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LOAN NUMBER 4312-IND

LOAN AGREEMENT  
(Ordinary Operations)

(Visakhapatnam – Chennai Industrial Corridor Development Program – Tranche 2)

between

INDIA

and

ASIAN DEVELOPMENT BANK

DATED 23 MAY 2023

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IND 48434

**LOAN AGREEMENT  
(Ordinary Operations)**

LOAN AGREEMENT dated 23 MAY 2023 between INDIA acting by its President ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a framework financing agreement dated 5 July 2016 between the Borrower and ADB, ADB has agreed to provide a multitranche financing facility to the Borrower for the purposes of financing projects under the Visakhapatnam – Chennai Industrial Corridor Development Program ("Investment Program");

(B) by a periodic financing request dated 8 February 2023, the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(C) the Project will be carried out by the State of Andhra Pradesh ("State") acting through its Department of Industries and Commerce ("DOIC") (the "EA"), and for this purpose the Borrower will make available to the State the proceeds of the loan provided for herein upon terms and conditions mutually satisfactory to ADB and the Borrower;

(D) ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB and the State;

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 2022 ("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) "APIIC" means the Andhra Pradesh Industrial Infrastructure Corporation;
- (b) "APRDC" means the Andhra Pradesh Road Development Corporation;

- (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 set out in the Procurement Plan, and to be financed out of the proceeds of the Loan;
- (e) "DOIC" means the Department of Industries and Commerce of the State;
- (f) "EA" or "Project Executing Agency" for the purposes of and within the meaning of the Loan Regulations means the State acting through its DOIC;
- (g) "EARF" means the environmental assessment and review framework for the Investment Program, including any update thereto, prepared and submitted by the Borrower through the EA and cleared by ADB;
- (h) "EMP" means each environmental management plan, including any update thereto, prepared and submitted by the Borrower through the EA, cleared by ADB, and incorporated in the IEE;
- (i) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1 and Appendix 4 (as applicable) of the SPS;
- (j) "EWCD" means elderly, women, children and persons with disabilities;
- (k) "Facility" means the multitranche financing facility provided by ADB to the Borrower for purposes of financing projects under the Investment Program;
- (l) "FFA" means the framework financing agreement dated 5 July 2016, as amended from time to time, between ADB and the Borrower with respect to the Facility;
- (m) "Financing Arrangements" means the arrangements between the Borrower and the State as per current policy of the Borrower, and acceptable to ADB;
- (n) "GESI" means the gender equality and social inclusion action plan prepared for the Project, including any update thereto, and agreed to between the Borrower, EA and ADB;
- (o) "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;

- (p) "IA" means each of the implementing agencies under the Project namely APIIC and APRDC;
- (q) "IEE" means the initial environmental examination for each Subproject, including any update thereto, prepared and submitted by the Borrower through the EA pursuant to the requirements set forth in the EARF, and cleared by ADB;
- (r) "Investment Program" means the Visakhapatnam-Chennai Industrial Corridor Development Program;
- (s) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2 and Appendix 4 (as applicable) of the SPS;
- (t) "IPPF" means the indigenous peoples planning framework for the Investment Program, including any update thereto, prepared and submitted by the Borrower through the EA and cleared by ADB;
- (u) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2022, as amended from time to time);
- (v) "MLD" means million liters per day;
- (w) "O&M" means operation and maintenance;
- (x) "PAM" means the project administration manual for the Project dated 16 March 2023 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;
- (y) "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 purposes of this Loan Agreement means the periodic financing request dated 8 February 2023;
- (z) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);
- (aa) "Procurement Plan" means the procurement plan for the Project as included in the PAM 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;
- (bb) "PSC" means a State-level inter-ministerial Program Steering Committee chaired by the Chief Secretary of the State and members from key collaborative agencies;

- (cc) "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;
- (dd) "RIPP" means the resettlement and indigenous peoples plan for the Chittoor-South industrial cluster, including any update thereto, prepared and submitted by the Borrower through the EA pursuant to the requirements set forth in the RF and IPPF, and cleared by ADB;
- (ee) "RP" means each resettlement plan for a Subproject, including any update thereto, prepared and submitted by the Borrower through the EA pursuant to the requirements set forth in the EARF, and cleared by ADB;
- (ff) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower through the EA to ADB that describes progress with implementation of, and compliance with, each EMP, and each RP (as applicable), including any corrective and preventive actions;
- (gg) "SPS" means ADB's Safeguard Policy Statement (2009);
- (hh) "State" means the State of Andhra Pradesh;
- (ii) "Subproject" means a subproject for financing under the Project, as found eligible and approved in compliance with the selection criteria and approval procedure for Subprojects, as set out in the PAM;
- (jj) "VCIC" means the Visakhapatnam-Chennai industrial corridor; and
- (kk) "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 forty-one million one hundred twenty thousand Dollars (\$141,120,000), 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 21 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) SOFR;
- (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 15 April and 15 October 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(e) 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 make the proceeds of the Loan available to the EA upon terms and conditions mutually agreeable to ADB and the Borrower, and shall cause the EA to apply such proceeds to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement.

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

Section 3.03. Except as ADB may otherwise agree, the Borrower shall procure, or cause to be procured by the EA, 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. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 19 September 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 by the EA, all obligations set forth in Schedule 5 to this Loan Agreement and the Project Agreement.

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

Section 4.03. ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

Section 4.04. In so far as it relates to the Project, the Borrower shall take all actions which shall be necessary on its part to enable the EA to perform its obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.05. (a) In so far as it relates to the Project, the Borrower shall exercise its rights under the Financing Arrangements in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

(b) In so far as it relates to the Project, no rights or obligations under the Financing Arrangements shall be assigned, amended, abrogated or waived without prior notice to ADB.

## 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 Secretary, Additional Secretary, Joint Secretary, Director, or Deputy Secretary in the Department of Economic Affairs of the Ministry of Finance of the Borrower is 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

The Secretary to the Government of India  
Department of Economic Affairs  
Ministry of Finance  
North Block  
New Delhi – 110001  
India

Facsimile Number:

(91-11) 2309-4075

#### For ADB

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



Facsimile Numbers:

(632) 8636-2444  
(632) 8636-2293.

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.

INDIA

By  \_\_\_\_\_  
K. MANICKA RAJ  
Joint Secretary  
Department of Economic Affairs

ASIAN DEVELOPMENT BANK

By  \_\_\_\_\_  
HOE YUN JEONG  
Officer-in-Charge  
India Resident Mission

## SCHEDULE 1

### Description of the Project

1. The objective of the Project is: to increase industrial investment and employment of the VCIC.

2. The Project shall comprise the following outputs:

**Output 1: Visakhapatnam industrial node infrastructure strengthened including:** (a) development of internal infrastructure in the start-up area of the 160-hectare Rambilli industrial cluster; (b) development of internal infrastructure in the start-up area of the 441-hectare Nakkapalli industrial cluster with a bulk water transmission line; (c) widening of the 13.8 kilometer Atchuthapuram–Anakapalli road with EWCD-friendly features; (d) improvement of a 4.4 km access road to the Nakkapalli cluster with EWCD-friendly features; and (e) improvement of awareness and knowledge among the the community members including women in and around Rambilli and Nakapalli industrial clusters and along Atchuthapuram to Anakapalli roads.

**Output 2: Srikalahasti-Chittoor industrial node infrastructure strengthened including:** (a) development of internal infrastructure in the start-up area of the 938-hectare Chittoor–South industrial cluster, (b) improvement of a 9.5 km access road to the Chittoor-South industrial cluster with EWCD-friendly features, (c) improvement of an 8.7 km access road to the Naidupeta industrial cluster with EWCD-friendly features; and (d) improvement of awareness and knowledge among the the community members including women in and around Chittoor-South industrial cluster.

**Output 3: Sustainable, green, and integrated industrial development enhanced including:** (a) rolling out of an updated marketing action plan for investment promotion; (b) enhancement of skills of people including socially vulnerable and economically weak people; (c) establishment of green corridor model operational guidelines at industrial cluster level; (d) development of a disaster risk management plan to strengthen industrial cluster resilience under extreme weather; (e) formulation of a plan for the sustainable O&M of start-up industrial clusters; (f) rolling out a toolkit with gender-responsive and socially inclusive guidance, to integrate industrial and urban planning including industry housing in areas adjacent to industrial clusters; (g) dissemination of knowledge of innovative corridor program designs including gender equality and socially inclusive intervention results, to other industrial clusters across the region; and (h) preparation and implementation of gender mainstreaming guidelines of DOIC.

3. The Project is expected to be completed by 19 March 2026.

**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.

Date Payment Due	Installment Share (Expressed as a % based on 10% annuity)
15 October 2028	2.380952
15 April 2029	2.380952
15 October 2029	2.380952
15 April 2030	2.380952
15 October 2030	2.380952
15 April 2031	2.380952
15 October 2031	2.380952
15 April 2032	2.380952
15 October 2032	2.380952
15 April 2033	2.380952
15 October 2033	2.380952
15 April 2034	2.380952
15 October 2034	2.380952
15 April 2035	2.380952
15 October 2035	2.380952
15 April 2036	2.380952
15 October 2036	2.380952
15 April 2037	2.380952
15 October 2037	2.380952
15 April 2038	2.380952
15 October 2038	2.380952
15 April 2039	2.380952
15 October 2039	2.380952
15 April 2040	2.380952
15 October 2040	2.380952
15 April 2041	2.380952
15 October 2041	2.380952
15 April 2042	2.380952
15 October 2042	2.380952

15 April 2043	2.380952
15 October 2043	2.380952
15 April 2044	2.380952
15 October 2044	2.380952
15 April 2045	2.380952
15 October 2045	2.380952
15 April 2046	2.380952
15 October 2046	2.380952
15 April 2047	2.380952
15 October 2047	2.380952
15 April 2048	2.380952
15 October 2048	2.380952
15 April 2049	2.380968
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 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.

##### Reallocation

3. 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, in consultation with and by notice to the Borrower and the EA, (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, in consultation with and by notice to the Borrower and the EA, reallocate such excess amount to any other Category.

##### Disbursement Procedures

4. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook, and detailed arrangements agreed upon between ADB and the Borrower.

##### Retroactive Financing

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

Condition for Withdrawal under Advance Fund Procedure

6. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the Loan Account under advance fund procedure unless the assessment of the updated state financial management system is completed to ensure the underlying control and reporting features in a manner acceptable to ADB.

TABLE

<b>ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS</b>			
<b>Number</b>	<b>Item</b>	<b>Total Amount Allocated for ADB Financing [\$]</b>	<b>Basis for Withdrawal from the Loan Account</b>
		<b>Category</b>	
1	Works	134,800,000	85.3% of total expenditure claimed
2	Consulting Services and Skill Development	4,990,000	84.7% of total expenditure claimed
3	Incremental administrative costs	1,330,000	75.0% of total expenditure claimed
	<b>TOTAL</b>	<b>141,120,000</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 through the EA, 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 of procurement set forth below:
  - (a) International Competitive Bidding; and
  - (b) National Competitive Bidding.

Conditions for Award of Contract

5. The Borrower shall ensure or cause the EA to ensure that no Works contract is awarded for a Subproject which involves environmental impacts until: (a) EA has obtained ADB's clearance of the IEE based on the sub-project's detailed design; and (b) EA has incorporated the relevant provisions from the EMP into the Works contract.
6. The Borrower shall ensure or cause the State to ensure that no Works contract is awarded for a Subproject which involves involuntary resettlement and/or indigenous peoples' impacts, until the State has prepared and submitted to ADB the RP/RIPP (as applicable) based on the sub-project's detailed design, and obtained ADB's clearance of such RP/RIPP.

Conditions for Commencement of Work

7. The Borrower shall ensure, or cause the EA to ensure, that no commencement of Works is allowed under any Works contract under any Subproject which involves environmental, resettlement or indigenous peoples impacts until the relevant IA has (i) obtained the final approval of the respective IEE and RP/RIPP (as applicable) from ADB; (ii) obtained the environmental clearance if required, including approval of the environmental

assessment report, from the relevant State or national authority; and (iii) paid compensations and assistance to the affected persons in the section concerned by Work.

#### Consulting Services

8. Except as set forth in the paragraph below, and ADB may otherwise agree, the Borrower shall ensure or cause the EA to apply Quality- and Cost-Based Selection for Consulting Services.

9. The Borrower shall ensure or shall cause the EA to recruit the individual consultants in accordance with procedures of ADB's Consulting Guidelines for recruiting individual consultants.

#### Industrial or Intellectual Property Rights

10. (a) The Borrower shall ensure or shall cause the EA to 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 or shall cause the EA to 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.

11. The Borrower shall ensure or shall cause the EA to 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

12. 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, the EA and ADB and set forth in the Procurement Plan.

## SCHEDULE 5

### Execution of Project; Financial Matters

#### Implementation Arrangements

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

(b) The Borrower shall ensure or cause the EA to ensure towards smooth implementation of the Project, that grievances if any from stakeholders, relating to Project implementation or use of funds are addressed effectively and efficiently.

(c) The Borrower shall ensure or cause the State and EA to ensure compliance with all the requirements and obligations on their part as included in this Loan Agreement and the Project Agreement to meet the objectives of the Project in a timely and efficient manner.

#### Counterpart Support; Funds

2. The Borrower shall cause the State to make available the Loan proceeds to the EA and IAs under appropriate arrangements acceptable to ADB, and will cause the State to ensure:

- (a) sufficient counterpart funds from its budget for each fiscal year, in a timely manner, for the efficient implementation of the Project; and
- (b) adequate funds towards O&M of Project facilities through budgetary allocations or other means, during and after the subproject completion.

#### Program Steering Committee

3. The Borrower shall cause the State to set up a PSC that shall meet regularly to facilitate and give directions for the implementation of the Project. The PSC shall provide guidance for coordination and the roles, responsibilities, and functions of EA and IAs and the proposed corridor management authorities shall be delineated.

#### Safeguards

##### Environment

4. The Borrower shall ensure, or cause the EA to ensure, that the preparation, design, construction, implementation, operation and decommissioning of each subproject and all subproject facilities comply with (a) all applicable laws and regulations of the Borrower and the State 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 EMPs, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Land Acquisition and Involuntary Resettlement

5. The Borrower shall ensure, or cause the EA to ensure, that all land and all rights-of-way required for a subproject 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 and the State relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; (c) the RF; and (d) all measures and requirements set forth in the RP/RIPP (as applicable), and any corrective or preventative actions set forth in the Safeguards Monitoring Report.

6. Without limiting the application of the Involuntary Resettlement Safeguards, the RF or the RP/RIPP (as applicable), the Borrower shall ensure, or cause the EA to ensure, that no physical or economic displacement takes place in connection with the subproject until:

- (a) compensation and other entitlements have been provided to affected people in accordance with the RP/RIPP, as applicable; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with the RP/RIPP, as applicable.

Indigenous Peoples

7. The Borrower shall ensure or cause the EA to ensure that the preparation, design, construction, implementation and operation of the subprojects and project facilities comply with (a) all applicable laws and regulations of the Borrower and the State relating to indigenous peoples; (b) the Indigenous Peoples Safeguards; (c) the IPPF; and (d) all measures and requirements set forth in the RIPP as required, and any corrective or preventative actions set forth in a Safeguards Monitoring Report. No subprojects belonging to Category A for Indigenous Peoples Safeguards shall be financed under the Project.

Human and Financial Resources to Implement Safeguards Requirements

8. The Borrower shall ensure or cause the EA to ensure that all necessary budgetary and human resources to fully implement the EMPs, the RP/RIPP (as applicable), are made available on a timely basis. The EA shall designate at least one expert each to supervise implementation of the EMPs, and RPs/RIPPs.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

9. The Borrower shall ensure, or cause EA to ensure, that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures relevant to the contractor set forth in the IEE, the EMPs, and the RPs/RIPP, as applicable (to the extent they concern impacts on affected people during construction), in particular no demolishing or relocating private assets before ensuring that the asset owner has received compensations and resettlement assistance, 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 EA 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 respective IEE, the respective EMP and the respective RP/RIPP;
- (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

10. The Borrower shall ensure or cause the EA to ensure 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 RP/RIPP (as applicable for the subproject), promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan;
  - (c) no later than award of the related Works contract, engage qualified and experienced external expert(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/RIPP promptly after becoming aware of the breach.

#### Prohibited List of Investments

11. The Borrower shall ensure, or cause the EA to 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

12. The Borrower shall ensure, or cause the EA and IAs to ensure, that Works contracts under the Project follow all applicable labor laws of the Borrower and the State and that these further include provisions to the effect that contractors (a) carry out HIV/AIDS awareness programs for labor and disseminate information at worksites on risks of sexually transmitted diseases and HIV/AIDS as part of health and safety measures for those employed during construction; and (b) follow and implement all statutory provisions on labor (including not employing or using children as labor, equal pay for equal work), health, safety, welfare, sanitation, and working conditions. Such contracts shall also include clauses for termination in case of any breach of the stated provisions by contractors.

### Gender and Development

13. The Borrower shall ensure or cause the EA to ensure that (a) the GESI 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 GESI; (c) adequate resources are allocated for implementation of the GESI; and (d) progress on implementation of the GESI, including progress toward achieving key gender outcome and output targets are regularly monitored and reported to ADB.

### Procurement

14. The Borrower shall ensure or cause the EA to announce the Project and business opportunities associated with the Project (i.e. invitation of potential bids) on its website. The website shall disclose the following information in relation to Works, Goods and Services procured for the Project and subprojects: (a) the list of participating bidders; (b) the name of the selected bidders; (c) the amount of the contracts awarded; and (d) the goods and services procured. In accordance with the Procurement Guidelines, the published information for contracts shall also include the bid prices as read out at bid opening, the reasons for rejection of unsuccessful bidders, and the awarded contract.

### Financial Management

15. The Borrower shall ensure, or cause the EA to ensure (a) compliance with the financial management arrangements provided in the PAM; and (b) implementation of financial management action plan set out in the PAM.

### Investment Sustainability

16. The Borrower shall ensure or cause the EA to ensure (a) roll out of an updated marketing action plan for investment promotion by 31 December 2024; and (b) formulation of a plan by 31 March 2026 for the sustainable O&M of start-up industrial clusters supported under the Project.

### Governance and Anticorruption

17. The Borrower shall ensure and cause the State and EA to comply with ADB's Anticorruption Policy (1998, as amended to date) and (a) shall ensure that the anticorruption provisions acceptable to ADB, the Borrower, the State and EA are included in all bidding

documents and contracts financed by ADB in connection with the Project, including provisions specifying the right of ADB to review and examine the records and accounts of the State and EA and all contractors, suppliers, consultants, and other service providers as they relate to the Subprojects and the Project, and as included in the PAM; (b) shall allow and assist ADB's representatives to carry out random spot checks on the work in progress and utilization of funds for the Project; (c) 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 (d) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation, and as included in the PAM.