
LOAN NUMBER 3199-MYA(SF)

LOAN AGREEMENT
(Special Operations)

(Maubin - Phyapon Road Rehabilitation Project)

between

REPUBLIC OF THE UNION OF MYANMAR

and

ASIAN DEVELOPMENT BANK

DATED 10 FEBRUARY 2015

MYA 47086

**LOAN AGREEMENT
(Special Operations)**

LOAN AGREEMENT dated 10 February 2015 between REPUBLIC OF THE UNION OF MYANMAR (“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; and

(B) 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.

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

(a) “Consulting Guidelines” means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);

(b) “Consulting Services” means the services to be financed out of the proceeds of the Loan as described in paragraph 3 of Schedule 1 to this Loan Agreement;

(c) “Corridor of Impact” has the meaning given in the RP;

(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) “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;

- (g) “Implementing Agency” means Public Works of MOC;
- (h) “Initial Environmental Examination” or “IEE” means the initial environmental examination for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (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) “Ministry of Finance” means the Borrower’s Ministry of Finance, or any successor thereto;
- (l) “MOC” means the Borrower’s Ministry of Construction, or any successor thereto;
- (m) “O&M” means operation and maintenance;
- (n) “PAM” means the project administration manual for the Project dated 9 September 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;
- (o) “PMU” means the Project management unit established in the Project Executing Agency for the purposes of the Project and staffed as described in the PAM;
- (p) “Procurement Guidelines” means ADB’s Procurement Guidelines (2013, as amended from time to time);
- (q) “Procurement Plan” means the procurement plan for the Project dated 9 September 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 for this Project agreed with ADB;
- (r) “Project Executing Agency” for the purposes of, and within the meaning of, the Loan Regulations means MOC or any successor thereto acceptable to ADB, which is responsible for carrying out of the Project;
- (s) “Project facilities” means facilities to be installed, constructed, reconstructed, developed or operationalized under the Project;
- (t) “Project Road” means the approximately 55 kilometer section of road between Maubin and Phyapon which is to be rehabilitated under the Project;
- (u) “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;

- (v) "Right of Way" has the meaning given in the RP;
- (w) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009);
- (x) "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; and
- (y) "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 fifty-two million six hundred and ninety-five thousand Special Drawing Rights (SDR52,695,000).

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. Withdrawals from the Loan Account in respect of Goods, Works, and Consulting Services shall be made only on account of expenditures relating to:

- (a) Goods which are produced in and supplied from, and Works and Consulting Services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement; and
- (b) Goods, Works, and Consulting Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.06. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 September 2018 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, 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 fund(s) 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.

(d) The Borrower shall ensure that the Head of the Internal Audit Unit at the Project Executing Agency reports to the highest level of management in the Project Executing Agency, in order to ensure the independence of internal audits and consistent with international best practices.

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

Effectiveness

Section 5.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations: the PMU has been established and staffed as required under the Project and as set out in the PAM.

Section 5.02. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VI

Miscellaneous

Section 6.01. The Ministry of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Borrower

Ministry of Finance
Building No. 26 Nay Pyi Taw
Republic of the Union of Myanmar

Facsimile Number:

+95-67-410198.

For ADB

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

Facsimile Numbers:

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

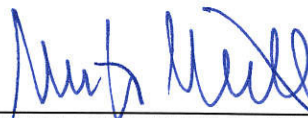
IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

REPUBLIC OF THE UNION OF
MYANMAR



By _____
U MAUNG MAUNG WIN
Authorized Representative

ASIAN DEVELOPMENT BANK



By _____
WINFRIED WICKLEIN
Country Director
Myanmar Resident Mission

SCHEDULE 1

Description of the Project

1. The objective of the Project is reduced travel time and transport costs in the Project area.
2. The Project shall comprise:
 - (a) Component 1: rehabilitation of the Project Road including construction of traffic lanes, provision of a permanent superstructure, replacement and reconstruction of bridges within Kyaiklat town; and
 - (b) Component 2: upgrading testing equipment at the laboratories and offices of the Executing Agency and Implementing Agency including the Yangon Research Laboratory.
3. Project includes Consulting Services to finance construction supervision and Project implementation support under Component 1.
4. The Project is expected to be completed by 31 March 2018.

SCHEDULE 2**Amortization Schedule****(Maubin - Phyapon Road Rehabilitation Project)**

<u>Date Payment Due</u>	<u>Payment of Principal</u> (expressed in Special Drawing Rights) *
15 May 2023	1,097,813
15 November 2023	1,097,813
15 May 2024	1,097,813
15 November 2024	1,097,813
15 May 2025	1,097,813
15 November 2025	1,097,813
15 May 2026	1,097,813
15 November 2026	1,097,813
15 May 2027	1,097,813
15 November 2027	1,097,813
15 May 2028	1,097,813
15 November 2028	1,097,813
15 May 2029	1,097,813
15 November 2029	1,097,813
15 May 2030	1,097,813
15 November 2030	1,097,813
15 May 2031	1,097,813
15 November 2031	1,097,813
15 May 2032	1,097,813
15 November 2032	1,097,813
15 May 2033	1,097,813
15 November 2033	1,097,813
15 May 2034	1,097,813
15 November 2034	1,097,813
15 May 2035	1,097,813
15 November 2035	1,097,813
15 May 2036	1,097,813
15 November 2036	1,097,813
15 May 2037	1,097,813
15 November 2037	1,097,813
15 May 2038	1,097,813
15 November 2038	1,097,813
15 May 2039	1,097,813
15 November 2039	1,097,813

Date Payment DuePayment of Principal
(expressed in Special Drawing Rights)*

15 May 2040	1,097,813
15 November 2040	1,097,813
15 May 2041	1,097,813
15 November 2041	1,097,813
15 May 2042	1,097,813
15 November 2042	1,097,813
15 May 2043	1,097,813
15 November 2043	1,097,813
15 May 2044	1,097,813
15 November 2044	1,097,813
15 May 2045	1,097,813
15 November 2045	1,097,813
15 May 2046	1,097,813
15 November 2046	1,097,789
TOTAL	52,695,000

* 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 6 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

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Maubin - Phayapon Road Rehabilitation Project)			
Number	Item	Total Amount Allocated for ADB Financing (SDR) Category	Basis for Withdrawal from the Loan Account
1	Works	36,360,000	100% of total expenditure claimed
2	Materials and Equipment	1,515,000	100% of total expenditure claimed
3	Construction Supervision and Project implementation support	2,635,000	100% of total expenditure claimed
4	Incremental Administrative Expenditure	263,000	100% of total expenditure claimed
5	Unallocated	10,868,000	
6	Interest during Construction	1,054,000	100% of amounts due
	Total	52,695,000	

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.

Domestic Preference

5. The Borrower may grant a margin of preference in the evaluation of bids under international competitive bidding in accordance with paragraphs 2.55(a) and 2.56 of the Procurement Guidelines for domestically manufactured Goods and paragraphs 2.55(b) and 2.56 of the Procurement Guidelines for domestic Works.

National Competitive Bidding

6. 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

7. The Borrower shall not award any Works contracts until:
 - (a) The Ministry of Environmental Conservation and Forestry has granted the final approval of the Project;
 - (b) the Borrower has incorporated the relevant provisions from the EMP into the Works contract;

- (c) 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; and
- (d) the Project Executing Agency has confirmed that any fiber optic cables which are to be relocated under the Project have been relocated.

Consulting Services

8. Except as ADB may otherwise agree, the Borrower shall apply quality- and cost-based selection for selecting and engaging Consulting Services.

Industrial or Intellectual Property Rights

9. (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.

10. 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

11. Contracts procured under international competitive bidding procedures, national 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; Financial Matters; Operations

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.
2. The Borrower shall ensure that the Executing Agency and the Implementing Agency is equipped with professionally skilled staff, reasonable office space, equipment, and adequate financial resources required for implementation of the Project throughout the implementation period.
3. The Borrower shall ensure that the construction of the Project facilities is carried out in accordance with the standards and requirements set out in the Works contracts and that the operation of the Project facilities are conducted in accordance with all applicable national and local laws, regulations, procedures and other requirements for road network operations.

Road Safety

4. The Borrower shall ensure the following prior to the commencement of Works under the Project: (i) completion of a comprehensive road safety audit of the design of the Project Road, undertaken in accordance with internationally-accepted road safety standards and requirements and within the context of a road rehabilitation project; and (ii) adjustment of the design of the Project Road to incorporate the recommendations of the road safety audit.
5. The Borrower shall ensure that not later than 6 months prior to the completion of Works under the Project and again before the Project is accepted as substantially completed, road safety audits of the Project Road have been conducted and, on the basis of those audits, the contractors have implemented such additional civil works as may be necessary to ensure the Project Road meets appropriate internationally-accepted road safety standards.

Operations and Maintenance

6. The Borrower shall make adequate resources available to the Project Executing Agency and the Implementing Agency to ensure that: (i) the Project Road is maintained and operated in good condition in compliance with applicable laws, regulations and standards of the Borrower and best international practices; and (ii) adequate budgetary appropriations or other funding and qualified and experienced staff are made available to enable the Implementing Agency to successfully carry out these activities. For the overall road network for which it is responsible, the Project Executing Agency shall also develop, with the assistance of ADB through resources provided under the ADB Technical Assistance: Asset Management Program for Myanmar Roads, a management plan for the network that

will incorporate a new investment program, rehabilitation, periodic maintenance and routine maintenance.

Indigenous Peoples

7. The Borrower shall ensure that the Project does not have any indigenous peoples impacts within the meaning of the Safeguard Policy Statement. In the event that the Project does have any such impact, the Borrower shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Borrower and with ADB's Safeguard Policy Statement.

Environment

8. The Borrower shall ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower 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

9. The Borrower shall ensure that all land located in the Corridor of Impact 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.

10. Without limiting the application of the Involuntary Resettlement Safeguards or the RP, the Borrower shall ensure that no physical or economic displacement takes place in connection with the Project until assistance has been provided to affected people in accordance with the RP.

Human and Financial Resources to Implement Safeguards Requirements

11. The Borrower shall make available necessary budgetary and human resources to fully implement the EMP and the RP.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

12. The Borrower shall 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; and
- (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.

13. The Borrower shall ensure that all bidding documents and contracts for Works contain provisions that require contractors to comply with the Labor Standards, HIV/AIDS and Human Trafficking Prevention, Gender and Governance and Anticorruption covenants set out in paragraphs 17 to 22 of Schedule 5 to this Loan Agreement.

Safeguards Monitoring and Reporting

14. The Borrower shall 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.

15. The Borrower shall promptly inform ADB in advance and provide a detailed description of any proposed physical or economic displacement of affected persons from the Project's Right of Way to an area located outside of the Project's Right of Way. The Borrower shall consult with ADB prior to taking any action thereon.

Prohibited List of Investments

16. 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.

Labor Standards

17. The Borrower shall ensure that contractors engaged under the Project comply with the following requirements in respect of workers carrying out civil works under the Project: (a) provide such workers with equal pay for work of equal value, regardless of gender, age, ethnicity or any other factors; (b) ensure the timely payment of wages to such

workers; (c) not discriminate against people based on age, gender or ethnicity, provided they are capable of performing the work; (d) advertise labor requirements in a timely manner prior to recruitment, in a venue that can reasonably be expected to be seen by interested men and women, regardless of age or ethnicity; (e) use their best efforts to employ women and local people, including disadvantaged people; (f) provide such workers with adequate on-the-job training and safety training; (g) provide and adequately equip first-aid, health and sanitation, and personal hygiene facilities for male and female workers at the Project site; (h) do not restrict freedom of association of such workers; (i) comply with applicable national and local labor laws and regulations, including stipulations related to employment; (j) not employ, use or benefit from children in any capacity on the Project; and (k) not employ, use or benefit from forced labor, which consists of any work or service not voluntarily performed that is exacted from an individual under threat or force or penalty including any kind of involuntary or compulsory labor, such as indentured labor, bonded labor or similar labor-contracting arrangements.

HIV/AIDS and Human Trafficking Prevention

18. The Borrower shall ensure that contractors engaged under the Project conduct an information and education campaign on sexually transmitted diseases and HIV/AIDS for construction workers as part of the health and safety program during Project implementation.

Gender

19. The Borrower shall ensure that the principles of gender equity aimed at increasing Project benefits and impacts on women in the Project area consistent with ADB's Policy on Gender and Development (1998) are followed during implementation of the Project, including: (a) equal pay to men and women for work of equal value; (b) enabling working conditions for women workers; and (c) taking necessary actions to encourage women living in the Project area to participate in the design and implementation of Project activities.

Governance and Anticorruption

20. The Borrower, the Project Executing Agency and the Implementing Agency 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 fully with any such investigation and extend all necessary assistance, including providing access to all relevant books and records, as may be necessary for satisfactory completion of such investigation.

21. The Borrower and the Project Executing Agency shall ensure that 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 Project Executing Agency and the Implementing Agency and all contractors, suppliers, consultants, and other service providers as they relate to the Project. Individuals/entities on ADB's anticorruption debarment lists are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the Project. If the Borrower, the Project Executing Agency or the Implementing Agency is or becomes aware or

has a reasonable suspicion that any member of the Borrower, Project Executing Agency or Implementing Agency has engaged in corrupt or fraudulent practices (as defined in ADB's Anticorruption Policy) under or in connection with the Project or the Loan, the Borrower, Project Executing Agency and Implementing Agency shall take such timely and appropriate action satisfactory to ADB to investigate and/or remedy the situation.

22. In addition to these requirements, to deter corruption and increase transparency, the Borrower shall create a Project website within 3 months of the Effective Date, accessible by the public, to disclose various information concerning the Project including general information about the Project, public procurement related to the Project, Project progress and contact details in English and Myanmar language. The website will also provide a link to ADB's Integrity Unit (<http://www.adb.org/Integrity/complaint.asp>) for reporting to ADB any grievances or allegations of corrupt practices arising out of the Project and Project activities. For each contract, the website will include information on, among others, the list of participating bidders, name of the winning bidder, basic details on bidding procedures adopted, amount of contract awarded, and the list of Works, Goods and Consulting Services. The Project Executing Agency shall permit any bidder to request an explanation as to why a bid was unsuccessful and the Project Executing Agency shall respond promptly. The website will be updated promptly after each award of contract.