
LOAN NUMBER 3047-BAN (SF)

LOAN AGREEMENT
(Special Operations)

(Secondary Education Sector Investment Program - Tranche 1)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 21 NOVEMBER 2013

BAN 44213

LOAN AGREEMENT (Special Operations)

LOAN AGREEMENT dated 21 November 2013 between PEOPLE'S REPUBLIC OF BANGLADESH ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a framework financing agreement dated 22 July 2013 between the Borrower and ADB, ADB has agreed to provide a multitranche financing facility to the Borrower for purposes of financing projects under the Secondary Education Sector Investment Program;

(B) by a periodic financing request dated 22 July 2013 the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement; and

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

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 ("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. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Loan Agreement have the following meanings:

(a) "Consolidated Fund" means the Borrower's consolidated fund maintained at the Bangladesh Bank into which all withdrawals from the Loan Account shall be deposited;

(b) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);

(c) "Consulting Services" means the services to be financed out of the proceeds of the Loan as referred to in paragraph 3 of Schedule 1 to this Loan Agreement;

(d) “Disbursement Schedule” means the schedule for the disbursements of ADB loan proceeds to the Consolidated Fund, for the first 4 years of the Investment Program, which have been agreed between the Borrower and ADB, as set out in the DLI Matrix;

(e) “DLIs” means disbursement link indicators as referred to in paragraph 4 of Schedule 3 to this Loan Agreement and compliance with which is a precondition for any disbursement under the Investment Program;

(f) “DLI Matrix” means the table attached as Appendix 6 to the FAM;

(g) “DSHE” means the Directorate of Secondary and Higher Education under the MOE, and any successor thereto;

(h) “EARF” means the Environmental Assessment and Review Framework prepared by the Borrower for the Investment Program, including any update thereto, agreed between the Borrower and ADB and incorporated by reference in the FFA;

(i) “Eligible Expenditures” means the items of expenditure eligible for financing from the Loan proceeds, as described in paragraph 2 of Schedule 3 to this Loan Agreement;

(j) “EMP” or “Environmental Management Plan” means the environmental management plan for the Project, including any updates thereto, incorporated in the IEE;

(k) “Environmental Safeguards” means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;

(l) “Facility” means the multitranche financing facility provided by ADB to the Borrower for the purposes of financing projects under the Investment Program;

(m) “FAM” means the facility administration manual for the Investment Program dated 22 July 2013 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;

(n) “FFA” means the framework financing agreement dated 22 July 2013 between ADB and the Borrower with respect to the Facility;

(o) “Fiscal Year” or “FY” means the fiscal year of the Borrower, in relation to any year, the 12 month period starting from 1 July of such year and ending on 30 June of the following year;

(p) “GAP” means the gender action plan prepared by the Borrower for the Investment Program;

(q) “Goods” means equipment and materials to be financed out of the proceeds of the Loan, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;

(r) "IBAS" means the Borrower's integrated budget and accounting system;

(s) "Initial Environmental Examination" or "IEE" means each initial environmental examination under the Investment Program, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the EARF and cleared by ADB;

(t) "Investment Program" means the Secondary Education Sector Investment Program;

(u) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;

(v) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2012, as amended from time to time);

(w) "MOE" means the Borrower's Ministry of Education, and any successor thereto;

(x) "PBH" or "Program Budget Head" means the Investment Program's budget categorization numbered 4500, 4600, 4700, 4800, 4900, 5900, 6800 and 7000 in IBAS, as described in paragraph 2 of Schedule 3 to this Loan Agreement;

(y) "PFM Action Plan" means the procurement and financial management action plan prepared and agreed between the Borrower and ADB for the Program;

(z) "PFR" means the periodic financing request submitted or to be submitted by the Borrower, for the purposes of each loan under the Facility, and for the purpose of this Loan Agreement means the periodic financing request dated 22 July 2013;

(aa) "Procurement Guidelines" means ADB's Procurement Guidelines (2013, as amended from time to time);

(bb) "Procurement Plan" means the procurement plan for the Project dated 22 July 2013 and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

(cc) "Project Executing Agency" or "EA" for the purposes, and within the meaning, of the Loan Regulations means MOE, or any successor thereto acceptable to ADB, which is responsible for leading the overall coordination of the Investment Program;

(dd) "Project Facilities" means the facilities and equipment provided under the Investment Program;

(ee) "RF" or "Resettlement Framework" means the resettlement framework for the Investment Program, including any update thereto, agreed between the Borrower and ADB and incorporated by reference in the FFA;

(ff) “RP” or “Resettlement Plan” means the resettlement plan for the Project or an activity, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the RF and cleared by ADB;

(gg) “Safeguard Policy Statement” or “SPS” means ADB’s Safeguard Policy Statement (2009);

(hh) “Safeguards Monitoring Report” means each report prepared and submitted by the Borrower to ADB that describes progress with implementation of, and compliance with, the EMP, the RP and SECPP (as applicable), including any corrective and preventative actions;

(ii) “Small Ethnic Community Peoples Plan” or “SECPP” means each small ethnic community peoples plan under the Project, including any updates thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the SECPPF and cleared by ADB;

(jj) “Small Ethnic Community Peoples Planning Framework” or “SECPPF” means the small ethnic community peoples planning framework for the Investment Program, including any updates thereto, agreed between the Borrower and ADB and incorporated by reference in the FFA;

(kk) “Small Ethnic Community Peoples Safeguards” means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;

(ll) “SOE” means statement of expenditures in a format and presentation acceptable to ADB with a free format without ceiling based on IBAS reports for PBHs, as described in paragraph 8 of Schedule 3 to this Loan Agreement; and

(mm) “Works” means construction or civil works to be financed out of the proceeds of the Loan, including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract, but excluding Consulting Services.

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 fifty-nine million eight hundred thirty-six thousand Special Drawing Rights (SDR59,836,000).

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of 2% per annum during the grace period and 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 subsection (a) hereinabove means the period prior to the first Principal 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 15 March and 15 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 amount 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 the 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 proceeds of the Loan shall be allocated and withdrawn from the Loan account only for the purposes of financing Eligible Expenditures incurred 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, the Borrower shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to this Loan Agreement.

Section 3.04. Except as ADB may otherwise agree, the Borrower shall cause all items of expenditure financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.05. 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 3.06. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 31 December 2017 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.

Section 4.02. (a) The Borrower shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project, showing PBH, in accordance with accounting principles acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with 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 this Loan Agreement as well as on the procedures for withdrawal, statement of expenditures and IBAS financial statements) and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 9 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) The Borrower shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Borrower's financial affairs 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 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, and any relevant records and documents.

ARTICLE V

Suspension; Acceleration of Maturity

Section 5.01. The following is specified as an additional event for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 8.01(m) of the Loan Regulations: any annual fiduciary review, post-procurement review or annual audit conducted under the Project finds any material irregularities in the Project, or ADB shall have determined that any procurement of goods or services under the Project is inconsistent with the relevant procedures set out in the Procurement Guidelines or Consulting Guidelines.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 8.07(d) of the Loan Regulations: the event specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VII

Miscellaneous

Section 7.01. The Senior Secretary or Secretary or any Additional Secretary, Joint Secretary or Joint Chief, Deputy Secretary or Deputy Chief, Senior Assistant Secretary or Senior Assistant Chief, Assistant Secretary or Assistant Chief of the Economic Relations Division of the Borrower's Ministry of Finance is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 7.02. 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
Government of the People's Republic of Bangladesh
Sher-e-Bangla Nagar
Dhaka 1207, Bangladesh

Facsimile Number:

+880 2 918-0788.

For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

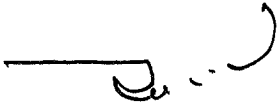
Facsimile Numbers:

+63 2 636-2444

+63 2 636-2449.

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 as of the day and year first above written and to be delivered at the principal office of ADB.

PEOPLE'S REPUBLIC OF
BANGLADESH

By 
MD. ABUL KALAM AZAD
Secretary
Economic Relations Division
Ministry of Finance

ASIAN DEVELOPMENT BANK

By 
M. TERESA KHO
Country Director
Bangladesh Resident Mission

SCHEDULE 1

Description of the Project

1. The objective of the Investment Program is to achieve a more efficient, equitable, and higher quality secondary education system.
2. As a part of the Investment Program, the project aims to improve inclusive participation in secondary education.
3. The Project shall finance Eligible Expenditures towards the achievement of:
 - (i) enhanced quality and relevance of secondary education;
 - (ii) increased equitable access and retention; and
 - (iii) strengthened education management and governance.Consulting Services shall be provided to support the above activities.
4. The Project is expected to be completed by 30 June 2017.

SCHEDULE 2

Amortization Schedule

(Secondary Education Sector Investment Program – Tranche 1)

<u>Date</u>	<u>Payment of Principal</u> <u>(expressed in Special Drawing Rights)*</u>
15 March 2019	1,495,900
15 September 2019	1,495,900
15 March 2020	1,495,900
15 September 2020	1,495,900
15 March 2021	1,495,900
15 September 2021	1,495,900
15 March 2022	1,495,900
15 September 2022	1,495,900
15 March 2023	1,495,900
15 September 2023	1,495,900
15 March 2024	1,495,900
15 September 2024	1,495,900
15 March 2025	1,495,900
15 September 2025	1,495,900
15 March 2026	1,495,900
15 September 2026	1,495,900
15 March 2027	1,495,900
15 September 2027	1,495,900
15 March 2028	1,495,900
15 September 2028	1,495,900
15 March 2029	1,495,900
15 September 2029	1,495,900
15 March 2030	1,495,900
15 September 2030	1,495,900
15 March 2031	1,495,900
15 September 2031	1,495,900
15 March 2032	1,495,900
15 September 2032	1,495,900
15 March 2033	1,495,900
15 September 2033	1,495,900
15 March 2034	1,495,900
15 September 2034	1,495,900
15 March 2035	1,495,900
15 September 2035	1,495,900
15 March 2036	1,495,900
15 September 2036	1,495,900
15 March 2037	1,495,900
15 September 2037	1,495,900
15 March 2038	1,495,900
15 September 2038	1,495,900
Total	59,836,000

*The arrangements for payment are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.

SCHEDULE 3

Withdrawal of Loan Proceeds

General

1. Except as ADB may otherwise agree, the following provisions of this Schedule shall apply to the withdrawal of Loan proceeds from the Loan Account.

Eligible Expenditures

2. (a) Withdrawals from the Loan Account shall be made for the financing of the cost of Eligible Expenditures included under the following PBHs:

- (i) 4500 – Pay of Officers
- (ii) 4600 – Pay of Establishments
- (iii) 4700 – Allowances
- (iv) 4800 – Supplies and Services
- (v) 4900 – Repair and Maintenance
- (vi) 5900 – Grant in Aid
- (vii) 6800 – Capital Expenditure
- (viii) 7000 – Construction and Works

(b) Except as ADB may otherwise agree, Eligible Expenditures shall include development budget included in all the PBHs included in paragraph 2(a) above and non-development budget falling under PBHs included in paragraph 2(a)(i)-(vi) above.

Disbursement Procedure

3. Except as ADB may otherwise agree, the proceeds of the Loan shall be disbursed in accordance with the Loan Disbursement Handbook, SOE and detailed arrangement agreed between the Borrower and ADB.

4. The Borrower and ADB agree that the DLIs shall be satisfied in accordance with the Disbursement Schedule and detailed arrangements set forth in the FAM.

5. Notwithstanding the generality of paragraph 4 above, if the Borrower is not able to fulfill any of the relevant DLIs during a specific FY for disbursement in November of the following FY, disbursement for the late fulfillment of such DLIs can be made on the following month of May of said FY, or any other dates to be agreed between ADB and the Borrower.

6. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed by ADB and transferred to the Consolidated Fund on an annual basis in November of each Fiscal Year, or such other date as may be agreed from time to time between the Borrower and ADB, as set forth in the FAM.

7. Any disbursement from the Loan Account shall be subject to submission of (i) evidence of achievement of relevant DLIs based on verification protocol set forth in the FAM, and (ii) submission and acceptance of a SOE based on interim unaudited financial

report for the corresponding period. The interim unaudited financial reports, which will be generated by IBAS, shall provide evidence that the Borrower's spending on Eligible Expenditures under PBHs exceeds ADB's contribution to the corresponding period.

Statement of Expenditure

8. The SOE may be used for reimbursement of Eligible Expenditures, in accordance with the Loan Disbursement Handbook and detailed arrangements agreed between the Borrower and ADB.

Retroactive Financing

9. Withdrawals from the Loan Account may be made for reimbursement of Eligible Expenditures incurred before the Effective Date but not earlier than 1 year before the date of the this Loan Agreement, subject to a maximum amount equivalent to 20% of the Loan amount.

SCHEDULE 4

Procurement of Goods, 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 in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

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:
 - (a) International Competitive Bidding;
 - (b) National Competitive Bidding, and
 - (c) Shopping.
4. 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.

National Competitive Bidding

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 approval of such change by the Borrower and ADB.

Conditions for Award of Contract

6. The Borrower shall not award any Works contracts which involves environmental impacts until MOE has:
 - (a) obtained final approval of IEE from the relevant environmental agency; and
 - (b) incorporated the relevant provisions from the EMP into the Works contracts.
7. The Borrower shall not award any Works contract involving involuntary resettlement impacts for an activity under the Project until the Borrower has prepared and

submitted to ADB the final RP for such activity on the activity/project's detailed design, and obtained ADB's clearance of such RP.

8. The Borrower shall not award any Works contract for an activity under the Project which involves impacts on the small ethnic communities until the Borrower has prepared and submitted to ADB the final SECPP and obtained ADB's clearance of such SECPP.

Consulting Services

9. Except as ADB may otherwise agree, and except as set forth in the paragraph below, the Borrower shall apply quality- and cost-based selection for selecting and engaging Consulting Services.

10. The Borrower shall apply the following method for selecting and engaging the specified Consulting Services, in accordance with, among other things, the procedures set forth in the Procurement Plan: Consultants' Qualifications Selection for feasibility study of construction of DSHE's new building.

11. The Borrower shall recruit the individual consultants in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

12. (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.

13. 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

14. Contracts procured under international competitive bidding procedures and contracts for 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

Execution of Project; Financial Matters

Implementation Arrangements

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

2. The Borrower, MOE and DSHE shall implement, manage, coordinate and monitor the Project in accordance with its objectives, responsibilities, funding mechanism, fiduciary requirements including those outlined in the PFM Action Plan and other program management arrangements as set out in the EARF, RF, SECPPF and GAP.

Borrower's contribution to the Investment Program

3. The Borrower shall provide its contribution to the Investment Program in a timely manner.

Staffing

4. The Borrower, MOE and DSHE shall ensure that the provision of reorganizing existing staff and additional staff as agreed between ADB and the Borrower are completed on a timely basis, including: (a) fully staffing the sector program support unit by December 2013, (b) adding all new positions created under the Investment Program, as reflected in the Borrower's approved development project proforma (DPP) and FAM, shall be added under the revenue budget, and (c) completion of all staff reorganization by no later than 12 months after Effective Date.

PPMIS and Project Website

5. Within 3 months of Effective Date, MOE shall create, and thereafter, maintain and regularly update, (a) a project and procurement management information system ("PPMIS") and (b) a comprehensive Program website. The Program website shall disclose information about all material matters relating to the Program and its implementation, including details about each package (for which Sector Program Support Unit at DSHE shall maintain separate records), and achievement of DLIs. In relation to procurement, the website shall include information on (i) package number and name, (ii) location of the school, (iii) estimated cost, (iv) financing agency, (v) date of issue of invitation for bids, (vi) date and time of submission and opening of bids, (vii) bid opening location, (viii) bid opening committee, (ix) bid opening statement, (x) names of bidders that purchased the bidding documents, (xi) names of bidders that submitted bids, (xii) names of the bid evaluation committee, (xiii) name of the approving authority, (xiv) name, designation and telephone number of officer in charge for implementation, (xv) name of the successful bidder, (xvi) contract amount, (xvii) date of start, and (xviii) scheduled date of completion.

Environment

6. The Borrower shall ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to environment, health and safety; (b) the Environmental Safeguards; (c) the EARF; and (d) all measures and requirements set forth in the respective IEE and EMP, and any corrective or preventative actions set forth in the Safeguards Monitoring Report to be provided to ADB.

Small Ethnic Community People

7. The Borrower shall ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to small ethnic community people; (b) the Small Ethnic Community People Safeguards Impact; and (c) all measures and requirements set forth in the SECPP, and any corrective or preventative actions (i) set forth in the Safeguards Monitoring Report to be provided to ADB, or (ii) subsequently agreed between ADB and the Borrower.

Involuntary Resettlement

8. The Borrower shall ensure that the Project does not have any Involuntary Resettlement Safeguards impact under SPS. In the event that the Project does have any such impact, the Borrower shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Borrower, any RP and with SPS.

Human and Financial Resources to Implement Safeguards Requirements

9. The Borrower shall make available necessary budgetary and human resources to fully implement the EMP, any RP and the SECPP.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

10. The Borrower 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, any RP and SECPP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in the safeguards monitoring report;
- (b) make available a budget for all such environmental and social measures;
- (c) provide the Borrower with a written notice of any unanticipated environmental, resettlement or small ethnic community peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, any RP and SECPP;

- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (e) reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.

Safeguards Monitoring and Reporting

11. The Borrower shall do the following or cause MOE to do the following:
- (a) submit semiannual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission;
 - (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, any RP and SECPP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan;
 - (c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP, any RP or SECPP promptly after becoming aware of the breach; and
 - (d) in respect of implementation of any compliance with Involuntary Resettlement Safeguards and Indigenous Peoples Safeguards.

Prohibited List of Investments

12. The Borrower shall ensure that no proceeds of the Loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Labor Standards

13. The Borrower shall ensure that (a) civil works contractors comply with all applicable labor laws and regulations, do not allow employment of child labor for construction and maintenance activities, encourage the employment of the poor, particularly women, and provide appropriate facilities for women and children in construction campsites; (b) people directly affected by the Project are given priority to be employed by the Project; (c) contractors do not differentiate wages between men and women for work of equal value; and (d) specific clauses ensuring these will be included in bidding documents.

Health

14. The Borrower shall ensure that contractors provide adequately for the health and safety of construction workers and further ensure that bidding documents include measures on how contractors will address this , including information and awareness raising

activities for construction workers on sexually transmitted diseases, HIV/AIDS, and human trafficking.

Governance and Anticorruption

15. The Borrower, MOE and DSHE shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

16. The Borrower and MOE shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

17. The Borrower and MOE shall ensure that detailed information on project implementation, including those maintained in PPMIS, is made readily available to the public through the MOE website and Government's bulletin boards. This shall include all relevant information and documents relating to procurement as outlined in paragraph 5 above.

Gender Action Plan

18. The Borrower shall ensure that the Gender Action Plan is effectively implemented including all the specific targets outlined in the GAP.