
LOAN NUMBER 3730-KGZ(COL)

LOAN AGREEMENT
(Ordinary Operations [Concessional])

(CAREC Corridors 1 and 3 Connector Road Project, Phase 2 – Additional Financing)

between

KYRGYZ REPUBLIC

and

ASIAN DEVELOPMENT BANK

DATED 28 December 2018

KGZ 48401

LOAN AGREEMENT
(Ordinary Operations [Concessional])

LOAN AGREEMENT dated *28 December 2018* between the KYRGYZ REPUBLIC ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

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

(B) by a grant agreement of even date herewith between the Borrower and ADB ("Grant Agreement"), ADB has agreed to provide a grant to the Borrower from ADB's Special Funds resources in the amount of nine million five hundred thousand Dollars (\$9,500,000) ("Grant") for the purposes of financing expenditures under the Project; 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) "CAREC" means Central Asia Regional Economic Cooperation;
- (b) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);
- (c) "Consulting Services" means the services to be financed out of the proceeds of the Loan and the Grant as described in subparagraph 2(c) of Schedule 1 to this Loan Agreement;
- (d) "EMP" means the environmental management plan for the Project, including any update thereto, incorporated in the IEE;

- (e) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (f) "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;
- (g) "IEE" means any of the initial environmental examinations for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (h) "Indigenous Peoples Safeguards" means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;
- (i) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;
- (j) "Km" means a place indicated by a particular kilometer marker of a road and "km" means kilometers;
- (k) "LARP" means a land acquisition and resettlement plan for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (l) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (m) "MOTR" means the Ministry of Transport and Roads;
- (n) "PAM" means the project administration manual for the Project dated 18 September 2018 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;
- (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 18 September 2018 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;
- (q) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations, means MOTR or any successor thereto acceptable to ADB, which is responsible for carrying out the Project;

- (r) "Project facilities" means the equipment, material, supplies and facilities provided or rehabilitated, or to be provided or rehabilitated, under the Project;
- (s) "Project Road" means, collectively, the sections of the connector road between CAREC Corridors 1 and 3 as described in subparagraph 2(a) of Schedule 1 to this Loan Agreement;
- (t) "RAMS" means road asset management system;
- (u) "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 LARP (as applicable), including any corrective and preventative actions;
- (v) "SPS" means ADB's Safeguard Policy Statement (2009); and
- (w) "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 sixty-eight million five hundred thousand Dollars (\$68,500,000).

(b) The Loan has a principal repayment period of 24 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 1% per annum during the grace period, and 1.5% per annum 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 April and 15 October 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 31 December 2027 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

Effectiveness

Section 5.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations: that the execution and delivery of the Grant Agreement on behalf of the Borrower shall have been duly authorized or ratified by all necessary corporate and governmental action.

Section 5.02. The following is specified as an additional matter for the purposes of Section 9.02(d) of the Loan Regulations, to be included in the opinion or opinions to be furnished to ADB: that the Grant Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and is legally binding upon the Borrower in accordance with its terms, subject only to the effectiveness of this Loan Agreement.

Section 5.03. 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 VI

Miscellaneous

Section 6.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Borrower

58, Erkindik Boulevard
Bishkek, 720040
Kyrgyz Republic

Facsimile Number:

(996) 312-661645

For ADB


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

Facsimile Numbers:

(632) 636-2444
(632) 636-2428.

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.

KYRGYZ REPUBLIC

By 
Authorized Representative
Baktygul Teenbaeva
Minister of Finance

ASIAN DEVELOPMENT BANK

By 
CANDICE MCDEIGAN
Country Director
Kyrgyz Resident Mission

SCHEDULE 1

Description of the Project

1. The objective of the Project is to improve efficiency and safer movement of goods and people.
2. The Project shall comprise (a) rehabilitating approximately 68 km of two sections of roads from Balykchy village to Km 43 and from Kochkor village to Epkin village; (b) providing performance based road maintenance services; and (c) supporting implementation of road sector reforms, road safety and RAMS.
3. The Project is expected to be completed by 31 July 2027.

SCHEDULE 2**Amortization Schedule**

<u>Payment Due</u>	<u>Payment of Principal</u> (expressed in \$)*
15 April 2027	1,427,083
15 October 2027	1,427,083
15 April 2028	1,427,083
15 October 2028	1,427,083
15 April 2029	1,427,083
15 October 2029	1,427,083
15 April 2030	1,427,083
15 October 2030	1,427,083
15 April 2031	1,427,083
15 October 2031	1,427,083
15 April 2032	1,427,083
15 October 2032	1,427,083
15 April 2033	1,427,083
15 October 2033	1,427,083
15 April 2034	1,427,083
15 October 2034	1,427,083
15 April 2035	1,427,083
15 October 2035	1,427,083
15 April 2036	1,427,083
15 October 2036	1,427,083
15 April 2037	1,427,083
15 October 2037	1,427,083
15 April 2038	1,427,083
15 October 2038	1,427,083
15 April 2039	1,427,083
15 October 2039	1,427,083
15 April 2040	1,427,083
15 October 2040	1,427,083
15 April 2041	1,427,083
15 October 2041	1,427,083
15 April 2042	1,427,083
15 October 2042	1,427,083
15 April 2043	1,427,083
15 October 2043	1,427,083
15 April 2044	1,427,083
15 October 2044	1,427,083
15 April 2045	1,427,083
15 October 2045	1,427,083
15 April 2046	1,427,083
15 October 2046	1,427,083
15 April 2047	1,427,083
15 October 2047	1,427,083
15 April 2048	1,427,083

<u>Payment Due</u>	<u>Payment of Principal</u> (expressed in \$)*
15 October 2048	1,427,083
15 April 2049	1,427,083
15 October 2049	1,427,083
15 April 2050	1,427,083
15 October 2050	<u>1,427,099</u>
TOTAL	68,500,000

* 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").

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, upon 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, upon 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.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS			
Number	Item	Total Amount Allocated for ADB Financing (\$) Category	Basis for Withdrawal from the Loan Account
1	Works	53,540,000	82% of total expenditure claimed
2	Consulting Services	1,670,000	90% of total expenditure claimed
3	Interest Charge	3,500,000	100% of amounts due
4	Unallocated	9,790,000	
	TOTAL	68,500,000	

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 method 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 method 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.

Eligible Source of Procurement of Bitumen

3. Notwithstanding the provision of Section 3.04(a) of this Loan Agreement, bitumen may also be procured under the Project from the following non-member country of ADB: the Russian Federation.
4. 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

5. Goods and Works shall be procured on the basis of the procurement method set forth herein: International Competitive Bidding.

Conditions for Award of Contract

6. The Borrower shall not award any Works contracts which involves environmental impacts until:
 - (a) the State Agency of Environmental Protection and Forestry has granted the final approval of the IEE; and
 - (b) the relevant provisions from the EMP are incorporated into the Works contract.
7. The Borrower shall not award any Works contract which involves involuntary resettlement impacts, until the Borrower has prepared and submitted to ADB the final LARP based on the Project's detailed design, and obtained ADB's clearance of such LARP.

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 method for the specified Consulting Services, in accordance with, among other things, the procedures set forth in the Procurement Plan: Least-Cost Selection for the financial audit Consulting Services.

10. The Borrower shall recruit the individual consultants for the project management Consulting Services 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.

14. In the case of a contract for Goods or Works, which is subject to ADB's prior review, the Borrower shall seek ADB's prior approval of any modification or waiver of the terms and conditions of the contract, including:

- (a) granting an extension of the stipulated time for completion of a contract for a period of 1 month or more, or which is likely to require an extension of the Loan Closing Date, and
- (b) increases in aggregate of the original price by more than 5% (for the avoidance of doubt, such increase shall take into account any previous change under such contract).

15. In the case of a contract for Goods or Works, which is subject to ADB's post review, ADB shall review the required contract modification or waiver and respond to the Borrower as soon as practicable, but not later than 1 month after the receipt of the required document.

16. The Borrower shall provide to ADB copies of all time extensions, modifications or waivers to the contracts (including change orders) within 1 month following amendment of the contract.

SCHEDULE 5**Execution of Project; Financial Matters**Implementation Arrangements

1. The Borrower shall 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.

Counterpart Funding

2. The Borrower shall make available all counterpart funds required for timely and effective implementation of the Project through annual budget allocations to MOTR, and ensure that such funds are released to MOTR in a timely manner. MOTR will include the updated funding requirements for implementation of the Project in its annual development programs.

Operational/Sector Performance Covenants

3. The Borrower shall ensure the Project is carried out in accordance with the applicable design and technical specifications in accordance with national standards and satisfactory to ADB; and that the construction supervision road maintenance inspection, quality control, and contract management are in accordance with internationally accepted standards and practices.

4. The Borrower shall ensure that each Works contract entered into by MOTR for the implementation of the Project reflects the following terms and conditions:

- (a) the provision by the contractor of performance based maintenance services for a period of 5 years from the completion of the rehabilitation works under the contract;
- (b) in compliance with the applicable laws of the Borrower, the inclusion of a 3 year defects notification period in the 5 year performance based maintenance period, and, during the 3 year defects notification period, the contractor shall be responsible for routine maintenance and the rectification of any defects in the pavement caused by the contractor's own fault during the rehabilitation period;
- (c) the provision by the contractor of periodic maintenance services, according to the requirements of the contract, during the last 2 years of the 5 year performance based maintenance period; and
- (d) throughout the duration of the 5 year performance based maintenance period, the payment to the contractor of a monthly lump sum which will

be adjusted based on the contractor's achievement of the service levels set out in the contract, and each such payment shall be financed by ADB and the Borrower in the same proportion as the payments made to the contractor during the rehabilitation period.

5. The Borrower shall ensure that MOTR allocates and makes available sufficient funds for the implementation of the RAMS and the operation and maintenance of roads under MOTR's jurisdiction on a timely basis. In addition, the Borrower shall ensure that MOTR, within 1 year after the completion of the Works, classifies the Project Road as an international corridor subject to priority operation and maintenance, and provides the necessary funding from the sixth year of operation of the Project Road and onwards.

6. The Borrower shall ensure that, after the completion of the rehabilitation of any section of the Project Road, there are (a) appropriate road safety measures on such section of the Project Road, and (b) close monitoring of the pavement performance of such section of the Project Road and prompt engagement in remedial works to strengthen the pavement when the first sign of failures occurs, such remedial works to be financed from the Borrower's own resources after the completion of the performance based maintenance period under the relevant Works contract.

Environment

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

Land Acquisition and Involuntary Resettlement

8. The Borrower shall 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 LARP, and any corrective or preventative actions set forth in the Safeguards Monitoring Report.

9. Without limiting the application of the Involuntary Resettlement Safeguards or the LARP, the Borrower shall ensure, or cause MOTR 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 LARP; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with the LARP.

Indigenous Peoples

10. The Borrower shall ensure that the Project does not have any indigenous peoples impacts, all within the meaning of ADB's 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 ADB's SPS.

Human and Financial Resources to Implement Safeguards Requirements

11. The Borrower shall make available necessary budgetary and human resources to fully implement the EMP and the LARP.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

12. The Borrower shall ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures relevant to the contractor set forth in the IEE, the EMP and the LARP (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 LARP;
- (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

13. The Borrower shall do the following:

- (a) submit Safeguards Monitoring Reports to ADB
 - (i) in respect of implementation of and compliance with Environmental Safeguards and the EMP, semiannually, during construction and the implementation of the Project until the issuance of ADB's Project completion report unless a longer period is agreed in the EMP; and

- (ii) in respect of implementation of and compliance with Involuntary Resettlement Safeguards and of the LARP, semiannually, during the implementation of the Project and the LARP until the issuance of ADB's Project completion report unless a longer period is agreed in the LARP;

and disclose relevant information from such reports to the respective affected people under the Environmental Safeguards and the Involuntary Resettlement Safeguards 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 LARP, 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 and the LARP, promptly after becoming aware of the breach.

Prohibited List of Investments

14. 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

15. 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.

16. The Borrower shall strictly monitor compliance with the requirements set forth in paragraph 15 above and provide ADB with regular reports.

Gender and Development

17. The Borrower shall ensure that the principles of gender equality aimed at increasing Project benefits and impact on women in the Project area are followed during implementation of the Project. These include (a) equal pay to men and women for work of equal value; (b) enabling working conditions for women workers; and (c) taking necessary

actions to encourage women living in the Project area to participate in the design and implementation of Project activities.

Governance and Anticorruption

18. The Borrower shall ensure that updated information on the Project, reflecting the performance of the Project, business opportunities, bidding process and guidelines, outcome of biddings and summary progress reports of the Project, will be disclosed on the websites of MOTR in a timely manner.

19. The Borrower 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 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.

21. The Borrower shall ensure that throughout Project implementation, MOTR (a) maintains and regularly updates its website with information on the Project, and (b) regularly consults with the public and civil society organizations in respect of each of the foregoing matters.