LOAN NUMBER 4124-BAN(COL)
(Additional to Loan No. 3051-BAN(COL))

LOAN AGREEMENT
(Ordinary Operations [Concessional])

(Dhaka Environmentally Sustainable Water Supply Project – Additional Financing)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 1 MARCH 2022
LOAN AGREEMENT
(Ordinary Operations [Concessional])

LOAN AGREEMENT dated 1 March 2022 between PEOPLE'S REPUBLIC OF BANGLADESH ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a loan agreement dated 24 April 2014 between the Borrower and ADB ("Original ADB Loan Agreement"), ADB agreed to make a concessional loan to the Borrower from ADB’s ordinary capital resources in an amount equivalent to one hundred sixty four million nine hundred eighty six thousand Special Drawing Rights (SDR 164,986,000) ("Original ADB Loan") for the purposes of the project described in Schedule 1 of the Original ADB Loan Agreement ("Initial Project");

(B) the Borrower has applied to ADB for an additional loan for the purposes of (i) meeting cost overruns under the Initial Project; and (ii) scaling up the Initial Project as described in Schedule 1 to this Loan Agreement ("Project", and together with the Initial Project, "Overall Project");

(C) by a loan agreement of even date herewith between the Borrower and ADB ("Ordinary Operations Loan Agreement"), ADB has agreed to make an additional loan to the Borrower from ADB’s ordinary capital resources in an amount of eighty five million Dollars ($85,000,000) ("Ordinary Operations Loan") for the purposes of the Project;

(D) by a grant agreement of even date herewith between the Borrower and ADB ("Grant Agreement"), ADB has agreed to make an additional grant to the Borrower from ADB’s Special Funds resources in an amount of five million Dollars ($5,000,000) ("Grant") for the purposes of the Project;

(E) the Borrower has also applied to the Agence Française de Développement ("AFD") for an additional loan in the amount of one hundred thirty million Euros (€130,000,000) ("AFD Loan") for the purposes of cofinancing expenditures under the Project;

(F) by a Cofinancing Agreement dated 24 October 2021 between ADB and AFD ("AFD Cofinancing Agreement"), ADB has agreed to partially administer the AFD Loan on the terms and conditions set out in the AFD Cofinancing Agreement;

(G) the Borrower intends to borrow the AFD Loan under a loan agreement to be entered into between AFD and the Borrower ("AFD Loan Agreement");

(H) the Project will be carried out by Dhaka Water Supply and Sewerage Authority ("Dhaka WASA"), and for this purpose the Borrower will make available to Dhaka WASA the proceeds of the loan provided for herein upon terms and conditions satisfactory to ADB; and

(I) ADB has agreed to make a concessional loan to the Borrower from ADB’s ordinary capital resources upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB and Dhaka WASA;
NOW THEREFORE the parties agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of ADB's Ordinary Operations (Concessional) Loan Regulations, dated 1 January 2017 ("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) "Consulting Services" means consulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Loan;

(b) "EARF" means the environmental assessment and review framework for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(c) "EMP" means each environmental management plan for the Project, including any update thereto, incorporated in the IEE;

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

(e) "Goods" means equipment and materials as set out in the Procurement Plan and to be financed out of the proceeds of the Loan, including any related Nonconsulting Services such as transportation, insurance, installation, commissioning, training, and initial maintenance;

(f) "IEE" means each initial environmental examination for the Project, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the EARF, as applicable, and cleared by ADB;

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

(h) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
(i) “Nonconsulting Services” means nonconsulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Loan;

(j) “PAM” means the updated project administration manual for the Project dated 2 September 2021 and agreed between the Borrower and ADB, as may be further updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;

(k) “Procurement Plan” means the procurement plan for the Project dated 2 September 2021 and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Policy, the Procurement Regulations, and other arrangements agreed with ADB;

(l) “Procurement Policy” means ADB’s Procurement Policy - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);

(m) “Procurement Regulations” means ADB’s Procurement Regulations for ADB Borrowers - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);

(n) “Project Executing Agency” for the purposes of, and within the meaning of, the Loan Regulations means Dhaka WASA or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;

(o) “Project facilities” means the facilities to be constructed, rehabilitated or improved under the Project;

(p) “RF” means the resettlement framework for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(q) “RP” means each resettlement plan for the Project, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the RF, as applicable, and cleared by ADB;

(r) “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 and the RP (as applicable), including any corrective and preventative actions;

(s) “Services” means Consulting Services and Nonconsulting Services;

(t) “SPS” means ADB’s Safeguard Policy Statement (2009);

(u) “Subsidiary Financing Agreement” means the agreement referred to in Section 3.01 of each of this Loan Agreement, the Ordinary Operations Loan Agreement and the Grant Agreement; and
(v) "Works" means construction or civil works as set out in the Procurement Plan and to be financed out of the proceeds of the Loan, including any related Nonconsulting Services, and project related services that are provided as part of a single responsibility or turnkey contract.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of fifty million Dollars ($50,000,000).

(b) The Loan has a principal repayment period of 20 years, and a grace period as defined in subsection (c) hereinafter.

(c) The term "grace period" as used in subsection (b) hereinafore 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 2.02. 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.

Section 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 15 January and 15 July 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 Dollar.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. (a) The Borrower shall relend the proceeds of the Loan together with other funds required for the Project to the Project Executing Agency under a Subsidiary Financing Agreement upon terms and conditions satisfactory to ADB.
(b) The Borrower shall cause the proceeds of the Loan to be applied exclusively to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn 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, provided that such items of expenditure that relate to the financing of cost overruns under the Initial Project shall be procured in accordance with the provisions of Schedule 4 to the Original ADB Loan Agreement.

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

(a) Goods, Works and 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 Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.05. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 31 March 2026 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 the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 4 to this Loan Agreement and the Project Agreement, provided that the portion of the Project that relates to the financing of cost overruns under the Initial Project shall be carried out in accordance with the provisions of Schedule 5 to the Original ADB Loan Agreement.

Section 4.02. The Borrower shall enable ADB's representatives to inspect the Project, the Goods, Works, and the Services, and any relevant records and documents.

Section 4.03. ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.
Section 4.04. The Borrower shall take all actions which shall be necessary on its part to enable the Project Executing Agency to perform their obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.05. (a) The Borrower shall exercise its rights under the Subsidiary Financing Agreement in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

(b) No rights or obligations under the Subsidiary Financing Agreement shall be assigned, amended, or waived without the prior concurrence of ADB.

ARTICLE V
Suspension; Acceleration of Maturity

Section 5.01. The following are specified as additional events 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:

(a) the Grant shall have become liable for suspension or cancellation;

(b) the AFD Loan shall have become liable for suspension or cancellation or shall have become repayable prior to its agreed maturity date; and

(c) the Borrower or the Project Executing Agency shall have failed to perform any of their respective obligations under the Subsidiary Financing Agreement.

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: any of the events 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 Ordinary Operations Loan Agreement shall have been duly executed and delivered on behalf of the Borrower, and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Loan Agreement) shall have been fulfilled; and
(b) the Grant Agreement shall have been duly executed and delivered on behalf of the Borrower, and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Loan Agreement) shall have been fulfilled.

Section 6.02. A date 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
Delegation of Authority

Section 7.01. The Borrower hereby designates the Project Executing Agency as its agent for the purposes of taking any action or entering into any agreement required or permitted under Sections 3.02, 3.03 and 3.05 of this Loan Agreement and under Sections 5.01, 5.02, 5.03 and 5.04 of the Loan Regulations.

Section 7.02. Any action taken or any agreement entered into by the Project Executing Agency pursuant to the authority conferred under Section 7.01 of this Loan Agreement shall be fully binding on the Borrower and shall have the same force and effect as if taken by the Borrower.

Section 7.03. The authority conferred on the Project Executing Agency under Section 7.01 of this Loan Agreement may be revoked or modified by agreement between the Borrower and ADB.

ARTICLE VIII
Miscellaneous

Section 8.01. The Senior Secretary or Secretary or any Additional Secretary or Chief, 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 Ministry of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 8.02. 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) 2918-0788

For ADB:

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

Facsimile Numbers:
(632) 8636-2444
(632) 8636-2338.
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

FATIMA YASMIN
Secretary
Economic Relations Division
Ministry of Finance

ASIAN DEVELOPMENT BANK

By

EDIMON GINTING
Country Director
Bangladesh Resident Mission
SCHEDULE 1

Description of the Project

1. The objective of the Overall Project is to improve the reliability and security of water supply and sanitation in Dhaka.

2. The Project shall further augment the Initial Project and shall comprise:

(a) Development of a new surface water supply system, including the financing of cost overruns of Works being carried out under the Initial Project and construction of an approximately 43 kilometer distribution line;

(b) Strengthening of the distribution network, through the financing of cost overruns of Works being carried out under the Initial Project;

(c) Support for project management and administration, through the financing of cost overruns for Consulting Services under the Initial Project; and

(d) Support for the empowerment of women and vulnerable groups, through activities including expansion of the gender equality strategy of the ProjectExecuting Agency and development of gender-responsive and socially inclusive emergency response plans; strengthened women's participation in community governance; and construction of gender-inclusive toilets and bathing facilities with consideration to women and vulnerable groups.

3. The Project is expected to be completed by 30 September 2025.
## SCHEDULE 2

**Amortization Schedule**

<table>
<thead>
<tr>
<th>Payment Due</th>
<th>Payment of Principal (expressed in Dollar)*</th>
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</thead>
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<td>15 January 2027</td>
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<td>15 July 2027</td>
<td>1,250,000</td>
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<tr>
<td>15 July 2046</td>
<td>1,250,000</td>
</tr>
</tbody>
</table>

**Total** 50,000,000

*The arrangements for payment are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.*
SCHEDULE 3
Allocation and Withdrawal of Loan Proceeds

General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Loan and the allocation of the Loan proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category of the Table.)

Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be allocated to items of expenditure, and disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Interest Charge

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

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

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

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

Disbursement Procedures

5. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.
Retroactive Financing

6. Withdrawals from the Loan Account may be made to finance eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement in connection with Works and equipment, subject to a maximum amount equivalent to 20% of the Loan amount.

Condition for Withdrawals from Loan Account

7. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the Loan Account until the Subsidiary Financing Agreement has been duly executed and delivered on behalf of the Borrower and the Project Executing Agency, and is legally binding upon each in accordance with its terms.
### Allocation and Withdrawal of Loan Proceeds

<table>
<thead>
<tr>
<th>Number</th>
<th>Item</th>
<th>Total Amount Allocated for ADB Financing ($)</th>
<th>Basis for Withdrawal from the Loan Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Works and equipment (treated water pipeline)</td>
<td>6,951,000</td>
<td>13.6% of total expenditures claimed*</td>
</tr>
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<td>2</td>
<td>Works and equipment (primary distribution pipeline)</td>
<td>36,943,000</td>
<td>100% of total expenditures claimed*</td>
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<td>3</td>
<td>Interest Charge</td>
<td>2,770,000</td>
<td>100% of amounts due</td>
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<td>4</td>
<td>Unallocated</td>
<td>3,336,000</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>50,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

* Exclusive of taxes and duties imposed within the territory of the Borrower.
SCHEDULE 4
Execution of Project

Implementation Arrangements

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

Procurement

2. The Borrower shall ensure, or cause the Project Executing Agency to ensure, that:

(a) the procurement of Goods, Works and Services is carried out in accordance with the Procurement Policy and the Procurement Regulations;

(b) Goods, Works and Services shall be procured based on the detailed arrangements set forth in the Procurement Plan, including the procurement and selection methods, the type of bidding documents, and ADB's review requirements. The Borrower may modify the detailed arrangements set forth in the Procurement Plan only with the prior agreement of ADB, and such modifications must be set out in updates to the Procurement Plan; and

(c) (i) all Goods and Works procured and Services obtained (including 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; and (ii) all contracts for the procurement of Goods, Works and Services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor, supplier, consultant or service provider with respect to the matters referred to in this subparagraph.

3. The Borrower shall not award any Works contract which involves environmental impacts until the Project Executing Agency has:

(a) obtained the final approval of the IEE from the Borrower's Department of Environment; and

(b) incorporated the relevant provisions of the EMP into the Works contract.

4. The Borrower shall not award any Works contract which involves involuntary resettlement impacts, until the Borrower has prepared and submitted to ADB the final RP based on the Project's detailed design, and obtained ADB's clearance of such RP.
Environment

5. The Borrower shall ensure, or cause the Project Executing Agency to 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 the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Land Acquisition and Involuntary Resettlement

6. The Borrower shall ensure, or cause the Project Executing Agency to ensure, that all land and all rights-of-way required for the Project are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Borrower relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; (c) the RF; and (d) all measures and requirements set forth in the respective RP, and any corrective or preventative actions set forth in the Safeguards Monitoring Report.

7. Without limiting the application of the Involuntary Resettlement Safeguards or the RP, the Borrower shall ensure, or cause the Project Executing Agency to ensure, that no physical or economic displacement takes place in connection with the Project until:

(a) compensation and other entitlements have been provided to affected people in accordance with the RP; and

(b) a comprehensive income and livelihood restoration program has been established in accordance with the RP.

Indigenous Peoples

8. The Borrower shall ensure that the Project does not have any environmental, indigenous peoples or involuntary resettlement impacts, all within the meaning of the 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 and with the SPS.

Human and Financial Resources to Implement Safeguards Requirements

9. The Borrower shall make available, or cause the Project Executing Agency to make available, necessary budgetary and human resources to fully implement the EMP and the RP.
Safeguards – Related Provisions in Bidding Documents and Works Contracts

10. The Borrower shall ensure, or cause the Project Executing Agency to ensure, that all bidding documents and contracts for Works contain provisions that require contractors to:

(a) comply with the measures relevant to the contractor set forth in the IEE, the EMP and the RP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in a 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 indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP and the RP;

(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 the Project Executing Agency 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 and the RP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and

(c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP or the RP promptly after becoming aware of the breach.
Prohibited List of Investments

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

Labor Standards, Health and Safety

13. The Borrower shall ensure that the core labor standards and the Borrower’s applicable laws and regulations are complied with during Project implementation. The Borrower shall include specific provisions in the bidding documents and contracts financed by ADB under the Project requiring that the contractors, among other things: (a) comply with the Borrower’s applicable labor law and regulations and incorporate applicable workplace occupational safety norms; (b) do not use child labor; (c) do not discriminate workers in respect of employment and occupation; (d) do not use forced labor; (e) allow freedom of association and effectively recognize the right to collective bargaining; and (f) disseminate, or engage appropriate service providers to disseminate, information on the risks of sexually transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities surrounding the Project area, particularly women.

14. The Borrower shall strictly monitor compliance with the requirements set forth in paragraph 13 above and provide ADB with regular reports.

Gender and Development

15. The Borrower shall ensure that (a) the GAP is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GAP; (c) adequate resources are allocated for implementation of the GAP; and (d) progress on implementation of the GAP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB.

Grievance Redress Mechanism

16. The Borrower shall ensure, or cause the Project Executing Agency to ensure, the operation of a grievance redress committee throughout the term of the Project, to receive and resolve complaints or grievances or act upon reports from stakeholders on misuse of funds and other irregularities, including grievances concerning land acquisition and resettlement. The committee shall (a) make public the existence of the grievance redress mechanism; (b) review and address grievances of stakeholders of the Project, in relation to the Project, any of the service providers, or any person responsible for carrying out any aspect of the Project; and (c) proactively and constructively respond to such grievances.

Counterpart Support

17. The Borrower shall make available, through budgetary allocations or other means, all counterpart funds required for the timely and effective implementation of the Project, including funds required to (a) meet additional costs arising from design changes, price
escalation in construction costs or other unforeseen circumstances; (b) ensure the Project Executing Agency has sufficient funds to satisfy liabilities arising from any Works, Goods and/or Consulting Services contract; and (c) ensure effective and periodic operation and maintenance of the Project facilities, both during and after completion of the Project.

Financial Sustainability

18. For the financial year ending 30 June 2022 and each financial year thereafter, the Borrower shall ensure annual tariff adjustments and/or other necessary measures are undertaken to cover operation and maintenance costs and debt service requirements of the Project Executing Agency.

19. No later than 30 June 2022, the Borrower shall cause the Project Executing Agency to develop a draft plan for strengthening its tariff structure, to support the Project Executing Agency in advancing towards full cost recovery and financial sustainability.

20. (a) The Borrower shall cause the Project Executing Agency to achieve an operating ratio of no greater than 0.85 for the financial year ending 30 June 2022 and each financial year thereafter.

(b) For the purpose of subparagraph (a) hereinabove, "operating ratio" means the ratio of total operating expense to total operating revenues; "operating revenue" means revenues from business activities, including sales of water and new connections; and "operating expense" means operating expenses including expenses attributable to operation and maintenance.

Interagency Coordination

21. The Borrower shall ensure that its relevant ministries, agencies and instrumentalities provide all necessary cooperation and support towards smooth implementation of the Project. In particular, the Borrower and the Project Executing Agency shall ensure regular coordination with relevant authorities concerning the protection of water quality of the Meghna River, and will provide ADB with regular reports concerning such coordination.

Governance and Anticorruption

22. The Borrower and the Project Executing Agency 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.

23. The Borrower and the Project Executing Agency 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.