffed in accordance with the requirements set out in the FAM, to mitigate unforeseen environmental and social impacts, and to meet additional costs arising from design changes, price escalation in construction costs and/or other unforeseen circumstances.</p>	<p>Para. 4, Schedule 5 of LA</p>	<p>Being complied with.</p>
<p>26. Borrower shall take all actions, including provision of funds (including any residual funds for completion of Works contracts), facilities, services and other resources necessary or appropriate to enable RHD to perform its obligations under the Loan Agreement.</p>	<p>Para. 5, Schedule 5 of LA</p>	<p>Being complied with.</p>
<p><u>Component Selection</u> 27. All Components are selected and approved in accordance with the selection criteria and approval process set out in Schedule 4 to the FFA and all documents forming the basis for screening, selection and processing of Components are made available to ADB upon request and are kept available for such purposes for a minimum period of 5 years from the date of the relevant project completion report.</p>	<p>Para. 6, Schedule 5 of LA</p>	<p>Being complied with.</p>
<p><u>Safeguards - Environment</u> 28. The Borrower shall cause RHD to ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project, and all Project facilities comply with (a) all applicable laws and regulations of the</p>	<p>Para. 7, Schedule 5 of LA</p>	<p>Partially complied with. Some works contractors had started development of</p>

<p>Borrower relating to environment, health, and safety; (b) the Environmental Safeguards; (c) the EARF; and (d) all measures and requirements set forth in the respective IEE and EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.</p>		<p>their campsites before their site-specific environmental management plans were submitted to RHD. To strengthen compliance with the environmental safeguards, frequency of environmental monitoring reports was increased from annual to semiannual.</p>
<p>29. The Borrower shall ensure, or cause RHD to ensure, that Works do not commence until and unless environmental clearance, satisfactory in form and content to ADB, in respect of the relevant site has been received from the Department of Environment.</p>	<p>Para. 8, Schedule 5 of LA</p>	<p>Being complied with.</p>
<p><u>Safeguards – Land Acquisition and Involuntary Resettlement</u> 30. The Borrower shall ensure, or cause RHD to ensure, that all land and all rights-of-way required for the Project, and all Project facilities are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Borrower relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; (c) the RF; and (d) all measures and requirements set forth in the respective RP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.</p>	<p>Para. 9, Schedule 5 of LA</p>	<p>Being complied with.</p>
<p>31. Without limiting the application of the Involuntary Resettlement Safeguards, the RF or the RPs, the Borrower shall ensure, or cause RHD to ensure, that no physical or economic displacement takes place in connection with the Project until compensation and other entitlements have been provided to affected people in accordance with the RPs.</p>	<p>Para. 10, Schedule 5 of LA</p>	<p>Being complied with.</p>
<p><u>Safeguards – Human and Financial Resources to Implement Safeguards Requirements</u> 32. The Borrower shall ensure, or cause RHD to ensure, that all necessary budgetary and human resources to fully implement the EMP and RPs are made available.</p>	<p>Para. 11, Schedule 5 of LA</p>	<p>Being complied with.</p>
<p><u>Safeguards – Tribes, Minor Races, Ethnic Sects and Community Peoples</u> 33. The Borrower shall ensure, or cause RHD to ensure, that the Project does not involve risks or impacts to the tribes, minor races, ethnic sects and community peoples within the meaning of the SPS. In the event that the Project does have any such impact, the Borrower shall take, or cause RHD to take, all steps required to ensure that the Project complies with (a) all applicable laws and regulations of the Borrower relating to tribes, minor races, ethnic sects and community peoples; (b) the Indigenous Peoples Safeguards; and (c) the IPPF.</p>	<p>Para. 12, Schedule 5 of LA</p>	<p>Being complied with.</p>
<p><u>Safeguards – Related Provisions in Bidding Documents and Works Contracts</u></p>		

<p>34. The Borrower shall ensure, or cause RHD to ensure, that all bidding documents and contracts for Works contain provisions that require contractors to:</p> <ul style="list-style-type: none"> <li>(a) comply with the measures and requirements relevant to the contractor set forth in the IEE, the EMP, and the RPs (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set out in a Safeguards Monitoring Report;</li> <li>(b) make available a budget for all such environmental and social measures;</li> <li>(c) provide Borrower with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, or the RPs;</li> <li>(d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and</li> <li>(e) fully reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.</li> </ul>	<p>Para. 13, Schedule 5 of LA</p>	<p>Being complied with.</p>
<p><u>Safeguards – Safeguards Monitoring and Reporting</u></p> <p>35. The Borrower shall do, or cause RHD to ensure, the following:</p> <ul style="list-style-type: none"> <li>(a) submit Safeguards Monitoring Reports semiannually for Involuntary Resettlement Safeguards and Indigenous Peoples Safeguards and annually for Environmental Safeguards to ADB and disclose relevant information from such reports to affected persons promptly upon submission;</li> <li>(b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, or the RPs promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and</li> <li>(c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP or the RPs promptly after becoming aware of the breach.</li> </ul>	<p>Para. 14, Schedule 5 of LA</p>	<p>Being complied with.</p>
<p><u>Safeguards – Prohibited List of Investments</u></p> <p>36. The Borrower shall cause RHD to ensure that no proceeds of the Loan under the Project are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.<sup>1</sup></p>	<p>Para. 15, Schedule 5 of LA</p>	<p>Being complied with.</p>
<p><u>Labor Standards, Health and Safety</u></p>		<p>Being complied with.</p>

<sup>1</sup> The following do not qualify for ADB financing: (i) production or activities involving harmful or exploitative forms of forced labor or child labor; (ii) production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phaseouts or bans; (iii) production of or trade in weapons and munitions; (iv) production of or trade in alcoholic beverages; (v) production of or trade in tobacco; (vi) gambling, casinos, and equivalent enterprises; (vii) production of or trade in radioactive materials; (viii) production of, trade in, or use of unbonded asbestos fibers; (ix) commercial of, trade in, or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests; and (x) marine and coastal fishing practices.

<p>37. The Borrower shall ensure that the core labor standards and the Borrower's applicable laws and regulations are complied with during Project implementation. The Borrower shall include specific provisions in the bidding documents and contracts financed by ADB under the Project requiring that the contractors, among other things: (a) comply with the Borrower's applicable labor law and regulations and incorporate applicable workplace occupational safety norms; (b) do not use child labor; (c) do not discriminate workers in respect of employment and occupation; (d) do not use forced labor; (e) allow freedom of association and effectively recognize the right to collective bargaining; and (f) disseminate, or engage appropriate service providers to disseminate, information on the risks of sexually transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities surrounding the Project area, particularly women.</p>	<p>Para. 16, Schedule 5 of LA</p>	
<p><u>Gender and Development</u> 38. The Borrower shall ensure that (a) the GAP is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GAP; (c) adequate resources are allocated for implementation of the GAP; and (d) progress on implementation of the GAP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB.</p>	<p>Para. 17, Schedule 5 of LA</p>	<p>Being complied with.</p>
<p><u>Governance and Corruption</u> 39. The Borrower and RHD shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.</p>	<p>Para. 18, Schedule 5 of LA</p>	<p>Being complied with.</p>
<p>40. The Borrower and RHD shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.</p>	<p>Para. 19, Schedule 5 of LA</p>	<p>Being complied with.</p>
<p>41. The Borrower and RHD shall announce the Project and business opportunities associated with the Project on their websites. In addition, the websites shall at least disclose the following information in relation to Goods, Works and Consulting Services procured for the Project: (a) the list of participating bidders; (b) the name of the winning bidder; (c) the amount of the contracts awarded; and (d) the Goods, Works and Consulting Services procured.</p>	<p>Para. 20, Schedule 5 of LA</p>	<p>Being complied with.</p>
<p>42. The Borrower shall conduct periodic inspections and random spot checks of civil servants' and contractors' activities related to the procurement of Goods, Works and Consulting</p>	<p>Para. 21, Schedule 5 of LA</p>	<p>Being complied with.</p>

Services and to fund withdrawals and settlements under the Project.		
<u>Operations and Maintenance Financing</u> 43. The Borrower shall (a) ensure that a 6-year performance-based maintenance provision is incorporated in the bidding documents for the Works, and in the contracts for the Works which ADB will review and approve; and (b) provide adequate financing for that purpose.	Para. 22, Schedule 5 of LA	Being complied with.
<u>Road Safety</u> 44. The Borrower shall ensure that RHD shall implement road safety measures taking into account findings and recommendations of the design and the supervision consultants.	Para. 23, Schedule 5 of LA	Being complied with.

ADB = Asian Development Bank, EARF = Environmental Assessment and Review Framework, EMP = Environmental Management Plan, FAM = Facility Administration Manual, FFA = Framework Financing Agreement, GAP = Gender Action Plan, IEE = Initial Environmental Examination, IPPF = Indigenous Peoples Planning Framework, LA = Loan Agreement, MFF = multitranches financing facility, PIU = project implementation unit, RF = Resettlement Framework, RHD = Roads and Highway Department, RP = Resettlement Plan, SASEC = South Subregional Economic Cooperation, SPS = Safeguard Policy Statement.