
LOAN NUMBER 4086-SOL(COL)

LOAN AGREEMENT
(Ordinary Operations [Concessional])
(Land and Maritime Connectivity Project – Tranche 1)

between

SOLOMON ISLANDS

and

ASIAN DEVELOPMENT BANK

DATED 22 JULY 2021

SOL 53421

**LOAN AGREEMENT
(Ordinary Operations [Concessional])**

LOAN AGREEMENT dated 22 July 2021 between SOLOMON ISLANDS ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a framework financing agreement dated 28 January 2021 between the Borrower and ADB, ADB has agreed to provide a multitranche financing facility to the Borrower for purposes of financing the Land and Maritime Connectivity Project ("Investment Project") as a large-scale project under the time-slice approach;

(B) by a periodic financing request dated 28 January 2021, the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement ("Project");

(C) by a grant agreement of even date herewith between the Borrower and ADB ("Grant Agreement"), ADB has agreed to provide a grant to the Borrower from ADB's Special Funds resources in the amount of nineteen million four hundred sixty thousand Dollars (\$19,460,000) ("Grant") for the purposes of financing expenditures under the Project; and

(D) ADB has agreed to make a concessional loan to the Borrower from ADB's ordinary capital 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 ADB's Ordinary Operations (Concessional) Loan Regulations, dated 1 January 2017 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein.

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 Services" means consulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Loan and Grant;
- (b) "EARF" means the environmental assessment and review framework for the Investment Project, including any update thereto, agreed between the Borrower and ADB and incorporated by reference in the FFA;

- (c) "ECD" means the Environment and Conservation Division of the Borrower's Ministry of Environment, Climate Change, Disaster Management and Meteorology, or any successor thereto;
- (d) "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) "Facility" means the multitranche financing facility provided by ADB to the Borrower for purposes of financing projects under the Investment Project;
- (g) "FAM" means the Facility administration manual dated 28 January 2021 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;
- (h) "FFA" means the framework financing agreement dated 28 January 2021 between ADB and the Borrower with respect to the Facility;
- (i) "GAP" means the gender action plan for the Project prepared in consultation with the Borrower and approved by ADB;
- (j) "Goods" means equipment and materials as set out in the Procurement Plan and to be financed out of the proceeds of the Loan and Grant, including any related Nonconsulting Services such as transportation, insurance, installation, commissioning, training, and initial maintenance;
- (k) "IEE" means the initial environmental examination for the Project, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the EARF and cleared by ADB;
- (l) "Investment Project" means the Land and Maritime Connectivity Project;
- (m) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;
- (n) "km" means kilometer;
- (o) "LARF" means the land acquisition and resettlement framework for the Investment Project, including any update thereto, agreed between the Borrower and ADB and incorporated by reference in the FFA;
- (p) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (q) "MID" means the Borrower's Ministry of Infrastructure Development or any successor thereto acceptable to ADB;

- (r) "MOFT" means the Borrower's Ministry of Finance and Treasury or any successor thereto;
- (s) "Nonconsulting Services" means nonconsulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Loan and Grant;
- (t) "Part" means a part of the Project as described in paragraph 2 of Schedule 1 to this Loan Agreement;
- (u) "PFR" means the periodic financing request submitted or to be submitted by the Borrower, for the purposes of each loan under the Facility, and for the purpose of this Loan Agreement means the periodic financing request dated 28 January 2021;
- (v) "Procurement Plan" means the procurement plan for the Project dated 28 January 2021 and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Policy, the Procurement Regulations, and other arrangements agreed with ADB;
- (w) "Procurement Policy" means ADB's Procurement Policy – Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (x) "Procurement Regulations" means ADB's Procurement Regulations for ADB Borrowers – Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (y) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means MOFT or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;
- (z) "Project facilities" means the facilities to be improved, constructed or provided under the Project;
- (aa) "RP" means the resettlement plan for the Project, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the LARF and cleared by ADB;
- (bb) "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;
- (cc) "Services" means Consulting Services and Nonconsulting Services;
- (dd) "SIPA" means the Solomon Islands Ports Authority or any successor thereto;

- (ee) "SITAMS" means the Solomon Islands Transport Asset Management System which is a centralized database containing standardized data and information on the Borrower's transport infrastructure, including information on the condition of all roads, bridges and culverts;
- (ff) "SPS" means ADB's Safeguard Policy Statement (2009); and
- (gg) "Works" means construction or civil works as set out in the Procurement Plan and to be financed out of the proceeds of the Loan and Grant, including any related Nonconsulting Services, and project related services that are provided as part of a single responsibility or turnkey contract.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of twenty-four million four hundred twenty thousand Dollars (\$24,420,000).

(b) The Loan has a principal repayment period of 24 years, and a grace period as defined in subsection (c) hereinafter.

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

Section 2.02. The Borrower shall pay to ADB 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.

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

- (a) Goods which are produced in and supplied from and Works and 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 Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.05. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 June 2023 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 4 to this Loan Agreement.

Section 4.02. (a) The Borrower shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with financial reporting standards acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the Loan proceeds, and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year,

copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

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

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

ARTICLE V

Suspension; Acceleration of Maturity

Section 5.01. The following is specified as an additional event for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 8.01(m) of the Loan Regulations:

- (a) the Borrower shall have failed to perform one or more of its obligations under the Grant Agreement; or
- (b) the Grant shall have become liable for suspension or cancellation.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 8.07(d) of the Loan Regulations: any of the events specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. 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 Grant Agreement shall have been duly executed and delivered on behalf of the Borrower, and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Loan Agreement) shall have been fulfilled.

Section 6.02. 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 VII

Miscellaneous

Section 7.01. The Minister of Finance and Treasury of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Borrower

Ministry of Finance and Treasury
P. O. Box 26
Honiara, Solomon Islands

Facsimile Number:

(677) 27855

For ADB


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

Facsimile Numbers:

(632) 8636-2444
(632) 8636-2388.

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.

SOLOMON ISLANDS

By 

HARRY D. KUMA
Minister for Finance and Treasury

ASIAN DEVELOPMENT BANK

By 

LEAH C. GUTIERREZ
Director General
Pacific Department

SCHEDULE 1

Description of the Project

1. The objective of the Investment Project is to improve connectivity, efficiency, and disaster resilience of the transportation network within the territory of the Borrower.

2. The Project shall consist of the following Parts:

Part A: Rehabilitation and Climate Proofing of Road Infrastructure:

- (a) rehabilitation of approximately 1.75 km road section of Mendana Avenue between Honiara City Council to Town Ground with asphalt concrete wearing course, and the provision of bus bays, parking slots and footpaths;
- (b) upgrading of approximately 3.1 km road section between Town Ground and White River to four-lanes with asphalt concrete wearing course, and the provision of refuge islands, bus bays and footpaths; and
- (c) rehabilitation of approximately 31 km road section between Henderson to Mbarande with double bituminous surface treatment, and the provision of guardrails, traffic calming measures and speed signage at villages.

Part B: Construction of Maritime Infrastructure Resilient to Disasters Risks:

- (a) the construction in Ahanga and Kira Kira of (i) two new piled reinforced concrete wharves and integrated small boat jetties; (ii) new access roads to improve intermodal linkages to maritime transport; and (iii) sheltered waiting areas, areas for women to market products, and separate ablution blocks for men and women; and
- (b) the reconstruction and improvement of the wharf in Honiara International Port.

Part C: Strengthening of Institutional Capacity:

- (a) provision of support to MID for planning, project preparation, procurement and contract management, construction supervision, development of asset management system, and long-term transport sector institutional reform; and
- (b) capacity development support to SIPA to meet international standards and procedures, and assess the possibility of integrating green port initiatives in the Honiara International Port.

3. The Project is expected to be completed by 31 December 2022.

SCHEDULE 2**Amortization Schedule**

<u>Date Payment Due</u>	<u>Payment of Principal</u> (expressed in Dollars)*
15 May 2029	508,750
15 November 2029	508,750
15 May 2030	508,750
15 November 2030	508,750
15 May 2031	508,750
15 November 2031	508,750
15 May 2032	508,750
15 November 2032	508,750
15 May 2033	508,750
15 November 2033	508,750
15 May 2034	508,750
15 November 2034	508,750
15 May 2035	508,750
15 November 2035	508,750
15 May 2036	508,750
15 November 2036	508,750
15 May 2037	508,750
15 November 2037	508,750
15 May 2038	508,750
15 November 2038	508,750
15 May 2039	508,750
15 November 2039	508,750
15 May 2040	508,750
15 November 2040	508,750
15 May 2041	508,750
15 November 2041	508,750
15 May 2042	508,750
15 November 2042	508,750
15 May 2043	508,750
15 November 2043	508,750
15 May 2044	508,750
15 November 2044	508,750
15 May 2045	508,750
15 November 2045	508,750
15 May 2046	508,750
15 November 2046	508,750
15 May 2047	508,750
15 November 2047	508,750
15 May 2048	508,750
15 November 2048	508,750
15 May 2049	508,750
15 November 2049	508,750
15 May 2050	508,750

15 November 2050	508,750
15 May 2051	508,750
15 November 2051	508,750
15 May 2052	508,750
15 November 2052	508,750
Total	24,420,000

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 of the Table.)

Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be allocated to items of expenditure, and 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 "Interest Charge" is for financing the interest charge on the Loan during the implementation period of the Project. ADB shall be entitled to withdraw from the Loan Account and pay to itself, on behalf of the Borrower, the amounts required to meet payments, when due, of such interest charge.

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.

Retroactive Financing

6. Withdrawals from the Loan Account may be made to finance eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement in connection with Goods, Works and Services, subject to a maximum amount equivalent to 20% of the Loan amount.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS			
Number	Item	Total Amount Allocated for ADB Financing (\$)	Basis for Withdrawal from the Loan Account
		Category	
1	Works and Consulting Services	17,000,000	50% of total expenditure claimed*
2	Interest Charge	3,600,000	100% of amounts due
3	Unallocated	3,820,000	
	TOTAL	24,420,000	

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

SCHEDULE 4

Execution of Project

Implementation Arrangements

1. The Borrower shall, through MOFT and MID, ensure that the Project is implemented in accordance with the detailed arrangements set forth in the FAM. Any subsequent change to the FAM shall become effective only after approval of such change by the Borrower and ADB. In the event of any discrepancy between the FAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

Procurement

2. The Borrower shall, through MOFT and MID, ensure that:
- (a) the procurement of Goods, Works and Services is carried out in accordance with ADB's Procurement Policy (2017, as amended from time to time) and the Procurement Regulations for ADB Borrowers (2017, as amended from time to time);
 - (b) Goods, Works and Services shall be procured based on the detailed arrangements set forth in the Procurement Plan, including the procurement and selection methods, the type of bidding documents, and ADB's review requirements. The Borrower may modify the detailed arrangements set forth in the Procurement Plan only with the prior agreement of ADB, and such modifications must be set out in updates to the Procurement Plan; and
 - (c) (i) all Goods and Works procured and Services obtained (including all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party; and (ii) all contracts for the procurement of Goods, Works and Services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor, supplier, consultant or service provider with respect to the matters referred to in this subparagraph.
3. The Borrower shall not award any Works contract involving environmental impacts until it has:
- (a) obtained the final approval of the relevant IEE from ECD; and
 - (b) incorporated the relevant provisions from the EMP into the Works contract.
4. The Borrower shall not award any Works contract involving involuntary resettlement impacts until it has prepared and submitted to ADB the final RP based on the detailed design and obtained ADB's clearance of such RP.

Environment

5. The Borrower shall, through MOFT and MID, 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; (c) the EARF; and (d) all measures and requirements set forth in the respective IEE and EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Land Acquisition and Involuntary Resettlement

6. The Borrower shall, through MOFT and MID, 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 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; (c) the RF; and (d) all measures and requirements set forth in the respective RP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

7. Without limiting the application of the Involuntary Resettlement Safeguards, the RF or the RP, the Borrower shall, through MOFT and MID, ensure that no physical or economic displacement takes place in connection with the Project until:

- (a) compensation and other entitlements have been provided to affected people in accordance with the RP; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with the RP.

Indigenous Peoples

8. The Borrower shall, through MOFT and MID, ensure that the Project does not have any indigenous peoples impacts within the meaning of the SPS. In the event that the Project does have any such impacts, the Borrower shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Borrower and with the SPS.

Human and Financial Resources to Implement Safeguards Requirements

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

Safeguards – Related Provisions in Bidding Documents and Works Contracts

10. The Borrower shall, through MOFT and MID, ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures and requirements 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 out in a Safeguards Monitoring Report;

- (b) make available a budget for all such environmental and social measures;
- (c) provide the Borrower with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP or the RP;
- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (e) fully reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.

Safeguards Monitoring and Reporting

11. The Borrower shall, through MOFT and MID, 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 or 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.

Prohibited List of Investments

12. 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, Health and Safety

13. The Borrower shall, through MOFT and MID, ensure that the core labor standards and the Borrower's applicable laws and regulations are complied with during Project implementation. The Borrower shall include specific provisions in the bidding documents and contracts financed by ADB under the Project requiring that the contractors, among other things: (a) comply with the Borrower's applicable labor law and regulations and incorporate applicable workplace occupational safety norms; (b) do not use child labor; (c) do not discriminate workers in respect of employment and occupation; (d) do not use forced labor; (e) allow freedom of association and effectively recognize the right to collective bargaining; and (f) disseminate, or engage appropriate service providers to disseminate, information on the risks of sexually transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities surrounding the Project area, particularly

women.

14. The Borrower shall, through MOFT and MID, strictly monitor compliance with the requirements set forth in paragraph 13 above and provide ADB with regular reports.

Gender and Development

15. The Borrower shall, through MOFT and MID, 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; and (d) progress on implementation of the GAP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB.

Counterpart Support

16. The Borrower shall make available, through budgetary allocations or other means, all counterpart funds required for timely, effective and efficient implementation of the Project; including funds required for any external audit, to mitigate unforeseen environmental, resettlement and other social impacts and to meet additional costs arising from any design changes, price escalation in construction costs or other unforeseen circumstances. In addition to the foregoing, the Borrower shall ensure that MOFT and MID have sufficient funds to satisfy its liabilities arising from any Works, Goods and/or Services contract.

Operations and Maintenance

17. The Borrower shall, through MOFT and MID, ensure that (a) SITAMS is reviewed and updated at least once during Project implementation; (b) budgeted funds are allocated and released to MID and SIPA on a timely basis; (c) MID operates and maintains the Project roads and wharves in good working condition in accordance with international best practices in road and wharf operations and maintenance; and (d) SIPA operates and maintains the Project port facilities in good working condition in accordance with international best practices for port operations and maintenance.

Governance and Anticorruption

18. The Borrower, MOFT and MID shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

19. The Borrower, MOFT and MID shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.