
LOAN NUMBER 3296-PRC

PROJECT AGREEMENT

(Henan Sustainable Livestock Farming and Product Safety Demonstration Project)

between

ASIAN DEVELOPMENT BANK

and

HENAN PROVINCIAL GOVERNMENT

DATED 29 JANUARY 2016

PRC 46081

PROJECT AGREEMENT

PROJECT AGREEMENT dated 29 January 2016 between ASIAN DEVELOPMENT BANK ("ADB") and HENAN PROVINCIAL GOVERNMENT ("HPG").

WHEREAS

(A) by a Loan Agreement of even date herewith between the People's Republic of China ("Borrower") and ADB, ADB has agreed to make to the Borrower a loan of sixty-nine million Dollars (\$69,000,000) on the terms and conditions set forth in the Loan Agreement, but only on the condition that the proceeds of the Loan be made available to HPG and that HPG agrees to undertake certain obligations towards ADB set forth herein; and

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

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Definitions

Section 1.01. 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.

ARTICLE II

Particular Covenants

Section 2.01. (a) HPG shall, and shall cause the Implementing Agencies to, carry out the Project with due diligence and efficiency, and in conformity with sound applicable technical, financial, business, and development practices.

(b) In the carrying out of the Project and operation of the Project facilities, HPG shall, and shall cause the Implementing Agencies to, perform all obligations set forth in the Loan Agreement, to the extent that they are applicable to HPG and the Implementing Agencies, and all obligations set forth in the Schedule to this Project Agreement.

Section 2.02. HPG shall, and shall cause the Implementing Agencies to, make available, promptly as needed, the funds, facilities, services, land and other resources as 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, HPG shall cause the Implementing Agencies to 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, HPG shall cause the Implementing Agencies to procure all items of expenditures to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to the Loan Agreement. ADB may refuse to finance a contract where any such item has 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. HPG shall, and shall cause the Implementing Agencies to, carry out the Project in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB. HPG 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) HPG shall cause the Implementing Agencies to take out and maintain with responsible insurers, or make other arrangements satisfactory to ADB for, insurance against such risks and in such amounts as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, HPG undertakes to insure, or cause to be insured, the Goods to be imported for the Project 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. HPG shall maintain, or cause to be maintained, records and accounts adequate to identify the 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 HPG shall cooperate fully to ensure that the purposes of the Loan will be accomplished.

(b) HPG shall, and shall cause the Implementing Agencies to, 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 HPG 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, HPG, the Implementing Agencies and the Loan.

Section 2.08. (a) HPG shall, and shall cause the Implementing Agencies 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 items of expenditure financed out of such proceeds; (iii) the Project; (iv) the administration, operations and financial condition of HPG and the Implementing Agencies concerning the Project; and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, HPG shall furnish to ADB periodic reports on the execution of the Project and on the operation and management of the Project facilities. 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 period under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following period.

(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, HPG 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 HPG and the Implementing Agencies of their obligations under this Project Agreement and their respective Project Implementing Agreements and the accomplishment of the purposes of the Loan.

Section 2.09. (a) HPG shall, and shall cause the Implementing Agencies to: (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in English in accordance with accounting principles acceptable to ADB; (iii) have their general financial statements and the financial statements for the Project audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the financial statements, use of the Loan proceeds and compliance with the financial covenants of the Loan Agreement as well as on the use of the procedures for imprest account and statement of expenditures in accordance with the PAM) and a management letter; 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.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

(c) HPG shall, and shall cause the Implementing Agencies to, enable ADB, upon ADB's request, to discuss the financial statements for the Project and financial affairs of HPG and the Implementing Agencies where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of HPG and the relevant Implementing Agency, unless HPG and the relevant Implementing Agency shall otherwise agree.

Section 2.10. HPG shall, and shall cause the Implementing Agencies to, enable ADB's representatives to inspect the Project, the Goods and Works and any relevant records and documents.

Section 2.11. (a) HPG shall, promptly as required, take and cause the Implementing Agencies to take all action within their powers to maintain their corporate existence, to carry on their 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 their operations.

(b) HPG shall, and shall cause the Implementing Agencies to, at all times conduct their operations in accordance with sound applicable technical, financial, business, development and operational practices, and under the supervision of competent and experienced management and personnel.

(c) HPG shall, and shall cause the Implementing Agencies to, at all times operate and maintain their plants, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound applicable technical, financial, business, development, operational and maintenance practices.

Section 2.12. Except as ADB may otherwise agree, HPG shall not, and shall cause the Implementing Agencies not to, sell, lease or otherwise dispose of any of their 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 or, in the case of the IAs, their respective Project Implementing Agreements.

Section 2.13. Except as ADB may otherwise agree, HPG shall cause the Implementing Agencies to 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 items of expenditures financed out of such proceeds are used exclusively in the carrying out of the Project.

Section 2.14. HPG shall cause an appropriate government agency to enter into a Project Implementing Agreement for the Project with each PPE in form and substance acceptable to ADB and will ensure that the government party to each Project Implementing Agreement enforces the Project Implementing Agreements to which it is a party so that all of provisions of this Project Agreement applicable to the PPEs are carried out by each PPE.

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 comes into force and effect. ADB shall promptly notify HPG of such date.

Section 3.02. This Project Agreement and all obligations of the parties hereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms.

Section 3.03. 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, mail or 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) 636-2534.

For HPG

No. 25 Jingsan Road
Zhengzhou City, Henan Province
People's Republic of China

Facsimile Number:

(86-371) 65808723.

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 HPG may be taken or executed by its governor or vice governor or by such other person or persons as they shall designate in writing notified to ADB.

(b) HPG shall furnish to ADB sufficient evidence of the authority of each person who will act under subsection (a) hereinabove, together with the authenticated specimen signature of each such person.

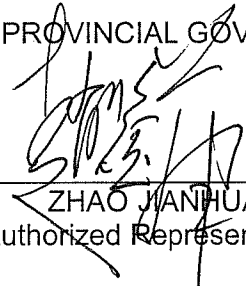
Section 4.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action 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 as of the day and year first above written, and to be delivered at the principal office of ADB.

ASIAN DEVELOPMENT BANK

By 
AYUMI KONISHI
Director General
East Asia Department

HENAN PROVINCIAL GOVERNMENT

By 
ZHAO JIANHUA
Authorized Representative

SCHEDULE

Execution of Project; Environmental, Social, Financial and Other Matters

Implementation Arrangements

1. HPG shall, and shall ensure that the Project Management Office (PMO) under the Foreign Economic Cooperation Center of the Henan Agriculture Department and each Implementing Agency, implement the Project 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 or on behalf of the Borrower, HPG and ADB.
2. HPG shall establish and maintain the PMO, and shall cause it to perform the functions set out in the PAM, and shall establish and maintain a project coordination group to oversee the preparation and implementation of the Project by provincial and local government agencies under the chairmanship of the Director General of the Henan Agriculture Department, or another senior government official acceptable to ADB, and including in the coordination group senior HPG representatives, including, without limitation, senior officials from the Henan Development and Reform Commission, Henan Finance Department, Henan Department of Environmental Protection, Henan Poverty Alleviation Office and HAHB.
3. Prior to onlending or otherwise advancing any proceeds of the ADB loan to a PPE, and not later than the date of signing the related onlending agreement with such PPE, HPG shall cause an appropriate government agency to enter into a Project Implementing Agreement with such PPE, in form and substance acceptable to ADB. Each Project Implementing Agreement shall, inter alia, include the respective PPE's obligations set forth in the Project Agreement and the PAM and shall require such PPE to comply with the Initial Environmental Examination (IEE), Environmental Management Plan (EMP), Resettlement Plan (RP), if any applies to such PPE, and Gender Action Plan (GAP). HPG shall cause the government parties to the Project Implementing Agreements to enforce the PPEs' obligations under their respective Project Implementing Agreements to ensure that the Project is implemented in accordance with the Loan Agreement, the Project Agreement and the PAM.
4. If, at any time, HPG proposes to replace or add a new enterprise as a project participating enterprise, HPG shall seek ADB's prior consent to such change and shall ensure that (i) any new proposed project participating enterprise(s) meets the selection criteria applied for the selection of PPEs during the Project preparation as set out in the PAM, (ii) all proposed subproject(s) go through ADB due diligence on technical, financial, and safeguard matters similar to the process undertaken under the project preparatory technical assistance, and (iii) the replacement or added project participating enterprises comply with all requirements applicable to PPEs set out in the project agreement and the PAM.

Counterpart Funds; Onlending

5. HPG shall ensure that (a) counterpart funds necessary for the smooth and successful completion of the Project (except the parts to be implemented by the PPEs) are provided in a timely manner; (b) additional funds, as and when needed, shall be provided to

meet any shortfall or cost overruns in the Project (except the parts to be implemented by the PPEs); and (c) funds and resources necessary for the operation and maintenance of the Project facilities (except the parts to be operated and maintained by the PPEs) are provided in a timely manner.

6. HPG shall onlend the proceeds of the Loan to each PPE in the amount shown with respect to each PPE in the PAM and on terms and conditions, including tenor and pricing, identical to the terms of the Loan Agreement between ADB and the Borrower. Prior to withdrawing any Loan for, or onlending any loan proceeds to or for, any PPE, HPG shall ensure that such PPE has in hand, or has obtained a legally binding commitment from a reliable source for, all of the counterpart funding necessary to complete the part of the Project to be implemented by such PPE (as provided in the PAM).

Specific Assurances

Sustainability Monitoring Program

7. HPG shall ensure that (i) all PPEs implement the monitoring program for 'sustainability demonstration indicators' developed for Project Output 2, which is described in the EMP and PAM, including compliance with the procedures described for data collection, compilation, and reporting, (ii) all PPEs implement the monitoring program in (a) the Project facilities; and (b) also, in the case where the PPE operates a similar facility of the same livestock type elsewhere in the county, in such other facility, (iii) all PPEs will implement the monitoring program throughout the life of Project operations, (iv) the PMO integrates the monitoring program into the livestock product quality monitoring and inspection system described in Project Output 1 in the Loan Agreement and that the results of the monitoring program will be included in the Project's semi-annual environmental reports to ADB.

Pre-construction Readiness

8. HPG shall ensure that the PMO implements the following measures prior to commencing construction to ensure the Project's environment management readiness: (i) appoint a qualified environment officer within the PMO; (ii) recruit at least one loan implementation environment consultant (LIEC) as part of the loan administration consultant services; (iii) ensure that all PPEs have arranged contractual agreements with qualified environment monitoring stations (EMS) to conduct the environmental impact monitoring described in the EMP; and (iv) ensure that the EMS provide their monitoring results to the PMO as well as to the PPEs.

9. Before and during subproject construction by any PPE, HPG shall ensure that the PMO organizes and conducts training on implementation and supervision of the project EMP for the PPEs and all of their Project contractors and that appropriate officers of the PPEs and their Project contractors complete the training.

Water Resources

10. HPG shall ensure that (i) all PPEs obtain and comply with water resource permits issued by the water resource bureaus; (ii) all PPE facilities for livestock production and processing, and processing facilities for waste, wastewater, and feed are equipped with water meters to measure water entering the facility (i.e. from wells, reservoirs, and/or

municipal pipeline services); and (iii) all PPE facilities maximize water savings measures in facility design and operation.

Solid Waste and Wastewater

11. HPG shall ensure that the design and operation of all PPE facilities for solid and liquid waste collection, treatment, storage, and disposal: (i) comply with relevant regulatory standards; (ii) do not exceed predicted waste volume levels; and (iii) avoid pollution of surface water, groundwater and land.

Biogas Slurry

12. Prior to the start of construction by each PPE of its biogas slurry facility, HPG will confirm to ADB that the detailed design of the facility complies with all regulatory standards for discharge and monitoring.

Energy

13. HPG shall ensure that PPE facilities for livestock production and processing, and processing facilities for waste, wastewater, and feed: (a) are equipped with electricity meters to measure energy use; and (b) maximize energy savings measures in facility design and operation

Scope of Operations

14. HPG shall ensure that PPEs do not permit livestock inventories in the Project facilities to exceed the design capacity of the facilities.

Assurances on Food Safety

15. HPG shall ensure that each PPE complies with all food and agricultural products safety laws and regulations of the Borrower, as they may be amended from time to time, including without limitation, the Food Safety Law and Law of the PRC on Safety and Quality of Agricultural Products.

16. HPG shall ensure that adequate staff are provided to provincial, municipal, and county HAHBs in Project counties to implement the Borrower's livestock product quality and safety inspection and monitoring regulations and policies.

Financial Assurances Regarding PPEs

17. HPG shall ensure that each PPE shall submit audited entity financial statements in Chinese to the PMO within 6 months after the end of each financial year, and will make them available to ADB for each ADB review mission and at other times on ADB's request during the Project implementation period.

18. HPG shall ensure that each PPE has in place sound accounting and financial management information systems that provide information necessary, monitor PPEs' financial performance according to the financial ratios provided for in the PAM, and report

them to ADB through project progress report of second quarter of every year during the Project implementation period.

19. HPG shall ensure that, prior to the receipt of any subloan and for the duration of the Project, each PPE achieves and maintains the financial ratios prescribed to be achieved by such PPE in the PAM.

Change of Control

20. HPG shall ensure that except with ADB's prior written consent, the ownership of the PPEs (other than Muyuan Foodstuff Co. Ltd., which is a listed company) will not change except with ADB's consent as provided in this paragraph. In the event any owner of any ownership interests in a PPE or any PPE (other than Muyuan Foodstuff Co. Ltd.), without ADB's prior consent, (a) sells, transfers or assigns, or issues or permits the PPE to issue, any shares or other ownership interests of the PPE; or (b) otherwise makes or permits any material organizational financial or operational change in a PPE where such change may have an adverse effect on HPG's ability to perform its obligations under the Project Agreement or the PPE's ability to perform its obligations under its Project Implementation Agreement, HPG shall immediately stop providing any Loan proceeds to that PPE and, if ADB so requires, shall cause the PPE to return any Loan proceeds previously provided to the PPE within a timetable determined by ADB. Where a PPE or PPE owner intends to make an ownership change as described in the preceding sentence, HPG shall consult ADB at least 3 months prior to the implementation of such change and, where ADB has consented to the change, shall require the PPE or the PPE owner, as the case may be, to carry out such change in a lawful and transparent manner.

Environment

21. HPG shall ensure that the preparation, design, construction, implementation and operation of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to environment, health and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the IEE and the EMP, and with any corrective or preventative actions (i) set forth in a Safeguards Monitoring Report or (ii) which are subsequently agreed between ADB and HPG.

Land Acquisition and Involuntary Resettlement

22. HPG shall ensure that all land used for Project purposes by such PPE (i) has been leased to the PPE by the individuals with rights in the land in accordance with all requirements of the law of the Borrower concerning contracts relating to land; and (ii) is legally available to the PPE to use for the intended Project purposes for the full term of the Loan, or otherwise for a term sufficient to realize the benefits of the Project, as determined by ADB.

23. HPG shall ensure that all land and all rights-of-way required for the Project are made available to the Works contractors in a manner and within timeframes compliant with the RP, if any, and that 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 (as defined in ADB's Safeguard Policy Statement (SPS)); and (c) all measures and requirements

set forth in the RP, if any, and any corrective or preventative actions (i) in any Safeguards Monitoring Report, or (ii) which are subsequently agreed between ADB and HPG.

24. Without limiting the Involuntary Resettlement Safeguards or the RP, if any, HPG shall ensure that no physical or economic displacement takes place in connection with the Project until: (a) compensation and other entitlements have been provided to the displaced persons as required under the Involuntary Resettlement Safeguards as described in and in accordance with the RP, if any; and (b) A comprehensive income and livelihood restoration program has been established in accordance with the RP, if any.

25. HPG shall not, and shall ensure that each Implementing Agency does not, award any Works contract that involves involuntary resettlement impacts until HPG has prepared and submitted to ADB the final RP, if any, based on the Project's detailed design and obtained ADB's clearance of such RP.

Indigenous Peoples

26. HPG shall ensure that the Project does not have any indigenous peoples impacts within the meaning of the SPS. In the event that the Project does have any such impact, HPG shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Borrower and with the SPS.

Human and Financial Resources to Implement Safeguards and Social Requirements

27. HPG shall make available necessary budgetary and human resources to fully implement the EMP, the RP, if any, and the GAP and any other measures required under the SPS.

Conditions for Award of Works Contracts

28. HPG shall not, and shall ensure that the Implementing Agencies do not, award any Works contract which involves environmental impacts or involuntary resettlement impacts until: (a) the appropriate government agency has granted the final approval of the EIA environmental assessments required under PRC law; and (b) HPG or the relevant Implementing Agency has incorporated the relevant provisions from the EMP and the RP, if any, into the Works contract.

29. HPG shall not, and shall ensure that the Implementing Agencies do not, award any Works contract which involves impacts on indigenous peoples unless and until HPG has prepared and submitted to ADB an indigenous peoples plan in compliance with the SPS and obtained ADB's clearance of such indigenous peoples plan.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

30. HPG shall ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures relevant to the contractor set forth in the IEE, the EMP and the RP, if any (to the extent they concern impacts on the respective affected people under the Environmental Safeguards

- during construction), and any corrective or preventative actions (i) set forth in a Safeguards Monitoring Report; or (ii) which are subsequently agreed between ADB and HPG;
- (b) make available a budget for all such measures;
 - (c) provide HPG 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 RP, if any;
 - (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction;
 - (e) reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition as early as possible and no later than the completion of construction; and
 - (f) (i) comply with all applicable labor laws of the Borrower on the prohibition of child and forced labor; (ii) give equal pay for equal work regardless of gender, ethnicity or social group; (iii) give priority to women in the employment and training opportunities generated in the Project's construction and operation phases; (iv) disseminate information on sexually or other transmitted diseases (including HIV/AIDS) and human trafficking to sub-contractors/employees and local communities surrounding the Project construction sites; and (v) implement HIV/AIDS and human trafficking awareness activities.

Safeguards Monitoring and Reporting

31. HPG shall do the following:

- (a) In respect of implementation and compliance with Environmental Safeguards and the EMP, submit Safeguards Monitoring Reports to ADB semi-annually during construction and the implementation of the Project and the EMP, and thereafter annually during operation, until the issuance of ADB's Project completion report unless a longer period is agreed in the EMP, and disclose relevant information from such reports to the respective affected people under the Environmental Safeguards and the Involuntary Resettlement Safeguards promptly upon submission;
- (b) In respect of implementation and compliance with Involuntary Resettlement Safeguards and the RP, if any, submit Safeguards Monitoring Reports to ADB semi-annually during construction and the implementation of the Project and the RP, if any, and thereafter annually during operation, until the issuance of ADB's Project completion report unless a longer period is agreed in the RP, if any, and disclose relevant information from such reports to the respective

affected people under the Environmental Safeguards and the Involuntary Resettlement Safeguards promptly upon submission;

- (c) 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 RP, if any, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
- (d) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP and the RP, if any, promptly after becoming aware of the breach.

Grievance Redress Mechanism

32. HPG shall ensure that a joint safeguards grievance redress mechanism acceptable to ADB is established in accordance with the provisions of the IEE, the EMP and the RP, if any, at the PMO, within the timeframes specified in the relevant IEE, EMP and RP, to consider safeguards complaints.

33. The grievance redress mechanism referred to in paragraph 31 shall function to (i) review and document eligible complaints of Project stakeholders; (ii) proactively address grievances; (iii) provide the complainants with notice of the chosen mechanism and/or action; and (iv) prepare and make available to ADB upon request periodic reports to summarize (a) the number of complaints received and resolved; (b) chosen actions; and (c) final outcomes of the grievances and make these reports available to ADB upon request.

Social Development and Gender

34. HPG shall ensure: (a) that the GAP is fully implemented in a timely manner over the entire period of the Project and following ADB's Policy on Gender and Development (1998); (b) that adequate resources are allocated for implementation of the GAP; and (d) semi-annual reporting on the GAP implementation to ADB.

Governance and Anticorruption

35. HPG shall and shall cause the Implementing Agencies to: (a) comply with ADB's Anticorruption Policy (1998, as amended to date); (b) 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 (c) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

36. HPG shall and shall cause the Implementing Agencies to ensure that anticorruption provisions acceptable to ADB are included in all bidding documents and contracts related to the Project, including provisions specifying the right of ADB to audit and examine the records and accounts of HPG, the Implementing Agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

37. HPG shall ensure that no government official or first or second degree family member of any government official (i) has any direct or indirect ownership interest or other investment (including any loans) in any PPE or (ii) receives any salary, fee or other payment or remuneration from or on behalf of any PPE.

Prohibited List of Investments

38. HPG shall ensure that no proceeds of ADB's loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.