
LOAN NUMBER 3294-PRC

PROJECT AGREEMENT
(Shaanxi Mountain Road Safety Demonstration Project)

between

ASIAN DEVELOPMENT BANK

and

SHAANXI PROVINCIAL GOVERNMENT

DATED 8 DECEMBER 2015

PRC 46042

PROJECT AGREEMENT

PROJECT AGREEMENT dated 8 December 2015 between ASIAN DEVELOPMENT BANK ("ADB") of one part and SHAANXI PROVINCIAL GOVERNMENT ("SPG") of the other part.

WHEREAS

(A) by a Loan Agreement of even date herewith between People's Republic of China ("Borrower") and ADB, ADB has agreed to make to the Borrower a loan of two hundred million Dollars (\$200,000,000) on the terms and conditions set forth in the Loan Agreement, but only on the condition that the proceeds of the loan be made available to SPG and that SPG agrees to undertake certain obligations towards ADB set forth herein; and

(B) SPG, in consideration of ADB entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth herein;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Definitions

Section 1.01. Wherever used in this Project Agreement, unless the context otherwise requires, the several terms defined in the Loan Agreement and in the Loan Regulations (as so defined) have the respective meanings therein set forth.

ARTICLE II

Particular Covenants

Section 2.01. (a) SPG shall cause SPTD to, and SPTD shall carry out the Project with due diligence and efficiency, and in conformity with sound applicable technical, financial, business, and development practices.

(b) In the carrying out of the Project and operation of the Project facilities, SPG shall cause SPTD to, and SPTD shall perform all obligations set forth in the Loan Agreement to the extent that they are applicable to SPG and SPTD, and all obligations set forth in the Schedule to this Project Agreement.

Section 2.02. SPG shall or shall cause SPTD to, make available, promptly as needed, the funds, facilities, services, land and other resources as required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 2.03. (a) In the carrying out of the Project, SPG shall cause SPTD to, and SPTD shall, employ competent and qualified consultants and contractors, acceptable to ADB, to an extent and upon terms and conditions satisfactory to ADB.

(b) Except as ADB may otherwise agree, SPG shall cause SPTD to, and SPTD shall, procure all items of expenditures to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to the Loan Agreement. ADB may refuse to finance a contract where any such item has not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

Section 2.04. SPG shall cause SPTD to, and SPTD shall, carry out the Project in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB. SPG shall cause SPTD to, and SPTD shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.

Section 2.05. (a) SPG shall cause SPTD to, and SPTD shall, take out and maintain with responsible insurers, or make other arrangements satisfactory to ADB for, insurance against such risks and in such amounts as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, SPG shall cause SPTD to, and SPTD undertakes to insure, or cause to be insured, the Goods to be imported for the Project against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such Goods.

Section 2.06. SPG shall cause SPTD to, and SPTD shall maintain, or cause to be maintained, records and accounts adequate to identify the items of expenditure financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, its operations and financial condition.

Section 2.07. (a) ADB, SPG and SPTD shall cooperate fully to ensure that the purposes of the Loan will be accomplished.

(b) SPG shall cause SPTD to, and SPTD shall promptly inform ADB of any condition which interferes with, or threatens to interfere with, the progress of the Project, the performance of its obligations under this Project Agreement, or the accomplishment of the purposes of the Loan.

(c) ADB, SPG and SPTD shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Project, SPG, SPTD and the Loan.

Section 2.08. (a) SPG shall, or cause SPTD to, furnish to ADB all such reports and information as ADB shall reasonably request concerning (i) the Loan and the expenditure of the proceeds thereof; (ii) the items of expenditure financed out of such

proceeds; (iii) the Project; (iv) the administration, operations and financial condition of SPG and SPTD; and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, SPG shall cause SPTD to, and SPTD shall furnish to ADB periodic reports on the execution of the Project and on the operation and management of the Project facilities. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the period under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following period.

(c) Promptly after physical completion of the Project, but in any event not later than 3 months thereafter or such later date as ADB may agree for this purpose, SPG shall cause SPTD to, and SPTD shall, prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and initial operation of the Project, including its cost, the performance by SPG and SPTD of their obligations under this Project Agreement and the accomplishment of the purposes of the Loan.

Section 2.09. (a) SPG, through the Shaanxi Provincial Department of Finance, shall, and cause SPTD to (i) maintain separate accounts and records for the Project; (ii) prepare consolidated annual financial statements for the Project in accordance with accounting principles acceptable to ADB; (iii) have such financial statements for the Project 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 the Loan Agreement as well as on the use of the procedures for imprest fund and statement of expenditures) and a Management Letter; and (v) furnish to ADB, no later than 6 months after the close of the fiscal year to which they relate, 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) SPG shall and cause SPTD to enable ADB, upon ADB's request, to discuss the financial statements for the Project their financial affairs where they relate to the Project with the auditors appointed by SPG 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 authorized officers of SPG and SPTD, unless SPG and SPTD shall otherwise agree.

Section 2.10. SPG shall cause SPTD to, and SPTD shall, enable ADB's representatives to inspect the Project, the Goods and Works and any relevant records and documents.

Section 2.11. (a) SPG shall cause SPTD to, and SPTD shall, promptly as required, take all action within its powers to maintain its existence, to carry on its operations, and to acquire, maintain and renew all rights, properties, powers, privileges and franchises which are necessary in the carrying out of the Project or in the conduct of its operations.

(b) SPG shall cause SPTD to, and SPTD shall, at all times conduct its operations in accordance with sound applicable technical, financial, business, development and operational practices, and under the supervision of competent and experienced management and personnel.

(c) SPG shall cause SPTD to, and SPTD shall, at all times operate and maintain its plants, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound applicable technical, financial, business, development, operational and maintenance practices.

Section 2.12. Except as ADB may otherwise agree, SPG shall cause SPTD to, and SPTD shall not sell, lease or otherwise dispose of any of its assets which shall be required for the efficient carrying on of its operations or the disposal of which may prejudice its ability to perform satisfactorily any of its obligations under this Project Agreement.

Section 2.13. Except as ADB may otherwise agree, SPG shall cause SPTD to, and SPTD shall apply the proceeds of the Loan to the financing of expenditures on the Project in accordance with the provisions of the Loan Agreement and this Project Agreement, and shall ensure that all items of expenditures financed out of such proceeds are used exclusively in the carrying out of the Project.

Section 2.14. SPG shall cause SPTD to, and SPTD shall, promptly notify ADB of any proposal to amend, suspend or repeal any provision of its constitutional documents, which, if implemented, could adversely affect the carrying out of the Project or the operation of the Project facilities. SPG shall cause SPTD to, and SPTD shall, afford ADB an adequate opportunity to comment on such proposal prior to taking any affirmative action thereon.

ARTICLE III

Effective Date; Termination

Section 3.01. This Project Agreement shall come into force and effect on the date on which the Loan Agreement comes into force and effect. ADB shall promptly notify SPG and SPTD of such date.

Section 3.02. This Project Agreement and all obligations of the parties hereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms.

Section 3.03. All the provisions of this Project Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Loan Agreement.

ARTICLE IV

Miscellaneous

Section 4.01. Any notice or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand, mail or facsimile to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For ADB

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

Facsimile Numbers:

(632) 636-2444
(632) 636-2426

For SPG

Xincheng, Xian 710004, Shaanxi Province
People's Republic of China

Facsimile Number:

0086 29 87611704

For SPTD

No. 6 Tangyan Road
Xi'an 710068 Shannxi Province
People's Republic of China

Facsimile Number:

+86 29 85233105.

Section 4.02. (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement or by or on behalf of SPG may be taken or executed by its Governor, or by such other person or persons as he or she shall so designate in writing notified to ADB.

(b) SPG shall furnish to ADB sufficient evidence of the authority of each person who will act under subsection (a) hereinabove, together with the authenticated specimen signature of each such person.

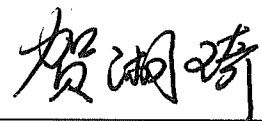
Section 4.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Project 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.

ASIAN DEVELOPMENT BANK

By 
AYUMI KONISHI
Director General
East Asia Department

SHAANXI PROVINCIAL GOVERNMENT

By 
HE XIANGQI
Authorized Representative

SCHEDULE

Execution of Project; Environmental, Social, Financial Matters and Other Matters

Implementation Arrangements

1. SPG shall and shall cause SPTD and the Project Implementing Agencies to ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower through SPTD and ADB. In the event of any discrepancy between the PAM and this Project Agreement, the provisions of this Project Agreement shall prevail.
2. SPG shall cause SPTD to, and SPTD shall ensure that the capacity of the Project Implementing Agencies, including the PMOs are strengthened, particularly in the areas of ADB's environment, resettlement, accounting, disbursement, financial management and procurement policies and requirements, internal auditing processes, project accounting requirements and project monitoring and evaluation.

Counterpart Funding

3. SPG shall provide and shall cause the Project Implementing Agencies to provide counterpart funds necessary for the Project in a timely manner, including any additional counterpart funds required for any shortfall of funds or cost overruns during Project implementation. SPG shall also ensure that the operation and maintenance costs of all Project facilities are fully funded.

Environment

4. SPG shall cause SPTD to, and SPTD shall ensure that the preparation, design, construction, implementation, operation, maintenance, monitoring and decommissioning of the Project and all Project facilities 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 domestic environmental impact reports (EIRs), the environmental impact registration forms (EIRFs), the soil and water conservation report (SWCR), the EIA, the EMP, and any corrective or preventative actions (i) set forth in a Safeguards Monitoring Report; or (ii) which are subsequently agreed between ADB and the SPTD.
5. SPG shall cause SPTD to, and SPTD shall prepare, at the outset of each Project component implementation, detailed internal monitoring programs to be implemented by the contractors during construction and operation phases, and to incorporate such mitigation and monitoring measures into the design of Project components, relevant bidding documents and construction contracts. Throughout Project implementation, SPG shall cause SPTD to and SPTD shall review any changes to the Project design that may potentially cause negative environmental impacts, and in consultation with ADB, update the EIA and the EMP by revising mitigation measures as necessary to assure full environmental compliance.

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6. SPG shall cause SPTD to, and SPTD shall ensure that the Project Implementing Agencies have sufficient resources and full-time personnel for monitoring EMP implementation and making appropriate use of external independent environmental monitoring stations.
7. SPG shall cause SPTD to, and SPTD shall ensure that the FFPO project management office is trained in project monitoring and evaluation and engages a qualified environmental staff to manage all aspects of the environmental supervision, monitoring and reporting during construction and operation.
8. SPG shall cause SPTD to, and SPTD shall ensure that each Project Implementing Agency has at least one environmental specialist to supervise, monitor and report environmental impacts and implement the EMP during construction and operational stages and each Project Implementing Agency engages an external environmental supervision agency to supervise the implementation of the environmental safeguards requirements.
9. SPG shall cause SPTD to, and SPTD shall ensure that the Project Implementing Agencies are required to provide semi-annual environmental monitoring reports in a format acceptable to ADB throughout the construction period to FFPO, which will in turn submit the semi-annual environmental monitoring reports to ADB.

Shaanxi Han River Wetland and G316 Trunk Road

10. SPG shall cause SPTD to, and SPTD shall ensure that all temporary land take areas for construction of trunk road G316 will be located outside the boundary of the Shaanxi Han River Wetland, and that no solid waste from the Project will be disposed within the wetland boundary and also within 1 km from the boundary of the wetland.

Construction Waste

11. SPG shall cause SPTD to, and SPTD shall ensure that all excavated spoil and construction and demolition waste generated during construction will be temporarily stored or permanently disposed of at designated locations only and that these locations shall be at least 300 meters from any water body.

Traffic Noise

12. SPG shall cause SPTD to, and SPTD shall ensure that measures described in the approved EIRs and the EIA and EMP for traffic noise mitigation will be implemented. These measures include the provision of double-glazed windows at sensitive receptors along all three trunk roads as identified in the approved EIRs and the EIA, and for trunk road S102 installation of barrier wall at Tangxin Primary School and noise barrier at Liangheguan Primary School.

Category II Water Bodies

13. SPG shall cause SPTD to, and SPTD shall ensure that measures described in the approved EIRs and the EIA and the EMP for protection of five Category II rivers and two drinking water collection sumps shall be implemented. These measures include the

installation of 70 retention/sedimentation tanks along trunk road G316 and 40 retention/sedimentation tanks along trunk road S224.

Climate Change Adaptation Recommendations

14. SPG shall cause SPTD to, and SPTD shall take into consideration climate change adaptation recommendations from the ADB-funded climate change assessment study in the design of the Project roads.

Land Acquisition and Involuntary Resettlement

15. SPG shall cause SPTD to, and SPTD and the Project Implementing Agencies shall 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 a manner and within timeframes compliant with the RF and RPs 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) Involuntary Resettlement Safeguards; and (c) all measures and requirements set forth in the RF and RPs, and any corrective or preventative actions set forth in a Safeguards Monitoring Report; or (ii) as subsequently agreed between ADB and SPTD.

16. Without limiting the application of the Involuntary Resettlement Safeguards, the RF or the RPs, SPG shall cause SPTD to, and SPTD and the Project Implementing Agencies shall ensure that no physical or economic displacement takes place in connection with the Project until:

- (a) the RPs are updated upon completion of the detailed design and detailed measurement survey and submitted to ADB for approval prior to commencement of land acquisition and/or house demolition and award of any Works contract;
- (b) such updated RPs are disclosed to the affected peoples in accordance with ADB's disclosure requirements applicable for resettlement-related activities;
- (c) compensation and other entitlements have been provided to the displaced persons under the applicable principles and requirements set forth in the Involuntary Resettlement Safeguards as described in and in accordance with the RF and RPs; and
- (d) a comprehensive income and livelihood restoration program has been established in accordance with the RF and RPs to enhance, or at least to restore, the livelihoods of all affected persons in real terms relative to pre-project levels and to improve the standards of living of the poor and other vulnerable groups.

Indigenous Peoples

17. SPG shall cause SPTD to, and SPTD shall or cause the Project Implementing Agencies to ensure that the Project shall not have any adverse impact on indigenous peoples, within the meaning of the SPS. If any impact is anticipated, SPG shall cause SPTD

to and SPTD shall ensure and shall cause the Project Implementing Agencies to ensure that the preparation, design, implementation and operation of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to indigenous peoples; (b) the Indigenous Peoples Safeguards; and (c) all measures and requirements set for in any indigenous peoples plan (IPP), and any corrective or preventive actions (i) set forth in a Safeguard Monitoring Report, or (ii) subsequently agreed between ADB and SPTD.

Human and Financial Resources to Implement Safeguards Requirements

18. SPG shall cause SPTD to, and SPTD shall make available necessary budgetary and human resources to fully monitor and implement the EMP, the RF, RPs, GAP and SDAP.

Safeguards-Related Provisions in Bidding Documents and Works Contracts

19. SPG shall cause SPTD to, and SPTD shall or cause the Project Implementing Agencies to ensure that all bidding documents and contracts for works contain provisions that require contractors to:

- (a) comply with the measures relevant to the contractor set forth in the EIA, the EMP, RF or RPs (to the extent they concern impacts on the respective affected people under the Environmental Safeguards, the Involuntary Resettlement Safeguards and the Indigenous Peoples Safeguards during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report; or (ii) as subsequently agreed between ADB and SPTD;
- (b) make available a budget for all such environmental and social measures;
- (c) provide the SPTD with a written notice of any unanticipated environmental, resettlement or indigenous peoples or ethnic minorities risks or impacts that arise during construction, implementation or operation of the project that were not considered in the EIA, the EMP, RF and the RPs;
- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction;
- (e) reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition as soon as possible and no later than the completion of construction; and
- (f) having fulfilled Involuntary Resettlement Safeguards related obligations prior to making the final payment.

Safeguards Monitoring and Reporting

20. SPG shall cause SPTD to, and SPTD shall do the following or cause the Project Implementing Agencies to do the following:

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- (a) in respect of implementation and compliance with Environmental Safeguards and the EMP, submit Safeguards Monitoring Reports to ADB, semi-annually during the construction and implementation of the Project and EMP, and thereafter semi-annually during operation, until the issuance of ADB's Project completion report unless a longer period is agreed in the EMP and disclose the relevant information from such reports to the respective affected people under the Environmental Safeguards promptly upon submission;
- (b) in respect of implementation and compliance with Involuntary Resettlement Safeguards, the RF and the RPs, submit to ADB (i) Safeguard Monitoring Reports semi-annually during the implementation of the RPs unless a longer period is agreed in the RPs and disclose the relevant information from such reports to the respective affected people under the Involuntary Resettlement Safeguards promptly upon submission and (ii) annual resettlement evaluation reports for two years after resettlement implementation;
- (c) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the EIA, the EMP, RF and the RPs, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan;
- (d) no later than one (1) month after the Effective Date, engage qualified and experienced external experts under a selection process and terms of reference acceptable to ADB, to verify information produced through Project monitoring process, facilitate the carrying out of any verification activities by such external expert;
- (e) prior to the commencement of Works, engage external resettlement monitoring specialists acceptable to ADB; and
- (f) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP, RF or the RPs promptly after becoming aware of the breach.

Prohibited list of investments

21. SPG shall cause SPTD to, and SPTD 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.

Labor Standards, Health and Safety

22. SPG shall cause SPTD to, and SPTD shall ensure that Works contracts shall include provisions to require the contractors to (a) comply with all applicable labor laws on the prohibition of child and forced labor; (b) give equal pay for equal work regardless of gender, ethnicity or social group; (c) give priority to women and people affected by land acquisition and demolition especially the significantly affected people and vulnerable groups as defined in the RPs, in the employment and training opportunities generated in the Project's construction and operation phases; (d) provide safe working conditions for both

Schedule

male and female workers; (e) maximize the employment of local people who meet the job and efficiency requirements for Project construction, operation and maintenance, in particular providing at least 40% of unskilled jobs under the Project to local people; and (f) provide such workers with adequate on-the-job and safety training.

23. SPG shall cause SPTD to, and SPTD shall further ensure that Works contractors will (a) disseminate information on sexually transmitted diseases (including HIV/AIDS) to sub-contractors/employees and local communities surrounding the Project construction sites; (b) implement HIV/AIDS awareness and prevention training for subcontractors/employees; (c) provide necessary measures to ensure the safety and health of its sub-contractors/employees; and (d) observe local customs concerning acceptable behavior towards the local population.

Gender and Development

24. SPG shall cause SPTD to, and SPTD shall ensure that (a) the GAP is implemented in accordance with its terms, monitored in a timely manner, and reported to ADB through Project progress reports prepared in accordance with ADB's Policy on Gender and Development (1998) and the project performance monitoring system (PPMS) and that adequate resources are allocated for this purpose; (b) shall appoint and put into place a gender expert under the capacity building consultancy services; (c) all targets under the GAP are achieved; (d) progress in achieving the GAP targets are reflected in the Project progress reports and Project completion report through collection and compilation of sex-disaggregated data, where relevant; and (e) all bidding documents include provisions as specified in the GAP; and (f) consolidated annual report on GAP implementation is submitted to ADB.

Social Development

25. SPG shall cause SPTD to, and SPTD shall ensure that the SDAP is implemented in accordance with its terms as further described in the PAM, to ensure that (i) the Project design is inclusive and is developed to maximize the Project benefits particularly to the poorer sections within the Project impact zone; (ii) measures are developed to address important social and poverty issues identified during Project preparation and these measures are implemented; (iii) potential possible adverse impacts are avoided or mitigated; and (iv) Project benefits are equitable and inclusive.

Grievance Redress Mechanism

26. Within 60 days of Effective Date or prior to any land acquisition and resettlement activities, whichever is earlier, SPG shall cause SPTD to, and SPTD, through the FFPO, shall ensure that a safeguards grievance redress mechanism acceptable to ADB is established in accordance with the provisions of the EIA, EMP, RF and RPs, within the timeframes specified in the relevant EIA, EMP, RF and RPs, to consider safeguards complaints.

Public Awareness

27. SPG shall cause SPTD to, and SPTD shall undertake public awareness campaigns through information disclosure, education and consultation on the project and its benefits, including but not limited to information related to the EMP, RF, RPs, and SDAP.

Governance and Anti-corruption

28. SPG shall and shall cause SPTD and Project Implementing Agencies to comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledges ADB's right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive or coercive practices relating to the Project; and (b) agree to cooperate, and shall cause all other government offices, organizations and entities involved in implementing the Project to cooperate, fully with any such investigation and to extend all necessary assistance, including providing access to all relevant books and records, as may be necessary for the satisfactory completion of any such investigation. In particular, SPG shall and shall cause SPTD and the Project Implementing Agencies to ensure that (a) periodic inspections of the project contractors' activities related to fund withdrawals and settlements are carried out; (b) relevant provisions of ADB's Anticorruption Policy (1998, as amended to date) are included in all bidding documents for the Project; and (c) contracts, financed under the Project, include provisions specifying the right of ADB to audit and examine the records and accounts of SPG, SPTD and Project Implementing Agencies, contractors, suppliers, consultants, and other service providers as they relate to the Project.

29. In furtherance of the principles of transparency, participation, accountability and zero-tolerance for corruption, SPTD shall develop and maintain relevant websites that describe the Project in order to provide the public with information on the Project including setting out (a) a summary of the audited financial statements of the Project; (b) the Procurement Plan and tracking of procurement contract awards; (c) relevant laws and regulations; (d) job opportunities; and (e) disclosure of safeguard plans and Safeguard Monitoring Reports.

Change in Ownership

30. SPG shall ensure that during the Project implementation, in the event of (a) any change in the ownership or control of Project facilities; or (b) any sale, transfer or assignment of share or interest that results in a change of control in any agency owning or managing any Project facilities being anticipated, it shall cause the relevant agency to consult with ADB at least six (6) months prior to the implementation of such change. SPG shall cause the said agency to further ensure that the new controlling management of the concerned agency complies with (a) all project related agreements executed between ADB and the Borrower, SPG or SPTD; and (b) the policies of ADB relevant to the Project.

Road Safety

31. SPG shall cause SPTD to, and SPTD shall ensure that the construction of the Project roads include agreed road safety design features to ensure that the percentage of 3-star-rated project roads (for vehicle occupants) increases from 27% to 58% by 2020.

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32. Prior to the commencement of use and/or operation of the Project roads, SPG shall cause SPTD to, and SPTD shall ensure that independent road safety audits are carried out and appropriate remedial actions are taken to implement the recommendations of these audits in the operations of the Project roads.

Project Performance Monitoring System

33. Within three (3) months of Effective Date, SPG shall cause SPTD to, and SPTD shall ensure that the FFPO shall establish a project performance monitoring system to monitor progress of the Project and each component under the Project.