
LOAN NUMBER 2580-BAN(SF)

LOAN AGREEMENT
(Special Operations)

(South Asia Tourism Infrastructure Development Project – Bangladesh portion)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 7 DECEMBER 2009

LAS: BAN 39399

LOAN AGREEMENT (Special Operations)

LOAN AGREEMENT dated 7 December 2009 between PEOPLE'S REPUBLIC OF BANGLADESH (the "Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) as a participant of the South Asia Tourism Infrastructure Development Project, the Borrower, along with Nepal and India has resolved to improve connectivity and destination infrastructure for subregional tourism development in Bangladesh;

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

(C) ADB has agreed to provide a loan to the Borrower from ADB's Special Funds resources upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All provisions of the Special Operations Loan Regulations of ADB, dated 1 January 2006 (the "Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein.

Section 1.02. The definitions set forth in the Loan Regulations are applicable to this Loan Agreement unless the context requires otherwise. In addition, the following terms have the following meanings:

(a) "BPC" means the Bangladesh Parjatan Corporation established by President's Order No. 143 of 1972;

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

(c) "Consulting Services" means consulting services to be financed out of the proceeds of the Loan, and excludes related services rendered under a contract for the supply of Goods or Works;

(d) "DOA" means the Department of Archeology of MoCA;

(e) "EARP" means the Environmental Assessment and Review Procedure for the Project agreed between the DOA and ADB;

(f) "Environmental Management Plan" means each and any of the Environmental Management Plans prepared or to be prepared under the IEEs;

(g) "Goods" means materials and equipment to be financed out of the proceeds of the Loan, and includes related services rendered under a contract for the supply of these materials and equipment, such as transportation, insurance, installation, inspection, commissioning, training, and initial maintenance;

(h) "IEE" means each and any of the Initial Environmental Examinations prepared or to be prepared in accordance with the EARP;

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

(j) "MoCA" means the Borrower's Ministry of Cultural Affairs;

(k) "MoCAT" means the Borrower's Ministry of Civil Aviation and Tourism;

(l) "NPSC" means the National Project Steering Committee referred to in paragraph 2 of Schedule 5 to this Loan Agreement;

(m) "PMIU" means the Project Management and Implementation Unit referred to in paragraph 3 of Schedule 5 to this Loan Agreement;

(n) "PPMS" means the project performance and monitoring system referred to in paragraph 25 of Schedule 5 to this Loan Agreement;

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

(p) "Procurement Plan" means the procurement plan for the Project dated 27 July 2009 and agreed between the Borrower and ADB, as updated from time to time in accordance with Procurement Guidelines, Consulting Guidelines, and other arrangements agreed with ADB;

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

(r) "Project facilities" means the facilities to be constructed or rehabilitated under the Project;

(s) "Resettlement Framework" means the resettlement framework for the Project agreed between the DOA and ADB;

(t) "Resettlement Plan" means each and any resettlement plan prepared or to be prepared for the Project in accordance with the Resettlement Framework;

(u) "RRP" means the Report and Recommendation to ADB's Board of Directors relating to the Project;

(v) "STF" means the subregional task force referred to in paragraph 1 of Schedule 5 to this Loan Agreement;

(w) "subproject" means each and any of the subprojects under the Project as described in Schedule 1 to this Loan Agreement;

(x) "UNESCO" means United Nations Educational, Scientific and Cultural Organization; and

(y) "Works" means construction, civil and electrical works to be financed out of the proceeds of the Loan, and includes ancillary services rendered under a contract to perform these works, such as drilling or mapping, and project-related services that are provided as part of a single responsibility or turnkey contract.

ARTICLE II

The Loan

Section 2.01. ADB agrees to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to seven million six hundred ninety eight thousand Special Drawing Rights (SDR 7,698,000).

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of one percent (1%) per annum during the grace period, and one and one-half percent (1.5%) per annum thereafter, on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

(b) The term "grace period" as used in paragraph (a) of this Section means the period prior to payment of the first principal amount of the Loan on the payment date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 1 March and 1 September in each year.

Section 2.04. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.05. The currency of repayment of the principal of the Loan and the currency of payment of the interest charge for the purposes of Sections 4.03(a) and 4.04 of the Loan Regulations shall be Dollar.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement.

Section 3.02. The categorization of the Goods, Works, Consulting Services and other items of expenditure to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan among the different categories of Goods, Works, Consulting Services and other items of expenditure shall be in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, all Goods, Works, and Consulting Services shall be procured in accordance with the provisions of Schedule 4 to this Loan Agreement. ADB may refuse to finance a contract where Goods, Works or Consulting Services have not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

Section 3.04. Withdrawals from the Loan Account in respect of Goods, Works and Consulting Services shall be made only on account of expenditures relating to

- (a) Goods which are produced in and supplied from and Works and Consulting Services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement, and
- (b) Goods, Works and Consulting Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.05. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 15 March 2015 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Loan Agreement. If and to the extent the provisions of this Loan Agreement assign duties and obligations to any other party than the Borrower (including, without limitation, BPC), the Borrower shall ensure that such party observes those duties and performs those obligations in accordance with the relevant provisions of this Loan Agreement.

Section 4.02. (a) The Borrower shall (i) maintain, or cause to be maintained, separate accounts for the Project; (ii) have such accounts and related financial 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; (iii) furnish to ADB, as soon as available but in any event not later 6 months after the end of each related fiscal year, 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 financial covenants of this Loan Agreement as well as on the use of the procedures for imprest account and statement of expenditures, all in the English language; and (iv) furnish to ADB such other information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

(b) The Borrower shall enable ADB, upon ADB's request, to discuss the Borrower's financial statements for the Project and its financial affairs related to the Project from time to time with the auditors appointed by the Borrower pursuant to Section 4.02(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 the Borrower unless the Borrower shall otherwise agree.

Section 4.03. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works financed out of the proceeds of the Loan, and any relevant records and documents.

ARTICLE V

Effectiveness

Section 5.01. A date ninety (90) days after the date of this Loan Agreement is specified for the effectiveness of the Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VI

Miscellaneous

Section 6.01. The Secretary, or any Additional Secretary, Joint Secretary, Joint Chief, Deputy Secretary or Deputy Chief of the Economic Relations Division of the Ministry of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Borrower

Economic Relations Division
Ministry of Finance
Sher-e-Bangla Nagar
Dhaka, Bangladesh

Facsimile Number:

(8802) 811 3088.

For ADB

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

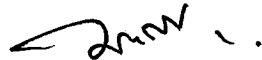
Facsimile Numbers:

(632) 636-2444
(632) 636-2293.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and to be delivered at the principal office of ADB, as of the day and year first above written.

PEOPLE'S REPUBLIC OF BANGLADESH

By



M MUSHARRAF HOSSAIN BHUIYAN
Secretary, Economic Relations Division
Ministry of Finance

ASIAN DEVELOPMENT BANK

By



PAUL J. HEYTENS
Country Director
Bangladesh Resident Mission

SCHEDULE 1

Description of the Project

1. The impact of the Project is a contribution to sustainable and inclusive development in South Asia by tapping the potential of contiguous and complementary tourism assets of Nepal, India and the Borrower. The expected outcome of the Project is the development of the Borrower's portion of subregional circuits of nature and culture-based tourism destinations with (i) improved connectivity; (ii) better quality environment and visitor services; (iii) enhanced natural and cultural heritage, and capacities for sustainable heritage management; and (iv) greater engagement of communities in heritage management and tourism benefits.

2. The Project comprises subprojects on the geographic corridor to be promoted as the 'Bangladesh Heritage Highway', comprising – inter alia – Kantajee, Paharpur, Mahastangarh, and Bagerhat. The Project consists of the following three components:

(a) Connectivity Enhancement: road construction and rehabilitation works to improve access to cultural heritage sites and divert local traffic.

(b) Destination Improvements: (i) construction and rehabilitation works to improve heritage sites (including – depending on the needs of each site and without limitation - landscaping, water supply, sanitation, drainage, and waste management), site presentation, and visitor facilities and essential conservation work.

(c) Fostering Community Participation, Capacity Building and Project Management, as follows:

(i) Fostering Community Participation: implementing programs to promote awareness and develop skills and capacities of communities to participate in livelihood opportunities arising from heritage management and tourism;

(ii) Capacity Building: improving institutional capacity at the DOA for sustainable site management and preparation of heritage site master and management plans, supporting BPC with its activities under the Fostering Community Participation subcomponent and helping MoCAT and BPC in marketing and promotion activities;

(iii) Project Management: provision of equipment, logistical support and Consulting Services to assist the PMIU in DOA; PIU in BPC; and project site offices of DOA with implementation of the Project.

3. The Project is expected to be completed by 15 September 2014.

SCHEDULE 2

Amortization Schedule
(South Asia Tourism Infrastructure Development Project – Bangladesh portion)

<u>Payment Due Date</u>	<u>Payment of Principal</u> * (expressed in SDR)
01-Mar-2018	160,375.00
01-Sep-2018	160,375.00
01-Mar-2019	160,375.00
01-Sep-2019	160,375.00
01-Mar-2020	160,375.00
01-Sep-2020	160,375.00
01-Mar-2021	160,375.00
01-Sep-2021	160,375.00
01-Mar-2022	160,375.00
01-Sep-2022	160,375.00
01-Mar-2023	160,375.00
01-Sep-2023	160,375.00
01-Mar-2024	160,375.00
01-Sep-2024	160,375.00
01-Mar-2025	160,375.00
01-Sep-2025	160,375.00
01-Mar-2026	160,375.00
01-Sep-2026	160,375.00
01-Mar-2027	160,375.00
01-Sep-2027	160,375.00
01-Mar-2028	160,375.00
01-Sep-2028	160,375.00
01-Mar-2029	160,375.00
01-Sep-2029	160,375.00
01-Mar-2030	160,375.00
01-Sep-2030	160,375.00
01-Mar-2031	160,375.00
01-Sep-2031	160,375.00
01-Mar-2032	160,375.00
01-Sep-2032	160,375.00
01-Mar-2033	160,375.00
01-Sep-2033	160,375.00
01-Mar-2034	160,375.00
01-Sep-2034	160,375.00
01-Mar-2035	160,375.00
01-Sep-2035	160,375.00
01-Mar-2036	160,375.00
01-Sep-2036	160,375.00
01-Mar-2037	160,375.00

<u>Payment Due Date</u>	<u>Payment of Principal</u> * (expressed in SDR)
01-Sep-2037	160,375.00
01-Mar-2038	160,375.00
01-Sep-2038	160,375.00
01-Mar-2039	160,375.00
01-Sep-2039	160,375.00
01-Mar-2040	160,375.00
01-Sep-2040	160,375.00
01-Mar-2041	160,375.00
01-Sep-2041	160,375.00
Total	7,698,000.00

* The figures in this column represent SDR equivalents determined as of the respective dates of withdrawal. The arrangements for payment of each maturity are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.

SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

General

1. The table attached to this Schedule sets forth the Categories of Goods, Works Consulting Services and other items of expenditure to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan to each such Category (hereinafter called the "Table"). (Reference to "Category" or "Categories" in this Schedule is to a Category or Categories of the Table.)

Percentages of ADB Financing

2. Except as ADB may otherwise agree, the items of the Categories listed in the Table shall be financed out of the proceeds of the Loan on the basis of the percentages set forth in the Table.

Interest Charge

3. The amount allocated to Category 7 is for financing the interest charge on the Loan during the implementation period of the Project.

Reallocation

4. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Loan then allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

5. Except as ADB may otherwise agree, the Loan proceeds for financing Goods, Works, and Consulting Services and other items shall be disbursed in accordance with Loan Disbursement Handbook.

Imprest Accounts; Statement of Expenditures

6. (a) Except as ADB may otherwise agree, the Borrower shall establish immediately after the Effective Date, a first generation imprest account at Bangladesh Bank. Except as ADB may otherwise agree, a second generation imprest account shall be established by DOA at a commercial bank, acceptable to ADB. The first generation imprest account and the second generation imprest account (collectively called the imprest accounts) shall be established, managed, replenished and liquidated in accordance with ADB's Loan Disbursement Handbook, and detailed arrangements agreed upon between the Borrower and ADB. The currency of the imprest account shall be Dollar. The initial aggregate amount to be deposited into the imprest accounts shall not exceed the lower of (i) the estimated expenditure to be financed from the imprest accounts for the first six months of Project implementation, or (ii) the equivalent of ten (10) percent of the Loan amount.

(b) The statement of expenditures (SOE) procedure may be used for reimbursement of eligible expenditures incurred under the Project and to liquidate advances provided into the imprest accounts, in accordance with the Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB. Any individual payment to be reimbursed or liquidated under the SOE procedure shall not exceed the equivalent of \$100,000.

Retroactive Financing

7. Withdrawals from the Loan Account may be made for reimbursement of reasonable expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement in connection with items to be retroactively financed, subject to a maximum amount equivalent to 20 percent of the Loan amount.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (South Asia Tourism Infrastructure Development Project – Bangladesh portion)			
CATEGORY			ADB FINANCING
Number	Item	Amount Allocated SDR Category	Percentage of ADB Financing from the Loan Account
1	Civil Works	5,789,000	85 percent of total expenditure claimed
2	Equipment, Vehicles and Furniture	128,000	100 percent of total expenditure claimed*
3	Training/Fellowships	263,000	93 percent of total expenditure claimed*
4	Consulting Services	1,200,000	100 percent of total expenditure claimed*
5	Incremental Administration	84,000	93 percent of total expenditure claimed
6	Tourism promotion and Others	58,000	80 percent of total expenditure claimed
7	Interest Charge	176,000	100 percent of amount due
	Total	7,698,000	

* Exclusive of taxes and duties imposed within the territory of the Borrower.

SCHEDULE 4

Procurement of Goods and Works, and Consulting Services

General

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

Procurement for Goods and Works

3. Except as ADB may otherwise agree, Goods and Works shall only be procured on the basis of the methods of procurement set forth below:

International Competitive Bidding
National Competitive Bidding
Shopping

The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

4. The Borrower may grant a margin of preference in the evaluation of bids under international competitive bidding in accordance with paragraphs 2.55(a) and 2.56 of the Procurement Guidelines for domestically manufactured Goods and paragraphs 2.55(b) and 2.56 of the Procurement Guidelines for domestic Works.
5. The Borrower and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the Borrower's national competitive bidding procedures are consistent with the Procurement Guidelines. Any modifications or clarifications to such procedures agreed between the Borrower and ADB shall be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after written approval of such change by the Borrower and ADB.

Conditions for Award of Contract

6. The Borrower shall not award any Works contracts financed under the Loan until (a) the Resettlement Plan required for the relevant subproject(s), if any, has been prepared by the Borrower and approved by ADB; (b) the IEE and the Environmental Management Plan required for the relevant subprojects, if any, has been prepared by the Borrower and approved by ADB; and (c) an archeological impact assessment has been undertaken and approved by ADB for the relevant subproject(s).

Execution of Civil Works Contracts

7. The Borrower shall ensure that, subsequent to award of a Works contract under the Project, no land shall be handed over to the contractor unless the applicable provisions of the relevant Resettlement Plan(s) and Environmental Management Plan(s) have been complied with.

Selection of Consulting Services

8. Except as ADB may otherwise agree, the Borrower shall apply the following selection methods for selecting and engaging Consulting Services:

Quality and Cost Based Selection (QCBS)
Consultants' Qualifications Selection (CQS)
Least-Cost Selection

The methods for selection and engagement of Consulting Services are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify these methods or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

Industrial or Intellectual Property Rights

9. (a) The Borrower shall ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) The Borrower shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

10. The Borrower shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the Consulting Services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

ADB's Review of Procurement Decisions

11. All contracts for Goods, Works and Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

SCHEDULE 5

Project Execution Arrangements; Project Implementation Matters

Subregional Task Force

1. Together with Nepal and India, the Borrower shall establish and maintain a Subregional Task Force (STF) for purposes of the South Asia Tourism Infrastructure Development Project and ensure adequate representation from the Economic Relations Division of its Ministry of Finance; MoCAT; MoCA or DOA; and other relevant ministries or agencies in the STF. The STF shall (i) coordinate the national components of subregional tourism circuits developed as part of the Project, (ii) review the the Project's progress and address key issues, and (iii) monitor the subregional actions set out in the Sustainable Heritage and Tourism Action Plan attached as Appendix 4 to the RRP.

National Project Steering Committee

2. For the entire duration of the Project, the Borrower shall maintain a National Project Steering Committee (NPSC) comprising representatives from MoCAT; MoCA; DOA; BPC; the Economic Relations Division and the Finance Division of the Ministry of Finance; the Planning Commission; the Implementation Monitoring and Evaluation Division under the Ministry of Planning, and other relevant agencies. The Borrower shall designate the Secretaries of MoCAT and MoCA as co-chairs of the NPSC. The NPSC shall (i) facilitate coordination and cooperation among agencies involved in project implementation and release of resources, (ii) take action to ensure that project management and implementation arrangements are in place, (iii) oversee Project progress and monitor the implementation of the Sustainable Heritage and Tourism Action Plan, and address key issues, and (iv) provide policy guidance and support to the PMIU. The NPSC will meet as required, and at least bi-annually. The NPSC shall prepare and submit annual progress reports to the STF. The DOA shall act as the secretariat to the NPSC.

Role of DOA: Project Management and Implementation Unit

3. The Borrower shall designate the DOA as the Project Executing Agency. Within DOA, the Borrower shall establish and maintain a Project Management and Implementation Unit (PMIU) for the overall management and implementation activities, including, without limitation, (i) subproject identification, preparation and appraisal; (ii) detailed design and construction supervision; (iii) procurement of goods, works, and services; (iv) contract administration; (v) management of the Project accounts, including processing disbursement requests, supervision of the imprest accounts and preparation of financial statements; (vi) monitoring and reporting on Project implementation in compliance with the provisions of this Loan Agreement; and (vii) coordination, support, and liaison activities as required for the successful implementation of the Project. The PMIU will maintain project offices in Paharpur, Mahastangarh, Kantajee, Bagerhat and other locations as may be required to oversee implementation and construction activities in the field. BPC shall form a project implementation unit reporting to the PMIU to undertake marketing and promotion activities and implement the Fostering Community Participation subcomponent of the Project. The Borrower shall designate a full-time Project Director, satisfactory to ADB, as head of the PMIU.

4. The Borrower shall ensure that the PMIU employs dedicated and motivated staff with adequate expertise in the field of project management, financial management, engineering, architectural design, tourism marketing and promotion, community development, heritage preservation, procurement, and environmental and social safeguards implementation. The Borrower shall keep the PMIU equipped with the necessary office space, facilities, equipment, support staff and management information systems for the entire duration of the Project.

Technical Review Panel

5. A technical review panel comprising representatives from UNESCO, DOA and BPC shall advise and provide guidance to the PMIU on the preparation of heritage site plans and detailed design of heritage related components to ensure compliance with UNESCO guidelines and the Convention Concerning the Protection of the World Cultural and Natural Heritage.

GENERAL PROJECT IMPLEMENTATION MATTERS

Subproject Selection

6. All subprojects require the prior approval of ADB. DOA, in coordination with BPC and UNESCO as relevant, selects and appraises subprojects for implementation under the Project in accordance with the selection and appraisal criteria set out in Section F of Supplementary Appendix C to the RRP. The Borrower, through DOA, shall submit to ADB for its approval the subproject(s) it wishes to propose, together with a feasibility study for each proposed subproject showing in sufficient detail whether the proposed subprojects meet the selection and appraisal criteria and are otherwise suitable and viable.

7. The Borrower, through DOA, shall ensure that all relevant documents forming the basis for selection and processing of subprojects are made available to ADB upon request and are kept available for such purposes for a minimum period of five years from the date of the project completion report for the Project.

Sustainable Heritage and Tourism Action Plan

8. The Borrower (through MoCAT, MoCA, DOA, the Ministry of Finance and BPC) shall take all necessary steps to complete the actions for which it is responsible under the Sustainable Heritage and Tourism Action Plan attached as Appendix 4 to the RRP, on schedule and in a manner satisfactory to ADB.

Counterpart Funds

9. The Borrower shall make available all counterpart funds required for timely and effective implementation of the Project, including any funds required to make land available for the Project, to mitigate unforeseen environmental and social impacts and to meet additional costs arising from design changes, price escalation in construction costs and/or unforeseen circumstances. The Borrower shall make the resources thus required available on an annual basis for each fiscal year.

Operation and Maintenance of the Project facilities

10. The Borrower shall ensure that sufficient funds are provided to meet any shortfall between the cost and revenues for the operation and maintenance of the Project facilities.

Environmental Safeguards

11. The Borrower shall ensure that (a) the Project is carried out in accordance with the project design, and construction and operations will comply with applicable national and local environmental laws and ADB's *Environment Policy* (2002); (b) the EARP will be followed to guide the environmental assessment during implementation; (c) the relevant environmental mitigation measures specified in the Environmental Management Plans are incorporated in tender and bidding documents; (d) Works contractors' specifications include requirements to comply with the environmental mitigation measures contained in the Environmental Management Plans; (e) Works contractors are closely supervised to ensure proper implementation of mitigation and management measures; (f) the Project environmental performance will be monitored; and (g) prepare and submit annually to ADB a monitoring report describing the progress in implementing the Environmental Management Plans and measures adopted to address environmental issues, if any.

Resettlement and Land Acquisition

12. The Borrower shall, subject to compliance with the relevant provisions of the Resettlement Framework, the Resettlement Plans and the Environmental Management Plans, and in accordance with all applicable laws and regulations of the Borrower, acquire or make available the land and rights to land required for commencement of construction activities of the Project facilities in accordance with the schedule agreed under the related Works contract, and will have cleared the utilities, trees and any other obstruction from such land.

13. The Borrower shall ensure that the Resettlement Plans, including compensation and entitlements for affected households and persons, are prepared and approved in accordance with the Resettlement Framework, implemented in conformity with all applicable laws and regulations of the Borrower, as amended from time to time, and the entitlement benefits as listed in the Borrower's applicable laws, ADB's *Involuntary Resettlement Policy* (1995) and the Resettlement Framework.

14. The Borrower shall ensure that people affected by the Project are fairly compensated in a timely manner based on replacement values in accordance with the Resettlement Framework and the Resettlement Plans, and that payments will be made in a timely manner, prior to dispossession from land and other assets, such that affected people are not adversely affected by the Project. The Borrower shall submit progress and completion reports on land acquisition and resettlement under the quarterly progress reports.

15. The Borrower shall ensure that prior to land acquisition and any resettlement for the Project, the Resettlement Plans, including the updates based on consensus of the affected persons, are disclosed with all necessary information made available to persons affected by the Project and confirm that it be available for uploading onto the ADB website.

16. The Borrower shall ensure that essential public infrastructure that may be affected by land acquisition and resettlement is replaced, as appropriate, in an expeditious manner in accordance with the Resettlement Plans.

17. The Borrower shall ensure that construction contracts contain binding requirements for construction contractors to fully reinstate pathways, other local infrastructures, and agricultural land to at least their pre-project condition upon construction completion. The Borrower shall adequately record the condition of roads, agricultural land and other infrastructure prior to transport of material and construction commencement.

18. The Borrower shall establish, within 3 months of the Effective Date, a grievance redress committee or committees with representation from all stakeholders in the Project facilities for addressing any grievances from affected peoples concerning resettlement, environment and any other social issues in a timely manner, misuse of funds or any other irregularities.

19. Any changes to the location, land alignment, or social or environmental impacts on account of detailed designs shall be subject to prior approval by ADB.

Indigenous Peoples

20. The Borrower shall ensure that the Project will not negatively impact vulnerable groups, such as indigenous peoples. In the unforeseen event that indigenous people are affected by the Project, the Borrower shall ensure that the Project complies with ADB's *Policy on Indigenous Peoples* (1998) and all applicable laws and regulations of the Borrower.

Labor Law and Social Projection

21. The Borrower shall ensure that the bidding documents for the Works contracts include specific provisions to ensure that the Works contractors (a) comply with applicable core labor standards, labor laws and incorporate applicable workplace occupational safety norms; (b) do not differentiate payment between men and women or between people from different castes for work of equal value (c) do not employ child labor; (d) eliminate forced or compulsory labor; (e) eliminate discrimination in respect of employment; (f) allow for freedom of association; and (g) to the extent possible, maximize employment of local poor and disadvantaged persons for construction purposes, provided that the requirements for efficiency are adequately met.

22. The Borrower shall ensure that Works contractors disseminate, or engage appropriate service providers to disseminate, information on the risks of sexually transmittable infections, including HIV/AIDS, to the employees of Works contractors engaged under the Project and to members of the local communities surrounding the Project facilities, particularly to females.

Gender

23. The Borrower shall ensure that the Project considers gender issues at all appropriate stages of the project particularly during design, and that the Project will be carried out in accordance with ADB's *Policy on Gender and Development* (1998).

Anti-corruption

24. The Borrower shall comply with ADB's *Anticorruption Policy* (1998, as amended to date). The Borrower agrees (a) that ADB has the right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive or coercive practices relating to the Project and (b) to cooperate fully with any such investigation and to extend all necessary assistance, including providing access to all relevant books and records, as may be necessary for the

satisfactory completion of any such investigation. In addition, the Borrower shall (a) conduct periodic inspections on the contractors' activities related to fund withdrawals and settlements; (b) ensure that all contracts financed by ADB in connection with the Project include provisions specifying the right of ADB to audit and examine the records and accounts of all contractors, suppliers, consultants, and other service providers as they relate to the Project; and (c) the construction supervision consultant shall verify the contractors' invoices in accordance with working drawings and contract specifications. DOA shall announce the Project and business opportunities associated with the Project on its website. In addition, the website shall at least disclose the following information in relation to goods and services procured for the Project: (i) the list of participating bidders, (ii) the name of the winning bidder, (iii) the amount of the contracts awarded, and (e) the goods and services procured.

Performance Monitoring and Reporting

25. The Borrower shall ensure that within 3 months of the Effective Date, a Project Performance Monitoring System (PPMS) shall have been established in a form and with a composition acceptable to ADB, based upon the PPMS indicators agreed upon between the Borrower and ADB. The Borrower shall collect base line data for performance monitoring and undertake periodic Project performance review in accordance with the PPMS to evaluate the scope, implementation arrangements, progress and achievements of objectives of the Project.

Review

26. ADB and The Borrower shall meet every six months to discuss the progress of the Project and any changes to implementation arrangements or remedial measures required to be undertaken towards achieving the objectives of the Project.

27. Two and half years from the Effective Date, The Borrower and ADB shall jointly undertake a comprehensive mid-term review of the Project. The mid-term review shall assess the Project's achievements and progress in implementing the Project against the PPMS indicators and the project implementation schedule in order to identify any difficulties or constraints encountered in implementing the Project and to make adjustments, if necessary, for the remaining project implementation period. In particular, the mid-term review shall, among others, evaluate the Project scope, costs, overall implementation progress, and status of compliance with loan covenants.