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LOAN NUMBER 3401-PRC

PROJECT AGREEMENT

(Henan Hebi Qihe River Environmental Improvement and Ecological Conservation Project)

between

ASIAN DEVELOPMENT BANK

and

HENAN PROVINCIAL GOVERNMENT

HEBI CITY GOVERNMENT

DATED 14 December 2016

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PRC 47069

## PROJECT AGREEMENT

PROJECT AGREEMENT dated 14 December 2016 between ASIAN DEVELOPMENT BANK ("ADB") of one part, and HENAN PROVINCIAL GOVERNMENT ("HPG") and HEBI CITY GOVERNMENT ("HCG") 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 one hundred fifty million Dollars (\$150,000,000) 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, through HPG to HCG and that HCG and HPG agree to undertake certain obligations towards ADB set forth herein; and

(B) HPG and HCG, in consideration of ADB entering into the Loan Agreement with the Borrower, have agreed to undertake the obligations set forth herein;

NOW THEREFORE the parties hereto agree as follows:

## ARTICLE I

### Definitions

Section 1.01. (a) 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) HPG and HCG shall, and shall cause the Project Implementing Agencies to carry out the Project with due diligence and efficiency, and in conformity with sound applicable technical, financial, business, and development practices. ADB acknowledges that, when Project activities take place at the county or district level, HPG, in general, will fulfill its undertakings under this Project Agreement through HCG.

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

Section 2.02. HPG and HCG shall, and shall cause the Project Implementing Agencies 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, HCG shall, and shall cause the Project Implementing Agencies to, 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, HCG shall, and shall cause the Project Implementing Agencies to, 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. HCG shall, and shall cause the Project Implementing Agencies to, carry out the Project in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB. HCG shall, and shall cause the Project Implementing Agencies to, 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) HCG shall, and shall cause the Project Implementing Agencies to, 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, HCG undertakes, and causes the Project Implementing Agencies to undertake, 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. HPG and HCG 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, HPG and HCG shall, and HCG shall cause the Project Implementing Agencies to, cooperate fully to ensure that the purposes of the Loan will be accomplished.

(b) HPG and HCG shall, and shall cause the Project Implementing Agencies to, 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, HPG and HCG 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, HCG and the Loan.

Section 2.08. (a) HCG shall, and shall cause the Project Implementing Agencies 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 HCG concerning the Project and the Project Implementing Agencies; and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, HCG 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, HCG 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 HPG, HCG and the Project Implementing Agencies of its obligations under this Project Agreement and the accomplishment of the purposes of the Loan.

Section 2.09. (a) HPG and HCG shall, and shall cause the Project Implementing Agencies to, (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 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(s) 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) HPG and HCG shall, and shall cause the Project Implementing Agencies to, enable ADB, upon ADB's request, to discuss the financial statements for the Project and financial affairs of HPG, HCG and the Project Implementing Agencies where they relate to the Project with the auditors appointed by HPG pursuant to subsections (a)(iii) and (c) 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 HPG, HCG and the Project Implementing Agencies, unless HPG, HCG and Project Implementing Agencies shall otherwise agree.

Section 2.10. HCG shall, and shall cause the Project Implementing Agencies to, enable ADB's representatives to inspect the Project, the Goods and Works and any relevant records and documents related to the Project.

Section 2.11. (a) HPG and HCG shall, and shall cause the Project Implementing Agencies to, promptly as required, take all action within its powers to maintain its corporate 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) HPG and HCG shall, and shall cause the Project Implementing Agencies to, at all times conduct their 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) HPG and HCG shall, and shall cause the Project Implementing Agencies to, at all times operate and maintain their plant, 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, HPG and HCG shall not, and shall cause the Project Implementing Agencies not to, sell, lease or otherwise dispose of any of their assets which shall be required for the efficient carrying on of their operations or the disposal of which may prejudice their ability to perform satisfactorily any of their respective obligations under this Project Agreement.

Section 2.13. Except as ADB may otherwise agree, HPG and HCG shall, and shall cause the Project Implementing Agencies to, 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.

### **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 HPG and HCG 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) 636-2534.

#### For HPG

Henan Provincial Government  
Jingsan Road No. 25  
Zhengzhou, Henan Province  
People's Republic of China  
Post Code 450008

Facsimile Number:

(86) 371 65808723

#### For HCG

Hebi City Government  
Xinghe Street No. 79  
Qibin District  
Hebi City, Henan Province  
People's Republic of China  
Post Code 458030

Facsimile Number:

(86) 392 3261383.

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 (i) by or on behalf of HPG may be taken or executed by its Governor or Vice Governor, (ii) by or on behalf of HCG may be taken or executed by its Mayor or Deputy Mayor, or, in each case, by such other person or persons as he or she shall designate in writing notified to ADB.

(b) HPG and HCG 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  \_\_\_\_\_  
BENEDICT BINGHAM  
Authorized Signatory

HENAN PROVINCIAL GOVERNMENT

By  \_\_\_\_\_  
CHENG ZHIJUN  
Authorized Signatory

HEBI CITY GOVERNMENT

By  \_\_\_\_\_  
CHENG ZHIJUN  
Authorized Signatory



## SCHEDULE

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

#### Implementation Arrangements

1. HPG and HCG 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 HPG, HCG and ADB. In the event of any discrepancy between the PAM and this Project Agreement, the provisions of this Project Agreement shall prevail.
2. HPG shall cause HCG to, and HCG shall and shall cause the Project Implementing Agencies to, carry out the Project with due diligence and efficiency, and in conformity with sound applicable technical, financial, business, and development practices.
3. HPG and HCG shall, and shall cause the Project Implementing Agencies to, apply the proceeds of the ADB loan to the financing of expenditures on the Project in accordance with the provisions of the Loan Agreement, and shall ensure that all items of expenditures financed out of such proceeds are used exclusively in the carrying out of the Project.
4. HPG and HCG shall, and shall cause the Project Implementing Agencies 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 carrying out the Project.
5. HPG and HCG shall ensure that throughout Project implementation, the PMOs, Project Implementing Agencies and PIUs (a) are fully equipped with professionally skilled and experienced staff and (b) have reasonable office space, equipment, and adequate financial resources required for the timely and smooth implementation of the Project.

#### Design and Quality Control Requirements

6. HPG and HCG shall ensure, and shall cause the Project Implementing Agencies to ensure that:
  - (a) all Works to be carried out under the Project are designed by experienced and qualified design institutes and that sufficient counterpart funds are available for the engagement of such institutes;
  - (b) the design institutes complete relevant geological (including earthquake) and geotechnical investigations in the detailed design phase in accordance with relevant national, provincial and local design codes and standards, incorporate adequate risk mitigation measures into the designs and design all infrastructure and facilities in accordance with national standards and specifications;
  - (c) the construction management, quality control, contract management, final completion and acceptance comply with all applicable laws and regulations of the Borrower; and

- (d) design of project structure will include measures to address climate risks.

7. HCG shall ensure that during the detailed design stage of Project facilities: (i) the design institute assesses the risk of untreated industrial waste water entering the Project-supported Qishuiwan WWTP and damaging and/or affecting the efficiency of the WWTP; (ii) based on this assessment, the design of the WWTP includes, if needed, a "regulation" or "pre-treatment" process to withstand the potential toxicity and loading shocks to the WWTP resulting from unregulated and/or illegal discharges of industrial waste water and (iii) an in-depth examination of the composition and toxicity of the influent to the WWTP is conducted. HCG shall ensure that the risk assessment fully considers the following factors: (i) that unregulated discharge of untreated industrial waste water almost certainly occurs in Hebi City, although the extent is unclear; (ii) that existing industries include some which involve the use of significant pollutants and toxic substances that are toxic to microorganisms in the wastewater treatment process of the WWTP; and (iii) that Hebi City is targeted for industrial expansion so that such risks are likely to increase.

8. HPG and HCG shall ensure that the Hebi City PMO recruits a wetland ecologist to (a) help finalize the project designs for the national wetland park; and (b) provide specialist support during implementation, as per term of reference.

#### Wastewater Treatment Plant

9. HPG and HCG shall ensure, and shall cause Qi County Government to ensure that Hebi Housing, Rural and Urban Development Bureau or another responsible agency acceptable to ADB completes the construction and initiates operations of the Qishuiwan WWTP to the specifications set out in the PAM not later than October 2018 and, further that the responsible agency does all of the following:

- (a) prepare an operation and maintenance plan and an annual basic budget plan for the WWTP;
- (b) provide adequate funding and staffing for the operation and maintenance of the WWTP;
- (c) prepare and implement detailed plans for wastewater discharge for authorization and approval from relevant authorities and ADB;
- (d) monitor the discharge of treated wastewater;
- (e) report implementation results to ADB in regular Project reports;
- (f) treat and dispose of all sludge from the WWTP after commissioning in accordance with the design requirements and national discharge standards; and
- (g) discharge the treated wastewater from the WWTP in accordance with national discharge standards.

### Sewer Connections

10. HCG shall, and shall cause the Project Implementing Agencies to, ensure that, for buildings and communities where property owners or property developers having legal title can be identified, pipes connecting the buildings and communities to sanitary sewers newly installed under the Project are installed by the property owners or developers concurrently with the installation of the sanitary sewers in accordance with the Urban Wastewater Discharge Management Method issued by the Ministry of Construction (Order No. 152).

### Wastewater, Sludge and Solid Waste

11. HPG and HCG shall ensure, and shall cause the Project Implementing Agencies to ensure, that all industrial wastewater is appropriately pre-treated prior to discharge into sewage systems in accordance with national and local standards.

12. HPG and HCG shall ensure, and shall cause the Project Implementing Agencies to ensure, that all sludge dredged in the course of implementing the Project will be treated and disposed of according to the design requirements and national standards.

13. HPG and HCG shall ensure, and shall cause the Project Implementing Agencies to ensure, that (a) community environmental management teams are established in 5 pilot communities to help raise the environmental awareness of community residents to eliminate improper disposal of solid waste and waste dumping into the Qihe River; and (b) the PIUs in Qi County and Qibin District review the results of these activities, and develop and implement an action program to maintain the Qihe River, and prevent garbage dumping and that garbage is properly collected and sent to appropriate landfill sites.

14. HCG shall ensure that, for the entire Project period, solid waste is properly collected from the areas surrounding the mainstream and tributaries of Qihe River and the canals and transferred to landfills or solid waste treatment facilities.

### Wastewater Tariff

15. HPG and HCG shall ensure that segregated accounting records are maintained within the Qi County and Hebi City level government financial reporting system, respectively, to report all wastewater tariff revenues and wastewater department costs for Qi County and Qibin District in a manner that allows these costs and revenues to be clearly identified and evaluated and the cost reporting in these accounts include all operating costs as well as investments in wastewater infrastructure.

16. HPG and HCG shall ensure that: (a) the cost recovery performance of municipal wastewater operations in Qibin District and Qi County is evaluated each year; (b) an annual review of such wastewater tariffs including a comparison of existing tariffs with tariffs required to cover basic operating costs, debt service and capital replacement costs is undertaken; (c) relevant government agencies commit to a progressive increase of wastewater tariffs to achieve full cost recovery in accordance with national wastewater tariff policies and regulations; and (d) subsidies are provided to fully cover funding shortfalls in wastewater operations caused by tariffs that fail to achieve full cost recovery.

17. HPG and HCG shall ensure that: (a) an annual assessment of the impact of existing wastewater tariffs on the poor in Qi County and Qibin District is undertaken; and (b) necessary measures to ensure service provision to the poor are taken.

18. HPG and HCG shall ensure that public consultations are included in the process for adjusting wastewater tariffs for Qi County and Qibin District.

#### Project Performance Monitoring

19. HCG shall ensure that the PMOs and the Project Implementing Agencies have completed training on the Project Performance Management System (PPMS) annexed to the PAM, and are fully equipped to implement and maintain the PPMS to monitor Project implementation and performance in meeting Project targets, not later than the effective date of the Loan Agreement. HCG, through the PMOs, shall: (i) monitor and evaluate Project outputs and outcomes using the PPMS; (ii) report to ADB key findings of monitoring through semi-annual Project progress reports; and (iii) submit a Project completion report within six months after Project physical completion.

#### Environment

20. HPG and HCG shall ensure, and shall cause the Project Implementing Agencies to ensure, that the preparation, design, construction, implementation and operation of the Project and all Project facilities comply with (a) all applicable laws and regulations of the PRC relating to environment, health and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the EIA and EMP, and any corrective or preventative actions (i) set forth in a safeguards monitoring report (as required by ADB); or (ii) agreed between ADB and HPG or HCG.

21. HPG and HCG shall implement the following measures in the pre-construction phase to ensure the Project's environment management readiness: (a) appoint one qualified environment officer, satisfactory to ADB, in each of the Hebi City PMO and in each PIU; (b) recruit at least one loan implementation environment consultant (as part of the loan administration consultant services); (c) ensure that the Project Implementing Agencies have arranged contractual agreements with local environment monitoring stations to conduct the environmental impact monitoring described in the EMP; (d) adjust environmental mitigation and monitoring measures in the EMP(s) based on final engineering design, as necessary; and (e) prior to commencing any Project works, prepare the site environmental management and supervision plan.

22. HPG and HCG shall ensure that before and during construction of each component of the Project, the Hebi City PMO will train the relevant Project Implementing Agencies and PIUs to implement the relevant parts of the EMP.

#### Native Plant Species

23. HPG and HCG shall ensure, and shall cause the Project Implementing Agencies to ensure that, except for the limited use of sterilized non-native seedlings permitted in paragraph 24, below, for all Project embankments, barren hill greening, wetland rehabilitation, planting of green belts, and post-construction rehabilitation the Project shall only use plant species that are native to Henan Province, and which are sourced from within Henan Province,

to strengthen the rehabilitation of natural habitats and to avoid the introduction of non-native invasive weeds.

24. To avoid the risk of spreading weeds, pest animals, and/or soil-based organisms, HPG and HCG shall ensure, and shall cause the Project Implementing Agencies to ensure, that the Project shall: (a) prohibit the use of any plant species classified in the People's Republic of China as weeds, as defined by the China National Invasive Plant Database (<http://www.agripests.cn>; 229 species) and by the Ministry of Environment Protection and Chinese Academy of Sciences (19 species); (b) prohibit the introduction of soil, rocks, or plants from outside Henan Province; (c) ensure that construction soil and dredge spoil is disposed within the boundaries of Hebi City; and (d) ensure that Project vehicles and machinery are washed down before leaving the boundaries of construction sites; provided that, if the use of fast-growing non-native species (e.g., grasses) is required for stabilizing bare construction surfaces, only sterilized seedlings (i.e., which cannot propagate) shall be used.

#### Operation of Panshitou Reservoir

25. As the operation of the Panshitou reservoir, situated immediately upstream of the Project area, may impact the viability and operation of the project activities, especially the reliability of water supply to the Qihe River National Wetland Park and downstream flood control, if any changes are made to the operating regime of the reservoir, HCG shall advise ADB and ADB and HCG shall jointly review the risks this may pose to Project viability and will identify needed actions.

#### Resettlement

26. HPG and HCG shall ensure, and shall cause the Project Implementing Agencies to ensure, that all land and all rights-of-way required for the Project and all Project facilities are made available to the Project works contractor(s) in a manner and within timeframes compliant with the RPs and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the PRC relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; and (c) all measures and requirements set forth in the RPs, and any corrective or preventative actions (i) set forth in a safeguards monitoring report; or (ii) agreed between ADB and HPG or HCG.

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

- (a) the RPs have been updated based on detailed measurement survey, and submitted and cleared by ADB;
- (b) compensation and other entitlements have been provided to the displaced persons in accordance with the RPs; and
- (c) a comprehensive income and livelihood restoration program has been established in accordance with the RPs.

#### Ethnic Minorities

28. HPG and HCG shall ensure, and shall cause the Project Implementing Agencies to ensure, that the Project does not have any indigenous peoples impacts within the meaning of the Safeguards Policy Statement. In the event that the Project does have any such impact, HPG shall and shall cause HCG to take all steps required to ensure that the Project complies with the applicable laws and regulations of the PRC and with the SPS.

#### Human and Financial Resources to Implement Safeguard Requirements

29. HPG and HCG shall make available the necessary budgetary and human resources to fully implement the EMP, the RPs, the SDAP and the GAP.

#### Safeguards-Related Provisions in Bidding Documents and Works Contracts

30. HPG and HCG shall ensure, and shall cause the Project Implementing Agencies to ensure that all bidding documents and contracts for Project works contain provisions that require contractors to:

- (a) comply with the measures relevant to the contractor set forth in the EIA, the EMP and the RPs (to the extent they concern impacts on the respective affected people under the Environmental Safeguards and Involuntary Resettlement Safeguards during construction), and any corrective or preventative actions set forth in (i) a safeguards monitoring report; or (ii) agreed between ADB and HPG or HCG;
- (b) make available a budget for all such environmental and social measures;
- (c) provide HCG and the Project Implementing Agencies 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 and the RPs;
- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (e) reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition as soon as possible and no later than the completion of construction.

#### Safeguards Monitoring and Reporting

31. HPG and HCG shall do or cause the Project Implementing Agencies to do the following:

- (a) submit safeguards monitoring reports to ADB in respect of (i) implementation and compliance with the Environmental Safeguards and the EMP, semi-annually during the construction and implementation of the Project and the EMP, and thereafter semi-annually during operation until the issuance of the Project completion report unless a longer period is agreed; and (ii) implementation and compliance with the Involuntary Resettlement Safeguards and the RPs, semi-annually during the implementation of Project

and the RPs until the issuance of ADB's Project completion report unless a longer period is agreed in the RPs; and disclose the relevant information from such reports to the respective affected people under the Environmental Safeguards and Involuntary Resettlement Safeguards 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 EIA, the EMP 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;
- (c) no later than the commencement of land acquisition and resettlement activities, engage an independent agency under a selection process and terms of reference acceptable to ADB, to monitor and evaluate resettlement progress, and facilitate the carrying out of any verification activities by such external experts, and forward semi-annual external resettlement monitoring and evaluation reports to ADB during resettlement implementation and annually for two years after the completion of resettlement implementations; and
- (d) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP or the RPs promptly after becoming aware of the breach.

#### Labor and Health

32. HPG and HCG shall ensure, and shall cause the Project Implementing Agencies, PMOs, PIUs and contractors and service providers to comply with (a) all applicable labor laws of the Borrower 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 in the employment and training opportunities generated in the project's construction and operation phases; (d) maximize the employment of local people who meet the job and efficiency requirements for project construction, operation and maintenance; (e) provide such workers with adequate on-the-job and safety training; (f) disseminate information on sexually transmitted diseases (including HIV/AIDS) and human trafficking to sub-contractors/employees and local communities surrounding the project construction sites; (g) implement HIV/AIDS awareness and prevention training for sub-contractors/employees in collaboration with the Center for Disease Control; (h) implement human trafficking awareness activities; (i) provide necessary measures to ensure the safety and health of its sub-contractors/employees; and (j) observe local customs concerning acceptable behavior towards the local population.

#### Gender Action Plan

33. HPG and HCG shall ensure, and shall cause the Project Implementing Agencies to ensure that (a) the GAP is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GAP; (c) adequate resources are allocated for implementation of the GAP; (d) progress on implementation of the GAP, including progress toward achieving key gender outcome and output targets, are monitored and reported in semi-annual progress reports to ADB; and (e) key gender outcome and output targets include, but not limited to

ensuring (i) women's participation during consultations with the general public in public hearings, in decision-making processes, and in any local decision-making bodies and structures; (ii) the prioritization of job opportunities for women during and after project implementation, and providing appropriate training; (iii) women are included as participating members in Project-related seminars, workshops, and meetings; (iv) the collection of sex disaggregated data where appropriate; and (v) focus on women's involvement in the public awareness campaigns on water conservation, solid waste management, and flood risk and preparedness;

#### Social Development Action Plan

34. HPG and HCG shall ensure, and shall cause the Project Implementing Agencies to ensure that (a) the SDAP is implemented in a timely manner during and after the completion of construction activities under the Project, including actions to (i) minimize nearby residents' discontent with construction disturbances; (ii) improve public awareness on water conservation, environmental management and protection and public health; (b) adequate funds are allocated and made available for the implementation of the SDAP; and (c) the SDAP implementation is monitored and reported in semi-annual progress reports to ADB.

#### Safeguards – Grievance Redress Mechanism

35. HPG and HCG shall ensure, and shall cause the Project Implementing Agencies to ensure that a safeguards grievance redress mechanism acceptable to ADB is established in accordance with the provisions of the EIA, EMP and RPs at each PMO, within the timeframes specified in the relevant EIA, EMP and RPs, to consider safeguards complaints.

#### Public Awareness

36. HPG and HCG shall undertake, and shall cause the Project Implementing Agencies to 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, RPs, SDAP and GAP.

#### Prohibited Investment List

37. HPG and HCG shall ensure, and shall cause the Project Implementing Agencies to ensure that no proceeds of ADB's loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

#### Anticorruption and Integrity

38. HPG, HCG and the Project Implementing Agencies shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge 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, HPG and HCG shall, and shall cause 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 HPG, HCG and Project Implementing Agencies, PMOs, PIUs, contractors, suppliers, consultants, and other service providers as they relate to the Project.

39. In furtherance of the principles of transparency, participation, accountability and zero-tolerance for corruption, HCG 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) any proposed tariff increases and associated scheduled public hearings; (d) relevant laws and regulations; (e) job opportunities; and (f) information related to pro-poor subsidies or tariff life-lines. HCG shall also periodically make such information available on radio and in newspapers.

#### Change in Ownership

40. HPG shall cause HCG to, and HCG shall, ensure that in the event any change in ownership or control of the project facilities is anticipated, HCG will consult with ADB at least 6 months prior to the implementation of such change.