
LOAN NUMBER 3568-PRC

LOAN AGREEMENT
(Ordinary Operations)

(Xinjiang Changji Integrated Urban-Rural Infrastructure Demonstration Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

ASIAN DEVELOPMENT BANK

DATED 04 January 2018

PRC 49029

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated 04 January 2018 between PEOPLE'S REPUBLIC OF CHINA ("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) the Project will be carried out by Xinjiang Uygur Autonomous Region Government ("XUARG"), and for this purpose the Borrower will make available to XUARG the proceeds of the loan provided for herein upon terms and conditions acceptable to ADB; 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 and in the Project Agreement of even date herewith between ADB and XUARG;

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, subject, however, to the following modifications:

(a) Section 2.01(uu) is deleted and the following is substituted therefor:

"Project Agreement" means the Project Agreement of even date herewith between ADB and Xinjiang Uygur Autonomous Region Government, as such agreement may be amended from time to time; and such project agreement includes all schedules to the Project Agreement.

(b) The term "Project Executing Agency" appearing in Section 7.01(a)(i), 9.01(d), 9.01(f), 9.01(k), 10.01(c) and 10.02(c) of the Loan Regulations shall be substituted by the term "Xinjiang Uygur Autonomous Region Government".

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) "CHAPG" means Changji Hui Autonomous Prefecture Government;
- (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 as described in paragraph 3 of Schedule 1 to this Loan Agreement;
- (d) "Environmental Management Plan" or "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) "Ethnic Minorities Development Plan" or "EMDP" means the ethnic minorities development plan for the Project, prepared and submitted by XUARG and cleared by ADB, including any update thereto;
- (g) "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;
- (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) "Initial Environmental Examination" or "IEE" means an initial environmental examination required under the EMP for the Project, including any updates thereto, prepared and submitted by XUARG and cleared by ADB;
- (j) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;
- (k) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (l) "Management Letter" means formal communications from the auditor to the client management in accordance with the International Standard on Auditing 265 (communicating deficiencies in internal control to those charged with governance and management), which is not required to be provided separately as it is equivalent to the Audit Findings and Recommendations prepared by the Project auditor and submitted to ADB;

- (m) "PAM" means the project administration manual for the Project dated 1 August 2017 and agreed between XUARG and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;
- (n) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);
- (o) "Procurement Plan" means the procurement plan for the Project dated 1 August 2017 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;
- (p) "Project Executing Agency" for the purposes of, and within the meaning of the Loan Regulations means XUARG, which is responsible for the carrying out of the Project, or any alternative or successor thereto acceptable to ADB;
- (q) "Project facilities" means facilities to be constructed, procured, rehabilitated and/or maintained under the Project;
- (r) "Project Implementing Agency" means each of Fukang City Government, Hutubi County Government, and Qitai County Government;
- (s) "Resettlement Plan" or "RP" means the resettlement plans for each of Fukang City, Hutubi County and Qitai County, including any update thereto, prepared and submitted by XUARG and cleared by ADB;
- (t) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009);
- (u) "Safeguards Monitoring Report" means each report prepared and submitted by XUARG to ADB that describes progress with implementation of and compliance with the EMP and the RPs, including any corrective and preventative actions;
- (v) "SGAP" means the social and gender action plan for the Project, including any update thereto, prepared and submitted by XUARG and cleared by ADB; 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 one hundred fifty million Dollars (\$150,000,000), 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) LIBOR;
- (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. (a) The Borrower shall make the proceeds of the Loan available to XUARG, and shall ensure that XUARG, through CHAPG, makes available to the Project Implementing Agencies the amounts of Loan proceeds specified in the PAM to be made available to each Project Implementing Agency, all upon terms and conditions acceptable to ADB, including (i) a commitment charge and interest at the rates identical to those applied to the Loan; (ii) a repayment period including a grace period identical to those applied to the Loan; and (iii) XUARG bearing the foreign exchange and interest rate variation risks of the Loan.

(b) The Borrower shall, through XUARG, cause the Project Implementing Agencies to apply the proceeds of the Loan exclusively to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement.

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

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

Section 3.04. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 30 September 2023 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. (a) The Borrower shall cause XUARG to, and, through XUARG, shall cause the Project Implementing Agencies to, carry out the Project with

due diligence and efficiency and in conformity with sound applicable technical, financial, business, and development practices.

(b) In carrying out the Project and operation of the Project facilities, the Borrower shall cause XUARG to perform or, through XUARG, cause the Project Implementing Agencies to perform, all obligations set forth in Schedule 5 to this Loan Agreement and the Project Agreement.

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

Section 4.03. The Borrower shall take all actions which shall be necessary on its part to enable the Project Executing Agency 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 4.04. The Borrower shall make available, or cause XUARG to make available, promptly as needed, the funds, facilities, services, land and other resources, as required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 4.05. The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project and operation of the Project facilities are conducted and coordinated in accordance with sound administrative policies and procedures.

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 Minister of Finance or a Vice Minister 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

Ministry of Finance
Sanlihe, Xicheng District
Beijing 100820
People's Republic of China

Facsimile Number:

(86)10 6855-2061.

For ADB

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

Facsimile Numbers:

(632) 636-2444
(632) 636-2534.

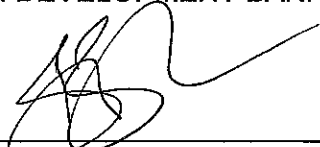
IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

PEOPLE'S REPUBLIC OF CHINA

By 

LIU WEIHUA
Authorized Signatory

ASIAN DEVELOPMENT BANK

By 

BENEDICT BINGHAM
Authorized Signatory

SCHEDULE 1

Description of the Project

1. The objective of the Project is improved urban-rural infrastructure and environmental services in Fukang City, Hutubi County and Qitai County.

2. The Project shall comprise:

Output 1: Roads and road ancillary facilities (including utility pipes) constructed or rehabilitated. (a) Construct five roads and rehabilitate four roads with road ancillary facilities, including utility pipes (water, wastewater, and heating), and purchase road maintenance equipment for Fukang City urban area; (b) construct five roads with small bridge structures, and road ancillary facilities, including utility pipes (water, wastewater, and heating) and purchase road maintenance equipment for Ganhezi Town of Fukang City; (c) construct three roads with road ancillary facilities, including utility pipes (water, wastewater, heating, and gas) in Hutubi County; and (d) construct five roads with small bridge structures, and road ancillary facilities, including water pipes in Qitai County.

Output 2: Water supply and solid waste management facilities in Qitai County urban area improved. (a) Build water transmission pipelines; (b) construct a domestic solid waste sanitary landfill; (c) close an existing domestic solid waste landfill; (d) provide waste management facilities, including a waste transfer station and waste bins; and (e) conduct a 3R (reduce, reuse, recycle) pilot in Qitai Secondary Vocational and Technical School.

Output 3: Ecological protection shelterbelts in Fukang City created. Plant trees (a) along provincial road S303 as a shelterbelt; (b) along North Ring Road as a shelterbelt; and (c) in the south area of the city for soil and flood protection.

Output 4: Capacity of technical and vocational education and training (TVET) enhanced. (a) Construct school facilities and install equipment in Fukang Technician College; and (b) conduct capacity building activities to improve the quality of training courses, upgrade teachers' qualifications, and strengthen quality assurance systems and school culture programs in senior technical schools in Fukang City, Hutubi County, and Qitai County.

Output 5: Capacity of project management and urban planning enhanced. (a) Strengthen urban planning capacity of the city and counties in the Project area through training to introduce new approaches in urban master planning and detailed planning and development plans consistent with the Borrower's National New-Type Urbanization Plan; (b) conduct workshops and training activities to enhance Project management capacity; and (c) provide intensive support through Project implementation consultants on various project management aspects.

3. The Project will finance Consulting Services relating to all outputs.

4. The Project is expected to be completed by 31 March 2023.

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 %)
1 March 2023	2.380952
1 September 2023	2.380952
1 March 2024	2.380952
1 September 2024	2.380952
1 March 2025	2.380952
1 September 2025	2.380952
1 March 2026	2.380952
1 September 2026	2.380952
1 March 2027	2.380952
1 September 2027	2.380952
1 March 2028	2.380952
1 September 2028	2.380952
1 March 2029	2.380952
1 September 2029	2.380952
1 March 2030	2.380952
1 September 2030	2.380952
1 March 2031	2.380952
1 September 2031	2.380952
1 March 2032	2.380952
1 September 2032	2.380952
1 March 2033	2.380952
1 September 2033	2.380952
1 March 2034	2.380952
1 September 2034	2.380952
1 March 2035	2.380952
1 September 2035	2.380952
1 March 2036	2.380952
1 September 2036	2.380952
1 March 2037	2.380952
1 September 2037	2.380952

Schedule 2

Date Payment Due	Installment Share (Expressed as a %)
1 March 2038	2.380952
1 September 2038	2.380952
1 March 2039	2.380952
1 September 2039	2.380952
1 March 2040	2.380952
1 September 2040	2.380952
1 March 2041	2.380952
1 September 2041	2.380952
1 March 2042	2.380952
1 September 2042	2.380952
1 March 2043	2.380952
1 September 2043	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 two 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

Schedule 2

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 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, in consultation with 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, in consultation with 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.

Imprest Account

6. Except as ADB may otherwise agree, the Borrower shall cause Xinjiang Uighur Autonomous Region Finance Department (XUARFD) to establish immediately after the Effective Date, an imprest account at a commercial bank. The imprest account shall be established, managed, replenished and liquidated by XUARFD in accordance with the Loan Disbursement Handbook and detailed arrangement agreed upon between the Borrower and ADB. The imprest account shall only be used for the purposes of the Project. The currency of the imprest account shall be the Dollar.

Retroactive Financing

7. 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 Goods, Works and Consulting Services, 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		Percentage and Basis for Withdrawal from the Loan Account
1	Works and engineering installation	115,480,000		
1A	For Fukang components		59,180,000	93.26% of total expenditure claimed
1B	For Hutubi components		21,700,000	94.97% of total expenditure claimed
1C	For Qitai components		34,600,000	64.36% of total expenditure claimed
2	Goods, capacity building, training and Project management	24,630,000		100% of total expenditure claimed
3	Interest and Commitment Charges	9,890,000		100% of amount due
	TOTAL	150,000,000		

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 methods and the selection methods set forth below. These methods are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the procurement methods and the selection methods or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.
3. All terms used in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

Goods and Works

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

National Competitive Bidding

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

Procurement Agent

6. XUARG and the Project Implementing Agencies shall appoint a Procurement Agent to carry out procurement in accordance with the terms and conditions set out in the Procurement Plan. The Borrower, through XUARG, shall ensure that the Procurement Agent follows all of the requirements of this Schedule and the Procurement Plan.

Conditions for Award of Contract

7. The Borrower shall, through XUARG, cause the Project Implementing Agencies not to award any Works contract which involves environmental impacts until the Project

Schedule 4

Implementing Agencies have caused the relevant provisions from the EMP to be incorporated into the Works contract.

8. The Borrower shall, through XUARG, cause the Project Implementing Agencies not to award any Works contract which involves involuntary resettlement impacts until XUARG has prepared and submitted to ADB an updated RP based on the relevant Project components' final design, and obtained ADB's clearance of such updated RP.

Consulting Services

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

10. The Borrower shall cause XUARG to apply Consultants' Qualifications Selection for TVET course development support and the 3R pilot program, in accordance with, among other things, the procedures set forth in the Procurement Plan.

11. The Borrower shall cause XUARG to recruit the individual consultants for initial program implementation support in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

12. (a) The Borrower shall cause XUARG 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 cause XUARG 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.

13. The Borrower shall cause XUARG 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

14. Contracts procured under international competitive bidding procedures, first contract for Goods and first contract for Works under national competitive bidding, Works contracts under national competitive bidding of over \$10 million equivalent, Goods contracts of over \$1 million equivalent, and all contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

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

1. The Borrower, through XUARG, 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 XUARG and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

Counterpart Financing

2. The Borrower shall cause XUARG to ensure that (a) all counterpart funds are made available to the Project Implementing Agencies in a timely manner, including any additional counterpart funds, as and when required, to meet any Project shortfall or cost overruns during Project implementation; and (b) operation and maintenance of all Project facilities is fully funded.