
LOAN NUMBER 3160-PAK(SF)

LOAN AGREEMENT
(Special Operations)

(Trimmu and Panjnad Barrages Improvement Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

ASIAN DEVELOPMENT BANK

DATED 5 DECEMBER 2014

PAK 47235

**LOAN AGREEMENT
(Special Operations)**

LOAN AGREEMENT dated 5 December 2014 between ISLAMIC REPUBLIC OF PAKISTAN (“Borrower”) and ASIAN DEVELOPMENT BANK (“ADB”).

WHEREAS

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

(B) by an agreement of even date herewith between the Borrower and ADB (“Ordinary Operations Loan Agreement”), ADB has agreed to lend to the Borrower from ADB’s ordinary capital resources an amount of fifty million Dollars (\$50,000,000) for financing part of the Trimmu Barrage component of the Project;

(C) the Project will be carried out by the Province of Punjab acting through the Punjab Irrigation Department (“Punjab”), and for this purpose the Borrower will make available to Punjab the proceeds of the loan provided for herein upon terms and conditions satisfactory to ADB; and

(D) ADB has agreed to make a loan to the Borrower from ADB’s Special Funds resources upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB and Punjab;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Special Operations Loan Regulations of ADB, dated 1 January 2006 (“Loan Regulations”), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations and the Ordinary Operations Loan Agreement 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) “Barrage” means a gated hydraulic structure built across a river or other water course to control, regulate, and divert flows to canals or to facilitate navigation;

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

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

(d) “EMP” means an environmental management plan for the Project, including any update thereto, incorporated in the respective IEE;

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

(f) “GAP” means the gender action plan developed for the Project;

(g) “Goods” means equipment and materials to be financed out of the proceeds of the Loan, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;

(h) “IEE” means an initial environmental examination for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(i) “Indigenous Peoples Safeguards” means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;

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

(k) “LARP” means the land acquisition and resettlement plan for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

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

(m) “PAM” means the project administration manual for the Project dated 25 July 2014 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;

(n) “Panjnad Barrage” refers to the barrage located downstream of the confluence point of the Sutlej and Chenab rivers within the territory of Punjab;

(o) “PID” means the Punjab Irrigation Department or any successor thereto acceptable to ADB;

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

(q) “Procurement Plan” means the procurement plan for the Project dated 25 July 2014 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;

(r) “Project Executing Agency” for the purposes of, and within the meaning of, the Loan Regulations means Punjab through PID, which is responsible for the carrying out of the Project;

(s) “Project facilities” means facilities to be rehabilitated, upgraded or provided under the Project;

(t) “Safeguards Monitoring Report” means each report prepared and submitted by the Borrower to ADB that describes compliance with the Environmental Safeguards, the Involuntary Resettlement Safeguards, and the Indigenous Peoples Safeguards (as applicable) and progress with implementation of and compliance with the EMPs and the LARP, including any corrective and preventative actions;

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

(v) “Trimmu Barrage” refers to the barrage located downstream of the confluence of the Jhelum and Chenab rivers within the territory of Punjab; and

(w) “Works” means construction or civil works to be financed out of the proceeds of the Loan, including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract, but excluding Consulting Services.

ARTICLE II

The Loan

Section 2.01. ADB agrees to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to sixty four million nine hundred eighty two thousand Special Drawing Rights (SDR 64,982,000).

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of 2% per annum during the grace period and thereafter, on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

(b) The term “grace period” as used in subsection (a) 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 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 1 February and 1 August in each year.

Section 2.04. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.05. The currency of repayment of the principal amount of the Loan and the currency of payment of the interest charge for the purposes of Sections 4.03(a) and 4.04 of the Loan Regulations shall be the Dollar.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall make the proceeds of the Loan available to Punjab upon terms and conditions satisfactory to ADB and shall cause Punjab to apply such proceeds to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement.

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

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

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

Section 3.05. Withdrawals from the Loan Account in respect of Goods, Works and Consulting Services shall be made only on account of expenditures relating to:

- (a) Goods which are produced in and supplied from and Works and Consulting Services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement; and
- (b) Goods, Works and Consulting Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.06. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 31 March 2021 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Loan Agreement and the Project Agreement.

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

Section 4.03. ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

Section 4.04. The Borrower shall take all actions which shall be necessary on its part to enable Punjab to perform its obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

ARTICLE V

Effectiveness

Section 5.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations: the Ordinary Operations Loan Agreement shall have been duly executed and delivered on behalf of the Borrower, and all conditions precedent to its effectiveness (other than the condition requiring the effectiveness of this Loan Agreement) shall have been satisfied.

Section 5.02. The following is specified as an additional matter, for the purposes of Section 9.02(d) of the Loan Regulations, to be included in the opinion or opinions to be furnished to ADB: the Ordinary Operations Loan Agreement shall have been duly authorized, executed and delivered on behalf of the Borrower, and is legally binding on the Borrower in accordance with its terms.

Section 5.03. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of the Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VI

Delegation of Authority

Section 6.01. The Borrower hereby designates PID 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 5.01, 5.02, 5.03 and 5.04 of the Loan Regulations.

Section 6.02. Any action taken or any agreement entered into by PID pursuant to the authority conferred under Section 6.01 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 6.03. The authority conferred on PID under Section 6.01 of this Loan Agreement may be revoked or modified by agreement between the Borrower and ADB.

ARTICLE VII

Miscellaneous

Section 7.01. The Secretary, Economic Affairs Division, Ministry of Economic Affairs and Statistics of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Borrower

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

Facsimile Numbers:

(92-51) 920-4086
(92-51) 920-2019.

For ADB

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

Facsimile Numbers:

(632) 636-2444

(632) 636-2340.

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 

MUHAMMAD SALEEM SETHI

Secretary

Economic Affairs Division

ASIAN DEVELOPMENT BANK

By 

WERNER E. LIEPACH

Country Director

Pakistan Resident Mission

SCHEDULE 1**Description of the Project**

1. The objective of the Project is delivery of reliable irrigation water supplies from the safe and secured Trimmu Barrage and Panjnad Barrage to their canals.
2. The Project shall comprise the following components:
 - (a) rehabilitating and upgrading the Trimmu Barrage, including provision of climate proof infrastructure, upgrading social infrastructure (such as school, park, and basic health unit);
 - (b) rehabilitating and upgrading the Panjnad Barrage including provision of climate proof infrastructure, upgrading social infrastructure (such as school, park, and basic health unit); and
 - (c) providing support for (i) environmental management, construction supervision, safeguards monitoring and verification of safeguards monitoring information; and (ii) improving capacity of the communities in flood risk management and PID in the areas of flood risk management and integrated water management.
3. The Project is expected to be completed by 30 September 2020.

SCHEDULE 2**Amortization Schedule****(Trimmu and Panjnad Barrages Improvement Project)**

Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
1 February 2020	1,624,550
1 August 2020	1,624,550
1 February 2021	1,624,550
1 August 2021	1,624,550
1 February 2022	1,624,550
1 August 2022	1,624,550
1 February 2023	1,624,550
1 August 2023	1,624,550
1 February 2024	1,624,550
1 August 2024	1,624,550
1 February 2025	1,624,550
1 August 2025	1,624,550
1 February 2026	1,624,550
1 August 2026	1,624,550
1 February 2027	1,624,550
1 August 2027	1,624,550
1 February 2028	1,624,550
1 August 2028	1,624,550
1 February 2029	1,624,550
1 August 2029	1,624,550
1 February 2030	1,624,550
1 August 2030	1,624,550
1 February 2031	1,624,550
1 August 2031	1,624,550
1 February 2032	1,624,550
1 August 2032	1,624,550
1 February 2033	1,624,550
1 August 2033	1,624,550
1 February 2034	1,624,550
1 August 2034	1,624,550
1 February 2035	1,624,550
1 August 2035	1,624,550
1 February 2036	1,624,550
1 August 2036	1,624,550
1 February 2037	1,624,550
1 August 2037	1,624,550
1 February 2038	1,624,550
1 August 2038	1,624,550
1 February 2039	1,624,550
1 August 2039	1,624,550
TOTAL	64,982,000

* The arrangements for payment are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.

SCHEDULE 3**Allocation and Withdrawal of Loan Proceeds**General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Loan and the allocation of the Loan proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category of the Table.)

Basis for Withdrawal from the Loan Account

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

Interest Charge

3. The amount allocated to Category 8 is for financing the interest charge on the Loan during the implementation period of the Project.

Reallocation

4. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures; and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Loan allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

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

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Trimmu and Panjnad Barrages Improvement Project)				
Number	Item	Total Amount Allocated for ADB Financing (SDR)		Basis for Withdrawal from the Loan Account
		Category	Subcategory	
1	Works (including EMP implementation)	29,242,000		
1A	Works (Package 1)		9,747,000	21% of total expenditures claimed
1B	Works (Package 2)		19,495,000	86% of total expenditure claimed
2	Mechanical & Electrical Works	11,664,000		86% of total expenditure claimed
3	Resettlement (excluding cost of land acquisition)	195,000		100% of total expenditure claimed*
4	Consulting Services	5,199,000		88% of total expenditure claimed
5	Capacity Development	1,170,000		90% of total expenditure claimed
6	Recurrent Costs (PMO Salaries and Operating Costs)	1,961,000		84% of total expenditure claimed
7	Vehicles, Equipment and Supplies	273,000		88% of total expenditure claimed
8	Interest Charge	3,581,000		100% of amount due
9	Unallocated	11,697,000		
	Total	64,982,000		

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

SCHEDULE 4

Procurement of Goods, Works and Consulting Services

General

1. The procurement of Goods, Works and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
2. All terms used in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

Goods and Works

3. Except as ADB may otherwise agree, Goods and Works shall only be procured on the basis of the methods of procurement set forth below:
 - (a) International Competitive Bidding; and
 - (b) Shopping.
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.

Conditions for Award of Contract

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

Consulting Services

7. Except as ADB may otherwise agree, and except as set forth in the paragraph below, the Borrower shall apply quality- and cost-based selection for selecting and engaging Consulting Services.
8. The Borrower shall recruit an individual consultant to verify safeguards monitoring information in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

9. (a) The Borrower shall ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) The Borrower shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

10. 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

11. 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.

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

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

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

14. 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

Implementation Arrangements

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

Project Management

2. The Borrower shall cause Punjab to ensure that (a) ADB is consulted on all significant matters relating to management and implementation of the Project, including selection, appointment, or change of any project director or deputy project director, to ensure continuity, transparency and efficiency of management; (b) appointment of a project director or deputy project director shall not be terminated or terms of such appointment altered in any material way until the third anniversary of such appointment unless a determination of serious misconduct is made through a due process; and (c) PID conducts internal audit of the Project management office established within PID.

Counterpart Funding

3. The Borrower shall ensure that during Project implementation (a) adequate budgetary allocations of required counterpart funds are made available and released in a timely manner to implement the Project; (b) Punjab annually reviews estimates of the funding requirements for the Project and incorporates the updated funding requirement into its irrigation sector development program; and (c) Punjab provides timely certification and release of payment to contractors and consultants pursuant to the relevant provisions of the respective contracts.

Policy Dialogue

4. The Borrower shall cause Punjab to (a) keep ADB informed of, and exchange views on, sector issues, policy reform discussions with other multilateral or bilateral agencies that may have implications for implementation of the Project; (b) provide ADB with an opportunity to comment on any resulting policy proposal; and (c) submit to ADB on a timely basis its annually updated irrigation sector development program.

Operation and Management (O&M)

5. The Borrower shall cause Punjab to ensure that (a) adequate funds are allocated in its annual budgets and made available for the O&M of the Project facilities throughout the Project implementation period and thereafter; (b) a revised manual for robust O&M for barrages is adopted by 30 April 2019 and implemented by no later than 30 June 2020; (c) periodic inspections of the Trimmu Barrage and Panjnad Barrage by a panel of experts independent of PID and sediment removal, if recommended by the panel, are carried out every 5 years; and (d) necessary funds for such special inspections and sediment removal (if

any) are allocated in addition to those referred to in (a) above and made available by PID in a timely manner. The Borrower shall also ensure that Punjab arranges at least one such inspection during the construction of the barrages and the hydraulic removal of sediment through gates operation during floods.

Environment

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

Land Acquisition and Involuntary Resettlement

7. The Borrower shall ensure, and cause Punjab to ensure, that all land and all rights-of-way required for the Project are made available to the Works contractor in a manner and within a timeframe compliant with the LARP and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Borrower relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; and (c) all measures and requirements set forth in the LARP, and any corrective or preventative actions set forth in the Safeguards Monitoring Report.

8. Without limiting the application of the Involuntary Resettlement Safeguards or the LARP, the Borrower shall ensure and cause Punjab 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 (1984), as amended, 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 LARP; and
- (ii) a comprehensive income and livelihood restoration program has been established in accordance with the LARP.

Indigenous Peoples

9. The Borrower shall ensure, and cause Punjab to ensure, that the Project does not have any impact on indigenous peoples within the meaning of the Indigenous Peoples Safeguards. In the event such an impact would arise during Project implementation, the Borrower shall take, and shall cause Punjab to take, all steps required to ensure that the Project complies with all applicable laws and regulations of the Borrower and Punjab and with the SPS.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

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

- (a) prepare a Site Specific Environmental Management Plan (“SSEMP”) which shall be finalized by PID and submitted for approval by ABD, such SSEMP to be based on the respective EMP;
- (b) comply with the measures relevant to the contractor set forth in the respective IEEs and EMPs and the LARP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report;
- (c) make available a budget for all such environmental and social measures;
- (d) 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 respective IEEs and EMPs and the LARP;
- (e) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (f) reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.

Human and Financial Resources to Implement Safeguards Requirements

11. The Borrower shall make available, and cause Punjab to make available, necessary budgetary and human resources to fully implement the EMPs and the LARP.

Safeguards Monitoring and Reporting

12. The Borrower shall do the following and cause Punjab 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 respective IEEs and EMPs or the LARP, 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 6 months after award of a Works contract, engage qualified and experienced external experts 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 monitoring experts; and

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

Prohibited List of Investments

13. The Borrower shall ensure, and cause Punjab to ensure, that no proceeds of the Loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Labor and Health

14. The Borrower shall ensure and shall cause Punjab to ensure that that the core labor standards and the Borrower's applicable labor laws and regulations are complied with during Project implementation. The Borrower shall ensure, and cause Punjab to ensure, that each Works contract includes specific clauses that require a contractor to: (a) comply with the Borrower's applicable labor law and regulations and incorporate applicable workplace occupational safety norms; (b) comply with all legally mandated provisions on health, sanitation, and appropriate working conditions, including accommodation where appropriate for construction workers at construction campsites; (c) use their best efforts to employ women and local people; (d) provide equal pay to men and women for work of equal type; (e) provide adequately equipped first-aid, health and sanitation, and personal hygiene facilities for male and female workers at the Works sites; (f) maximize female training and employment; (g) conduct an information and education campaign on communicable diseases, women/children trafficking prevention for construction workers as part of the health and safety program at campsites and adjacent communities during Works implementation; (h) allow freedom of association and effectively recognize the right to collective bargaining; and (i) abstain from forced or child labor.

15. The Borrower shall ensure, and cause Punjab to ensure, that public awareness campaigns are conducted on human trafficking, particularly of women and children, carried out to reduce the risk of trafficking around construction camps and bus and other transport facilities.

16. The Borrower shall ensure, and cause Punjab to ensure, that compliance with the labor standards is monitored throughout Project implementation period by PID jointly with the Labor Department of Punjab and the Pakistan Workers' Federation and ADB is provided with regular reports.

Gender and Development

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

Governance and Corruption

18. The Borrower and Punjab 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.

19. The Borrower and Punjab shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of PID and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

20. The Borrower and Punjab shall cause PID to use its existing website to present financial statements and track procurement contract awards, and include information on, among other things, the list of participating bidders, name of winning bidders, basic details on bidding procedures adopted, amounts of the contracts awarded, the list of goods and/or services purchased, their intended and actual utilization, and results of the safeguards monitoring.