
LOAN NUMBER 2143-NEP(SF)

LOAN AGREEMENT
(Special Operations)

(Gender Equality and Empowerment of Women Project)

between

THE KINGDOM OF NEPAL

and

ASIAN DEVELOPMENT BANK

DATED 9 JUNE 2006

LAS:NEP 34306

LOAN AGREEMENT (Special Operations)

LOAN AGREEMENT dated 9 June 2006 between the KINGDOM OF NEPAL (hereinafter called the Borrower) and ASIAN DEVELOPMENT BANK (hereinafter called the Bank).

WHEREAS

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

(B) the Bank has agreed to make a loan to the Borrower from the Bank's Special Funds resources upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Special Operations Loan Regulations of the Bank, dated 7 December 1982, are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said Special Operations Loan Regulations as so modified being hereinafter called the Loan Regulations):

(a) Section 2.01(17) is deleted and the following is substituted therefor:

17. The term "dollar" or "dollars" or the sign "\$" means dollar or dollars in the currency of the United States of America.

(b) Section 2.01(27) is deleted and the following is substituted therefor:

27. The term "interest charge" means a charge made on the Loan pursuant to Section 3.02, and includes a portion to cover administrative expenses and a portion that does not.

(c) The term "service charge" wherever it appears in the Loan Regulations shall be substituted by the term "interest charge".

(d) Section 4.05 is deleted and Sections 4.06, 4.07 and 4.08 are renumbered as Sections 4.05, 4.06 and 4.07, respectively.

(e) Section 5.02 is deleted and the following is substituted therefor:

Commitment Letters by the Bank. Upon the Borrower's request, the Bank may issue commitment letters to pay amounts in respect of the cost of goods and services to be financed under the Loan Agreement notwithstanding any subsequent suspension or cancellation.

- (f) Section 5.03 is deleted and the following is substituted therefor:

Application for Withdrawal. When the Borrower shall desire to withdraw any amount from the Loan Account or to request the Bank to issue commitment letters pursuant to Section 5.02, the Borrower shall deliver to the Bank an application in such form and containing such statements and agreements, as the Bank shall reasonably request. Except as the Bank and the Borrower shall otherwise agree, applications for withdrawal, with the necessary documentation as hereinafter in this Article provided, shall be made promptly in relation to expenditures for the Project.

- (g) Section 8.03 is deleted and the following is substituted therefor:

Cancellation by the Bank. If (i) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty (30) days, or (ii) at any time the Bank determines, after consultation with the Borrower, that any amount of the Loan will not be required for the purposes of the Project, or (iii) at any time the Bank determines, with respect to any contract to be financed out of the proceeds of the Loan, that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Loan during the procurement/consultant selection or the execution of such contract, without the Borrower having taken timely and appropriate action satisfactory to the Bank to remedy the situation, or (iv) at any time, the Bank determines that the procurement of any contract to be financed out of the proceeds of the Loan is inconsistent with the procedures set forth or referred to in the Loan Agreement, or (v) by the date specified in the Loan Agreement as the closing date for withdrawals an amount of the Loan shall remain unwithdrawn from the Loan Account, the Bank may by notice to the Borrower and the Guarantor, if any, terminate the right of the Borrower to make withdrawals with respect to such amount or contract. Upon the giving of such notice, the amount of the Loan or the relevant portion thereof shall be cancelled.

- (h) Section 8.04 is deleted and the following is substituted therefor:

Amounts Subject to Commitment Letters. No cancellation or suspension shall apply to amounts subject to any commitment letter issued by the Bank pursuant to Section 5.02 except as expressly provided in such commitment letter.

Section 1.02. Wherever used in this Loan Agreement, unless the context otherwise requires, the several terms defined in the Loan Regulations have the

respective meanings therein set forth, and the following additional terms have the following meanings:

(a) “CICC” means the Central Implementation Coordination Committee, established in accordance with paragraph 4 of Schedule 6 to this Loan Agreement;

(b) “core Project Area” means the following 15 districts in the territory of the Borrower: Baitadi, Doti, Achham, Bajhang, Bajura, Kalikot, Jumla, Mugu, Bara, Rautahat, Sarlahi, Mahottari, Dhanusa, Sindhuli, and Ramechhap;

(c) “CPMT” means Central Project Management Team, established in accordance with paragraph 2 of Schedule 6 to this Loan Agreement;

(d) “DDC” or “DDCs” means a District Development Committee or Committees formed under the Borrower’s Local Self Governance Act, 2055 (1992);

(e) “DICC” means a District Implementation Coordination Committee, established in accordance with paragraph 7 of Schedule 6 to this Loan Agreement;

(f) “district” means an administrative unit of the Borrower in which a DDC is established;

(g) “DPT” means a District Project Team, established in accordance with paragraph 5 of Schedule 6 to this Loan Agreement;

(h) “DWD” means the Department of Women Development within the Borrower’s MOWCSW and includes any successor thereto;

(i) “MOF” means the Ministry of Finance of the Borrower and includes any successor thereto;

(j) “MOWCSW” means the Ministry of Women, Children and Social Welfare of the Borrower and includes any successor thereto;

(k) “NGO” means a non-government organization;

(l) “Project Area” means the core Project Area and the districts covered by the activities described in paragraph 3 of Schedule 1 to this Loan Agreement;

(m) “Project Executing Agency” for the purposes of, and within the meaning of, the loan regulations means DWD;

(n) “Project Facilities” means the facilities to be constructed, upgraded or renovated and the equipment to be provided under the Project;

(o) “SP” or “SPs” means service provider or providers;

(p) “VDC” or “VDCs” means a Village Development Committee or Committees formed under the Borrower’s Local Self Governance Act, 2055 (1992);

(q) “WDA” means a Women Development Assistant;

(r) "WDO" means a Women Development Officer; and

(s) "WDO" means a Women Development Office within a district administration of the Borrower.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower from the Bank's Special Funds resources an amount in various currencies equivalent to six million six hundred thirty six thousand Special Drawing Rights (SDR 6,636,000).

Section 2.02. (a) The Borrower shall pay to the Bank 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 July and 1 January in each year.

Section 2.04. (a) Subject to the provisions of paragraphs (b) and (c) below, 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.

(b) If the Bank shall determine, after due consideration by its Board of Directors, that (i) the Borrower's gross national product per capita (per capita GNP) has exceeded the Bank's per capita GNP operational cutoff in respect of the Bank's Special Funds resources for five consecutive years and (ii) the Borrower has achieved the capacity to borrow from the Bank's ordinary capital resources, the Bank may, by notice to the Borrower, modify the terms of repayment of the Loan by increasing by 100 percent the amount of each maturity due thereafter until the principal amount of the Loan shall have been fully repaid. However, at the request of the Borrower, the Bank may, in lieu of so increasing any such maturity amounts, charge interest, at an annual rate to be agreed between the Borrower and the Bank, on the principal amount of the Loan withdrawn and outstanding from time to time in such a manner and to such extent as to yield the same grant element as would be obtained under the above-stated increase of maturity amounts.

(c) If, at any time after a modification of the lending terms pursuant to the provisions of paragraph (b) above, the Bank shall, after due consideration by its Board of Directors, determine that the Borrower's economic condition has deteriorated significantly,

the Bank may, at the request of the Borrower, restore the original lending terms with respect to the remaining amount of the Loan withdrawn and outstanding.

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 goods and 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 different categories of such goods and 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 the Bank.

Section 3.03. Except as the Bank may otherwise agree, all goods and services to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 4 and Schedule 5 to this Loan Agreement. The Bank may refuse to finance a contract where goods or services have not been procured under procedures substantially in accordance with those agreed between the Borrower and the Bank or where the terms and conditions of the contract are not satisfactory to the Bank.

Section 3.04. Except as the Bank may otherwise agree, the Borrower shall cause all goods and services 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 and services shall be made only on account of expenditures relating to

- (a) goods which are produced in and supplied from and services which are supplied from such member countries of the Bank as shall have been specified by the Bank from time to time as eligible sources for procurement, and
- (b) goods and services which meet such other eligibility requirements as shall have been specified by the Bank from time to time.

Section 3.06. The closing date for withdrawals from the Loan Account for the purposes of Section 8.03 of the Loan Regulations shall be 30 June 2010 or such other date as may from time to time be agreed between the Borrower and the Bank.

ARTICLE IV

Particular Covenants

Section 4.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound administrative, financial, environmental and gender practices.

(b) 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 6 to this Loan Agreement.

Section 4.02. The Borrower shall make available, promptly as needed, the funds, facilities, services, land and other resources which are required, in addition to the proceeds of the Loan, for the carrying out of the Project and for the operation and maintenance of the Project facilities.

Section 4.03. (a) In the carrying out of the Project, the Borrower shall cause competent and qualified consultants and contractors, acceptable to the Borrower and the Bank, to be employed to an extent and upon terms and conditions satisfactory to the Borrower and the Bank.

(b) The Borrower shall cause the Project to be carried out in accordance with plans, specifications, work schedules and construction methods acceptable to the Borrower and the Bank. The Borrower shall furnish, or cause to be furnished, to the Bank, promptly after their preparation, such plans, specifications and work schedules, and any material modifications subsequently made therein, in such detail as the Bank shall reasonably request.

Section 4.04. The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project and operation of the Project facilities are conducted and coordinated in accordance with sound administrative policies and procedures.

Section 4.05. (a) The Borrower shall make arrangements satisfactory to the Bank for insurance of Project facilities to such extent and against such risks and in such amounts as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, the Borrower undertakes to insure, or cause to be insured, the goods to be imported for the Project and to be financed out of the proceeds of the Loan against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such goods.

Section 4.06. (a) The Borrower shall maintain, or cause to be maintained, records and accounts adequate to identify the goods and services and other items of expenditure financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, the operations and

financial condition of the agencies of the Borrower responsible for the carrying out of the Project and operation of the Project facilities, or any part thereof.

(b) 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 the Bank; (iii) furnish to the Bank, as soon as available but in any event not later than nine 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 covenants of this Loan Agreement as well as on the use of the procedures for imprest account/statement of expenditures), all in the English language; and (iv) furnish to the Bank such other information concerning such accounts and financial statements and the audit thereof as the Bank shall from time to time reasonably request.

c) The Borrower shall enable the Bank, upon the Bank'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 Borrower's auditors, and shall authorize and require any representative of such auditors to participate in any such discussions requested by the Bank, 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 4.07. (a) The Borrower shall furnish, or cause to be furnished, to the Bank all such reports and information as the Bank shall reasonably request concerning (i) the Loan, and the expenditure of the proceeds and maintenance of the service thereof; (ii) the goods and services and other items of expenditure financed out of the proceeds of the Loan; (iii) the Project; (iv) the administration, operations and financial condition of the agencies of the Borrower responsible for the carrying out of the Project and operation of the Project facilities, or any part thereof; (v) financial and economic conditions in the territory of the Borrower and the international balance-of-payments position of the Borrower; and (vi) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, the Borrower shall furnish, or cause to be furnished, to the Bank four monthly reports on the carrying out 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 the Bank shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the four months under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following four months.

(c) Promptly after physical completion of the Project, but in any event not later than three (3) months thereafter or such later date as may be agreed for this purpose between the Borrower and the Bank, the Borrower shall prepare and furnish to the Bank a report, in such form and in such detail as the Bank shall reasonably request, on the execution and initial operation of the Project, including its cost, the performance by the Borrower of its obligations under this Loan Agreement and the accomplishment of the purposes of the Loan.

Section 4.08. The Borrower shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan, and any relevant records and documents.

Section 4.09. The Borrower shall ensure that the Project facilities are operated, maintained and repaired in accordance with sound administrative, financial, engineering, environmental, and maintenance and operational practices.

Section 4.10. (a) It is the mutual intention of the Borrower and the Bank that no other external debt owed a creditor other than the Bank shall have any priority over the Loan by way of a lien on the assets of the Borrower. To that end, the Borrower undertakes (i) that, except as the Bank may otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will ipso facto equally and ratably secure the payment of the principal of, and interest charge and any other charge on, the Loan; and (ii) that the Borrower, in creating or permitting the creation of any such lien, will make express provision to that effect.

(b) The provisions of paragraph (a) of this Section shall not apply to (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

(c) The term "assets of the Borrower" as used in paragraph (a) of this Section includes assets of any political subdivision or any agency of the Borrower and assets of any agency of any such political subdivision, including the Nepal Rastra Bank and any other institution performing the functions of a central bank for the Borrower.

ARTICLE V

Suspension; Cancellation; 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 8.02(l) of the Loan Regulations: legislative or other action shall have been taken that substantially reverses or nullifies the amendments contained in the Act Amending some Acts to Eliminate Discriminatory Provisions against Women, whether this was passed as an Ordinance or as an Act.

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. The following are specified as additional conditions to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations:

(a) the CPMT shall be in place and all staff, including the Project Manager, shall have been appointed;

(b) the CICC shall have been established and its members shall have been notified;

(c) the shortlist for the Institutional Development Specialist shall have been finalized;

(d) the draft Act Amending some Acts to Eliminate Discriminatory Provisions against Women shall have been passed as an Ordinance and shall have been gazetted;

(e) the Borrower shall have issued an Executive Order, which will incorporate key provisions of the draft NWC and NDC Acts in the Terms of Reference of the NWC and NDC until such Acts shall have been passed; and

(f) the Borrower shall have issued an instruction to exempt women SSCs from the Article 76 of the Nepal Rastra Bank Act.

Section 6.02. The following are specified as additional matters for the purposes of Section 9.02(d) of the Loan Regulations, to be included in the opinion to be furnished to ADB:

(a) the draft Act Amending some Acts to Eliminate Discriminatory Provisions against Women has been passed as an Ordinance and has become legally binding, eliminating on a permanent basis such Discriminatory Provisions against Women; and

(b) the Borrower has issued a legally binding exemption for women SSCs from Article 76 of the Nepal Rastra Bank Act.

Section 6.03. 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 VII

Miscellaneous

Section 7.01. The Secretary MOF of the Borrower 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

The Secretary
Ministry of Finance
Government of Nepal
Singa Durbar
Kathmandu, Nepal

Cable Address:

ARTHA
KATHMANDU

Facsimile Number:

(977-1) 4259-891

For the Bank

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

Cable Address:

ASIANBANK
MANILA

Facsimile Numbers:

(632) 636-2444
(632) 636-2391

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 the Bank, as of the day and year first above written.

KINGDOM OF NEPAL

By 

DR. BHOJ RAJ GHIMIRE
Secretary
Ministry of Finance

ASIAN DEVELOPMENT BANK

By 

MR. SULTAN HAFEEZ RAHMAN
Country Director
Nepal Resident Mission

SCHEDULE 1

Description of the Project

1. The goal of the Project is to reduce poverty in the Project Area through empowering poor rural women and members of other disadvantaged groups such as ethnic and low caste women. The specific objectives are to improve the socioeconomic conditions of poor rural women through: (a) strengthening women's individual capabilities to improve their access to and control over assets; (b) building group support for individual and collective action to influence and hold institutions accountable and (c) making Government institutions and processes gender-responsive and including previously marginalized women into development opportunities.

2. The scope of the Project shall consist of the following Components in the core Project Area:

A. Economic Empowerment Component

- (i) Develop sustainable women-led micro-enterprises through (a) a needs and comparative advantages assessment; (b) managerial and technical skills training; (c) facilitation of access to credit; (d) marketing information; and (e) appropriate technology dissemination;
- (ii) Provide skills training to female wage laborers;
- (iii) Raise awareness on issues linked to improved opportunities and conditions for female wage laborers;
- (iv) Provide improved manual tools and agricultural implements to female agricultural workers;
- (v) Assist the formation of women groups and their development into registered savings and credit committees and cooperatives;
- (vi) Provide matching funds to supplement internal savings of credit committees and cooperatives mentioned under (v) and link them to micro-finance providers; and
- (vii) Organize exchange visits and build linkages between different women's groups and between women's groups and line agencies and other development Programs.

B. Legal Empowerment Component

- (i) Prepare and implement a large-scale, multi-faceted awareness raising and knowledge dissemination campaign on issues such as non-discrimination based on gender, caste or ethnicity; civil rights; domestic violence and sexual offences; polygamy and child marriage; birth, citizenship and marriage

certificates; property, inheritance and water rights; safe migration and trafficking; and debt bondage;

- (ii) Assist the law faculty of the Tribhuvan University in preparing a specialized course and syllabus on rights of women and other vulnerable groups for inclusion in their Bachelor of Law Program;
- (iii) Assist in preparing materials on rights and issues related to gender and vulnerable groups for inclusion in school curricula for secondary schools;
- (iv) Increase compliance with relevant legislation through (a) training of judges, prosecutors, court personnel and police on rights of women and other vulnerable groups; and (b) provision of legal reference materials and access to court decisions, where possible on-line;
- (v) Establish Alternative Dispute Resolution Mechanisms for both households and communities, including the training of mediators and paralegals; and
- (vi) Support one lawyer per district to provide legal aid, legal assistance and advice to the target group, to community mediators and paralegals, and to WDO staff.

C. Social Empowerment Component

- (i) Provide community-based literacy courses;
- (ii) Establish multi-purpose women's centers at VDC or community level;
- (iii) Support different exposure visits and tours;
- (iv) Establish a demand-driven household technology fund to (a) disseminate information on time-saving household technologies and (b) provide time-saving technologies such as improved cooking stoves and storage facilities; and
- (v) Establish a demand-driven fund for community-based infrastructure.

D. Institutional Strengthening and Project Management Component

- (i) Undertake a full organizational audit of the DWD including a human resource and professional development plan and revise working manuals;
- (ii) Train WDO, DWD and MOWCSW staff on issues identified in the organizational audit mentioned under (i);
- (iii) Establish the Gender Stakeholder Group in accordance with paragraph 28 to Schedule 6 of this Loan Agreement;
- (iv) Strengthen the management information system unit of DWD;

- (v) Undertake a gender audit of line agencies at district level to determine the capacity building needed to improve their gender responsiveness;
- (vi) Support training and capacity building of local bodies, including nominated as well as elected representatives on such bodies in relevant areas including relevant legislation, advocacy at local levels, gender budgeting and tracking, decentralized planning and budgeting, and enhanced accountability;
- (vii) Provide a basic office infrastructure package to each of the 15 districts; and
- (viii) Provide equipment, appropriate means of transportation, and the incremental recurring cost for Central and District Project Management Teams.

3. The Project will also provide training to enhance the institutional and service delivery capacity of savings and credit cooperative societies and informal women's groups promoted under the ADB funded Loan 1237-NEP Micro Credit Project for Women.

4. The Project also includes the provision of consulting services. The Project is expected to be completed by 31 December 2009.

SCHEDULE 2**Amortization Schedule****(Gender Equality and Empowerment of Women Project)**

<u>Date Payment Due</u>	<u>Payment of Principal</u> (expressed in SDR)*
01 July 2013	SDR 138,250
01 January 2014	138,250
01 July 2014	138,250
01 January 2015	138,250
01 July 2015	138,250
01 January 2016	138,250
01 July 2016	138,250
01 January 2017	138,250
01 July 2017	138,250
01 January 2018	138,250
01 July 2018	138,250
01 January 2019	138,250
01 July 2019	138,250
01 January 2020	138,250
01 July 2020	138,250
01 January 2021	138,250
01 July 2021	138,250
01 January 2022	138,250
01 July 2022	138,250
01 January 2023	138,250
01 July 2023	138,250
01 January 2024	138,250
01 July 2024	138,250
01 January 2025	138,250
01 July 2025	138,250
01 January 2026	138,250
01 July 2026	138,250
01 January 2027	138,250
01 July 2027	138,250
01 January 2028	138,250
01 July 2028	138,250
01 January 2029	138,250
01 July 2029	138,250

* 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 relevant provisions of the Special Operations Loan Regulations.

<u>Date Payment Due</u>	<u>Payment of Principal</u> (expressed in SDR)*
01 January 2030	138,250
01 July 2030	138,250
01 January 2031	138,250
01 July 2031	138,250
01 January 2032	138,250
01 July 2032	138,250
01 January 2033	138,250
01 July 2033	138,250
01 January 2034	138,250
01 July 2034	138,250
01 January 2035	138,250
01 July 2035	138,250
01 January 2036	138,250
01 July 2036	138,250
01 January 2037	138,250
Total	<u>SDR 6,636,000</u>

* 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 relevant provisions of the Special Operations Loan Regulations.

SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

General

1. The table attached to this Schedule sets forth the Categories of goods, services and other items 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 .)

Taxes

2. No withdrawals from the Loan Account shall be made in respect of any local taxes.

Percentages of Bank Financing

3. Except as the Bank 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.

4. Notwithstanding paragraph 5 of this Schedule, any contract awarded to a local supplier after effective international competitive bidding or international shopping pursuant to the relevant provisions of Schedule 4 to this Loan Agreement shall be financed out of the proceeds of the Loan on the following basis:

- (a) where the goods procured from a local supplier are manufactured locally, 100 percent of the ex-factory price of the goods supplied (exclusive of any taxes); and
- (b) where the goods procured from a local supplier have been entirely imported, 100 percent of the foreign-currency component of the contract price.

Local Expenditure

5. (a) Loan proceeds up to the amount equivalent to SDR 5,773,122 may be withdrawn from the Loan Account in foreign currency for the purposes of financing local expenditure.

(b) Except as provided in this paragraph or as the Bank may otherwise agree, no withdrawals from the Loan Account shall be made in respect of any local expenditure on the Project.

Interest Charge

6. The amount allocated to Category 8 is for financing interest charge on the Loan during the implementation period of the Project. The Bank shall be entitled to withdraw

from the Loan Account and pay to itself, on behalf of the Borrower, the amounts required to meet payments, when due, of such interest charge.

Reallocation

7. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table and subject to paragraph 5 of this Schedule,

(a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, the Bank 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 the Bank, 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, the Bank may, by notice to the Borrower, reallocate such excess amount to any other Category.

Imprest Account: Statement of Expenditures

8. (a) Except as the Bank may otherwise agree, the Borrower shall establish immediately after the Effective Date, an imprest account at Nepal Rastra Bank and shall cause each of the DPTs to establish a sub-account at a commercial bank acceptable to the Bank. The imprest account and sub-accounts shall be established, managed, replenished and liquidated in accordance with the Bank's "Loan Disbursement Handbook" dated January 2001, as amended from time to time, and detailed arrangements agreed upon between the Borrower and the Bank. The initial combined amount to be deposited into the imprest account and sub-accounts shall not exceed the estimated expenditure for the subsequent six months or 10% of the total loan amount, whichever is lesser.

(b) The statement of expenditures (SOE) procedure may be used for reimbursement of eligible expenditures and to liquidate advances provided into the imprest account, in accordance with the Bank's "Loan Disbursement Handbook" dated January 2001, as amended from time to time, and detailed arrangements agreed upon between the Borrower and the Bank. Any individual payment to be reimbursed or liquidated under the SOE procedure shall not exceed the equivalent of \$50,000.

Condition of Withdrawal from Loan Account

9. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the Loan Account for any activity other than the one under Component D.(i) until the institutional audit of DWD as well as its human resources and professional development plan shall have been finalized.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Gender Equality and Empowerment of Women Project)					
CATEGORY				PERCENTAGE OF BANK FINANCING	
Number	Item	Amount Allocated SDR Category Subcategory		Percentage	Basis for Withdrawal from the Loan Account
1	Civil Works	461,000		70	percent of total expenditure (8% for foreign and 62% for local)
2	Vehicles and Equipment	123,000		100	percent of foreign expenditure
				50	percent of local expenditure
3	Community works and Materials	1,754,000		100	percent of foreign expenditure
				50	percent of local expenditure
4	Contracts with SPs	1,771,000		100	percent of foreign expenditure
				70	percent of local expenditure
5	Consulting Services	553,000		100	percent of foreign expenditure
				100	percent of local expenditure*
6	Recurrent Expenditure	530,000		100	percent of foreign expenditure
				50	percent of local expenditure
7	Matching funds	464,000		90	percent of local expenditure (no foreign)
8	Interest Charge	149,000		100	percent of amounts due
9	Unallocated	831,000			
	Total	6,636,000			

*Exclusive of local taxes

SCHEDULE 4

Procurement

1. Except as the Bank may otherwise agree, the procedures referred to in the following paragraphs of this Schedule shall apply in the procurement of goods and services to be financed out of the proceeds of the Loan. In this Schedule and the Attachment hereto, the term "goods" includes equipment and materials; the term "services" does not include consulting services.

2. Procurement of goods and services shall be subject to the provisions of the "Guidelines for Procurement under Asian Development Bank Loans" dated February 1999 (hereinafter called the Guidelines for Procurement), as amended from time to time, which have been furnished to the Borrower and DWD.

3. Procurement of goods and services shall be made without any restriction against, or preference for, any particular supplier or contractor or any particular class of suppliers or contractors, except as otherwise provided in paragraphs six through to eight below.

4. (a) Each supply contract for equipment or materials estimated to cost the equivalent of more than \$500,000 shall be awarded on the basis of international competitive bidding as described in Chapter II of the Guidelines for Procurement.

(b) For contracts to be awarded on the basis of international competitive bidding, there shall be submitted to the Bank, as soon as possible, and in any event not later than 90 days before the issuance of the first invitation to bid for the Project, a General Procurement Notice (which the Bank will arrange to publish separately) in such form and detail and containing such information as the Bank shall reasonably request. The Bank shall be provided the necessary information to update such General Procurement Notice annually as long as any goods remain to be procured on the basis of international competitive bidding.

(c) For contracts to be awarded on the basis of international competitive bidding, procurement actions shall be subject to review by the Bank in accordance with the procedures set forth in Chapter IV of the Guidelines for Procurement. Each draft invitation to bid, to be submitted to the Bank for approval under such procedures, shall reach the Bank at least 42 days before it is issued and shall contain such information as the Bank shall reasonably request to enable the Bank to arrange for the separate publication of such invitation.

5. (a) Each supply contract for equipment or materials estimated to cost the equivalent of \$500,000 or less (other than minor items) shall be awarded on the basis of international shopping as described in Chapter III of the Guidelines for Procurement.

(b) Each draft invitation to bid and related bid document shall be submitted to the Bank for approval before they are issued.

6. In comparing bids under international competitive bidding, a margin of preference may be provided, at the option of the Borrower and in accordance with the provisions of the Attachment to this Schedule, for goods manufactured in the territory of the Borrower, provided that the bidder offering such goods shall have established to the satisfaction of the Borrower and the Bank that the domestic value added equals at least 20 percent of the ex-factory bid price of such goods.

7. Civil works for small rural infrastructure with a value of up to the equivalent of \$10,000 shall be executed by the communities and shall follow the Bank's Community Participation in Procurement Guidelines. Civil works contracts that cannot be executed by the communities may be awarded on the basis of local competitive bidding among prequalified contractors in accordance with the standard procurement procedures of the Borrower and acceptable to the Bank. Prequalification, selection and engagement of contractors shall be subject to the approval of the Bank. As soon as the bids received have been evaluated, the proposal for award of contract shall be submitted to the Bank for approval. For this purpose, the Bank shall be furnished with three copies of (i) an account of the public opening of bids; (ii) a summary and evaluation of the bids; (iii) the proposal for award; and (iv) a draft contract or a draft letter of acceptance. Promptly after each contract is awarded, the Bank shall be furnished with three copies of the contract as executed.

8. Minor items of equipment and materials and off-the-shelf items estimated to cost in total the equivalent of less than \$50,000 may be procured through direct purchase. Prior to such procurement, a list of individual items to be procured, an estimate of their costs, an indication of potential sources of supply and any related documents shall be submitted to the Bank for approval. After award, three copies of each contract for such items shall be furnished to the Bank.

9. (a) The Borrower shall ensure that all Bank-financed goods and services 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 Bank-financed contracts for the procurement of goods and services 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.

Preference for Domestically Manufactured Goods

1. In the procurement of goods through international competitive bidding, goods manufactured in the territory of the Borrower may be granted a margin of preference in accordance with the following provisions, provided that the bidder shall have established to the satisfaction of the Borrower and the Bank that the domestic value added equals at least 20 percent of the ex-factory bid price of such goods. The 20 percent domestic value added applies to the total ex-factory bid price of the goods and not only to one item in a list.

- (a) For application of domestic preference, all responsive bids shall first be classified into the following three categories:

Category I -- bids offering goods manufactured in the territory of the Borrower which meet the minimum domestic value added requirement;

Category II -- bids offering other goods manufactured in the territory of the Borrower; and

Category III -- bids offering imported goods.

- (b) The lowest evaluated bid of each category shall then be determined by comparing all evaluated bids in each category among themselves, without taking into account customs duties and other import taxes levied in connection with the importation, and sales and similar taxes levied in connection with the sale or delivery, pursuant to the bids, of the goods.
- (c) Such lowest evaluated bids shall next be compared with each other and if, as a result of this comparison, a bid from Category I or Category II is found to be the lowest, it shall be selected for the award of contract.
- (d) If, however, as a result of the comparison under subparagraph (c) above, the lowest bid is found to be from Category III, it shall be further compared with the lowest evaluated bid from Category I. For the purpose of this further comparison only, an upward adjustment shall be made to the lowest evaluated bid price of Category III by adding either
- (i) the amount of customs duties and other import taxes which a nonexempt importer would have to pay for the importation of the goods offered in such Category III bid; or
 - (ii) 15 percent of the CIF bid price of such goods if the customs duties and import taxes referred to above exceed 15 percent of the CIF bid price.

If, after such further comparison, the Category I bid is determined to be the lowest, it shall be selected for the award of contract; if not, the lowest evaluated bid from Category III shall be selected for the award.

2. (a) Bidders applying for the preference shall provide evidence necessary to establish the eligibility of a bid for the preference, including the minimum domestic value added.

(b) The bidding documents shall clearly indicate the preference to be granted, the information required to establish the eligibility of a bid for the preference claimed, and the procedures to be followed in the comparison of bids, all as set forth above.

SCHEDULE 5

Consultants

1. The services of consultants shall be utilized in the carrying out of the Project, particularly with regard to:

- (a) institutional development;
- (b) financial management;
- (c) gender and development; and
- (d) monitoring, evaluation and management information systems.

The terms of reference of the consultants shall be as determined by agreement between the Bank and DWD.

2. The selection, engagement and services of the consultants shall be subject to the provisions of this Schedule and the provisions of the "Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers" dated April 2002 (hereinafter called the Guidelines on the Use of Consultants), as amended from time to time, which have been furnished to the Borrower and DWD.

3. The consultants shall be selected and engaged as a firm by the CPMT in DWD using the quality-and-cost-based selection (QCBS) method in accordance with the following procedures.

(a) Invitation for technical and financial proposals. The invitation to submit technical and financial proposals (hereinafter called the Request for Proposals or RFP) and all related documents shall be approved by the Bank before they are issued. For this purpose, three copies of the draft RFP, the names of consultants to be short-listed, the proposed criteria for evaluation of both proposals, a draft consultancy contract, and other related documents shall be submitted to the Bank. A period of at least 45 days shall be allowed for submission of both proposals. A copy of the final RFP as issued, together with all related documents, shall be furnished to the Bank for information promptly after issuance. The validity period for the technical and financial proposals as provided in the RFP shall usually not exceed three months from the date specified for submission of the technical and financial proposals. The approval of the Bank shall be obtained for any request to extend such validity period. Except as the Bank may otherwise agree, the validity period, including any extensions, shall not exceed a maximum total period of six months. If the contract is not signed within the validity period in accordance with the Guidelines on the Use of Consultants, the selection shall be invalid and the selection and engagement process as provided in this paragraph shall be followed again.

(b) Evaluation and scoring of technical proposals. Immediately after the technical proposals have been evaluated and scored, approval of the Bank shall be obtained to the evaluation and scoring of the technical proposals. For this purpose, the Bank shall be furnished with three copies of the technical proposals.

(c) Public opening of financial proposals. The financial proposals of the firms whose technical proposals meet the minimum qualifying technical score shall be opened publicly after adequate notice is given to such firms or their representatives to attend the opening of the financial proposals.

(d) Evaluation and scoring of financial proposals and ranking of technical and financial proposals. After the financial proposals have been evaluated and scored, the ranking of the technical and financial proposals shall be made. Before negotiations are started with the first-ranked consultants, approval of the Bank shall be obtained to the evaluation and scoring of the financial proposals and the ranking of the technical and financial proposals. For this purpose, the Bank shall be provided with three copies of (i) the evaluation and scoring of the financial proposals and (ii) the ranking of the technical and financial proposals.

(e) Execution of contract. After the conclusion of negotiations but before the signing of the contract, the Bank shall be furnished with the contract as negotiated for approval. Promptly after the contract is signed, the Bank shall be furnished with three copies of the signed contract. If any substantial amendment of the contract is proposed after its execution, the proposed changes shall be submitted to the Bank for prior approval.

4. The Borrower has requested that the internationally-recruited consultants to be selected pursuant to the provisions of paragraph 3 of this Schedule to collaborate with domestic consultants. The Bank has agreed to the request and for this purpose, the specific arrangements relating to the collaboration shall be included in the proposals to be submitted to the Bank pursuant to the provisions of paragraph 3 of this Schedule.

5. The Borrower shall ensure that all Bank-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.

SCHEDULE 6

Project Management and Project Implementation

I. Arrangements and responsibilities for Project Management and Project Implementation

A. National level

Project Executing Agency

1. The DWD shall be the Project Executing Agency, responsible for overall Project management and coordination of Project activities. Project management structures, responsibilities and activities shall, to the extent possible, be integrated with DWD's regular administrative set-up, responsibilities and activities.

Central Project Management Team (CPMT)

2. The Director General of DWD shall be the Project Director. (S)he shall assign the day-to-day Project management to the CPMT, headed by the Project Manager who shall be at the level of a DWD Director. Other than the Project Manager, key staff in the CPMT shall comprise two monitoring officers, two training officers, a planning officer, an account officer and adequate support staff. All staff, including the Project Manager, shall be assigned to work for the Project on a full-time basis. The Borrower shall take all necessary and appropriate measures to ensure that to the extent possible at least 50% of the CPMT staff shall be women.

3. The CPMT shall be responsible for (a) consolidating annual Project work plans in consultation with relevant WDO staff; (b) contracting out and supervision of Project activities to be carried out at the central level; (c) monitoring the performance of DPTs; (d) monitoring and evaluation of Project activities, outputs and expected impacts; (e) ensuring Project's linkages with programs of other line agencies as well as with other development projects; (f) consolidating progress reports and Project accounts, in consultation with relevant WDO staff and SPs; (g) supervising consultants; and (h) liaising with the Bank.

Central Implementation Coordination Committee (CICC)

4. The CICC, chaired by the Secretary of MOWCSW, shall include the Project Director, representatives from the Borrower's National Planning Commission, MOF, Ministry of Local Development, Ministry of Education and Sports, Ministry of Law, Justice and Parliamentary Affairs, Ministry of Planning and Physical Works, Ministry of Agriculture and Cooperatives, National Women's Commission, National Dalit Commission, the National Foundation for Development of Indigenous Nationalities, Central Women Cell of Police Headquarters, Nepal Bar Association, the special Rapporteur on Trafficking in the Human Rights Commission, representatives from the NGO Federation Nepal, the Feminist Dalit Organization, the Dalit NGO Federation as well as two WDOs from each of the district-clusters in the core Project area. The CICC may co-opt other members as deemed necessary and depending on the agenda. The Project Manager shall act as its member secretary. The CICC shall meet as necessary, but not less than three times a year to: (a) oversee overall Project implementation and review progress; (b) provide overall policy guidance; and (c) undertake inter-ministerial and inter-agency coordination necessary for

implementation of the Project. To the extent possible, CICC bi-annual meetings shall coincide with bi-annual Project reviews.

B. District level

District Project Team (DPT)

5. The DPT, established as part of the WDO in each district in the core Project Area, shall be headed by the WDO. The Borrower shall ensure that, within three months of the Effective Date, each WDO in the core Project Area shall have at least the following full-time staff in addition to the WDO: (a) one supervisor; (b) one accountant; (c) six women development assistants; (d) one monitoring and evaluation officer; (e) one lawyer; and (f) adequate support staff. DWD shall take all appropriate and necessary measures to encourage women from the Dalit community to apply for positions in the DPT and shall give priority to women from those communities in filling the vacancies.

6. Each DPT shall be responsible for the implementation of Project activities in its respective district. This shall include, but not be limited to: (a) selecting VDCs and communities for Project interventions; (b) mobilizing groups; (c) selecting and contracting SPs for district level activities; (d) establishing links between the target groups on the one hand and line agencies and SPs on the other hand; (e) ensuring that all programs are conducted as required; (f) regularly updating villagers of ongoing activities and disseminating information through appropriate means; (g) preparing district level Project plans, for inclusion in the DDC programs, as well as annual budgets and disbursement requests based on approved DDC programs; (h) supervising, monitoring and evaluating all activities at district level, including those outsourced; (i) maintaining Project accounts and preparing timely financial reports for submission to the CPMT through the DICC; and (j) preparing monthly progress reports for submission to the CPMT through the DICC.

District Implementation Coordination Committee (DICC)

7. The Borrower shall ensure that within one month of the Effective Date, a DICC shall have been established in each of the districts in the core Project Area and its members notified. The DICC, chaired by the Head of the DDC, shall be comprised of (a) the local development officer; (b) a representative from the district administration office; (c) the chair of the VDC Association; (d) representatives from relevant district line agencies; (e) a district-level representative from the NGO Federation; (f) a representative from the Dalit Network; and (g) representatives from other development partners working in the district. The WDO shall act as its member secretary.

8. The DICC shall meet as necessary, but not less than once a month, to: (a) facilitate and coordinate technical support from the various district line agencies; (b) review district Project plans prepared by the DPT and forward them to the DDC for incorporation into DDC programs; (c) review and confirm the selection by DPTs of VDCs and communities for Project interventions; (d) review and endorse the selection and contracting by DPTs of SPs; (e) review and endorse financial and progress reports to be submitted by the DPTs to the CPMT.

II. Project Implementation

A. Staffing and financing issues

9. The Borrower shall ensure that within six months after the organizational audit under Component D (i) shall have been approved, all WDA positions required in addition to those mentioned in paragraph 5 above, shall have been filled.

10. Within one month of the Effective Date, the Borrower shall have approved the creation of a legal position and a monitoring and evaluation position in each WDO in the core Project Area. The position shall be renewed on a yearly basis and shall be filled within three months of the Effective Date.

11. The Borrower shall take all appropriate and necessary measures to limit to the maximum possible transfers of Project staff. In the event the Borrower decides to transfer the Project Manager, selection and appointment of the new Project Manager shall be subject to the Bank's prior concurrence.

12. The Borrower shall ensure that WDOs shall be provided with office space in the DDC building in each district in the core Project Area.

13. The Borrower shall ensure that the approved budget allocations for the Project shall be sufficient to cover all counterpart funding required for the Project, in accordance with the financing plan. This includes, but is not limited to, funds for the daily operational expenses of DWD and WDO, in particular to ensure the mobility of WDO staff.

14. The Borrower shall ensure that central level activities shall be included in the budget of FY05.

B. Selection of VDCs and communities

15. Within four months of the Effective Date, the CPMT together with the DPTs, shall have undertaken a poverty and social mapping of the core Project Area to identify the VDCs and communities for Project assistance. The mapping shall explicitly include the following groups: women of landless households, poor women-headed households, former bonded laborers, low caste and dalit women, and women from poor ethnic minorities.

16. DWD shall ensure that the selection of VDCs and communities for all Project activities other than those mentioned in paragraph 3 of Schedule 1 to this Loan Agreement, shall be in accordance with selection criteria agreed upon between DWD and the Bank. In addition, the DPTs in consultation with the DICC shall develop secondary criteria for each district, which shall take into account different settlement patterns in different geographical regions.

17. The Borrower shall ensure that for those VDCs that have been selected according to the criteria mentioned in paragraph 16 above, the VDC Secretary shall be in place at all times during Project implementation. For those VDCs selected that have no Secretary, a Secretary shall be appointed within one month after VDC selection.

18. The Borrower shall ensure that matching funds provided under Component A (vi) shall only be provided in the hills and mountains districts.

C. Selection of target group - inclusion

19. DWD shall take all necessary steps to ensure that Project activities reach at least 30% dalit women and poor ethnic minorities. Within one month of the Effective Date, DWD shall have issued instructions to all WDOs to include dalits and poor ethnic minorities as a target group for all activities, in particular for but not limited to Project activities.

20. DWD shall ensure that group mobilization is not limited to those groups that have been formed by WDOs, but shall also include groups that have been formed by other organizations, in particular groups with a strong membership from dalits and from poor ethnic minorities.

21. The selection of credit committees and cooperatives to which matching funds shall be provided under Component A (vi) shall meet the eligibility criteria agreed upon between DWD and the Bank.

22. DWD shall ensure that all district level activities with the target groups shall be implemented in local languages.

D. Selection Service Providers (SPs)

23. SPs for implementing district level activities shall be selected according to criteria agreed upon between DWD and the Bank. Priority shall be given to such SPs that have experience in working with dalits and poor ethnic minorities at the local level.

24. Assessment criteria for proposals by SPs for activities to be contracted at the central level under Components B (i), B (v), C (i) and D (vi) shall reflect the Terms of Reference for those SPs and shall be as agreed upon between DWD and the Bank. Invitations for expressions of interests shall be advertised in both English and Nepali newspapers. Pre-qualifications to bid for these contracts shall include (a) at least three years legal registration as an NGO at the central level; (b) demonstrated institutional capacity (including sufficient qualified human resources) to successfully implement the Project activities; (c) demonstrated focus on gender and socially excluded groups, in particular dalits; (d) an existing network of local NGOs and CBOs in at least 8 of the districts in the core Project Area, through which the district level activities of these contracts can be implemented; and (e) externally audited accounts with current certified financial statements for a period of at least two years.

E. Legal and Governance issues

25. The Borrower shall ensure that in each of the districts in the core Project Area, a District Women Development Subcommittee shall be established in accordance with Article 190 of the Local Self Governance Act. The TOR of the Subcommittee shall include a review of the annual plans of the other subcommittees prior to submission of such plans to the DDC.

26. Within two months after the finalization of the country study for Nepal under ADB-funded RETA 6188 on Establishing Legal Identity for Social Inclusion, the Borrower, based on the RETA's findings and recommendations, shall take a decision on waiving the fee for birth registration that becomes due after 35 days of delivery.

27. Within four months of the Effective Date, DWD shall have convened a first meeting of the Gender Stakeholders Group, established to provide a common platform for advocacy and implementation activities. The mandate of the Gender Stakeholders Group shall be: (a) coordination of reforms to eliminate discrimination on the basis of gender, low caste, and ethnicity, particularly as it relates to women; (b) coordination of gender equality programs, supported by external funds and by the Borrower, with a view to avoid overlapping activities; (c) planning of gender equality programs in a complementary way; and (d) make recommendations to the appropriate authorities. Members of the Gender Stakeholders Group shall include representatives of MOMCSW, DWD, National Women's Commission, the Feminist Dalit Organization, the Donor's Gender Forum as well as civil society groups and NGOs with a strong focus on gender issues.

28. The Borrower shall ensure that the mobile Government Units for service delivery in the most isolated areas shall include the WDO lawyer as a member of its team, with a mandate to assist in the issuance of birth, marriage and citizenship certificates in those areas.

29. Within one year of the Effective Date, and provided Parliament shall not have reconvened before such date, the Borrower shall have passed the draft Bill on Domestic Violence, the draft National Women's Commission Act, and the draft National Dalit Commission Act as Ordinances to be renewed every six months, and these Ordinances shall have been gazetted.

30. The Borrower shall ensure that within two months after Parliament shall have been reconvened, the following shall be submitted to Parliament for passage as Acts: (a) the Ordinance on the National Women's Commission; (b) the Ordinance on the National Dalit Commission; (c) the Ordinance to Amend Some Acts to Eliminate Discriminatory Provisions against Women; and (d) the Ordinance on Domestic Violence.

F. Construction

31. The Borrower shall ensure that civil works contractors comply with all applicable labor legislation. Bidding documents shall include a clause on the prohibition of child labor, as defined in national legislation, for construction and maintenance activities as well as a clause ensuring equal pay for men and women for work of equal value. Compliance with these provisions shall be strictly monitored during Project implementation.

32. The Borrower shall ensure that all facilities to be constructed, extended or upgraded under the Project shall, to the extent possible, be located on land owned by the Borrower and no displacement or resettlement of people, including squatters, shall be involved. If no such land is available, the Borrower shall ensure that there will be no compulsory acquisition of land or assets for such new construction, expansion or upgrading, but that land will be purchased in the open market on a willing buyer/willing seller basis. In the event that involuntary resettlement is unavoidable, the Borrower shall immediately inform the Bank hereof and prepare resettlement plans in accordance with the Bank's policy and guidelines on Involuntary Resettlement and in accordance with the agreed Land Acquisition and Resettlement Framework. The Borrower shall ensure that no construction shall start prior to having obtained the Bank's approval of such resettlement plan.

G. Environmental issues

33. The Borrower shall ensure that the design, extension, upgrading, renovation and operations of facilities under the Project will follow the Borrower's environmental requirements, the Bank's environmental guidelines for Selected Infrastructure Development Projects, and other relevant Bank guidelines on environment. Within three months of the Effective date, DWD shall have developed an environmental checklist in accordance with the Borrower's environmental legislation, regulations and guidelines and the Bank's Environmental Assessment Guidelines.

H. Project Reviews

34. The Bank and DWD shall jointly review the Project at least twice a year during the first two years of Project implementation. In addition to overall Project review, these initial reviews shall explicitly: (a) review the Project scope; (b) determine if all proposed implementation arrangements are appropriate and in place; (c) assess the progress of the selection of VDCs, communities and target groups; (d) review the establishment and training of entrepreneur groups and assess their feasibility; (e) review the legal awareness activities of the Project and assess their effectiveness; (f) review both the conduct and the outcome of the capacity building and training activities; (g) evaluate the extent of outreach of Project activities to dalits and poor ethnic minority groups; and (h) review any other issues as agreed upon between DWD and the Bank.

35. During the first half of year three, the Bank and DWD shall jointly undertake a comprehensive mid-term review (MTR). The MTR shall review and evaluate (a) Project scope, design, implementation arrangements, in particular modalities of fund flows through DDCs to the DPT/WDO, and institutional processes; (b) implementation progress against agreed indicators in the annual Project work plans based on the logical framework; (c) procurement performance; (d) CPMT and DPT/WDO performance, including the effectiveness and impact of the WDA lawyer and Dalit WDA in each district; (e) performance of consultants and SPs; (f) community mobilization effectiveness of the DPT/WDOs considering not only numbers of groups formed but the progress made by the groups toward meeting their objectives; (g) quality of initial civil works carried out under the social empowerment component; (h) the effectiveness of the alternative dispute resolution mechanisms put in place under the Project; and (i) any other issue agreed upon between DWD and the Bank. At the latest, one month prior to MTR, CPMT in consultation with the DPT/WDOs shall submit a comprehensive report covering the above-mentioned issues. The MTR shall recommend changes in Project design and implementation arrangements as needed.

I. Gender segregated Project Performance and Monitoring System (PPMS)

36. Within six months of the Effective Date, each DPT in consultation with the DPMT shall have established a PPMS, with an emphasis on impact monitoring. The DPMT shall collect the outputs generated in each district to include in the Management Information System established by the CPMT.

37. Within four months of the Effective Date, the CPMT shall have conducted the initial base-line survey and shall have submitted a detailed Project implementation-monitoring plan for the Bank's review and concurrence. The data to be included in the base-line survey shall be as agreed between the CPMT and the Bank. After the initial survey, the

CPMT in close collaboration with the DPTs, shall conduct and submit to the Bank annual benefit monitoring reports.