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LOAN NUMBER 3250-LAO(SF)

LOAN AGREEMENT  
(Special Operations)

(Vientiane Sustainable Urban Transport Project)

between

LAO PEOPLE'S DEMOCRATIC REPUBLIC

and

ASIAN DEVELOPMENT BANK

DATED 12 MARCH 2015

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LAO 45041

## **LOAN AGREEMENT (Special Operations)**

LOAN AGREEMENT dated 12 March 2015 between LAO PEOPLE'S DEMOCRATIC REPUBLIC ("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 Borrower has also applied to the OPEC Fund for International Development ("OFID"), who agreed to provide a loan to the Borrower in the amount up to \$15,000,000 ("OFID Loan") for purposes of joint cofinancing of certain parts of the Project;

(C) the Borrower has also applied to the European Investment Bank ("EIB"), who agreed to provide a loan to the Borrower in the amount up to \$20,000,000 ("EIB Loan") for purposes of parallel cofinancing of certain parts of the Project;

(D) the Borrower has also applied to the European Union's Asian Investment Facility ("EUAIF"), who agreed to provide a grant to the Borrower in the amount up to EUR5,000,000 ("EUAIF Grant") for purposes of parallel cofinancing of certain parts of the Project;

(E) the Borrower has also applied to the Global Environment Facility Trust Fund ("GEF"), who agreed to provide a grant to the Borrower in the amount up to \$1,840,000 ("GEF Grant") for purposes of joint cofinancing, to be administered by ADB pursuant to its relevant cofinancing arrangements with GEF, and subject to the terms and conditions of an externally financed grant agreement between the Borrower and ADB ("Grant Agreement");

(F) ADB has agreed to make a loan to the Borrower from ADB's Special Funds resources upon the terms and conditions set forth herein;

NOW THEREFORE the parties agree as follows:

## **ARTICLE I**

### **Loan Regulations; Definitions**

Section 1.01. All 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, subject, however, to the following modifications:

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) “Cofinancing Agreements” means any and all agreements between the Borrower and each of the OFID, EIB and EUAIF for purposes of cofinancing certain parts of the Project as agreed among the Borrower, cofinanciers, and ADB;

(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 (vi) of Schedule 1 to this Loan Agreement;

(d) “Environmental Management Plan” or “EMP” means the environmental management plan for the Project, including any update thereto, incorporated in the 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 prepared for the Project, including any update thereto, and agreed to between the Borrower, EA and ADB.

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

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

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

(k) “MPWT” means the Borrower’s Ministry of Public Works and Transport or any legal successor thereto;

(l) “PAM” means the project administration manual for the Project dated 21 October 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;

(m) “Project Executing Agency” or “EA” for purposes and within the meaning of the Loan Regulations means the MPWT or any legal successor thereto acceptable to ADB;

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

(o) “Procurement Plan” means the procurement plan for the Project dated 21 October 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;

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

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

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

(s) “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 twenty-three million four hundred seventy four thousand Special Drawing Rights (SDR23,474,000).

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of 1% per annum during the grace period, and 1.5% per annum 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 15 May and 15 November 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 cause the proceeds of the Loan to be applied to the financing of 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 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. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 31 December 2020 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 5 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 accounting principles 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 international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the financial statements, use of the Loan proceeds and compliance with the financial covenants of this Loan Agreement as well as on the use of the procedures for imprest funds and statement of expenditures) 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 30 days of the date of their receipt 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 Works, and any relevant records and documents.

## **ARTICLE V**

### **Suspension; Acceleration of Maturity**

Section 5.01. The following is specified as an additional event for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 8.01(m) of the Loan Regulations: the Borrower and/or EA shall have failed to perform any of its/their respective obligations under any of the Cofinancing Agreements or the Grant Agreement.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 8.07(d) of the Loan Regulations: the event specified in Section 5.01 above shall have occurred and continued for a period of 60 days after the notice thereof shall have been given by ADB to the Borrower.

## **ARTICLE VI**

### **Effectiveness**

Section 6.01. The following are specified as additional conditions to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations:

- (a) all Cofinancing Agreements shall have been duly authorized or ratified by, and duly executed and delivered on behalf of, the Borrower, and all conditions for their effectiveness (other than a condition requiring the effectiveness of this Loan Agreement) shall have been fulfilled; and
- (b) the Grant Agreement shall have been duly authorized or ratified by, and duly executed and delivered on behalf of, the Borrower, and all

conditions for its effectiveness (other than a condition requiring the effectiveness of this Loan Agreement) shall have been fulfilled.

Section 6.02. The following are specified as additional matters 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:

- (a) the Cofinancing Agreements shall have been duly authorized or ratified by, and duly executed and delivered on behalf of, the Borrower, and such shall have become legally valid and binding upon the Borrower in accordance with their terms, subject only to the effectiveness of this Loan Agreement; and
- (b) the Grant Agreement shall have been duly authorized or ratified by, and duly executed and delivered on behalf of, the Borrower, and such shall have become legally valid and binding upon the Borrower in accordance with its terms, subject only to the effectiveness of this Loan Agreement.

Section 6.03. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

## **ARTICLE VII**

### **Miscellaneous**

Section 7.01. The Minister of Finance 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

Ministry of Finance  
23<sup>rd</sup> Singha Road  
P.O. Box 46  
Vientiane  
Lao People's Democratic Republic

Facsimile Numbers:

(856-21) 412142  
(856-21) 911611.

For ADB

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

Facsimile Numbers:

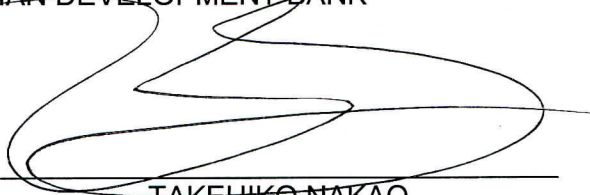
(632) 636-2444  
(632) 636-2015.

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.

LAO PEOPLE'S DEMOCRATIC REPUBLIC

  
By \_\_\_\_\_  
H.E. DR. LIANE THYKEO  
Minister of Finance

ASIAN DEVELOPMENT BANK

  
By \_\_\_\_\_  
TAKEHIKO NAKAO  
President



## **SCHEDULE 1**

### **Description of the Project**

1. The objective of the Project is improved urban transport operations and capacity in the Vientiane City core area.
2. The Project shall comprise the following components:
  - (i) Establishment of a new sustainable transport management agency for Vientiane Capital and development of institutional capacity for management of the sustainable urban transport system;
  - (ii) Establishment of high-quality public bus transport services on an 84-kilometer (km) network of routes, including an 11.5km segment with dedicated bus rapid transit lanes;
  - (iii) A comprehensive traffic management system, including a central traffic control center and signaling and other improvements to traffic management;
  - (iv) An effective parking management and enforcement system;
  - (v) Development of non-motorized transport facilities; and
  - (vi) Consulting services, contract management, project administration and safeguards monitoring and reporting in relation to the Project scope.
3. The Project is expected to be physically completed by 30 June 2020. The maintenance of the Project's completed facilities, funded by the Borrower, may extend until September 2023.

**SCHEDULE 2****Amortization Schedule****(Vientiane Sustainable Urban Transport Project)**

<b>DATE Payment Due</b>	<b>Payment of Principal (expressed in Special Drawing Rights)*</b>
15 May 2023	489,042.00
15 November 2023	489,042.00
15 May 2024	489,042.00
15 November 2024	489,042.00
15 May 2025	489,042.00
15 November 2025	489,042.00
15 May 2026	489,042.00
15 November 2026	489,042.00
15 May 2027	489,042.00
15 November 2027	489,042.00
15 May 2028	489,042.00
15 November 2028	489,042.00
15 May 2029	489,042.00
15 November 2029	489,042.00
15 May 2030	489,042.00
15 November 2030	489,042.00
15 May 2031	489,042.00
15 November 2031	489,042.00
15 May 2032	489,042.00
15 November 2032	489,042.00
15 May 2033	489,042.00
15 November 2033	489,042.00
15 May 2034	489,042.00
15 November 2034	489,042.00
15 May 2035	489,042.00
15 November 2035	489,042.00
15 May 2036	489,042.00

15 November 2036	489,042.00
15 May 2037	489,042.00
15 November 2037	489,042.00
15 May 2038	489,042.00
15 November 2038	489,042.00
15 May 2039	489,042.00
15 November 2039	489,042.00
15 May 2040	489,042.00
15 November 2040	489,042.00
15 May 2041	489,042.00
15 November 2041	489,042.00
15 May 2042	489,042.00
15 November 2042	489,042.00
15 May 2043	489,042.00
15 November 2043	489,042.00
15 May 2044	489,042.00
15 November 2044	489,042.00
15 May 2045	489,042.00
15 November 2045	489,042.00
15 May 2046	489,042.00
15 November 2046	489,026.00
<b>TOTAL</b>	<b>23,474,000.00</b>

\* 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 or Subcategory 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 4 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

<b>ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Vientiane Sustainable Urban Transport Project)</b>				
<b>Number</b>	<b>Item</b>	<b>Total Amount Allocated for ADB Financing (SDR)</b>		<b>Basis for Withdrawal from the Loan Account</b>
		<b>Category</b>	<b>Subcategory</b>	
1	Works	7,532,000		41% of total expenditure claimed*
2	Goods – Fare System & Control Center Equipment	5,493,000		93% of total expenditure claimed*
3	Consulting Services	1,019,000		
3A	International Advisor I		363,000	100% of total expenditure claimed*
3B	International Advisor II		363,000	100% of total expenditure claimed*
3C	Quality Control		197,000	100% of total expenditure claimed*
3D	External financial auditor		96,000	100% of total expenditure claimed*
4	Interest Charge	463,000		100% of amount due
5	Unallocated	8,967,000		
	<b>TOTAL</b>	<b>23,474,000</b>		

\* Exclusive of taxes and duties imposed 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) National Competitive Bidding.
4. The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

#### National Competitive Bidding

5. The Borrower and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the Borrower's national competitive bidding procedures are consistent with the Procurement Guidelines. Any modifications or clarifications to such procedures agreed between the Borrower and ADB shall be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after approval of such change by the Borrower and ADB.

#### Conditions for Award of Contract

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

Consulting Services

8. 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.

9. The Borrower shall apply the following method for selecting and engaging the specified Consulting Services, in accordance with, among other things, the procedures set forth in the Procurement Plan:

Least-Cost Selection for external auditing.

10. The Borrower shall recruit the individual consultants for urban transport engineering and planning in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

11. (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.

12. 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

13. 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.

## SCHEDULE 5

### Execution of Project

#### Implementation Arrangements

1. The Borrower and the Project Executing Agency 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.

#### Environment

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

#### Land Acquisition and Involuntary Resettlement

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

4. Without limiting the application of the Involuntary Resettlement Safeguards or the RP, the Borrower shall ensure or cause the Project Executing Agency to ensure that no physical or economic displacement takes place in connection with the Project until compensation and other entitlements have been provided to affected people in accordance with the RP.

#### Indigenous Peoples

5. The Borrower shall ensure that Project does not have any impacts on indigenous peoples within the meaning of the SPS. In the event that the Project does have such impacts, the Borrower shall ensure that EA promptly informs ADB and undertakes all necessary steps and measures to comply with applicable laws and regulations of the Borrower and the ADB's Indigenous Peoples Safeguards.



Human and Financial Resources to Implement Safeguards Requirements

6. The Borrower shall make available or cause the Project Executing Agency to make available necessary budgetary and human resources to fully implement the EMP and the RP.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

7. The Borrower shall ensure or cause the Project Executing Agency 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, the EMP, and the RP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report;
- (b) make available a budget for all such environmental and social measures;
- (c) provide the Borrower with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, and the RP; and
- (d) reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.

Safeguards Monitoring and Reporting

8. The Borrower shall do the following or cause the Project Executing Agency to do the following:

- (a) submit semi-annual 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 IEE, the EMP, and the RP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
- (c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP or the RP promptly after becoming aware of the breach.

Parking Rules and Enforcement

9. The Borrower shall cause the EA assisted by the Project's consultants to develop revised laws and/or regulations on vehicle parking, including an updated schedule of

penalties, by 31 December 2019, and ensure through appropriate government agency(ies) their strict enforcement.

#### Transport Management Entity

10. The Borrower shall ensure that the new sustainable transport management entity established for Vientiane Capital has all necessary resources to operate the bus rapid transit system effectively.

#### Prohibited List of Investments

11. 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.

#### Gender and Development

12. The Borrower shall through MPWT cause its Department of Transport to ensure that: (a) the GAP is implemented and adequately resourced, supervised and monitored in accordance with ADB's *Policy on Gender and Development* (1998); and (b) measures under the GAP are implemented effectively including, but not be limited to the following: (i) 30% of employees recruited for the transport agency are women; (ii) the BRT system includes gender specific design features such as priority seating for women and the elderly, adequate lighting, and security cameras in bus stations; (iii) 30% of jobs generated in the BRT system are filled by women; (iv) ticketing and fare pricing include measures to increase affordability and access; (v) pedestrian-friendly traffic management and traffic calming measures on the BRT routes; (vi) collection of baseline sex-disaggregated data and gender analytical information for preparatory surveys, feasibility studies, and assessments prior to the start of construction; and (vii) inclusion of gender indicators in the project monitoring and evaluation system and the reporting of disaggregated data.

13. The Borrower shall through MPWT ensure that bidding documents and contracts require contractors to comply with the applicable GAP measures under the Project.

#### Governance and Anticorruption

14. 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 relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

15. 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.

16. Within six (6) months of the Effective Date, the EA shall create or modify a Project website to disclose information about various matters on the Project. The website will

include information on Project procurement including the list of participating bidders, name of each winning bidder, basic details on bidding procedures adopted, the value of each contract awarded, and the list and value of goods/services procured and the intended utilization of Grant proceeds under each contract being awarded. The website shall also include general Project information, Project progress, and contact details for the EA' counterpart staff in Laos and English languages, and shall link to ADB's Integrity Unit website at <http://www.adb.org/Integrity/complaint.asp> for reporting to ADB any grievances or allegations of corrupt practices arising out of the Project and/or Project activities. The Recipient shall cause the EA to ensure that all Project staff are fully aware of ADB's procedures, including, but not limited to, procedures for implementation, procurement, use of consultants, disbursements, reporting, monitoring, and prevention of fraud and corruption.

#### Grievance Redress Mechanism

17. The Borrower shall through MPWT further ensure that that within nine (9) months of the Effective Date, a grievance redress mechanism acceptable to ADB is established for non-safeguards complaints in accordance with the PAM. In each case, such GRM shall function to (i) review and document eligible complaints of Project stakeholders; (ii) proactively address grievances; (iii) provide the complainants with notice of the chosen mechanism and/or action; and (iv) prepare and make available to ADB upon request periodic reports to summarize (a) the number of complaints received and resolved, (b) chosen actions, and (c) final outcomes of the grievances and make these reports available to ADB upon request. Eligible non-safeguards complaints include those related to the Project, any of the service providers, any person responsible for carrying out the Project, complaints on misuse of funds and other irregularities as well as gender issues.