
LOAN NUMBER 4265-IND

LOAN AGREEMENT
(Ordinary Operations)

(Assam South Asia Subregional Economic Corridor Connectivity Improvement Project)

between

INDIA

and

ASIAN DEVELOPMENT BANK

DATED 28 DECEMBER 2022

IND 53335

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated 28 December 2022 between INDIA acting by its President ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(B) the Project will be carried out by the State acting through the EA, and for this purpose the Borrower will make available to the State the proceeds of the Loan provided for herein upon terms and conditions mutually satisfactory to ADB and the Borrower; and

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

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of ADB's Ordinary Operations Loan Regulations, dated 1 January 2022 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Loan Agreement have the following meanings:

- (a) "Consulting Services" means consulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Loan;
- (b) "EA" or "Project Executing Agency" for the purposes of, and within the meaning of the Loan Regulations means the State acting through PWRD, or any successor thereto, which is responsible for the carrying out of the Project;
- (c) "EMP" means an environmental management plan for the Project, including any update thereto, prepared and submitted by the Borrower through the EA, cleared by ADB, and incorporated in the IEE;

- (d) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (e) "Financing Arrangements" means the arrangements between the Borrower and the State as per current policy of the Borrower, and acceptable to ADB;
- (f) "GESI-AP" means the gender equality and social inclusion action plan prepared for the Project, including any update thereto, and agreed to between the Borrower, the EA and ADB;
- (g) "Goods" means equipment and materials as set out in the Procurement Plan and to be financed out of the proceeds of the Loan, including any related Nonconsulting Services such as transportation, insurance, installation, commissioning, training, and initial maintenance;
- (h) "IEE" means an initial environmental examination for the Project, including any update thereto, prepared and submitted by the Borrower through the EA 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) "IPP" means an indigenous peoples plan for the Project, including any update thereto, prepared and submitted by the Borrower through the EA and cleared by ADB;
- (l) "MDR" means major district road;
- (m) "PMU" means project management unit;
- (n) "PWRD" means the Public Works (Roads) Department of the State;
- (o) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (p) "Nonconsulting Services" means nonconsulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Loan;
- (q) "PAM" means the project administration manual for the Project dated 25 October 2022 and agreed between the Borrower, the EA and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower, the EA and ADB;
- (r) "Procurement Plan" means the procurement plan for the Project as included in the PAM and agreed between the Borrower and ADB, as

updated from time to time in accordance with the Procurement Policy, the Procurement Regulations, and other arrangements agreed with ADB;

- (s) "Procurement Policy" means ADB's Procurement Policy – Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (t) "Procurement Regulations" means ADB's Procurement Regulations for ADB Borrowers - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (u) "Project facilities" means all facilities constructed, installed, improved or maintained and Goods to be provided under the Project;
- (v) "RAMS" means the road asset management system developed by the EA;
- (w) "RP" means a resettlement plan for the Project, including any update thereto, prepared and submitted by the Borrower through the EA and cleared by ADB;
- (x) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower through the EA to ADB that describes progress with implementation of and compliance with the respective EMPs, the RP, and the IPP (as applicable), including any corrective and preventative actions;
- (y) "Services" means Consulting Services and Nonconsulting Services;
- (z) "SPS" means ADB's Safeguard Policy Statement (2009);
- (aa) "State" means of the State of Assam; and
- (bb) "Works" means construction or civil works as set out in the Procurement Plan and to be financed out of the proceeds of the Loan, including any related Nonconsulting Services, and project related services that are provided as part of a single responsibility or turnkey contract.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of three hundred million Dollars (\$300,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(b) The Loan has a principal repayment period of 15 years, and a grace period as defined in subsection (c) hereinafter.

(c) The term "grace period" as used in subsection (b) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

- (a) SOFR; and
- (b) 0.60% as provided by Section 3.02 of the Loan Regulations less a credit of 0.10% as provided by Section 3.03 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 1 June and 1 December in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 2 to this Loan Agreement.

Section 2.06. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

- (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and
- (iii) the setting of limits on the Floating Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Floating Rate.

(b) Any conversion requested pursuant to subsection (a) hereinabove that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(e) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

ARTICLE III

Use of Proceeds of the Loan

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

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

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

Section 3.04. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 30 June 2029 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed by the EA, all obligations set forth in Schedule 4 to this Loan Agreement and the Project Agreement.

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

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

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

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

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

ARTICLE V

Effectiveness

Section 5.01. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

ARTICLE VI

Miscellaneous

Section 6.01. The Secretary, Additional Secretary, Joint Secretary, Director, or Deputy Secretary in the Department of Economic Affairs of the Ministry of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Borrower

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

Facsimile Number:

(91-11) 2309-4075

For ADB

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

Facsimile Numbers:

(632) 8636-2444
(632) 8636-2430.

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

INDIA

By




28/12/22

RAJAT KUMAR MISHRA
Additional Secretary (MBC)
Department of Economic Affairs

ASIAN DEVELOPMENT BANK

By



NILAYA MITASH
Officer-in-Charge
India Resident Mission

SCHEDULE 1

Description of the Project

1. The objective of the Project is to improve connectivity to South Asia Subregional Economic Cooperation corridors in the western, central, and southern regions of the State.
2. The Project shall comprise the following outputs:
 - (a) Output 1: Improvement of state highways and MDRs in the State through upgrading, reconstructing or rehabilitating approximately 312.5 km of state highways and MDRs, including in the western, central, and southern regions, with due consideration to road safety, climate change resilience, disaster risk reduction, wildlife and habitat conservation, gender equity and social inclusion, an safeguards measures and additional civil works to include (i) pedestrian and public transportation facilities to improve safety, mobility, and accessibility to the district centers for communities, (ii) elevation of highway surface level in flood-prone areas and landslide prevention works in the hilly and mountainous areas, (iii) small-scale community infrastructure in vulnerable villages, and (iv) viaduct structures to avoid human-elephant conflict in the elephant habitats;
 - (b) Output 2: Strengthening the institutional capacity of the EA in climate and disaster resilience, road asset management, and safeguards with a focus on climate and disaster resilience, road asset management, and institutional reforms for safeguard operations. This includes: (i) introducing new climate and disaster resilient structures to the Project facilities, evaluating their performance, and standardizing technical specifications on the structures, (ii) assisting the EA in adapting a climate and disaster resilience module to the RAMS to update road asset dataset annually, optimizing allocation of the road sector budget for road construction and maintenance, and changing road maintenance contracts to multiple year contracts, and (iii) strengthening the EA's safeguard operations by institutionalizing permanent safeguard cells with experienced and skilled staff; and
 - (c) Output 3: Enhancement of road safety on state highways and MDRs in the Project districts by undertaking a road safety audit study on state highways and MDRs, providing road safety education to riders, school students and teachers and road users, preparing GESI-responsive designs of retrofitted road safety structures and facilities, and installing retrofitted road safety structures and facilities on about 310 km sections of the state highways and MDRs.
3. The Project is expected to be completed by 31 December 2028.

SCHEDULE 2

Amortization Schedule

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

Date Payment Due	Installment Share (Expressed as a %)
1 June 2028	3.333333
1 December 2028	3.333333
1 June 2029	3.333333
1 December 2029	3.333333
1 June 2030	3.333333
1 December 2030	3.333333
1 June 2031	3.333333
1 December 2031	3.333333
1 June 2032	3.333333
1 December 2032	3.333333
1 June 2033	3.333333
1 December 2033	3.333333
1 June 2034	3.333333
1 December 2034	3.333333
1 June 2035	3.333333
1 December 2035	3.333333
1 June 2036	3.333333
1 December 2036	3.333333
1 June 2037	3.333333
1 December 2037	3.333333
1 June 2038	3.333333
1 December 2038	3.333333
1 June 2039	3.333333
1 December 2039	3.333333
1 June 2040	3.333333
1 December 2040	3.333333
1 June 2041	3.333333
1 December 2041	3.333333
1 June 2042	3.333333
1 December 2042	3.333343
Total	100.000000

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

- (a) to the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule; and
- (b) any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. Withdrawals made within 2 calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by ADB by multiplying such amount in its currency of denomination immediately prior to said Conversion by either (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.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

General

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

Basis for Withdrawal from the Loan Account

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

Reallocation

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

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

Disbursement Procedures

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

Retroactive Financing

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

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS			
Number	Item	Total Amount Allocated for ADB Financing (\$) Category	Basis for Withdrawal from the Loan Account
1	Works	241,920,000	80.0% of total expenditure claimed*
2	Goods	1,530,000	100% of total expenditure claimed*
3	Services	15,300,000	100% of total expenditure claimed*
4	Non-consulting services	500,000	80.0% of total expenditure claimed*
5	Project management	1,480,000	80.0% of total expenditure claimed*
6	Unallocated	39,270,000	
	TOTAL	300,000,000	

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

SCHEDULE 4

Execution of Project; Financial Matters

Implementation Arrangements

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

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

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

(c) The Borrower shall ensure, or cause the EA to ensure, that (i) an adequate number of qualified staff are assigned to the PMU for a minimum of 3 years during the design, construction and implementation of the Project and assigned staff are not transferred to other positions except in exceptional circumstances, and (ii) safeguards staff from the PMU are assigned to the permanent safeguard cells established under the Project.

Availability of Loan Proceeds; Counterpart Support

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

(a) sufficient counterpart funds from its budget for each fiscal year, in a timely manner, for the efficient implementation of the Project; and

(b) adequate funds towards operation and maintenance of the Project facilities, through budgetary allocations or other means, to be provided to the EA, during implementation and after completion of the Project.

4. In addition to the foregoing, the Borrower shall cause the State to ensure that the Project Executing Agency has sufficient funds to satisfy its liabilities arising from any Works, Goods and/or Consulting Services contract.

Procurement

5. The Borrower shall ensure, or cause the EA to ensure, that:

(a) the procurement of Goods, Works and Services is carried out in accordance with the Procurement Policy and the Procurement Regulations;

- (b) Goods, Works and Services shall be procured based on the detailed arrangements set forth in the Procurement Plan, including the procurement and selection methods, the type of bidding documents, and ADB's review requirements. The Borrower, through the EA, may modify the detailed arrangements set forth in the Procurement Plan only with the prior agreement of ADB, and such modifications must be set out in updates to the Procurement Plan; and
- (c) (i) all Goods and Works procured and Services obtained (including 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; and (ii) all contracts for the procurement of Goods, Works and Services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor, supplier, consultant or service provider with respect to the matters referred to in this subparagraph.

6. The Borrower shall, or cause the EA to, announce the Project and business opportunities (i.e., invitation of potential bids) associated with the Project on its website. The website shall disclose the following information in relation to the Goods, Works and Services procured for the Project: (a) the list of participating bidders; (b) the name of the selected bidder; (c) the amount of the contracts awarded; and (d) the Goods, Works and Services procured.

Conditions for the Award of Contract

7. The Borrower shall ensure, or cause the EA to ensure, that no Works contract is awarded for the Project which involves environmental impacts until:

- (a) the EA has prepared, submitted and obtained final approval for the IEE including the relevant EMP from ADB and the relevant authority of the Borrower and/or State (as applicable); and
- (b) the EA has incorporated the relevant provisions of the EMP in the related Works contract.

8. The Borrower shall ensure, or cause the EA to ensure, that no Works contract is awarded which involves involuntary resettlement impacts until the EA has prepared and submitted to ADB the final RPs for the Project roads based on the detailed design, and obtained ADB's clearance of such RPs.

9. The Borrower shall ensure, or cause the EA to ensure, that no Works contract is awarded which involves impacts on indigenous peoples until the EA has prepared and submitted to ADB the final IPP and obtained ADB's clearance of such IPP.

Safeguards

Environment

10. The Borrower shall ensure, or cause the EA 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 the State relating to environment, health, and safety; (b) the Environmental Safeguards; (c) all measures and requirements set forth in the IEE and respective EMPs, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

11. The Borrower shall ensure or cause the EA to ensure, that (a) a detailed site-specific biodiversity action plan is prepared for each Project road which delivers no net loss to biodiversity and includes required offsets, based on an assessment of the key biodiversity areas, reserved forests, wildlife crossing points, and protected areas identified in the IEE and the action plan is cleared by ADB prior to commencement of the related Works; (b) no Works commences in a key biodiversity area, reserved forest, or identified wildlife crossing point until the respective site-specific biodiversity action plan is incorporated into the related EMP and Works contract (as required); and (c) any Works within a key biodiversity area, reserved forest, or identified wildlife crossing point are undertaken in accordance with the respective site-specific biodiversity action plan.

Land Acquisition and Involuntary Resettlement

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

13. Without limiting the application of the Involuntary Resettlement Safeguards or the RPs, the Borrower shall ensure or cause the EA to ensure that no physical or economic displacement takes place in connection with the Project until:

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

Indigenous Peoples

14. The Borrower shall ensure or cause the EA to ensure that the preparation, design, construction, implementation and operation of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower and the State relating to indigenous peoples; (b) the Indigenous Peoples Safeguards; and (c) all measures and requirements set forth in the IPP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Human and Financial Resources to Implement Safeguards Requirements

15. The Borrower shall ensure or cause the EA to ensure that all necessary budgetary and human resources to fully implement the EMPs, the RPs and the IPP as required, are made available on a timely basis.

Safeguards-related Provisions in Bidding Documents and Works Contracts

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

- (a) comply with the measures relevant to the contractor set forth in the IEE, and the respective EMP, RP and IPP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set out in a Safeguards Monitoring Report;
- (b) make available a budget for all such environmental and social measures;
- (c) provide the EA with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, and the respective EMP, RP or IPP;
- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (e) reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.

Safeguards Monitoring and Reporting

17. The Borrower shall ensure or cause the EA to ensure the following:

- (a) submit semiannual Safeguards Monitoring Reports during construction and annual Safeguards Monitoring Reports during operation to ADB, and disclose relevant information from such reports to affected persons promptly upon submission;
- (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEE, and the respective EMP, RP and IPP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
- (c) report any breach of compliance with the measures and requirements set forth in each EMP, RP or IPP promptly after becoming aware of the breach.

Prohibited List of Investments

18. The Borrower shall ensure or cause the EA to ensure that no proceeds of the Loan under the Project are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Labor Standards, Health and Safety

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

Communications and Participation

20. The Borrower shall ensure or cause the EA to ensure that the Project is undertaken in conformity with the communication strategy as agreed between ADB, the Borrower, the State, and the EA and referred in the PAM.

Gender and Development

21. The Borrower shall ensure or cause the EA to ensure that (a) the GESI-AP is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GESI-AP; (c) adequate resources are allocated for implementation of the GESI-AP; and (d) progress on implementation of the GESI-AP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB.

Financial Management

22. The Borrower shall ensure, or cause the State to ensure, that the financial management action plan set out in the PAM is implemented by the EA within the stipulated time frame and the progress toward achieving the targets are monitored and reported to ADB.

Maintenance, Road Services

23. The Borrower shall cause the State to ensure that:

- (a) within 3 years of the Effective Date, the EA (i) upgrades its RAMS with a climate and disaster resilience module and (ii) revises the PWRD Code and develops related manuals under the Project;

- (b) the EA updates the Assam Road Network Master Plan which includes climate and disaster resilience works and receives adequate resources for the implementation of the plan; and
- (c) within one year after completion of the related Works contract on each state highway or MDR covered by the Project, additional public transportation services are provided on the respective highway or road to improve mobility and accessibility of the local communities.

Governance and Anticorruption

24. The Borrower shall ensure and cause the State and EA to comply with ADB's Anticorruption Policy (1998, as amended to date) and (a) shall ensure that the anticorruption provisions acceptable to ADB, the Borrower, the State, and the EA are included in all bidding documents and contracts financed by ADB in connection with the Project, including provisions specifying the right of ADB to review and examine the records and accounts of the State and the EA and all contractors, suppliers, consultants, and other service providers as they relate to the Project, and as included in the PAM; (b) shall allow and assist ADB's representatives to carry out random spot checks on the work in progress and utilization of funds for the Project; (c) acknowledge that ADB reserves the right to investigate directly or through its agents any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (d) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation, and as included in the PAM.