
LOAN NUMBERS 3090/3091-PAK

LOAN AGREEMENT
(Ordinary Operations)

(Jamshoro Power Generation Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

ASIAN DEVELOPMENT BANK

DATED 12 Feb, 2014

PAK 47094

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated 12 Feb, 2014 between the ISLAMIC REPUBLIC OF PAKISTAN ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Borrower has applied to ADB for: (i) two loans from ADB's ordinary capital resources; and (ii) a loan from ADB's Special Funds resources, for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(B) the Borrower has also applied to the Islamic Development Bank ("IDB") for a loan of one hundred fifty million Dollars (\$150,000,000) ("IDB Loan") to finance a part of the Project upon terms and conditions set forth in a loan agreement between the Borrower and IDB ("IDB Loan Agreement");

(C) by an agreement between the Borrower and ADB ("Special Operations Loan Agreement"), ADB has agreed to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to nineteen million three hundred eighty thousand Special Drawing Rights (SDR19,380,000) ("Special Operations Loan") for the purposes of the Project;

(D) the Project will be carried out by GENCO Holding Company Limited ("GHCL") and Jamshoro Power Company Limited ("JPCL") and, for this purpose, the Borrower will make available to JPCL the proceeds of the Special Operations Loan and the proceeds of the loans provided for herein upon terms and conditions satisfactory to ADB; and

(E) ADB has agreed to make two loans to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein and in the Project Agreement between ADB, GHCL and JPCL;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Ordinary Operations Loan Regulations Applicable to LIBOR-Based Loans Made from ADB's Ordinary Capital Resources, dated 1 July 2001 ("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(38) is deleted and the following is substituted therefor:

“Loan” means each of (a) OCR Loan 1 (as defined in Section 1.02(s) of the Loan Agreement) and (b) OCR Loan 2 (as defined in Section 1.02(t) of the Loan Agreement).

- (b) Section 2.01(39) is deleted and the following is substituted therefor:

“Loan Account” means:

- (a) in relation to OCR Loan 1, the account opened or to be opened by ADB on its books in the name of the Borrower to which the amount of OCR Loan 1 has been or will be credited; and
- (b) in relation to OCR Loan 2, the account opened or to be opened by ADB on its books in the name of the Borrower to which the amount of OCR Loan 2 has been or will be credited.

- (c) Section 2.01(50) is deleted and the following is substituted therefor:

“Project Agreement” means the Project Agreement between ADB, GHCL and JPCL.

- (d) The term “Project Executing Agency” appearing in Sections 7.04(b), 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 “GHCL and JPCL”, both individually and collectively.
- (e) Section 3.03 is deleted and the following is substituted therefor:

Commitment Charge; Credit; Maturity Premium. (a) The Borrower shall pay a commitment charge on the unwithdrawn amount of the Loan at the rate and on the terms specified in the Loan Agreement.

(b) ADB shall provide to the Borrower a credit at the rate specified in the Loan Agreement, which credit shall remain fixed for the term of the Loan. ADB shall apply the credit against the interest payable by the Borrower.

(c) The Borrower shall pay a maturity premium at the rate specified in the Loan Agreement, which maturity premium shall remain fixed for the term of the Loan. ADB shall add the maturity premium to the interest payable by the Borrower.

- (f) Section 3.06 is deleted and the following is substituted therefor:

Rebate. (a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be reduced, ADB shall provide a Rebate to any Borrower with an outstanding Loan on which a higher Fixed Spread is applicable. The amount of the Rebate shall be determined by multiplying (i) the difference between the Fixed Spread applicable to the outstanding Loan and the Fixed Spread that

will be applied to new Loans (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the lower Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB achieving savings, ADB shall provide a Rebate to the Borrower. The amount of the Rebate shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall apply the amount of the Rebate against the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

(g) Section 3.07 is deleted and the following is substituted therefor:

Surcharge. (a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be increased, any Borrower with an outstanding Loan on which a lower Fixed Spread is applicable shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the difference between the Fixed Spread that will be applied to new Loans and the Fixed Spread applicable to the outstanding Loan (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the higher Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB incurring additional costs, the Borrower shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall add the amount of the Surcharge to the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

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) “Ash Disposal Pond” means the lined ash pond to which all ash produced by the Plant, if not sold under Ash Purchase Agreements and exported from the site of the Project, will be pumped after being sluiced or mixed with water as set out in the Ash Management Plan;

(b) “Ash Management Plan” means the plan to be prepared and submitted by the Borrower and cleared by ADB, which sets out the framework and arrangements for the handling, storage, transportation, recycling and/or disposal of the ash produced by the Plant;

(c) “Ash Purchase Agreements” means all agreements to be entered into by JPCL for the sale of the ash produced by the Plant on terms and conditions satisfactory to ADB;

(d) “Coal Purchase Agreement” means the agreement to be entered into by JPCL for the purchase of coal for the Project on terms and conditions satisfactory to ADB;

(e) “Consulting Guidelines” means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);

(f) “Consulting Services” means the services to be financed out of the proceeds of OCR Loan 2 as described in paragraphs 2(d) to 2(f) of Schedule 1 to this Loan Agreement;

(g) “Current Ratio” means current assets divided by current liabilities, where the term “current assets” means assets with maturity of 1 year or less including but not limited to cash and bank balances, fuel stock, stores, spares and loose tools, trade debts, loans and advances, other receivables and other prepaid assets as stated in the balance sheet of the annual audited financial report for the fiscal year; and the term “current liabilities” means liabilities with maturity of 1 year or less including but not limited to the current portion of long term loans, bank overdraft, accrued liabilities mark-up, and trade and other payables as stated in the balance sheet of the annual audited financial report for the fiscal year;

(h) “Debt Service Coverage Ratio” means cash flow from operations divided by annual debt service obligations including interest and principal payments, where the term “cash flow from operations” includes the adjusted cash flow from operating activities as stated in the cash flow statement of the annual audited financial report for the fiscal year;

(i) “Debt to Asset Ratio” means total liabilities divided by total assets, where the term “total liabilities” includes total current liabilities (as defined in paragraph (g)) and total non-current liabilities as stated in the balance sheet of the annual audited financial report for the fiscal year; the term “non-current Liabilities” includes liabilities of maturity greater than 1 year; the term “total assets” includes total current assets (as defined in paragraph (g)) and total non-current assets as stated in the balance sheet of the annual audited financial report for the fiscal year; and the term “non-current assets” includes assets of maturity greater than 1 year;

(j) “Environmental Impact Assessment” or “EIA” means the environmental impact assessment for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(k) “Environmental Management Plan” or “EMP” means the environmental management plan for the Project, including any update thereto, incorporated in the EIA;

(l) “Environmental Safeguards” means the principles and requirements set forth in Chapter V, Appendix 1 and Appendix 4 (as applicable) of the SPS;

(m) “Expected Commissioning Date” means 30 September 2018 or such other date as may be agreed between ADB and the Borrower;

(n) “Involuntary Resettlement Safeguards” means the principles and requirements set forth in Chapter V, Appendix 2 and Appendix 4 (as applicable) of the SPS;

(o) “Jamshoro TPS” means the thermal power station of JPCL located in the district of Jamshoro of the Province of Sindh in the territory of the Borrower and having a total installed generation capacity of 850 megawatts as of the date of this Loan Agreement;

(p) “Loan Disbursement Handbook” means ADB’s Loan Disbursement Handbook (2012, as amended from time to time);

(q) “Loans” means OCR Loan 1 and OCR Loan 2;

(r) “NEPRA” means the National Electric Power Regulatory Authority of the Borrower, or any successor thereto;

(s) “OCR Loan 1” means the loan provided for in Section 2.01 of this Loan Agreement;

(t) “OCR Loan 2” means the loan provided for in Section 2.04 of this Loan Agreement;

(u) “PAM” means the project administration manual for the Project dated 31 October 2013 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;

(v) “Power Purchase Agreement” means the agreement to be entered into by JPCL for the sale of the power generated by the Project on terms and conditions satisfactory to ADB;

(w) “Procurement Guidelines” means ADB’s Procurement Guidelines (2013, as amended from time to time);

(x) “Procurement Plan” means the procurement plan for the Project dated 31 October 2013 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;

(y) “Resettlement Plan” or “RP” means the resettlement plan for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(z) “Rupees” or the sign “Rs” means Pakistan rupees, the currency of the Borrower;

(aa) “Safeguard Policy Statement” or “SPS” means ADB's Safeguard Policy Statement (2009);

(bb) “Safeguards Monitoring Report” means each report prepared and submitted by the Borrower to ADB that describes progress with implementation of and compliance with the EMP and the RP, including any corrective and preventative actions;

(cc) “Sindh Environmental Protection Agency” means the Environmental Protection Agency under the Environmental and Alternate Energy Department of the Province of Sindh in the territory of the Borrower, or any successor thereto;

(dd) “Subsidiary Loan Agreement” means the agreement between the Borrower and JPCL under which the Borrower will relend the proceeds of the Loans and the Special Operations Loan to JPCL; and

(ee) “Works” means construction or civil works to be financed out of the proceeds of the Loans, 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 Loans

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of eight hundred forty million Dollars (\$840,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.09 of this Loan Agreement.

(b) OCR Loan 1 has a principal repayment period of 25 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 OCR Loan 1 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 0.20% 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 sum of the full amounts of OCR Loan 1 (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. (a) ADB also agrees to lend to the Borrower from ADB's ordinary capital resources an amount of thirty million Dollars (\$30,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.09 of this Loan Agreement.

(b) OCR Loan 2 has a principal repayment period of 10 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 Schedule 2 to this Loan Agreement.

Section 2.05. The Borrower shall pay to ADB interest on the principal amount of OCR Loan 2 withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

- (a) LIBOR; and
- (b) 0.60% as provided by Section 3.02 of the Loan Regulations less a credit of 0.20% as provided by Section 3.03 of the Loan Regulations.

Section 2.06. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the sum of the full amounts of OCR Loan 2 (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.07. Interest and other charges on the Loans shall be payable semiannually on 15 March and 15 September in each year.

Section 2.08. The Borrower shall repay the principal amounts of OCR Loan 1 and OCR Loan 2, respectively, withdrawn from the Loan Accounts in accordance with the amortization schedules set forth in Schedule 2 to this Loan Agreement.

Section 2.09. (a) The Borrower may at any time request any of the following Conversions of the terms of OCR Loan 1 or OCR Loan 2 in order to facilitate prudent debt management:

- (i) a change of the Loan Currency of all or any portion of the principal amount of OCR Loan 1 or OCR Loan 2, as the case may be, 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 OCR Loan 1 or OCR Loan 2, as the case may be, 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 OCR Loan 1 or OCR Loan 2, as the case may be, 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(6) 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 Loans

Section 3.01. (a) The Borrower shall relend the proceeds of the Loans to JPCL under the Subsidiary Loan Agreement upon terms and conditions satisfactory to ADB. Except as ADB may otherwise agree:

- (i) the terms for relending the proceeds of OCR Loan 1 shall include interest at the rate equal to the sum of LIBOR and 4.5% per annum and a repayment term of 25 years and a grace period of 5 years; and
- (ii) the terms for relending the proceeds of OCR Loan 2, in Rs equivalent, shall include interest at the rate of 15% per annum (inclusive of foreign exchange risk) and a repayment term of 10 years and grace period of 10 years.

(b) The Borrower shall cause the proceeds of the Loans to be applied to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement. Without limiting the generality of the foregoing, the Borrower shall use the proceeds of OCR Loan 2 only for the activities described in subparagraphs 2(b) and (f) of Schedule 1 to this Loan Agreement.

Section 3.02. The proceeds of the Loans 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 Loans in accordance with the provisions of Schedule 4 to this Loan Agreement. ADB may refuse to finance a contract where any such item has not been

procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

Section 3.04. Except as ADB may otherwise agree, the Borrower shall cause all items of expenditure financed out of the proceeds of the Loans to be used exclusively in the carrying out of the Project.

Section 3.05. (a) The Loan Closing Date for OCR Loan 1 for the purposes of Section 9.02 of the Loan Regulations shall be 31 March 2019 or such other date as may from time to time be agreed between the Borrower and ADB.

(b) The Loan Closing Date for OCR Loan 2 for the purposes of Section 9.02 of the Loan Regulations shall be 30 June 2024 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 the Project to be carried out 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 operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Loan Agreement and the Project Agreement.

Section 4.02. The Borrower shall make available, or cause to be made available, promptly as needed, and on terms and conditions acceptable to ADB, the funds, facilities, services, land and other resources, as required, in addition to the proceeds of the Loans, for the carrying out of the Project.

Section 4.03. 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.

Section 4.04. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.05. ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

Section 4.06. The Borrower shall take all actions which shall be necessary on its part to enable GHCL and JPCL to perform their obligations under the

Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.07. (a) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loans.

(b) No rights or obligations under the Subsidiary Loan Agreement shall be assigned, amended, abrogated or waived without the prior concurrence of ADB.

ARTICLE V

Suspension; Acceleration of Maturity

Section 5.01. The following are specified as additional events for suspension of the right of the Borrower to make withdrawals from the Loan Accounts for the purposes of Section 9.01(l) of the Loan Regulations:

- (a) the Borrower or JPCL shall have failed to perform any of its obligations under the Subsidiary Loan Agreement;
- (b) the IDB Loan shall have become liable for suspension or cancellation or shall have become repayable prior to its agreed maturity date; and
- (c) GHCL's organizational structure, or JPCL's organizational structure, shall have been significantly altered in such a manner that in the reasonable opinion of ADB may adversely affect the carrying out of the Project or the operation of the Project facilities.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 9.07(a)(iv) of the Loan Regulations: any of the events specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. The following are specified as additional conditions to the effectiveness of this Loan Agreement for the purposes of Section 10.01(f) of the Loan Regulations:

- (a) the Special Operations Loan Agreement has been duly authorized, executed and delivered on behalf of the Borrower and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Loan Agreement) have been fulfilled;

- (b) the Subsidiary Loan Agreement has been duly authorized, executed and delivered on behalf of the Borrower and JPCL and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Loan Agreement or the Special Operations Loan Agreement) have been fulfilled; and
- (c) the current standard (i.e. “particulate matter 2.5”) of the Sindh Environmental Protection Agency has been revised to permit a coal-fired power plant to be developed in the Province of Sindh in the territory of the Borrower.

Section 6.02. The following are specified as additional matters, for the purposes of Section 10.02(d) of the Loan Regulations, to be included in the opinion or opinions to be furnished to ADB:

- (a) that the Special Operations Loan Agreement has been duly authorized, executed and delivered on behalf of the Borrower, and is legally binding on the Borrower in accordance with its terms; and
- (b) the Subsidiary Loan Agreement has been duly authorized, executed and delivered on behalf of the Borrower and JPCL, and is legally binding on the Borrower and JPCL in accordance with its terms.

Section 6.03. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

ARTICLE VII

Delegation of Authority

Section 7.01. The Borrower hereby designates JPCL as its agent for the purposes of taking any action or entering into any agreement required or permitted under Sections 3.02, 3.03 and 3.05 of this Loan Agreement and under Sections 6.01, 6.02, 6.03 and 6.04 of the Loan Regulations.

Section 7.02. Any action taken or any agreement entered into by JPCL pursuant to the authority conferred under Section 7.01 of this Loan Agreement shall be fully binding on the Borrower and shall have the same force and effect as if taken by the Borrower.

Section 7.03. The authority conferred on JPCL under Section 7.01 of this Loan Agreement may be revoked or modified by agreement between the Borrower and ADB.

ARTICLE VIII

Miscellaneous

Section 8.01. The Secretary, Economic Affairs Division, Ministry of Finance, Revenue, Economic Affairs, Statistics and Privatization of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 8.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Borrower

The Secretary
Economic Affairs Division
Ministry of Finance, Revenue, Economic Affairs,
Statistics and Privatization
Islamabad, Pakistan

Facsimile Numbers:

(9251) 920-4086
(9251) 920-2019.

For ADB

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

Facsimile Numbers:

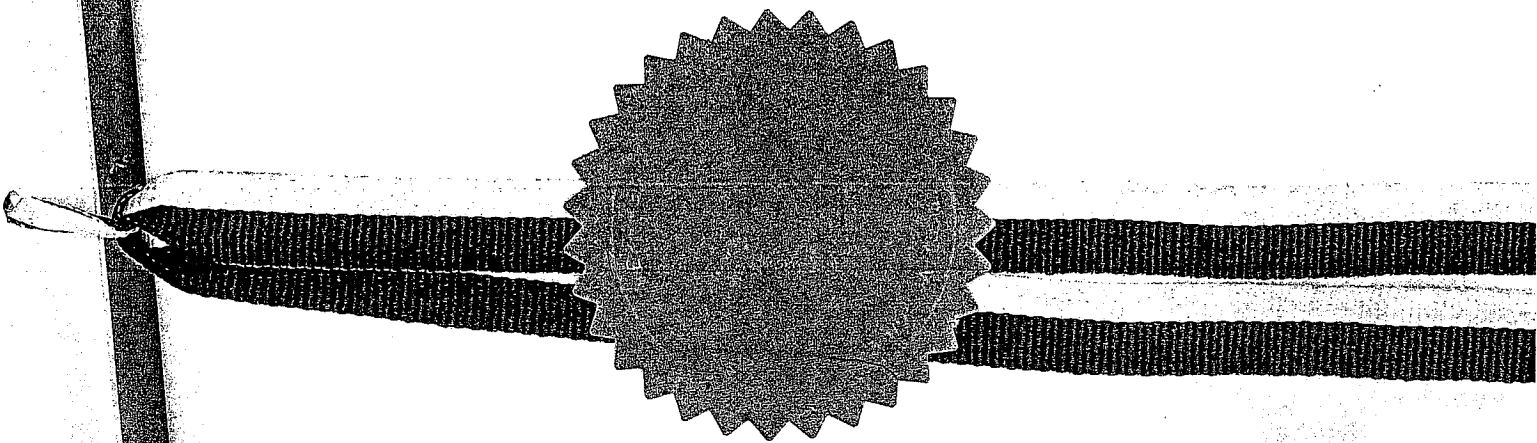
(632) 636-2444
(632) 636-2428.

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

ISLAMIC REPUBLIC OF PAKISTAN

By Munir Selhi
Authorized Representative

ASIAN DEVELOPMENT BANK
By Wenar Kuepa
Authorized Representative



SCHEDULE 1**Description of the Project**

1. The objective of the Project is a more efficient energy mix through diversification from heavy fuel oil to coal.
2. The Project shall comprise:
 - (a) the construction and installation of a 600 megawatt “net” supercritical coal-fired unit (“Plant”) in the Jamshoro TPS;
 - (b) the provision of operation and maintenance support for the Plant for at least 5 years;
 - (c) the installation of emission control devices for the existing units of the Jamshoro TPS and the environmental remediation of the site of the Jamshoro TPS;
 - (d) the development of the financial, technical and operational capacity of GHCL and JPCL;
 - (e) the provision of “on-the-job” training for coal-fired plant operation and the integration of coal-fired plant operation in the curriculum of the WAPDA Engineering Academy (or any other equivalent technical school acceptable to ADB); and
 - (f) the provision of Project implementation support.
3. The Project is expected to be completed by 31 December 2023.

SCHEDULE 2

Amortization Schedules

(Jamshoro Power Generation Project)

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

<u>Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
15 March 2019	2.095238
15 September 2019	2.095238
15 March 2020	2.095238
15 September 2020	2.095238
15 March 2021	2.095238
15 September 2021	2.095238
15 March 2022	2.095238
15 September 2022	2.095238
15 March 2023	2.095238
15 September 2023	2.095238
15 March 2024	2.500000
15 September 2024	2.500000
15 March 2025	2.500000
15 September 2025	2.500000
15 March 2026	2.500000
15 September 2026	2.500000
15 March 2027	2.500000
15 September 2027	2.500000
15 March 2028	2.500000
15 September 2028	2.500000
15 March 2029	2.500000
15 September 2029	2.500000
15 March 2030	2.500000
15 September 2030	2.500000
15 March 2031	2.500000
15 September 2031	2.500000
15 March 2032	2.500000
15 September 2032	2.500000

<u>Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
15 March 2033	2.500000
15 September 2033	2.500000
15 March 2034	2.619048
15 September 2034	2.619048
15 March 2035	2.619048
15 September 2035	2.619048
15 March 2036	2.619048
15 September 2036	2.619048
15 March 2037	2.619048
15 September 2037	2.619048
15 March 2038	2.619048
15 September 2038	2.619048
15 March 2039	0.285714
15 September 2039	0.285714
15 March 2040	0.285714
15 September 2040	0.285714
15 March 2041	0.285714
15 September 2041	0.285714
15 March 2042	0.285714
15 September 2042	0.285714
15 March 2043	0.285714
15 September 2043	0.285714
Total	100.000000

2. The following table sets forth the Principal Payment Dates of OCR Loan 2 and the percentage of the total principal amount of OCR Loan 2 payable on each Principal Payment Date (Installment Share). If the proceeds of OCR Loan 2 shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of OCR Loan 2 repayable by the Borrower on each Principal Payment Date shall be determined by ADB by multiplying: (a) the total principal amount of OCR Loan 2 withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share indicated below for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<u>Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
15 March 2024	9.500000
15 September 2024	9.500000
15 March 2025	9.500000
15 September 2025	9.500000
15 March 2026	9.500000

<u>Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
15 September 2026	9.500000
15 March 2027	9.500000
15 September 2027	9.500000
15 March 2028	9.500000
15 September 2028	9.500000
15 March 2029	0.500000
15 September 2029	0.500000
15 March 2030	0.500000
15 September 2030	0.500000
15 March 2031	0.500000
15 September 2031	0.500000
15 March 2032	0.500000
15 September 2032	0.500000
15 March 2033	0.500000
15 September 2033	0.500000
Total	100.000000

3. If the proceeds of OCR Loan 1 or OCR Loan 2 shall not have been fully withdrawn as of the first Principal Payment Date, the principal amount of OCR Loan 1 or OCR Loan 2, as the case may be, repayable by the Borrower on each Principal Payment Date shall be determined as follows:

- (a) To the extent that any proceeds of OCR Loan 1 or OCR Loan 2, as the case may be, 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.
- (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.

4. 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.

5. 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 OCR Loan 1 or OCR Loan 2 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: (a) 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 (b) if ADB so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

6. If the principal amount of OCR Loan 1 or OCR Loan 2 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 tables attached to this Schedule (each a “Table” and together the “Tables”) set forth the Categories of items of expenditure to be financed out of the proceeds of the Loans. Table 1 sets forth the allocation of the proceeds of OCR Loan 1 to each such Category. Table 2 sets forth the allocation of the proceeds of OCR Loan 2 to each such Category. (Reference to “Category” in this Schedule is to a Category or Subcategory of Table 1 and Table 2 respectively).

Basis for Withdrawal from the Loan Accounts

2. Except as ADB may otherwise agree, the proceeds of the Loans shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Tables.

Interest and Commitment Charges

3. The amounts allocated to Category 2 of Table 1 and Category 3 of Table 2 are for financing interest and commitment charges on the Loans during the implementation period of the Project. ADB shall be entitled to withdraw from the Loan Accounts 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 the proceeds of the Loans and the withdrawal percentages set forth in the Tables:

(a) if the amount of OCR Loan 1 allocated to any Category of Table 1, or the amount of OCR Loan 2 allocated to any Category of Table 2, appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of OCR Loan 1 or OCR Loan 2, as the case may be, which have been allocated to another Category of Table 1 or Table 2, as the case may be, 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 of Table 1 or Table 2, as the case may be, may continue until all expenditures thereunder shall have been made;

(b) if the amount of OCR Loan 1 allocated to any Category of Table 1, or the amount of OCR Loan 2 allocated to any Category of Table 2, appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Borrower, reallocate such excess amount to any other Category of Table 1 or Table 2, as the case may be; and

(c) for the avoidance of doubt, there shall be no intermingling of the proceeds of OCR Loan 1 and the proceeds of OCR Loan 2. The proceeds of OCR Loan 1 shall only be used to finance only the expenditures set out in Table 1. The proceeds of OCR Loan 2 shall only be used to finance only the expenditures set out in Table 2.

Disbursement Procedures

5. Except as ADB may otherwise agree, the proceeds of the Loans shall be disbursed in accordance with the Loan Disbursement Handbook.

Retroactive Financing

6. Withdrawals from the Loan Account for OCR Loan 2 may be made for reimbursement of 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 the contract for Project implementation consulting services, subject to a maximum amount equivalent to 20% of the amount of OCR Loan 2.

TABLE 1

ALLOCATION AND WITHDRAWAL OF OCR LOAN 1 PROCEEDS (Jamshoro Power Generation Project)				
Number	Item	Total Amount Allocated for ADB Financing (\$)		Basis for Withdrawal from the Loan Account
		Category	Subcategory	
1	Works	706,000,000		
1A	Construction of the Plant (Construction Phase)**		660,000,000	100% of total expenditure claimed*
1B	Environmental Remediation of Jamshoro TPS site		9,000,000	100% of total expenditure claimed*
1C	Site Preparation		5,000,000	100% of total expenditure claimed*
1D	Emission Control for Jamshoro TPS Existing Units		32,000,000	20% of total expenditure claimed*
2	Interest and Commitment Charges	37,600,000		100% of amounts due
3	Unallocated	96,400,000		
	Total	840,000,000		

* Exclusive of taxes and duties imposed within the territory of the Borrower.

**The component of this Works contract that is financed by IDB shall be paid on account of a separate invoice under the IDB Loan.

TABLE 2

ALLOCATION AND WITHDRAWAL OF OCR LOAN 2 PROCEEDS (Jamshoro Power Generation Project)			
Number	Item	Total Amount Allocated for ADB Financing (\$)	Basis for Withdrawal from the Loan Account
		Category	
1	Works (Construction of the Plant [Operation and Maintenance Service for the Operational Phase])	21,000,000	100% of total expenditure claimed*
2	Consulting Services (Project Implementation Consultant [Operational Phase])**	750,000	100% of total expenditure claimed*
3	Interest and Commitment Charges	2,550,000	100% of amounts due
4	Unallocated	5,700,000	
	Total	30,000,000	

* Exclusive of taxes and duties imposed within the territory of the Borrower.

** Expenditures for the Project Implementation Consultant (Construction Phase) will be financed under the Special Operations Loan.

SCHEDULE 4

Procurement of Works and Consulting Services

General

1. The procurement of Works and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
2. 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.

Works

3. Except as ADB may otherwise agree, Works shall only be procured on the basis of the methods of procurement set forth below:
 - (a) International Competitive Bidding; and
 - (b) National Competitive Bidding.
4. The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.
5. Notwithstanding the generality of Section 6.01(b)(ii) of the Loan Regulations, the Works contract for the construction of the Plant may be procured under the Project from non-member countries of ADB and financed from the proceeds of OCR Loan 1.

National Competitive Bidding

6. 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.

Conditions for Award of Contract

7. The Borrower shall not award any Works contract which involves environmental impacts until:
 - (a) the Sindh Environmental Protection Agency has granted the final approval of the EIA; and
 - (b) the Borrower has incorporated the relevant provisions from the EMP into the Works contract.
8. The Borrower shall not award any Works contract which involves involuntary resettlement impacts, until the Borrower has prepared and submitted to ADB the final RP

based on the Project's detailed design, and obtained ADB's clearance of such RP.

9. The Borrower may award a contract for Works involving involuntary resettlement impacts prior to the final RP having been submitted and cleared by ADB provided that the contract:

- (a) is of a "design and build" or "turnkey" type under which the design must be completed for the Project before the RP is finalized; and
- (b) expressly provides that the installation and construction phase (and commencement thereof) is strictly conditional upon: (i) the final RP based on the Project's detailed design having been submitted to, and cleared by, ADB; and (ii) the Borrower having notified the contractor and ADB in writing that due consultation, compensation payments and other entitlements have been provided to affected people fully in accordance with the RP.

10. (a) The Borrower shall not award the Works contract for the construction of the Plant until:

- (i) the IDB Loan Agreement shall have been executed and become effective in accordance with its terms;
- (ii) the Coal Purchase Agreement shall have been executed and become effective in accordance with its terms;
- (iii) the Power Purchase Agreement shall have been executed and become effective in accordance with its terms; and
- (iv) JPCL and NEPRA shall have agreed on the tariff for the power generated by the Jamshoro TPS and the Plant, and the date on which such tariff shall begin to apply.

(b) For the purposes of subparagraphs 10(a)(i) to (iii) hereinabove, ADB shall have received a legal opinion from the Borrower for the IDB Loan Agreement and legal opinions from all the parties to the Coal Purchase Agreement and the Power Purchase Agreement, respectively, which prove that the IDB Loan Agreement, the Coal Purchase Agreement and the Power Purchase Agreement have been duly authorized, executed and delivered on the respective parties and are legally binding upon them in accordance with their terms.

Consulting Services

11. Except as ADB may otherwise agree, the Borrower shall apply quality- and cost-based selection for selecting and engaging the Consulting Services.

Industrial or Intellectual Property Rights

12. (a) The Borrower shall ensure that all Works procured (including without limitation all computer hardware, software and systems, whether separately procured or

incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) The Borrower shall ensure that all contracts for the procurement of 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 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 and contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

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

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

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

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

SCHEDULE 5

Execution of Project; Financial Matters

Implementation Arrangements

1. The Borrower shall ensure, and cause GHCL and JPCL to ensure, that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the Special Operations Loan Agreement or the Project Agreement, the provisions of this Loan Agreement, the Special Operations Loan Agreement or the Project Agreement, as the case may be, shall prevail.

Operational Covenants

2. The Borrower shall ensure, and cause GHCL and JPCL to ensure, that (a) the Plant is constructed and installed in accordance with design specifications and construction norms; and (b) construction supervision, quality control and contract management are performed in accordance with best international practices.

3. The Borrower shall cause JPCL to operate and maintain the Plant (a) in compliance with applicable standards and best international practices; and (b) in accordance with an operation and maintenance framework that is satisfactory to ADB.

4. The Borrower shall ensure that electricity tariffs are adjusted, in a timely manner and in accordance with the applicable laws and regulations of the Borrower and the Province of Sindh, to enable JPCL to maintain financial sustainability, including to cover market risks (including inflation), foreign exchange risks and interest risks. The Borrower shall ensure that the tariffs for the Project are sufficient to recover capital expenses and cover operation and maintenance costs. The Borrower shall cause JPCL to apply for tariff adjustments in a timely manner and to base all applications on the then current operational efficiency of the Plant.

5. The Borrower shall ensure and cause GHCL and JPCL to ensure that:

- (a) the Board of Directors of JPCL exercises its powers and performs its functions to ensure that the Project is implemented in accordance with the provisions of this Loan Agreement, the Special Operations Loan Agreement and the Project Agreement; and
- (b) at all times until the termination of this Loan Agreement, the Board of Directors of JPCL has: (i) a minimum number of Directors for the purposes of the quorum for a meeting of the Board of Directors under the Articles of Association of JPCL; and (ii) at least one additional Director over and above the number described in subparagraph (b)(i) of this paragraph.

Coal Specifications, Supply and Transportation

6. The Borrower shall ensure, and cause GHCL and JPCL to ensure, that (a) sub-bituminous coal and lignite are provided for the Project in such quantities, with such specifications, by such times, and otherwise in such manner as are detailed in the PAM; (b) lignite will be blended into sub-bituminous coal in the ratio of 10% to 20% as set out in the PAM, or such other ratio as may from time to time be set out in the PAM and agreed between the Borrower and ADB and in accordance with the health and safety requirements of the laws and regulations of the Borrower and the Province of Sindh; and (c) the Coal Purchase Agreement shall incorporate all of the requirements for the supply of coal to the Project set out in the PAM and have a term of 3 years or more.

7. The Borrower shall ensure, and cause GHCL and JPCL to ensure, that the sub-bituminous coal and lignite to be used for the Project are properly handled and transported, with due regard to (a) the health and safety requirements of the laws and regulations of the Borrower and the Province of Sindh; (b) the respective chemical properties of sub-bituminous coal and lignite; and (c) the requirements set forth in the EIA and EMP. The Borrower shall, and shall cause GHCL and JPCL to, monitor all of the foregoing and report on the same to ADB.

8. The Borrower shall submit to ADB on or before the date that is 2 years prior to the Expected Commissioning Date for the Plant evidence that (a) the port in Bin Qasim in the territory of the Borrower has the capacity to handle the importation of approximately 4.2 million tons of sub-bituminous coal per annum; and (b) Pakistan Railways (or such other service provider as may be agreed between the Borrower and ADB) has sufficient locomotive engines and rolling stock (freight wagons), and is otherwise adequately equipped, to handle and transport approximately 4.2 million tons of sub-bituminous coal from the port in Bin Qasim, and relevant amounts of domestic lignite, to the site of the Project.

Ash Management and Related Land Acquisition

9. The Borrower shall cause GHCL and JPCL to formulate an Ash Management Plan in accordance with (a) the measures outlined in the EIA and EMP; and (b) applicable laws and regulations of the Borrower and the Province of Sindh. The Ash Management Plan shall be prepared and adopted before the award of the contract for the construction of the Plant, and shall be subject to prior approval by ADB. The Borrower shall ensure, and cause GHCL and JPCL to ensure, that any and all ash produced by the project shall be handled, stored, transported, recycled, disposed of and otherwise dealt with in accordance with the Ash Management Plan. The Borrower shall ensure, and cause GHCL and JPCL to ensure, that the Ash Disposal Pond is constructed, operated and maintained in accordance with the Ash Management Plan.

10. The Borrower shall cause JPCL to acquire 100 acres of land in Deh Morho Jabbal in Kotri Taluka of the Jamshoro district under the RP for the construction, operation and maintenance of the Ash Disposal Pond before the award of contract for the construction of the Plant. If Ash Purchase Agreements for the sale of all ash produced by the Project are not executed and effective by the date that is 2 years prior to the Expected Commissioning Date, the Borrower shall cause JPCL to acquire additional land in the following manner:

- (a) On the date that is 2 years prior to the Expected Commissioning Date, JPCL shall commence the acquisition of an additional 200 acres of land for the purposes of expanding the Ash Disposal Pond in accordance with the RP; and
- (b) Prior to the commissioning of the Plant, JPCL shall complete the above-mentioned acquisition of the additional 200 acres of land for the Ash Disposal Pond; and
- (c) The EMP and Ash Management Plan shall be updated with the necessary mitigation and monitoring measures, subject to prior approval by ADB.

Financial Covenants

11. The Borrower shall cause JPCL to comply with the following financial covenants during the term of this Loan Agreement:

	Years ending 30 June 2015 and 30 June 2016	Years ending 30 June 2017 and 30 June 2018	Years ending 30 June 2019 and 30 June 2020	Year ending 30 June 2021	Subsequent years
Debt Service Coverage Ratio	No requirement	No requirement	Not less than 1.0	Not less than 1.1	Not less than 1.2
Debt to Asset Ratio	Not more than 0.8	Not more than 0.8	Not more than 0.7	Not more than 0.6	Not more than 0.6
Current Ratio	0.3	Not less than 0.5	Not less than 0.7	Not less than 1.0	Not less than 1.2

Environment

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

13. The Borrower shall ensure, and cause GHCL and JPCL to ensure, that the flue gas desulfurization systems to control the emissions of sulfur dioxide from the existing units are installed and put into operation prior to the commissioning of the new Plant unless other remedies are found to keep the emissions within the performance standards in the EMP.

14. The Borrower shall ensure, and cause GHCL and JPCL to ensure, that a program to offset the emissions of “particulate matter 2.5” from the Project is prepared and implemented prior to the commissioning of the Plant. The offset program design shall be subject to prior approval of ADB.

15. The Borrower shall, and shall cause GHCL and JPCL to, (a) ensure that no physical activity takes place in connection with any Works contract until the contract for the remediation plan under the EIA has been awarded; and (b) monitor the implementation of the remediation plan and provide semi-annual updates to ADB on such implementation.

16. The Borrower shall cause JPCL to maintain in full force and effect the permit on the discharge of water in connection with the Project issued by the Sindh Irrigation and Power Department.

17. The Borrower shall ensure, and cause GHCL and JPCL to ensure, that, at all times, the stack emissions of the existing units of the Jamshoro TPS comply with all of the environmental quality standards and guidelines of the Borrower and the Province of Sindh, and the performance standards given in the EMP, particularly the standards and guidelines for sulfur dioxide emissions.

Land Acquisition and Involuntary Resettlement

18. The Borrower shall ensure, and cause GHCL and JPCL to ensure, that all land and all rights-of-way required for the Project are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Borrower and the Province of Sindh relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; and (c) all measures and requirements set forth in the RP, and any corrective or preventative actions set forth in the Safeguards Monitoring Report.

19. Without limiting the application of the Involuntary Resettlement Safeguards or the RP, the Borrower shall ensure and cause GHCL and JPCL to ensure that:

- (a) no land shall be acquired for the purposes of the Project under the emergency acquisition provisions of the Borrower’s Land Acquisition Act (1894), as amended from time to time; and
- (b) no physical or economic displacement takes place in connection with the Project until:
 - (i) compensation and other entitlements have been provided to affected people in accordance with the RP; and
 - (ii) a comprehensive income and livelihood restoration program has been established in accordance with the RP.

Indigenous Peoples

20. The Borrower shall ensure, and cause GHCL and JPCL to ensure, that the Project does not have any indigenous peoples impacts within the meaning of the SPS. In the event that the Project does have any such impact, the Borrower shall take and cause GHCL and JPCL to take all steps required to ensure that the Project complies with the applicable laws and regulations of the Borrower and the Province of Sindh and with the SPS.

Human and Financial Resources to Implement Safeguards Requirements

21. The Borrower shall make available, or cause GHCL and JPCL to make available, necessary budgetary and human resources to fully implement the EMP and the RP.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

22. The Borrower shall ensure and cause GHCL and JPCL to ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures relevant to the contractor set forth in the EIA, the EMP and the RP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report;
- (b) make available a budget for all such environmental and social measures; and
- (c) provide the Borrower with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the EIA, the EMP and the RP.

Safeguards Monitoring and Reporting

23. The Borrower shall do, or cause GHCL and JPCL to do, 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 EIA, the EMP and the RP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan;
- (c) no later than 2 months after the Effective Date, engage a qualified and experienced external expert or qualified NGO under a selection process and terms of reference acceptable to ADB, to verify

information produced through the Project monitoring process, and facilitate the carrying out of any verification activities by such external experts; and

- (d) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP or the RP promptly after becoming aware of the breach.

Prohibited List of Investments

24. The Borrower shall ensure that no proceeds of the Loans are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Gender and Development

25. The Borrower shall ensure, and cause GHCL and JPCL to ensure, that the principles of gender equity consistent with ADB's Policy on Gender and Development are followed during implementation of the Project, including (a) equal pay to men and women for work of equal value; (b) enabling working conditions for women workers; and (c) taking necessary actions to encourage women living in the Project area to participate in the design and implementation of Project activities. The Borrower, in coordination with the appropriate agencies, shall ensure, and cause GHCL and JPCL to ensure, the effective implementation of measures aimed at increasing Project benefits and impacts on women in and around the Project area.

Labor Standards

26. The Borrower shall ensure, and cause GHCL and JPCL to ensure, that the core labor standards and the applicable laws and regulations of the Borrower and the Province of Sindh are complied with during Project implementation. The Borrower shall cause GHCL and JPCL to include specific provisions in the bidding documents and contracts financed under the Project requiring that the contractors, other provider of goods and services and their subcontractors: (a) comply with the applicable labor law and regulations of the Borrower and the Province of Sindh and incorporate applicable workplace occupational safety norms; (b) do not use child labor; (c) do not discriminate workers in respect of employment and occupation by providing, inter alia, equal pay for men and women for work of equal value, and to the extent possible, employing women and local people, including disadvantaged people, living in the Project area, provided that the requirements for efficiency are adequately met; (d) do not use forced labor; (e) allow freedom of association and effectively recognize the right to collective bargaining; and (f) disseminate, or engage appropriate service providers to disseminate, information on the risks of sexually transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities surrounding the Project area, particularly women.

27. The Borrower shall, and shall cause GHCL and JPCL to, strictly monitor compliance with the labor standards and provide ADB with regular reports.

Counterpart Support

28. The Borrower shall ensure that all counterpart funding required for purposes of the timely and successful implementation of the Project is promptly provided.

Change in Ownership or Control

29. The Borrower shall ensure, and cause GHCL and JPCL to ensure, that ADB's consent is obtained at least 6 months prior to the implementation of any of the following: (a) any change in ownership of, or any sale, transfer or assignment of interest or control in any asset, facility or structure financed under the Project; or (b) any modification of the functions or authority of JPCL over the operation and maintenance of any such asset, facility or structure financed under the Project. The Borrower shall ensure, and cause GHCL and JPCL to ensure, that any such changes are carried out in a legal and transparent manner.

Governance and Anticorruption

30. The Borrower shall, and shall cause GHCL and JPCL to, (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.

31. The Borrower shall ensure and cause GHCL and JPCL to ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

Information Dissemination

32. The Borrower shall cause JPCL to provide updated information on the Project on JPCL's website, including information on the performance of the Project, safeguards monitoring, business opportunities, bidding process and guidelines, outcome of biddings and summary progress reports.