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LOAN NUMBER 3839-BAN(COL)

LOAN AGREEMENT  
(Ordinary Operations [Concessional])  
(Skills for Employment Investment Program – Tranche 3)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 25 NOVEMBER 2019

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BAN 42466

**LOAN AGREEMENT**  
**(Ordinary Operations [Concessional])**

LOAN AGREEMENT dated 25 November 2019 between PEOPLE'S REPUBLIC OF BANGLADESH ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

**WHEREAS**

(A) by a framework financing agreement dated 30 March 2014 between the Borrower and ADB, ADB has agreed to provide a multitranche financing facility to the Borrower for purposes of financing projects under the Skills for Employment Investment Program;

(B) by a periodic financing request dated 23 June 2019, the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement; and

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

NOW THEREFORE the parties agree as follows:

**ARTICLE I**

**Loan Regulations; Definitions**

Section 1.01. All provisions of 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) "BACI" means the Bangladesh Association of Construction Industry;
- (b) "BITAC" means the Bangladesh Industrial Technical Assistance Center of the Borrower's Ministry of Industries;
- (c) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);
- (d) "Consulting Services" means the services to be financed out of the proceeds of the Loan as described in paragraph 4 of Schedule 1 to this Loan Agreement;

- (e) "EARF" means the environmental assessment and review framework for the Investment Program, including any update thereto, agreed between the Borrower and ADB and incorporated by reference in the FFA;
- (f) "EMP" means each environmental management plan for the Project, including any update thereto, incorporated in the IEE;
- (g) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (h) "Facility" means the multitranche financing facility provided by ADB to the Borrower for purposes of financing projects under the Investment Program;
- (i) "FAM" means the Facility administration manual dated 11 September 2019 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;
- (j) "FFA" means the framework financing agreement dated 30 March 2014, as amended, between ADB and the Borrower with respect to the Facility;
- (k) "GAP" means the gender action plan prepared for the Project, including any update thereto, and agreed to between the Borrower and ADB;
- (l) "Goods" means equipment and materials to be financed out of the proceeds of the Loan, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;
- (m) "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 and cleared by ADB;
- (n) "Implementing Agencies" means the Borrower's Ministry of Education, Ministry of Expatriate Welfare and Overseas Employment, Ministry of Industries, Ministry of Youth and Sports and Ministry of Power, Energy, and Mineral Resources, including participating public training institutions under such ministries (individually, "Implementing Agency"), or any successor to any of the foregoing acceptable to ADB;
- (o) "Implementing Partners" means the industry associations, non-governmental organizations, corporations, universities and research institutes engaged by the Borrower to organize and deliver training programs, as specified in the FAM (individually, "Implementing Partner");

- (p) "Indigenous Peoples Safeguards" means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;
- (q) "Investment Program" means the Skills for Employment Investment Program;
- (r) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;
- (s) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (t) "NHRDF" means the Borrower's National Human Resource Development Fund;
- (u) "NSDA" means National Skills Development Authority;
- (v) "PFR" means the periodic financing request submitted or to be submitted by the Borrower, for the purposes of each loan under the Facility, and for the purpose of this Loan Agreement means the periodic financing request dated 23 June 2019;
- (w) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);
- (x) "Procurement Plan" means the procurement plan for the Project dated 11 September 2019 and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;
- (y) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means the Finance Division of the Ministry of Finance of the Borrower or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;
- (z) "Project Implementation Agreement" means any project implementation agreement or arrangement between the Borrower and any Implementing Agency with respect to the proceeds of the Loan provided to the relevant Implementing Agency as a grant, upon terms and conditions satisfactory to ADB;
- (aa) "Project facilities" means the facilities to be constructed, rehabilitated or improved under the Project;
- (bb) "RF" means the resettlement framework for the Investment Program, including any update thereto, agreed between the Borrower and ADB and incorporated by reference in the FFA;

- (cc) "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 SECPP (as applicable), including any corrective and preventative actions;
- (dd) "SECPP" means each small ethnic community peoples plan for the Project, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the SECPPF and cleared by ADB;
- (ee) "SECPPF" means the small ethnic community peoples planning framework for the Investment Program, including any update thereto, agreed between the Borrower and ADB and incorporated by reference in the FFA;
- (ff) "SPS" means ADB's Safeguard Policy Statement (2009); and
- (gg) "Works" means construction or civil works to be financed out of the proceeds of the Loan, including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract, but excluding Consulting Services.

## ARTICLE II

### The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of one hundred fifty million Dollars (\$150,000,000).

(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) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.02. 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 March and 15 September in each year.

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

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

### **ARTICLE III**

#### **Use of Proceeds of the Loan**

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

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, the Borrower shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to this Loan Agreement.

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

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

Section 3.05. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 18 May 2024 or such other date as may from time to time be agreed between the Borrower and ADB.

### **ARTICLE IV**

#### **Particular Covenants**

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Loan Agreement.

Section 4.02. (a) The Borrower shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with financial reporting standards acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the Loan proceeds, and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

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

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

## ARTICLE V

### Suspension; Acceleration of Maturity

Section 5.01. The following is specified as an additional event for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 8.01(m) of the Loan Regulations: the Borrower or any Implementing Agency shall have failed to perform any of its obligations under the relevant Project Implementation 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: the event specified in Section 5.01 of this Loan Agreement shall have occurred.

**ARTICLE VI****Effectiveness**

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

**ARTICLE VII****Miscellaneous**

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

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

**For the Borrower**

Economic Relations Division  
Ministry of Finance  
Government of the People's Republic of Bangladesh  
Sher-e-Bangla Nagar  
Dhaka 1207, Bangladesh

Facsimile Number:

(880) 2 918-0788

**For ADB**

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

Facsimile Numbers:

(632) 8636-2444

(632) 8636-2449.




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

PEOPLE'S REPUBLIC OF  
BANGLADESH



By \_\_\_\_\_  
Monowar Ahmed  
Secretary  
Economic Relations Division  
Ministry of Finance

ASIAN DEVELOPMENT BANK

By  \_\_\_\_\_  
Manmohan Parkash  
Country Director  
Bangladesh Resident Mission

**SCHEDULE 1****Description of the Project**

1. The objective of the Investment Program is increased employment in priority sectors and skills for males and females.
2. As part of the Investment Program, the Project aims to increase inclusive access to basic, mid-level and advanced skills training in priority sectors.
3. The Project shall comprise:
  - (a) Market responsive inclusive skills training. Activities under this component shall include skills training by the Implementing Agencies and Implementing Partners of approximately 320,000 individuals in approximately 10 industry sectors, including middle managerial training, advanced skills training, and programs targeting women and socially disadvantaged groups.
  - (b) Quality assurance system strengthening. Activities under this component shall include:
    - (i) development of approximately 40 competency-based skills standards and assessment tools;
    - (ii) training of trainers, industry assessors and school managers to improve their pedagogic, technical and managerial skills; and
    - (iii) advanced industry-specific training for a group of master trainers, including overseas training.
  - (c) Institutional strengthening. Activities under this component shall include:
    - (i) supporting the operationalization of the NHRDF and NSDA; and
    - (ii) construction and rehabilitation of new and upgraded training facilities for BITAC and BACI.
  - (d) Enhanced monitoring and management of skills development. Activities under this component shall include:
    - (i) supporting systems for information retention, monitoring and management of training performance, including the training management system;
    - (ii) supporting tracer studies to assess the relevance and effectiveness of training for employment;
    - (iii) supporting in-depth labor market analyses to support sector planning and financing for skills development; and

Schedule 1

- (iv) capacity building support for enhanced financial management, including trainings and the implementation of online financial management system.

4. The foregoing components shall be assisted through the provision of Consulting Services as applicable.

5. The Project is expected to be completed by 18 November 2023.

**SCHEDULE 2****Amortization Schedule**

<u>Date Payment Due</u>	<u>Payment of Principal</u> (expressed in Dollars)*
15 March 2025	3,750,000
15 September 2025	3,750,000
15 March 2026	3,750,000
15 September 2026	3,750,000
15 March 2027	3,750,000
15 September 2027	3,750,000
15 March 2028	3,750,000
15 September 2028	3,750,000
15 March 2029	3,750,000
15 September 2029	3,750,000
15 March 2030	3,750,000
15 September 2030	3,750,000
15 March 2031	3,750,000
15 September 2031	3,750,000
15 March 2032	3,750,000
15 September 2032	3,750,000
15 March 2033	3,750,000
15 September 2033	3,750,000
15 March 2034	3,750,000
15 September 2034	3,750,000
15 March 2035	3,750,000
15 September 2035	3,750,000
15 March 2036	3,750,000
15 September 2036	3,750,000
15 March 2037	3,750,000
15 September 2037	3,750,000
15 March 2038	3,750,000
15 September 2038	3,750,000
15 March 2039	3,750,000
15 September 2039	3,750,000
15 March 2040	3,750,000
15 September 2040	3,750,000
15 March 2041	3,750,000
15 September 2041	3,750,000
15 March 2042	3,750,000
15 September 2042	3,750,000
15 March 2043	3,750,000

Schedule 2

<u>Date Payment Due</u>	<u>Payment of Principal</u> (expressed in Dollars)*
15 September 2043	3,750,000
15 March 2044	3,750,000
15 September 2044	<u>3,750,000</u>
<b>Total</b>	<b>150,000,000</b>

\*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 or Subcategory 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 civil works, equipment and furniture, and consultants, subject to a maximum amount equivalent to 20% of the Loan amount.

TABLE

Number	Item	Total Amount Allocated for ADB Financing (\$)		Basis for Withdrawal from the Loan Account
		Category	Subcategory	
1	Civil Works – BACI and BITAC	10,500,000		100% of total expenditure claimed
2	Equipment and Furniture - BITAC	7,500,000		100% of total expenditure claimed
3	Training	5,800,000		
3A	Local Training		2,500,000	100% of total expenditure claimed
3B	Overseas Training		3,300,000	100% of total expenditure claimed
4	Consultants	10,900,000		
4A	International Consultants		2,500,000	100% of total expenditure claimed
4B	National Consultants		8,400,000	100% of total expenditure claimed
5	Grants for Training	91,000,000		100% of total expenditure claimed
6	Stipend for Disadvantaged Group	2,000,000		100% of total expenditure claimed
7	Manpower	4,000,000		100% of total expenditure claimed
8	Operating Cost	4,500,000		100% of total expenditure claimed
9	Interest Charge	6,300,000		100% of total amount due
10	Unallocated	7,500,000		
	<b>Total</b>	<b>150,000,000</b>		



**SCHEDULE 4****Procurement of Goods, Works and Consulting Services**General

1. The procurement of Goods, Works and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
2. Except as ADB may otherwise agree, Goods and Works shall be procured and Consulting Services shall be selected and engaged only on the basis of the procurement methods and the selection methods set forth below. These methods are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the procurement methods and the selection methods or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.
3. All terms used in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

Goods and Works

4. Goods and Works shall be procured on the basis of the procurement methods set forth below:
  - (a) International Competitive Bidding;
  - (b) National Competitive Bidding; and
  - (c) Shopping.

National Competitive Bidding

5. The Borrower and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the Borrower's national competitive bidding procedures are consistent with the Procurement Guidelines. Any modifications or clarifications to such procedures agreed between the Borrower and ADB shall be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after approval of such change by the Borrower and ADB.

Conditions for Award of Contract

6. The Borrower shall not award any Works contract which involves environmental impacts until the Project Executing Agency has incorporated the relevant provisions from the EMP into the Works contract.
7. The Borrower shall not award any Works contract which involves impacts on small ethnic community peoples until the Borrower has prepared and submitted to ADB the final SECPP and obtained ADB's clearance of such SECPP.

Consulting Services

8. Except as set forth in the paragraph below, the Borrower shall apply Quality- and Cost-Based Selection for Consulting Services.

9. The Borrower shall apply the following selection methods for the specified Consulting Services, in accordance with, among other things, the procedures set forth in the Procurement Plan:

- (a) Fixed budget selection for external audit firm; and
- (b) Single source selection for Implementing Partners, training management system, organization for overseas study visits, and labor market study and skills gap analysis.

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

Industrial or Intellectual Property Rights

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

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

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

ADB's Review of Procurement Decisions

13. Contracts procured under international competitive bidding procedures and contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

## SCHEDULE 5

### Execution of Project

#### Implementation Arrangements

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

#### Environment

2. 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 EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

#### Land Acquisition and Involuntary Resettlement

3. The Borrower shall ensure, or cause the Project Executing Agency to ensure, that the Project does not have any 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.

#### Small Ethnic Community Peoples

4. The Borrower shall ensure, or cause the Project Executing Agency to ensure, that the preparation, design, construction, implementation and operation of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to small ethnic community peoples; (b) the Indigenous Peoples Safeguards; (c) the SECPPF; and (d) all measures and requirements set forth in the SECPP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

#### Human and Financial Resources to Implement Safeguards Requirements

5. 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 SECPP.

#### Safeguards – Related Provisions in Bidding Documents and Works Contracts

6. 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:

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- (a) comply with the measures and requirements relevant to the contractor set forth in the IEE, the EMP and the SECPP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set out 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 or the SECPP;
- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (e) fully reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.

Safeguards Monitoring and Reporting

7. The Borrower shall, or shall 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 or the SECPP, 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 SECPP promptly after becoming aware of the breach.

Prohibited List of Investments

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

Labor Standards, Health and Safety

9. The Borrower shall ensure, or cause the Project Executing Agency to 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.

10. The Borrower strictly monitor compliance with the requirements set forth in paragraph 9 above and provide ADB with regular reports.

Gender and Development

11. The Borrower shall ensure, or cause the Project Executing Agency to 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.

Counterpart Support

12. The Borrower shall make available, or cause the Project Executing Agency to 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 effective operation and maintenance of the Works, both during and after completion of the Project; and (c) ensure the Project Executing Agency and Implementing Agencies have sufficient funds to satisfy liabilities arising from any Works, Goods and/or Consulting Services contract.

Financial Reporting

13. The Borrower shall ensure compliance by the Project Executing Agency and each Implementing Agency and Implementing Partner with the financial recordkeeping, reporting and auditing requirements set forth in the FAM, including but not limited to the requirements for (a) each Implementing Partner to prepare annual financial statements for all Project expenditures, which will be audited on a consolidated basis by an independent auditor acceptable to ADB, and (b) each Implementing Partner to cause their respective entity-level financial statements to be audited annually by an independent auditor acceptable to ADB, and submitted to ADB through the Project Executing Agency.

Project and Performance Reviews

14. ADB shall conduct semiannual reviews and special reviews of the progress of the Project as necessary. The Borrower shall provide all necessary assistance to ADB for the conduct of such reviews, and cooperate with ADB on any modifications to the Project identified from such reviews.

15. ADB and the Borrower shall, as necessary, reallocate grants among the training providers participating in the training activities under the Project at the end of each year based on an annual performance review undertaken by ADB.

Governance and Anticorruption

16. The Borrower, the Project Executing Agency, and the Implementing Agencies 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.

17. The Borrower, the Project Executing Agency and Implementing Agencies 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.