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LOAN NUMBER 3780-BAN

LOAN AGREEMENT  
(Ordinary Operations)

(South Asia Subregional Economic Cooperation Chittagong-Cox's Bazar Railway Project,  
Phase 1 – Tranche 2)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 23 MAY 2019

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BAN 46452

**LOAN AGREEMENT  
(Ordinary Operations)**

LOAN AGREEMENT dated 23 May 2019 between PEOPLE'S REPUBLIC OF BANGLADESH ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

**WHEREAS**

(A) by a framework financing agreement dated 29 June 2016 between the Borrower and ADB, ADB has agreed to provide a multitranche financing facility to the Borrower for purposes of financing the South Asia Subregional Economic Cooperation Chittagong-Cox's Bazar Railway Project, Phase 1 ("SASEC Chittagong-Cox's Bazar Railway Project");

(B) by a periodic financing request dated 21 October 2018, the Borrower has applied to ADB for a loan for the purposes of financing part of the civil works for construction of a new railway line under the SASEC Chittagong-Cox's Bazar Railway Project under the time-slicing method, as described in Schedule 1 to this Loan Agreement ("Project"); and

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

NOW THEREFORE the parties hereto agree as follows:

**ARTICLE I**

**Loan Regulations; Definitions**

Section 1.01. All the provisions of ADB's Ordinary Operations 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) "BR" means Bangladesh Railway as organized under the Borrower's Ministry of Railways, or any successor thereto;
- (b) "Department of Environment" means the Department of Environment of the Ministry of Environment, Forest and Climate Change of the Borrower;
- (c) "Environmental Assessment and Review Framework" or "EARF" means the environmental assessment and review framework for the SASEC

Chittagong-Cox's Bazar Railway Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

- (d) "Environmental Impact Assessment" or "EIA" means the environmental impact assessment for the SASEC Chittagong-Cox's Bazar Railway Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (e) "Environmental Management Plan" or "EMP" means the environmental management plan for the SASEC Chittagong-Cox's Bazar Railway Project, including any update thereto, incorporated in the EIA;
- (f) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (g) "Facility" means the multitranche financing facility provided by ADB to the Borrower for purposes of financing the SASEC Chittagong-Cox's Bazar Railway Project;
- (h) "FAM" means the Facility Administration Manual dated 21 January 2019 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administration procedures of the Borrower and ADB;
- (i) "FFA" means the framework financing agreement dated 29 June 2016 between ADB and the Borrower with respect to the Facility;
- (j) "GAP" means the gender action plan prepared for the SASEC Chittagong-Cox's Bazar Railway Project, including any update thereto, and agreed to between the Borrower and ADB;
- (k) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;
- (l) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (m) "MOF" means the Borrower's Ministry of Finance, and any successor thereto;
- (n) "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 21 October 2018;
- (o) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);

- (p) "Procurement Plan" means the procurement plan for the Project dated 21 January 2019 and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Guidelines, and other arrangements agreed with ADB;
- (q) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means BR, or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;
- (r) "Project facilities" means all facilities and structures to be created as part of the Project;
- (s) "Resettlement Framework" or "RF" means the resettlement framework for the SASEC Chittagong-Cox's Bazar Railway Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (t) "Resettlement Plan" or "RP" means the resettlement plan for the SASEC Chittagong-Cox's Bazar Railway Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (u) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009);
- (v) "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, including any corrective and preventative actions;
- (w) "SASEC Chittagong-Cox's Bazar Railway Project" means the South Asia Subregional Economic Cooperation Chittagong-Cox's Bazar Railway Project, Phase 1;
- (x) "Special Operations Loan Agreement (Tranche 1)" means the loan agreement dated 21 June 2017 between the Borrower and ADB under which ADB has agreed to make a concessional loan to the Borrower from ADB's ordinary capital resources in an amount of ninety million Dollars (\$90,000,000) for the purposes of financing part of the SASEC Chittagong-Cox's Bazar Railway Project; and
- (y) "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 three hundred fifty-one million one hundred and twenty-four thousand Euros (€351,124,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(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 interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

- (a) Euribor;
- (b) 0.60% as provided by Section 3.02 of the Loan Regulations less a credit of 0.10% as provided by Section 3.03 of the Loan Regulations; and
- (c) a maturity premium of 0.10% as provided by Section 3.03 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 1 March and 1 September in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 2 to this Loan Agreement.

Section 2.06. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

- (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and

- (iii) the setting of limits on the Floating Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Floating Rate.

(b) Any conversion requested pursuant to subsection (a) hereinabove that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(f) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

### **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 the Special Operations Loan Agreement (Tranche 1).

Section 3.04. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 1 January 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 of 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.

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 Works, and any relevant records and documents.

## **ARTICLE V**

### **Effectiveness**

Section 5.01. 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 10.04 of the Loan Regulations.

## **ARTICLE VI**

### **Miscellaneous**

Section 6.01. The Senior Secretary, Secretary and Additional Secretary; the Joint Secretary and Joint Chief; the Deputy Secretary and Deputy Chief; the Senior Assistant Secretary and Senior Assistant Chief; and the Assistant Secretary and Assistant Chief of the Economic Relations Division of the MOF are each designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 12.01 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 Number:

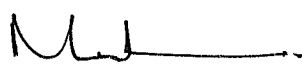
(632) 636-2444.

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 SASEC Chittagong-Cox's Bazar Railway Project is to improve the railway transport system in the Chattogram-Cox's Bazar corridor.
2. As part of the SASEC Chittagong-Cox's Bazar Railway Project, the Project shall finance part of the civil works for construction of a new railway line of approximately 102 kilometers, under the time-slicing method.
3. The Project is expected to be completed by 1 July 2025.

## SCHEDULE 2

### Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by ADB by multiplying (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<u>Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
1 September 2024	2.500000
1 March 2025	2.500000
1 September 2025	2.500000
1 March 2026	2.500000
1 September 2026	2.500000
1 March 2027	2.500000
1 September 2027	2.500000
1 March 2028	2.500000
1 September 2028	2.500000
1 March 2029	2.500000
1 September 2029	2.500000
1 March 2030	2.500000
1 September 2030	2.500000
1 March 2031	2.500000
1 September 2031	2.500000
1 March 2032	2.500000
1 September 2032	2.500000
1 March 2033	2.500000
1 September 2033	2.500000
1 March 2034	2.500000
1 September 2034	2.500000
1 March 2035	2.500000
1 September 2035	2.500000
1 March 2036	2.500000
1 September 2036	2.500000
1 March 2037	2.500000
1 September 2037	2.500000
1 March 2038	2.500000
1 September 2038	2.500000
1 March 2039	2.500000
1 September 2039	2.500000

<u>Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
1 March 2040	2.500000
1 September 2040	2.500000
1 March 2041	2.500000
1 September 2041	2.500000
1 March 2042	2.500000
1 September 2042	2.500000
1 March 2043	2.500000
1 September 2043	2.500000
1 March 2044	2.500000
TOTAL	100.000000

2. If the proceeds of the Loan shall not have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

- (a) to the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule; and
- (b) any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. Withdrawals made within 2 calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by ADB by multiplying such amount in its currency of denomination immediately prior to said Conversion by either (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by ADB under the Currency Hedge Transaction relating to said Conversion; or

(ii) if ADB so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

**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 (if any) 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 and Commitment Charges

3. The amount allocated to Category "Interest and Commitment Charges" is for financing interest and commitment charges 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 and commitment charges.

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, subject to a maximum amount equivalent to 20% of the Loan amount.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS			
Number	Item	Total Amount Allocated for ADB Financing (€)	Basis for Withdrawal from the Loan Account
		Category	
1	Works	337,956,850	100% of total expenditure claimed
2	Interest and Commitment Charges	13,167,150	100% of amounts due
	<b>TOTAL</b>	351,124,000	

## **SCHEDULE 4**

### **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 the Loan Agreement, the provisions of the 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; and (c) all measures and requirements set forth in the EARF, EIA, the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

3. The Borrower shall ensure, or cause the Project Executing Agency to ensure, that no Works shall commence on active elephant crossing areas until ADB has approved the detailed overpass design and reconfirmed the technical, financial, environmental and social feasibility of the overpass.

#### Land Acquisition and Involuntary Resettlement

4. 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; and (c) all measures and requirements set forth in the RF, RP, and any corrective or preventative actions set forth in the Safeguards Monitoring Report.

5. 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

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



that the Project does not have any indigenous peoples impacts, 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

7. 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

8. 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 EIA, 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 EIA, 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

9. The Borrower shall do the following or cause the Project Executing Agency to do the following:

- (a) submit semi-annual 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 EIA, 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;

- (c) throughout the term of the Project, engage qualified and experienced external experts or qualified non-governmental organization(s), under a selection process and terms of reference acceptable to ADB, to verify information produced through the Project monitoring process, and facilitate the carrying out of any verification activities by such external experts; and
- (d) 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

10. 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

11. 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.

12. The Borrower shall strictly monitor compliance with the requirements set forth in paragraph 11 above and provide ADB with regular reports.

#### Gender and Development

13. 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 is regularly monitored and reported to ADB.

#### Counterpart Support

14. 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 effective operation and maintenance of the Project facilities, both during and after completion of the Project; and (c) ensure the Project Executing Agency has sufficient funds to satisfy its liabilities arising from any Works contract.

#### Project Coordination

15. The Borrower shall ensure that all its ministries, agencies and divisions involved in the implementation of the Project, including the local government authorities, give their full cooperation to ensure smooth implementation of the Project. Specifically, the Borrower shall ensure the Project Executing Agency receives full, timely and efficient cooperation in the issuance of any licenses, permits or approvals required in connection with the construction of the railway lines and stations under the Project.

#### Operations and Maintenance

16. The Borrower shall ensure that the Project Executing Agency operates and maintains the Project facilities in accordance with (a) the operations manual and technical guidelines applicable to the Project Executing Agency; and (b) the recommended practices of the manufacturers and suppliers of the Works.

#### Project Website

17. Throughout the term of the Project, the Borrower shall ensure that the Project Executing Agency maintains, and updates as necessary, a website to disclose information about various matters on the Project, including procurement. The website shall include information on the list of participating bidders, name of the winning bidder, basic details on bidding procedures adopted, amount of contract awarded and the list of goods/services procured.

#### Grievance Redress Mechanism

18. The Borrower shall ensure that throughout the term of the Project, the Project Executing Agency maintains a grievance redress mechanism acceptable to ADB, including a special committee to receive and resolve complaints/grievances or act upon reports from stakeholders on misuse of funds and other irregularities, including grievances due to resettlement. The special committee shall (a) make public the existence of this 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.

#### Governance and Anticorruption

19. 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.

20. 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.