
LOAN NUMBER 4083-SRI

LOAN AGREEMENT
(Ordinary Operations)

(Responsive COVID-19 Vaccines for Recovery Project –
Rapid Response Component)

between

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

and

ASIAN DEVELOPMENT BANK

DATED 09 JULY 2021

SRI 55085

LOAN AGREEMENT
(Ordinary Operations)

LOAN AGREEMENT dated 09 July 2021 between DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) ADB has received from the Borrower a governor's letter dated 20 May 2021 ("Governor's Letter"), confirming the Borrower's commitment to implement its Vaccination Allocation Plan (as defined hereinafter) and setting forth certain objectives, policies and actions of the Borrower designed to provide access within its territory to vaccines for the coronavirus disease ("COVID-19");

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

(C) by a loan agreement of even date herewith between the Borrower and ADB ("ADB Project Investment Component Loan Agreement"), ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources in an amount of sixty-six million Dollars (\$66,000,000) for the purpose of financing investments in systems for the successful distribution, delivery, and administration of vaccines (including vaccines for COVID-19 being procured pursuant to this Loan Agreement) along with associated investments in building capacity, community outreach, and surveillance; and

(D) ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of ADB's Ordinary Operations Loan Regulations, dated 1 January 2017 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

(a) Section 2.01 (Definitions) subsection (xx) shall be deleted and replaced in its entirety as follows:

(xx) "Reference Rate" means, (i) except as ADB has otherwise made a determination in accordance with Section 3.02(c), in respect of any Loan Currency other than Euro, LIBOR, and in respect of Euro, Euribor; and (ii) if a determination is made in accordance with Section 3.02(c), such other reference rate and any spread for the

Loan Currency as ADB shall reasonably determine and promptly notify the Borrower and the Guarantor.

- (b) A new subsection 3.02(c) shall be inserted after subsection 3.02(b) as follows:

Section 3.02(c). If interest on any amount of the Loan is calculated based on LIBOR or Euribor, and ADB determines that (i) such Reference Rate has permanently ceased to be quoted for the relevant Loan Currency or a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate announcing such Reference Rate is no longer representative has been made or (ii) ADB is no longer able, or it is no longer commercially acceptable for ADB, to continue to use such Reference Rate for purposes of its asset and liability management, ADB shall apply such other Reference Rate for the relevant Loan Currency, including any applicable spread, as it may reasonably determine. ADB shall promptly notify the Borrower and the Guarantor of such other reference rate and any spread, and of related amendments to the provisions of the Loan Agreement necessary to give effect to its application, which shall become effective as of the date of such notice.

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) "Eligibility Criteria" means criteria, as described in paragraph 29 (including footnotes 28, 29 and 30) of ADB's policy on Support to Enhance COVID-19 Vaccine Access (as amended from time to time);
- (b) "Eligible Expenditures" means categories of expenditures agreed between ADB and the Borrower, to be financed out of the proceeds of the Loan, as set forth in the table to Schedule 3 to this Loan Agreement and as further detailed in the PAM;
- (c) "Eligible Vaccine" means a COVID-19 vaccine eligible for financing out of the proceeds of the Loan which, at all times during the Project implementation period, (i) satisfies the Eligibility Criteria, and (ii) has received all necessary authorizations of the Borrower for its distribution and administration within the territory of the Borrower, including authorization for use, and any other necessary authorizations for its manufacture, marketing or importation;
- (d) "GESI-AP" means the gender equity and social inclusion action plan prepared for the Project, including any update thereto, and agreed to between the Borrower and ADB;
- (e) "Goods" means equipment and materials as set out in the Procurement Plan and to be financed out of the proceeds of the Loan, including Eligible Vaccines and any related services such as transportation and insurance;

- (f) "Governor's Letter" means the governor's letter provided by the Borrower to ADB dated 20 May 2021, as referred to in Schedule 1;
- (g) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (h) "MOH" means the Borrower's Ministry of Health, or any successor thereto;
- (i) "MWMP" means the Medical Waste Management Plan of the MOH for managing COVID-19 related waste (including vaccination waste);
- (j) "NMRA" means the Borrower's National Medicines Regulatory Authority (being the Borrower's national pharmaceutical regulatory authority), or any successor thereto;
- (k) "PAM" means the project administration manual for the Project dated 3 June 2021 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;
- (l) "Procurement Plan" means the procurement plan for the Project dated 3 June 2021 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;
- (m) "Procurement Policy" means ADB's Procurement Policy – Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (n) "Procurement Regulations" means ADB's Procurement Regulations for ADB Borrowers - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (o) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means MOH or any successor thereto, which is responsible for the carrying out of the Project;
- (p) "SPS" means ADB's Safeguard Policy Statement (2009);
- (q) "SRA" means entity designated by the World Health Organization as a stringent regulatory authority for purposes of assessment and approval of COVID-19 vaccines; and
- (r) "Vaccination Allocation Plan" means the National Deployment and Vaccination Plan adopted by the Borrower dated 18 January 2021 and attached to and endorsed in the Governor's Letter, which, amongst other things, describes the Borrower's prioritization of COVID-19 vaccine access consistent with international norms and safeguards against exclusion of marginalized and vulnerable groups and sets out the national policy in relation to vaccine selection, acquisition, procurement, distribution,

deployment and administration, as well as any related medical waste management, in the territory of the Borrower.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of eighty-four million Dollars (\$84,000,000), 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 7 years, and a grace period as defined in subsection (c) hereinafter.

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

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

- (a) LIBOR; 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 15 June and 15 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(f) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to the financing of Eligible Expenditures on the Project in accordance with the provisions of this Loan 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 Eligible Expenditures to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to this Loan Agreement.

Section 3.04. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 31 December 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. In the carrying out of the Project, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 4 to this Loan Agreement.

Section 4.02. (a) The Borrower shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with financial reporting standards acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are

acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the Loan proceeds, and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited 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.

(c) The Borrower shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Borrower's financial affairs where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Borrower, unless the Borrower shall otherwise agree.

Section 4.03. The Borrower shall enable ADB's representatives to inspect the Project, the Goods, and any relevant records and documents.

ARTICLE V

Effectiveness

Section 5.01. 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: the ADB Project Investment Component Loan Agreement shall have been duly 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) shall have been fulfilled.

Section 5.02 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. Each of the Secretary of the Ministry of Finance, Deputy Secretary to the Treasury, and Director General of the Department of External Resources 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

Secretary
Ministry of Finance
Colombo 1
Sri Lanka

cc: Deputy Secretary to the Treasury
Director General, Department of External Resources

Facsimile Numbers:

(94-11) 243-3349
(94-11) 244-7633

For ADB

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

Facsimile Numbers:

(632) 8636-2444
(632) 8636-2449.

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.

DEMOCRATIC SOCIALIST REPUBLIC OF
SRI LANKA

By 
SAJITH RUCHIKA ATTYGALLE
Secretary
Ministry of Finance

ASIAN DEVELOPMENT BANK

By 
CHEN CHEN
Country Director
Sri Lanka Resident Mission

SCHEDULE 1**Description of the Project**

1. The objective of the Project is the safe vaccination of priority populations of the Borrower against COVID-19 without compromising routine vaccine service and other health services. The Project is described in more detail in the Governor's Letter.
2. The Project shall support the procurement of doses of the Eligible Vaccines to cover up to 18.2% of the Borrower's population.
3. The Project is expected to be completed by 30 June 2024.

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.

<u>Date Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
15 December 2024	7.142857
15 June 2025	7.142857
15 December 2025	7.142857
15 June 2026	7.142857
15 December 2026	7.142857
15 June 2027	7.142857
15 December 2027	7.142857
15 June 2028	7.142857
15 December 2028	7.142857
15 June 2029	7.142857
15 December 2029	7.142857
15 June 2030	7.142857
15 December 2030	7.142857
15 June 2031	7.142859
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 Eligible Expenditures 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 Eligible Expenditures, and disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

3. With respect to any COVID-19 vaccine, ADB shall only finance those that continue to qualify as an Eligible Vaccine at the time a withdrawal request is made from the Loan Account.

Disbursement Procedures

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

Advance Financing and Retroactive Financing

5. Withdrawals from the Loan Account may be made for advance financing for up to 6 months of estimated Eligible Expenditures or 50% of the total Loan amount, whichever is lower, in accordance with the advance fund procedures described in the Loan Disbursement Handbook.

6. Withdrawals from the Loan Account may be made for Eligible Expenditures incurred under the Project before the Effective Date in connection with Goods, subject to a maximum amount equivalent to 30% of the Loan amount; provided that the expenditures have been incurred after the allocation by the Borrower of resources to respond to the COVID-19 pandemic, but not earlier than 12 months before the date of this Loan Agreement.

7. The aggregate of the outstanding balance of the advance financing amount and the percentage approved for retroactive financing shall not, at any time, exceed 60% of the Loan amount.

Condition for Withdrawals from Loan Account

8. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the Loan Account for Eligible Expenditures until:

- (a) ADB has received a letter from the Borrower confirming (i) which COVID-19 vaccine(s) has/have been selected to be procured using the proceeds of the Loan; (ii) which of the Eligibility Criteria has been satisfied in respect of the selected COVID-19 vaccine(s); and (iii) that such COVID-19

vaccine(s) has/have received all necessary authorizations of the Borrower, and have been authorized by the NMRA and any other relevant regulatory authorities for distribution and administration within the territory of the Borrower; and

- (b) based on the information provided in the aforementioned letter, ADB has notified the Borrower that the COVID-19 vaccine(s) to be procured are designated as Eligible Vaccines.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS			
Number	Item	Total Amount Allocated for ADB Financing (\$)	Basis for Withdrawal from the Loan Account
		Category	
1	Eligible Vaccines**	84,000,000	100% of total expenditure claimed*
	TOTAL	84,000,000	

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

** Subject to the condition for withdrawal described in paragraph 8 of Schedule 3.

SCHEDULE 4

Execution of Project; Financial Matters

Implementation Arrangements

1. The Borrower 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.

Procurement

2. The Borrower shall ensure that:
- (a) unless otherwise approved by ADB, the procurement of Goods is carried out in accordance with the Procurement Policy and the Procurement Regulations;
 - (b) Goods 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 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;
 - (c) Goods may also be procured under the Project from non-member countries of ADB; and
 - (d) (i) all Goods procured (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 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.
3. The Borrower may appoint a procurement agent to carry out the procurement of Eligible Vaccines in accordance with the terms and conditions set forth in the Procurement Plan. The Borrower shall ensure that such procurement agent follows all of the requirements of this Loan Agreement and the Procurement Plan.

Safeguards

4. The Borrower shall ensure that the Project does not have any environmental, indigenous peoples or involuntary resettlement impacts, all within the meaning of the SPS. In the event that the Project does have any such impact, the Borrower shall take all steps required to

ensure that the Project complies with the applicable laws and regulations of the Borrower and with the SPS.

Prohibited List of Investments

5. The Borrower shall 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.

Vaccine Selection; Vaccination Allocation Plan

6. The Borrower:

- (a) represents that it has conducted its own due diligence, and made its own independent determination of, the quality, safety, and efficacy of the Eligible Vaccines to be procured under the Project;
- (b) shall ensure that Loan proceeds allocated for financing of vaccines shall only be used for the procurement, distribution or administration of a vaccine which has been confirmed by ADB to be an Eligible Vaccine;
- (c) assumes sole responsibility for the selection, importation, procurement, distribution, marketing or administration, of any Eligible Vaccine under the Project, and agrees that ADB shall have no responsibility or liability in respect thereof;
- (d) shall ensure that the deployment, distribution and administration of Eligible Vaccines are implemented in accordance with the Vaccination Allocation Plan; and
- (e) shall (i) inform and exchange views with ADB on any changes to the Vaccination Allocation Plan and any sector, legal, regulatory or policy reform discussions that may be held with other bilateral or multilateral agencies that may have implications on the implementation of the deployment, distribution and administration of the Eligible Vaccines; and (ii) provide ADB a reasonable opportunity to comment on any resulting policy proposal.

7. In instances where any COVID-19 vaccine which ADB has not confirmed as an Eligible Vaccine is proposed for procurement under the Project subsequent to the initial withdrawal from the Loan Account for any Eligible Vaccine, the Borrower shall ensure that no withdrawal request is made from the Loan Account in relation to such vaccine until:

- (a) ADB has received a letter from the Borrower confirming (i) which of the Eligibility Criteria has been satisfied in respect of such vaccine; and (ii) that such vaccine has received all necessary authorizations of the Borrower, and has been authorized by the NMRA and any other relevant regulatory authorities for distribution and administration within the territory of the Borrower; and

- (b) based on the information provided in the aforementioned letter, ADB has notified the Borrower that such vaccine is designated as an Eligible Vaccine.

Compliance with Local Laws

8. The Borrower shall ensure that the selection, importation, procurement, deployment, distribution, marketing, administration and disposal of any Eligible Vaccine is conducted in accordance with the applicable laws and regulations of the Borrower.

9. The Borrower, through the NMRA and any other relevant regulatory authorities, shall promptly take all such steps as may be necessary to facilitate the continuing authorization of Eligible Vaccines for distribution and administration within the territory of the Borrower, including through the prompt issuance or renewal of all the necessary authorizations, provided that the requisite quality, safety, efficacy and other legal requirements for authorization continue to be met. The Borrower shall promptly inform ADB of any event or circumstance which may arise that may prevent, hinder, delay or place conditions on such continuing authorization.

Vaccine Storage, Transportation and Waste Management

10. The Borrower shall ensure that:

- (a) Eligible Vaccines are properly stored, handled and transported within the territory of the Borrower to preserve their quality, efficacy and safety in accordance with, the relevant vaccine manufacturer's requirements, applicable laws and regulations of the Borrower and international good practice, including the effective vaccine management framework of the World Health Organization and the United Nations Children's Fund; and
- (b) any medical or other waste generated in connection with the storage, transportation, distribution or administration of Eligible Vaccines and associated medical equipment is properly treated, disposed of and managed in accordance with the MWMP.

Limitation of Liability

11. The Borrower acknowledges and agrees that:

- (a) the confirmation by ADB of any vaccine as an Eligible Vaccine does not constitute an endorsement, or warranty of the fitness, by ADB of such vaccine for any particular purpose, including with regard to its quality, safety or efficacy, and the Borrower is exclusively responsible for authorizing the use of any Eligible Vaccines, for distribution and administration within the territory of the Borrower, including but not limited to quality monitoring throughout the supply chain, compliance with applicable treatment guidelines and application of measures to monitor and address adverse reactions; and
- (b) ADB disclaims any and all financial or other liability and responsibility for

any injury, death, loss, damage or other prejudice of any kind whatsoever that may arise as a result of or in connection with the selection, procurement, importation, manufacturing, fill and finish, distribution, marketing, administration or use of any vaccine under the Project or the treatment, disposal, or management of any medical or other waste generated in connection with the storage, handling, transportation, distribution or administration of any such vaccine.

Gender and Development

12. The Borrower shall ensure that (a) the GESI-AP is implemented in accordance with its terms; (b) adequate resources are allocated for implementation of the GESI-AP; and (c) progress on implementation of the GESI-AP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB.

Counterpart Support

13. The Borrower shall ensure sufficient counterpart funds from its budget for each fiscal year, in a timely manner, for the efficient implementation of the Project. In addition to the foregoing, the Borrower shall ensure that the Project Executing Agency and/or any procurement agent through which the Borrower procures Goods has sufficient funds to satisfy its liabilities arising from any Goods contract.

Financial Matters

14. The Borrower shall ensure or cause the Project Executing Agency to ensure that the agreed financial management action plan set out in the PAM is implemented within the stipulated time frame and the progress toward achieving the target are monitored and reported to ADB.

Governance and Anticorruption

15. The Borrower, the Project Executing Agency and the implementing agencies 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, or other integrity violations relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

16. The Borrower, the Project Executing Agency and the implementing agencies 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 the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project. Firms or individuals who are debarred or temporarily suspended by ADB are ineligible to participate in ADB financed, administered or supported activities.