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LOAN NUMBER 2759-PRC

PROJECT AGREEMENT

(Xinjiang Altay Urban Infrastructure and Environment Improvement Project)

between

ASIAN DEVELOPMENT BANK

and

XINJIANG UYGUR AUTONOMOUS REGION GOVERNMENT

DATED 3 AUGUST 2011

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PAL: PRC 43024

## **PROJECT AGREEMENT**

PROJECT AGREEMENT dated 3 August 2011 between ASIAN DEVELOPMENT BANK ("ADB") and XINJIANG UYGUR AUTONOMOUS REGION GOVERNMENT ("XUARG").

### **WHEREAS**

(A) by a Loan Agreement of even date herewith between People's Republic of China (the "Borrower") and ADB, ADB has agreed to make to the Borrower a loan of one hundred million Dollars (\$100,000,000) on the terms and conditions set forth in the Loan Agreement, but only on the condition that proceeds of the Loan be made available to XUARG, through XUARG to APG, and through APG to IAs and that XUARG agrees to, and cause APG and IAs to undertake certain obligations towards ADB as hereinafter set forth; and

(B) XUARG, 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 expressions, wherever used in this Project Agreement, unless the context otherwise requires, shall have the following meanings:

- (i) the expression "XUARG shall" means that XUARG shall act through APG, cause APG to undertake, or ensure that APG undertakes required responsibilities or performs specified obligations in this Project Agreement; and
- (ii) the expression "IAs shall" means that XUARG shall, through APG, cause IAs to, or ensure that IAs, 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 APG or IAs, XUARG shall ensure that APG and IAs perform such acts or obligations.

(b) APG and IAs shall carry out the Project with due diligence and efficiency, and in conformity with sound administrative, financial, engineering, environmental, road construction, road safety and transport services practices.

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

Section 2.02. Each IA 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, APG shall, and shall cause the IAs, to employ competent and qualified consultants and contractors, acceptable to ADB, to an extent and upon terms and conditions acceptable 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 acceptable to ADB.

Section 2.04. Each IA shall carry out the Project in accordance with plans, design standards, specifications, work schedules and construction methods as agreed between XUARG and ADB. APG 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) Each IA shall make insurance arrangements in accordance with the relevant regulations of the Borrower and acceptable to ADB for insurance of 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, each IA undertakes 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. APG and each concerned IA shall maintain 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 and XUARG shall cooperate fully to ensure that the purposes of the Loan will be accomplished.

(b) XUARG 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 accomplishment of the purposes of the Loan.

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

Section 2.08. (a) APG shall, and shall cause the IAs to, 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, Consulting Services and other items of expenditure financed out of such proceeds; (iii) the Project; (iv) the administration, operations and financial condition of APG and the concerned IA; and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, XUARG and IAs shall furnish to ADB semi-annual reports on the execution of the Project and on the O&M 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 6 months.

(c) Promptly after physical completion of the Project, but in any event not later than 6 months thereafter or such later date as ADB may agree for this purpose, XUARG 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 XUARG and IAs of their obligations under this Project Agreement and the accomplishment of the purposes of the Loan.

Section 2.09. (a) XUARG shall, to the extent relevant to the Project, and shall ensure that each IA (i) maintain separate accounts for their respective components, (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 independent 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 as

well as a separate opinion on the use of the procedures for imprest account and statement of expenditures), all in the English language. XUARG shall, and shall cause the IAs, through APG, to 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) Each IA shall enable ADB, upon ADB's request, to discuss financial statements of the Project and the related financial affairs from time to time with the auditors appointed by XUARG 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 XUARG, unless XUARG shall otherwise agree.

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

Section 2.11. (a) Each IA shall ensure that the Project facilities operators at all times conduct their business in accordance with sound administrative, financial, environmental, heating supply, and utilization of geothermal resources practices, and under the supervision of competent and experienced management and personnel.

(b) Each IA shall ensure that at all times the plants, equipment and other property relating to the Project be operated and maintained, and from time to time, promptly as needed, all necessary repairs and renewals thereof be made, all in accordance with sound administrative, financial, engineering, environmental, heating supply, and maintenance and operational practices.

Section 2.12. Except as ADB may otherwise agree, APG shall not, and shall ensure that nor does IA, 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, APG shall, and shall ensure that each IA, applies 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.

### **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 APG 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, by mail, or by facsimile 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  
6 ADB Avenue, Mandaluyong City  
1550 Metro Manila, Philippines

Facsimile Numbers:

+632 636-2444  
+632 636-2407.

#### For XUARG

Xinjiang Uygur Autonomous Region Government  
#2 Zhongshanlu, Tianshan District  
Urumqi  
Xinjiang Uygur Autonomous Region  
People's Republic of China  
P.O. Box 830041

Facsimile Number:

+8610 281-7567.


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 XUARG may be taken or executed by its Chairperson or by such other person or persons as the Chairperson shall so designate in writing notified to ADB.

(b) XUARG 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   
 KLAUS GERHÆUSSER  
 Director General  
 East Asia Department

XINJIANG UYGUR AUTONOMOUS  
 REGION GOVERNMENT

By   
 LIU JIANCHAO  
 Authorized Representative

## **SCHEDULE**

### **Execution of Project and Financial Matters**

#### **I. Implementation Arrangements**

1. The Borrower and the XUARG shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower and ADB. In the event of any discrepancy between the PAM and this Project Agreement, the provisions of this Project Agreement shall prevail.

2. Without prejudice to the details provided under the PAM:

(a) APG shall be the EA for the Project. Xinjiang Project Leading Group and Xinjiang PMO shall provide overall policy guidance, facilitate inter-agency coordination, oversee implementation of the Project and resolve any institutional problems affecting Project implementation.

(b) Altay Project Leading Group shall provide prefecture level policy guidance for the Project. Altay Prefecture PMO shall be responsible for day-to-day Project activities and provide coordination support for the Project. The Project County PMOs shall maintain interdepartmental coordination and carry out the Project implementation in their respective Project Counties under the general supervision of Altay Prefecture PMO.

(c) XUARG shall, through APG, cause the Altay Prefecture PMO to ensure that any documents sent to ADB are endorsed by Xinjiang PMO and ADB's response to such documents is communicated to Xinjiang PMO.

#### **II. Project Design, Execution, and Operation**

##### Change in Ownership

3. Each IA shall ensure that during the Project implementation, in the event of (a) any change in the ownership or control of Project facilities; or (b) any sale, transfer or assignment of share or interest that results in change of control in the Project facilities is anticipated, the concerned IA shall consult with ADB at least 6 months prior to the implementation of such change. Each IA shall ensure that any such change shall be made in a lawful and transparent manner.

##### Engineering and Technical

4. APG shall cause IAs to ensure that the components to be constructed under the Project are consistent with the relevant and updated development master plans and other relevant plans of the respective Project Counties.

5. APG shall cause IAs to cooperate with all relevant agencies to promote traffic safety provisions for the road components of the Project, including the provision of adequate traffic safety signage, signal lamps, median separators, traffic control and other necessary facilities. APG shall also cause IAs to ensure that traffic safety education activities are



Schedule

conducted by means of radio, television and traffic safety booklets in the languages appropriate to the local population to enhance traffic safety awareness of the local people.

6. Prior to processing of the tenders for the Works contracts of the water supply components, APG shall cause IAs to ensure that the Borrower's relevant national and local laws and regulations on water source protection are complied with, throughout the implementation period of the Project, including: (a) the delineation of water source protection zones; and (b) the implementation of watershed protection regulations, including publicizing to the public of land use and activity constraints. In the event there are land acquisition, resettlement or other livelihood impacts as a result of water source protection zones and implementation of watershed protection regulations, APG shall cause IAs to ensure that necessary documents are prepared in accordance with SPS.

7. APG shall cause relevant IAs to ensure that water distribution systems to individual end-users and sewer connections to individual buildings/households are established, operated and metered in a manner that would follow the best O&M practices.

8. APG shall cause IAs, in close collaboration with Project County forestry departments, to prepare and implement detailed plans for the irrigation of wind-break forests (with the effluent of the Project WWTPs) before commissioning of new WWTPs and with approval of the relevant authorities and ADB. APG shall further cause IAs to ensure that the plans provide adequate storage area to allow controlled release for irrigation, and consider horticultural needs and site-specific percolation rates.

9. APG shall cause IAs to ensure any industrial wastewater to be discharged to the WWTPs is adequately pre-treated in accordance with the Borrower's relevant national and local standards prior to discharge.

10. APG shall cause IAs to prepare time-bound closure and site rehabilitation plans for existing settlement and oxidation ponds before commissioning of new WWTPs, and implement these plans within 3 years of completion of the WWTPs built under the Project.

11. APG shall cause IAs to ensure the locations of new garbage collection points and other environmental sanitation facilities are decided only after field study with the design and other relevant agencies, taking into account actual situations like the local planning, urban development land use, and population distribution.

12. APG shall cause IAs to ensure the preparation and implementation of time-bound action plans in accordance with national standards for the closure and site rehabilitation of existing landfills within 1 year of completion of the landfills built under the Project.

Design and Construction Quality and Management

13. Prior to the procurement under the components, APG shall cause IAs to complete relevant geological (including seismic) and geotechnical investigations during the preparation of the detailed designs, and ensure that adequate risk mitigation is fully incorporated in the designs, in compliance with the Borrower's relevant national, regional and local design codes, and standards.

14. APG shall cause IAs to ensure that all Works under the Project are designed and constructed in accordance with the Borrower's national standards and specifications and

that the construction supervision, quality control, contract management, and completion inspection and acceptance follow the Borrower's applicable national laws, and regional and local regulations.

### Operation and Maintenance

15. APG shall cause IAs to: (a) prepare a sustainable O&M plan; (b) prepare a budget plan on an annual basis for O&M; (c) provide sufficient financial and staffing resources to the relevant O&M unit; (d) facilitate O&M, establish a water/wastewater group and solid waste management group in Project Counties; (e) provide adequate training and support to management and operational staff of water treatment plants, WWTPs and landfills in environmental awareness and environmental management skills; and (f) establish an independent road maintenance team in Fuhai County.

16. APG shall cause IAs to ensure that all O&M units are fully involved in the Project implementation, including professional staff from O&M units as full time members of Altay PMO participating in Project design, the bidding, award and implementation of contracts and the acceptance of the completed components.

## **III. Financial Covenants**

### Counterpart Funding

17. APG shall, and shall cause County Governments to, ensure that: (a) counterpart funding is provided in a timely manner, including any additional counterpart funding required for any shortfall of funds or cost overruns; and (b) O&M of all Project facilities is fully funded.

### Finance and Tariff

18. APG shall cause IAs to: (a) increase water supply, wastewater, municipal solid waste, and district heating tariffs and fees progressively to achieve full cost recovery and in accordance with the Borrower's national tariff policies and regulations; (b) undertake an annual review of tariffs and fees including an assessment of their impact to the poor; and (c) based on such review, take necessary measures to ensure service provision to the poor.

19. During the process of establishing and adjusting tariffs for urban service, APG shall cause IAs to take into consideration: (a) the minimum tariff level needed to cover basic operating costs, debt service and capital replacement; (b) users' affordability and willingness-to-pay data from available surveys; and (c) recent tariff escalations. APG shall also cause IAs to include public consultation in their tariff setting processes.

20. To ensure financial sustainability of the Project facilities for the water supply components, APG shall cause IAs to maintain adequate O&M activities to ensure non-revenue water losses at or below ten percent of water production from commencement of the normal operation of Project components following the trial operation period.

### Financial Management

21. Without prejudice to the generality of Section 2.09 of this Project Agreement, APG shall, and shall cause IAs to, ensure that: (a) sound financial systems are maintained in accordance with ADB's *Financial Management and Analysis of Projects*, including the

establishment of separate Project accounts and the maintenance of minimum balances to ensure smooth cash flow and the timely settlement of Project construction liabilities and future debt servicing; and (b) Project funds, including the Loan and counterpart funds are disbursed from the accounts of Project County Finance Bureaus directly to contractors, consultants, suppliers and APs.

#### **IV. Safeguards and Related Matters**

##### Environment

22. APG shall cause each IA to construct, operate, maintain and monitor the Project facilities in strict conformity with: (a) the Borrower's applicable laws and regulations, including national and XUAR regulations and standards on environmental protection, water supply and wastewater management, sludge disposal, solid waste management, landfill operation, health, labor, and occupational safety and, the SPS; and (b) all environmental mitigation and monitoring measures detailed in the EIA and EMP under the guidance of the designated government environmental monitoring centers. APG shall, and shall cause IAs to ensure, that: (a) at the outset of components implementation, detailed internal monitoring programs are prepared to be implemented by the contractors during construction and operation phases, and such mitigation and monitoring measures are incorporated into the design of components, relevant bidding documents and construction contracts; and (b) throughout Project implementation, changes to the Project design that may potentially cause negative environmental impacts are reviewed, and in consultation with ADB, the EIA is updated by revising mitigation measures as necessary to ensure full environmental compliance.

23. APG shall, and shall cause IAs to, ensure that: (a) sufficient resources and full time personnel are provided for monitoring EMP implementation, under the guidance of Altay Prefecture EPB, or Project Counties' EPBs; (b) independent environmental monitoring centers are appropriately used; and (c) semi-annual environmental monitoring reports are provided, throughout the construction period, to the Altay Prefecture PMO, which shall in turn prepare and submit to ADB semi-annual reports in a format acceptable to ADB.

24. APG shall cause each IA to: (a) select spoil disposal sites appropriate to the scale of spoil generated before construction commences; (b) endorse such sites as being consistent with the criteria set out in the EMP and approved by the Project Counties' EPBs; and (c) manage the sites in accordance with the EMP.

25. APG shall cause IAs to ensure that the deconstruction and disposal of old coal-fired boilers and single-family heating stoves follow national regulations on disposal of construction waste as well as occupational health and safety standards, and are deconstructed and disposed with approval and supervision of the relevant authorities.

26. The IA for the Qinghe Component of the Project, in conjunction with reserve managers, monitor the hydrological conditions of the habitat area of the Xinjiang Buerjen River Beaver Nature Reserve, and to take necessary actions.

27. APG shall cause IAs to conscientiously undertake pilot projects for the use of stabilized sludge from the new WWTPs on windbreak irrigation forests in Buerjin County and Takeshiken Town, and to report results to ADB through the regular Project reporting.

Resettlement

28. APG shall, and shall cause IAs to, ensure that: (a) all land and rights-of-way required by the Project are made available in a timely manner and any land acquisition under the Project shall be implemented in accordance with the RPs, national and local laws and regulations of the Borrower, and SPS; (b) the RPs are updated upon completion of the detailed design and detailed measurement survey and submitted to ADB for approval prior to commencement of land acquisition and/or house demolition and award of Works contracts; (c) such updated RPs are disclosed to the relevant APs in accordance with ADB's disclosure requirements applicable for resettlement-related activities, and implemented efficiently in accordance with its terms, all applicable laws and regulations of the Borrower, and SPS; (d) ADB is promptly advised of any new Project activity that has resettlement impacts and, in such circumstances, a revised RP is submitted to ADB for its approval; and (e) all APs are consulted and given adequate opportunity to participate in resettlement planning and implementation to enhance, or at least restore, the livelihoods of all APs in real terms relative to pre-Project levels and to improve the standards of living of the poor and other vulnerable groups.

29. APG shall, and shall cause IAs to, ensure that: (a) counterpart funds are provided on a timely basis for land acquisition and resettlement activities, and any obligations in excess of RP budget estimates are met; (b) compensation and resettlement assistance is given to APs prior to dispossession and displacement to ensure that the APs shall be at least as well off as they would have been in the absence of the Project; (c) adequate staff and resources are committed to resettlement monitoring and supervision; (d) resettlement implementation is reported to APG and ADB through semi-annual progress reports and a resettlement completion report; (e) an independent monitoring agency acceptable to ADB is engaged to carry out monitoring and evaluation, including data disaggregated by gender and ethnicity, and forward semi-annual reports to ADB during resettlement implementation and annually for 2 years after completion of resettlement; (f) Works contracts include specific requirements to comply with RPs and entitlements for permanent and temporary impacts to APs; and (g) Works contractors are supervised to ensure compliance with requirements of the RPs, applicable laws and regulations of the Borrower, and SPS.

Labor and Social Standards

30. APG shall ensure that the bidding documents for Works contracts include provisions to require the contractors to: (a) employ women to at least the percentages of the labor force as set out in the SAP, and GAP; (b) not to discriminate against people seeking work on the basis of age, provided they are capable of doing the work; (c) provide equal pay for equal work, regardless of gender or ethnicity; (d) advertise labor requirements in a timely manner prior to recruitment, in a venue and languages that can reasonably be expected to be seen by interested men and women, regardless of age or ethnicity; (e) provide timely payment of wages; (f) use local unskilled labor, as applicable; (g) comply with core labor standards and the applicable labor laws and regulations of the Borrower, including stipulations related to employment, e.g. health, safety, welfare and the workers' rights, and anti-trafficking laws; and (h) not employ child labor. APG shall further cause the IAs and contractors to maintain records of labor employment, including the name, ethnicity, age, gender, working time, and the payment of wages and ensure that the records are included in summary form in the PPMS.

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31. APG shall, and shall cause IAs to, ensure that the contractors: (a) implement HIV/AIDS and sexually transmitted infections (STIs) awareness and prevention training for all employees; (b) provide necessary measures to ensure the safety and health of its employees; (c) together with the local centers of disease control, disseminate information on the risks, hazards, impacts and prevention know-how on HIV/AIDS and STIs among the staff, workers on the construction sites and the local community by means of information disclosure, education and consultation; (d) take due care to ensure that solid and liquid wastes are appropriately disposed of in and around construction sites, or sites where the employees are housed; (e) in conjunction with the relevant local government and community leaders, hold a public meeting in each area prior to commencing construction to discuss issues associated with ensuring the safety of children in the vicinity of the construction site; and (f) observe local customs concerning acceptable behavior toward the local population.

Gender and Social Action Plans

32. APG shall, and shall cause IAs to, ensure that: (a) GAP is implemented in full including taking all reasonable and necessary steps to encourage women living in Project areas to participate in the planning and implementation of the Project; and (b) Project's impacts on women during Project implementation are monitored and reported in the PPMS.

33. APG shall, and shall cause IAs to, ensure that SAP is implemented, monitored and its impacts are reported in PPMS in a timely manner including: (a) the campaign to promote environmentally friendly behavior by pilot demonstration; (b) the road safety information, education and communication campaign; (c) the campaign on the prevention of HIV/AIDS and STIs; and (d) provision of adequate staffing to supervise the activities.

Ethnic Minorities

34. APG shall, and shall cause IAs to, ensure that EMDP is implemented whereby (a) benefits target ethnic minorities in the Project areas in accordance with SPS; (b) all contracts for Works specify requirements to comply with the SAP and EMDP; (c) adequate staff and resources are dedicated to supervise and monitor the implementation of the EMDP, which shall be reported to ADB on a semi-annual basis; and (d) mitigation measures are taken to ensure affected persons are no worse off. APG shall further ensure that the Altay Prefecture PMO: (a) engages an independent monitoring agency acceptable to ADB to monitor the implementation of the EMDP on a semi-annual basis, and submit the monitoring report to ADB; and (b) disaggregates EMDP's monitoring data by ethnicity, and gender, and prepares each monitoring report including an analysis of social impacts and the effectiveness of actions taken by ethnicity and gender.

Public Awareness

35. APG shall cause IAs to undertake public awareness campaigns on the Project and its benefits, including but not limited to, information related to the RPs, EIA, EMP, EMDP, GAP and SAP, to be conducted through information disclosure, education and consultation in languages relevant to the location.

Access to Services

36. Prior to the completion of Project construction, APG shall cause IAs to: (a) review arrangements and plans for making and financing connections to water supply, wastewater drainage and central heating services; (b) include specific provision, in such

reviews, for service access by poor households; and (c) provide results of such reviews to ADB.

## **V. Governance and Accountability**

### Anticorruption

37. APG shall, and shall cause IAs to, ensure that during the Project implementation: (a) relevant provisions of ADB's *Anticorruption Policy* (1998, as amended to date) are included in all bidding documents for the Project; (b) officials from the Altay Discipline Investigation Bureau monitor Project bidding, construction, and operations; (c) in the contract the winner of any Works contract shall sign with the employer shall include anticorruption clauses as required in the harmonized procurement contract agreements by multilateral development institutions; and (c) contractor's fund withdrawals and settlements are periodically inspected.

### Grievance Redress Mechanism

38. APG shall ensure that within 60 days from the Effective Date, Altay Prefecture PMO develops complaint and problem management mechanisms acceptable to ADB, and establishes a task force functioning effectively to: (a) review and document eligible complaints of Project stakeholders; (b) proactively address grievances; (c) provide the complainants with notice of the chosen mechanism/action; and (d) prepare periodic reports to summarize the number of complaints received and resolved, and final outcomes of the grievances and chosen actions and make these reports available to ADB upon request. Eligible complaints include those related to the Project, any of the service providers, any person responsible for carrying out the Project, complaints on misuse of funds and other irregularities, and grievances due to any safeguard issues, including resettlement, environment, ethnic minorities, and gender.