
LOAN NUMBER 4012-PRC

PROJECT AGREEMENT

(Inner Mongolia Sustainable Cross-Border Development Investment Program - Project 1)

between

ASIAN DEVELOPMENT BANK

and

GOVERNMENT OF INNER MONGOLIA AUTONOMOUS REGION

BANK OF INNER MONGOLIA

DATED 10 DECEMBER 2020

PRC 51192

PROJECT AGREEMENT

PROJECT AGREEMENT dated 10 December 2020 between ASIAN DEVELOPMENT BANK ("ADB"), GOVERNMENT OF INNER MONGOLIA AUTONOMOUS REGION ("IMARG") and BANK OF INNER MONGOLIA ("BOIM").

WHEREAS

(A) by a Loan Agreement of even date herewith between the People's Republic of China ("Borrower") and ADB, ADB has agreed to make to the Borrower a loan of one hundred sixty-six million five hundred twenty-five thousand Euros (€166,525,000) on the terms and conditions set forth in the Loan Agreement, but only on the condition that a portion of the proceeds of the loan for the purposes of financial intermediation ("FIL Component") be made available, through IMARG, to BOIM and that IMARG, and BOIM agree to undertake certain obligations towards ADB as set forth herein; and

(B) IMARG, and BOIM in consideration of ADB entering into the Loan Agreement with the Borrower, have agreed to undertake the obligations set forth herein;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Definitions

Section 1.01. Wherever used in this FI Project Agreement, unless the context otherwise requires, the several terms defined in the Loan Agreement and in the Loan Regulations (as so defined) have the respective meanings therein set forth.

ARTICLE II

Subloans

Section 2.01. (a) Except as ADB may otherwise agree, the proceeds of the FIL Component shall be used only for making Subloans to Qualified Subborrowers for Qualified Subprojects and shall be applied exclusively to the cost of Goods, Works and Services and other items of expenditure required to carry out such Qualified Subprojects.

(b) Except as ADB may otherwise agree, all Goods, Works and Services to be financed out of the proceeds of the FIL Component shall be procured in accordance with the provisions of Schedule 4 to the Loan Agreement.

Section 2.02. Each Subloan shall carry interest at an appropriate rate and shall be made on terms whereby BOIM shall obtain, by a written agreement with the Qualified Subborrower in form acceptable to ADB, rights adequate to protect the interests of the Borrower, IMARG, BOIM and ADB.

Section 2.03. Without limiting the generality of the foregoing provisions of Section 2.02 of this FI Project Agreement and in addition to any other provisions which a prudent lender would request, each Subloan agreement shall include provisions to the effect that:

- (a) the Qualified Subborrower shall carry out and operate the Qualified Subproject with due diligence and efficiency and in accordance with sound applicable technical, financial, business and development practices, including maintenance of adequate accounts and records;
- (b) the proceeds of the FIL Component shall be used only for procurement in eligible source countries, as specified by ADB, in accordance with procedures acceptable to ADB, of Goods which are produced in and supplied from, and Works and Services, which are supplied from, such countries;
- (c) the Goods, Works and Services shall be used exclusively in the carrying out of the Qualified Subproject;
- (d) ADB, IMARG and BOIM shall each have the right to inspect such Goods and Works, the Qualified Subborrower, the Qualified Subproject and any relevant records and documents;
- (e) the Qualified Subborrower shall take out and maintain with responsible insurers insurance against such risks and in such amounts as shall be consistent with sound business practice, and without any limitation upon the foregoing, such insurance shall cover hazards incident to the acquisition, transportation and delivery of Goods to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such Goods;
- (f) ADB, IMARG and BOIM shall each be entitled to obtain all such information as each shall reasonably request relating to the Subloans, the Goods, Works and Services financed out of the proceeds of the FIL Component, the Qualified Subproject, the Qualified Subborrower and other related matters; and
- (g) BOIM shall each be entitled to suspend or terminate further access by the Qualified Subborrower to the use of the proceeds of the FIL Component upon failure by the Qualified Subborrower to perform its obligations under its agreement with BOIM.

Section 2.04. BOIM shall promptly and effectively exercise its rights in relation to each Qualified Subproject in accordance with the standards of a prudent lender and in such manner as to protect the interests of the Borrower, IMARG, BOIM and ADB.

ARTICLE III

Particular Covenants

Section 3.01. (a) IMARG shall, and shall cause BOIM to carry out the Project with due diligence and efficiency and in conformity with sound applicable technical, financial, business and development practices.

(b) In the carrying out of the Project and in the conduct of its business, each IMARG and BOIM shall perform all the obligations set forth in the Loan Agreement to the extent that they are applicable to IMARG and BOIM and all obligations set forth in the Schedule to this FI Project Agreement.

Section 3.02. BOIM shall at all times make adequate provision to protect itself against any loss resulting from changes in the rate of exchange between CNY and the currency or currencies in which the outstanding money obligations of BOIM shall have to be met.

Section 3.03. BOIM shall not make a Subloan to any Qualified Subborrower unless such Qualified Subborrower has at its disposal, or has made appropriate arrangements to obtain as and when required, all local currency funds, including adequate working capital, and other resources which are required by such Qualified Subborrower for the carrying out of its Qualified Subproject in respect of which the Subloan is to be made.

Section 3.04. BOIM shall maintain records and accounts adequate to record the progress of the Project and of each Qualified Subproject (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, the operations and financial condition of BOIM.

Section 3.05. (a) ADB, IMARG and BOIM shall cooperate fully to ensure that the purposes of the Project shall be accomplished.

(b) IMARG shall, and shall cause BOIM to, promptly inform ADB of any condition which interferes with, or threatens to interfere with, the progress of the Project, the performance of its obligations under this FI Project Agreement, the Loan Agreement, or the accomplishment of the purposes of the FIL Component.

(c) ADB, IMARG and BOIM shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Project, IMARG and BOIM.

Section 3.06. (a) IMARG shall cause BOIM to furnish to ADB all such reports and information as ADB shall reasonably request concerning (i) the FIL Component and the expenditure of the proceeds thereof; (ii) Qualified Subborrowers, the Qualified Subprojects and the Subloans; (iii) the administration, operations and financial condition of BOIM; and (iv) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, IMARG shall furnish to ADB periodic reports on the execution of the Project and on the operation and management of BOIM. Such reports shall be submitted in such form and in such detail and within such a

period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the period under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following period.

(c) Promptly after the Loan Closing Date, but in any event not later than 3 months after the said closing date or such later date as ADB may agree for this purpose, IMARG, shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the utilization of the FIL Component, the execution of the Qualified Subprojects, their costs, the performance by IMARG and BOIM of their respective obligations under this FI Project Agreement, and the accomplishment of the purposes of the Loan.

Section 3.07. (a) IMARG shall, and shall cause BOIM to (i) maintain separate accounts and records for the FIL Component; (ii) prepare annual statements of utilization of funds for the FIL Component in accordance with accounting principles acceptable to ADB; (iii) have such 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 statements and the use of the proceeds of the FIL Component and compliance with the financial covenants of this FI Project Agreement, 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 close of the fiscal year to which they relate, copies of such audited 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 statements of utilization of funds for the FIL Component and the opinion of the auditors on the statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

(c) In addition to the annual audited statements of utilization of funds referred to in subsection (a) hereinabove, IMARG shall cause BOIM to (i) provide its annual financial statements prepared in accordance with financial reporting standards acceptable to ADB; (ii) have its 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; (iii) as part of each such audit, have the auditors prepare the auditors' opinion(s) on the financial statements and compliance with the financial covenants of this FI Project Agreement to the extent that they are applicable to BOIM; and (iv) furnish to ADB, no later than 1 month after approval by the relevant authority, copies of such audited financial statements and auditors' opinion(s), 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.

(d) IMARG shall, and shall cause BOIM to enable ADB, upon ADB's request, to discuss the statements of utilization of funds for the FIL Component and the financial statements of BOIM and their financial affairs where they relate to the Project with the auditors appointed by IMARG and BOIM pursuant to subsections (a)(iii) and (c)(ii) 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 IMARG and BOIM, unless they shall otherwise agree.

Section 3.08. BOIM shall enable ADB's representatives to inspect any Qualified Subborrower, any Qualified Subproject, the Goods and Works financed out of the proceeds of the FIL Component, and any relevant records and documents.

Section 3.09. (a) IMARG shall cause BOIM to promptly as required, take all actions within its powers to maintain its corporate existence, to carry on its operations, and to acquire, maintain and renew all rights, properties, powers, privileges and franchises which are necessary in the carrying out of the Project or in the conduct of its business.

(b) IMARG shall cause BOIM to at all times conduct its business in accordance with sound administrative, financial, environmental, and business practices, and under the supervision of competent and experienced management and personnel.

(c) Except as ADB may otherwise agree, BOIM shall not sell, lease or otherwise dispose of any of its assets which shall be required for the efficient carrying out of its operations or the disposal of which may prejudice its ability to perform satisfactorily any of its obligations under this FI Project Agreement.

Section 3.10. Except as ADB may otherwise agree, IMARG shall, and shall cause BOIM to, duly perform all their obligations under the Subsidiary Loan Agreement and shall not take, or concur in, any action which would have the effect of assigning, amending, abrogating or waiving any rights or obligations of the parties under the Subsidiary Loan Agreement.

Section 3.11. IMARG shall cause BOIM to promptly notify ADB of any proposal to amend, suspend or repeal any provision of its constitutional documents, which, if implemented, could adversely affect the carrying out of the Project or the operation of the Project facilities. IMARG shall afford ADB an adequate opportunity to comment on such proposal prior to taking any affirmative action thereon.

ARTICLE IV

Effective Date; Termination

Section 4.01. This FI Project Agreement shall come into force and effect on the date on which the Loan Agreement comes into force and effect. ADB shall promptly notify IMARG of such date.

Section 4.02. This FI Project Agreement and all obligations of the parties hereunder shall terminate on the earlier of the date on which the Loan Agreement shall terminate in accordance with its terms.

Section 4.03. All the provisions of this FI Project Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Loan Agreement.

ARTICLE V

Miscellaneous

Section 5.01. Any notice or request required or permitted to be given or made under this FI Project Agreement and any agreement between the parties contemplated by this FI Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand, mail or facsimile to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For ADB

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

Facsimile Numbers:

(632) 8636-2444
(632) 8636-2494

For IMARG

Development Building, Chilechuan Street
Saihan District, Hohhot
IMAR, People's Republic of China

Facsimile Number:

(86) 471-6604630

For BOIM

Building B, Bank of Inner Mongolia
Tengfei South Road, Saihan District, Hohhot
IMAR, People's Republic of China

Facsimile Number:

(86) 471-5180060.

Section 5.02. (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under (i) this FI Project Agreement or under Section 7.01 of the Loan Agreement by or on behalf of IMARG may be taken or executed by its Governor; and (ii) this FI Project Agreement by or on behalf of BOIM may be taken or executed by its Deputy Manager of Corporate Banking Division, or by such other person or persons as he or she shall so designate in writing notified to ADB.

(b) IMARG and BOIM shall furnish to ADB sufficient evidence of the authority of each person who will act under subsection (a) hereinabove, together with the authenticated specimen signature of each such person.

Section 5.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this FI Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this FI Project 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.

ASIAN DEVELOPMENT BANK

By 
YOLANDA FERNANDEZ LOMMEN
Authorized Signatory

INNER MONGOLIA AUTONOMOUS
REGION GOVERNMENT

By 
ZHANG LEI
Authorized Signatory

BANK OF INNER MONGOLIA

By 
LIU FENG
Authorized Signatory

SCHEDULE

Execution of Project; Financial Matters

Implementation Arrangements

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

Eligibility Criteria for Financial Intermediaries

2. IMARG shall (a) cause BOIM to ensure that it remains financially sound throughout the Project implementation period; and (b) monitor such compliance and promptly report any non-compliance to ADB. Specifically, BOIM shall satisfy and maintain:

- (a) the regulatory and prudential ratios, as required by the China Banking and Insurance Regulatory Commission for banks, and as applicable from time to time;
- (b) the capital adequacy ratio above 10.5%;
- (c) the ratio of non-performing asset below 5%;
- (d) liquidity ratio higher than 25%; and
- (e) no default history on its own payment obligations.

3. IMARG shall cause BOIM to:

- (a) have sufficient experience and on-site operations on SME lending in IMAR;
- (b) have a branch network in IMAR which is sufficient for the implementation of the SME support program and financing the target segment;
- (c) have a sound ownership and management structure, and a business plan for the SME sector;
- (d) have recognized auditors;
- (e) have a dedicated team handling SME relationship and risk management, and have in place, or be developing, an acceptable underwriting and servicing platform; and
- (f) establish a fully functional ESMS to ensure adequate due diligence and mitigation of adverse impacts in all stages of implementation of the Qualified Subprojects in accordance with the SPS.

Selection Criteria for Qualified Subborrowers

4. Except as ADB may otherwise agree, BOIM shall ensure that each Qualified Subborrower shall:

- (a) be legally registered, and in compliance with the national laws;
- (b) preferably be engaged in cross-border trade and logistics, agribusiness, manufacturing, and cross-border tourism;
- (c) have sponsors with proven track record of successfully developing, financing and operating projects similar to the Qualified Subproject or have made formal or contractual arrangements with third parties with such proven track record;
- (d) have sustainable business models, and sound business strategy and corporate governance structure;
- (e) have equity, or be able to procure equity, equal to at least 30% of the total cost of the relevant Qualified Subproject;
- (f) have, or its sponsors will be able to provide, adequate resources and financial capability to raise and maintain resources to complete and operate the relevant Qualified Subproject successfully;
- (g) not be, and nor will its sponsors be, in default of any prior loan in the territory of the Borrower;
- (h) be able to provide security as required;
- (i) maintain appropriate financial records of income and expenditure to the satisfaction of ADB;
- (j) be willing to conduct proper safeguards due diligence in accordance with the ESMS and the SPS; and
- (k) comply with and ensure that its relevant Qualified Subproject complies with the SPS, and national laws and regulations relating to environment, involuntary resettlement and indigenous peoples.

Selection Criteria for Qualified Subprojects

5. Except as ADB may otherwise agree, BOIM shall ensure that each Qualified Subproject shall:

- (a) form an integral part of the IMARG's priority plan for cross-border trade and logistics, agribusiness, manufacturing, and cross-border tourism;
- (b) use technology which has a successful track record;

- (c) be financially viable with robust and predictable cash flows and be capable of generating sufficient revenues for repaying the Subloan; in the case of a Euro-denominated Subloan, be capable of generating sufficient foreign exchange revenues or revenue indexed to Euro or demonstrate sufficient capacity to mitigate the currency risk for such repayments;
- (d) result in increased rural income and reduced rural poverty through promoting agricultural development;
- (e) obtain all necessary Borrower's approvals and licenses, and comply with the national laws and regulations relating to environment, involuntary resettlement and indigenous peoples;
- (f) comply with SPS and ESMS, and fall within Category B or C for SPS purposes; and
- (g) have an economic rate of return of not less than 12%.

Subloans

6. BOIM shall ensure that:

- (a) no Subloan shall finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS;
- (b) each Subloan will carry interest at an appropriate rate, which allows BOIM to earn a risk-adjusted return and shall be made on terms under which BOIM obtain rights adequate to protect the interests of ADB and the Borrower;
- (c) each subloan agreement shall appropriately reflect the obligations that BOIM and the Qualified Subborrowers assumed under the Loan Agreement and this FI Project Agreement in respect of the Qualified Subproject;
- (d) the maximum amount of each Subloan to a Qualified Subborrower does not exceed the equivalent of CNY15,000,000, except that with prior approval of ADB the Subloan may exceed the limit and be up to CNY20,000,000 with an unusually high developmental impact; and
- (e) women shall sign or co-sign at least 20% of the Subloans to facilitate financial inclusiveness for women.

Safeguards

Screening, Categorization, and Environmental and Social Assessment and Planning

7.
 - (a) IMARG shall cause BOIM to ensure that a Qualified Subproject does not involve any environmental, involuntary resettlement or indigenous peoples impacts which can be categorized as Category A, all within the meaning of the SPS; and
 - (b) IMARG shall cause BOIM to ensure that before any Qualified Subproject is approved for financing:
 - (i) an IEE, an EMP and a RP are prepared for such Qualified Subproject as required pursuant to the ESMS; and
 - (ii) the IEE, the EMP and the RP are cleared by ADB if such Qualified Subproject is Category B within the meaning of the SPS.

Environment

8. IMARG shall cause BOIM to ensure that the preparation, design, construction, implementation, operation and decommissioning of each Qualified Subproject and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to environment, health, and safety; (b) the Environmental Safeguards; (c) the ESMS; and (d) all measures and requirements set forth, as applicable, in the respective IEE and EMP, and any corrective or preventative actions (i) set forth in a Safeguards Monitoring Report; or (ii) which are subsequently agreed between ADB and the Borrower.

Land Acquisition and Involuntary Resettlement

9. IMARG shall cause BOIM to ensure that all land and all rights-of-way required for each Qualified Subproject and all Project facilities are made available to the Works contractor in a manner and within timeframes compliant with the respective RP 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; (c) ESMS; and (d) all measures and requirements set forth, as applicable, in the respective RP, and any corrective or preventative actions (i) set forth in a Safeguards Monitoring Report; or (ii) which are subsequently agreed between ADB and the Borrower.

10. Without limiting the application of the Involuntary Resettlement Safeguards, as applicable, the ESMS or the RP, IMARG shall cause BOIM to ensure that no physical or economic displacement takes place in connection with any Qualified Subproject until:

- (a) compensation and other entitlements have been provided to displaced persons under the Involuntary Resettlement Safeguards as described in and in accordance with the RP; and

- (b) a comprehensive income and livelihood restoration program has been established in accordance with the RP.

Ethnic Minorities

11. IMARG shall cause BOIM to ensure that the Project does not have any negative indigenous peoples impacts, all within the meaning of the SPS. In the event that the Project does have any such impact, IMARG shall cause BOIM to take all steps required under the EMPF to ensure that the Project complies with the applicable laws and regulations of the Borrower and with the SPS.

Human and Financial Resources to Implement Safeguards Requirements

12. IMARG shall cause BOIM to ensure that (a) necessary budgetary and human resources are made available to fully implement the ESMS; and (b) each Qualified Subborrower under the Qualified Subproject makes necessary budget and human resources to fully implement, as applicable, the respective EMP and RP.

Safeguards Monitoring and Reporting

13. IMARG shall cause BOIM to do the following, as applicable:
- (a) submit semiannual Safeguards Monitoring Reports to ADB;
 - (b) if any unanticipated environmental and/or social risks and impacts arise during Qualified Subproject implementation 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 ESMS and any EMP or RP promptly after becoming aware of the breach.

Labor Standards, Health and Safety

14. IMARG shall cause BOIM to ensure that the Qualified Subborrowers comply with the core labor standards and the Borrower's applicable laws and regulations during the implementation of the Project, including, but not limited to the requirements relating to: (a) workplace occupational safety norms; (b) no use of child labor; (c) no discrimination against workers in respect of employment and occupation; (d) no use of forced labor; (e) freedom of association and effective recognition of the right to collective bargaining; and (f) dissemination, or engagement of appropriate service providers to disseminate, information on the risks of sexually transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the FIL Component and to members of the local communities surrounding the Project area, particularly women.

15. IMARG shall cause BOIM to strictly monitor compliance with the requirements set forth in paragraph 14 above and provide ADB with regular reports.

Gender and Development

16. IMARG shall cause BOIM to ensure that (a) to the extent applicable to BOIM, the SDGAP 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 SDGAP; (c) adequate resources are allocated for implementation of the SDGAP; and (d) progress on implementation of the SDGAP, including progress towards achieving key gender outcome and output targets, including 20% increase in women-led SMEs receiving Subloans from BOIM, are regularly monitored and reported to ADB.

Prohibited List of Investments

17. IMARG shall cause BOIM to ensure that no proceeds of the FIL Component are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Counterpart Support

18. IMARG shall ensure that BOIM make available all necessary funds and resources to the Qualified Subborrowers for the Qualified Subprojects in a timely manner.

Financial Covenant

19. IMARG shall develop guidelines, in a manner, and form and substance acceptable to ADB, for managing the IDA which shall be used to (a) cover any cost related to currency exchange risk of the Loan; (b) function as Loan loss reserve; (c) guarantee fee for SMEs; (d) cover any costs of capacity building activities under the Investment Program; (e) project management related costs; and (f) any other expenditures, as agreed in the FAM. IMARG shall further ensure that no disbursements shall be made from the IDA until these guidelines have been in place and the IDA has been established, maintained, replenished and liquidated for supporting the Investment Program in accordance with the terms and conditions of such guidelines.

Governance and Anticorruption

20. IMARG and BOIM 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.

21. IMARG and BOIM shall ensure that all contracts in relation to the Project include provisions specifying the right of ADB to audit and examine the records and accounts of the contractors, suppliers, consultants, and other service providers as they relate to the Project.

Combating Money Laundering and Financing of Terrorism

22. BOIM shall:

- (a) comply with applicable laws and regulations of the Borrower on combating money laundering and financing of terrorism and that Loan proceeds are not used, directly or indirectly, in money laundering or financing of terrorism;
- (b) formulate and implement internal control procedures, including customer due diligence procedures, to prevent violation of subparagraph (a) hereinabove; and
- (c) promptly inform the Borrower and ADB if there is any violation or potential violation of subparagraph (a) hereinabove. In the event that ADB informs IMARG or BOIM of its concern that there has been such an alleged violation, BOIM shall: (i) cooperate in good faith with ADB and its representatives so that ADB can determine whether such a violation has occurred; (ii) respond promptly and in reasonable detail to any query from ADB; and (iii) furnish documentary support for such response upon ADB's request.