
LOAN NUMBER 8294 - MYA

LOAN AGREEMENT

(Greater Mekong Subregion East West Economic Corridor Eindu Kawkareik Road
Improvement Project)

between

REPUBLIC OF THE UNION OF MYANMAR

and

ASIAN DEVELOPMENT BANK

DATED 8 APRIL 2016

MYA 46422

LOAN AGREEMENT

LOAN AGREEMENT dated 8 APRIL 2016 between REPUBLIC OF THE UNION OF MYANMAR ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a loan agreement of even date herewith between the Borrower and ADB ("A Loan Agreement"), ADB has agreed to make a loan to the Borrower from ADB's Special Funds resources in various currencies equivalent to seventy-one million two hundred fifty-eight thousand Special Drawing Rights (SDR71,258,000) ("A Loan") for the purposes of the project described in Schedule 1 to the A Loan Agreement ("Project");

(B) the Borrower has applied to ADB for a loan ("Loan") for the purposes of the Project to be funded by ADB entirely from a participation in the Loan by ASEAN Infrastructure Fund Limited ("AIF");

(C) by a participation agreement between ADB and AIF ("Participation Agreement"), ADB has agreed to grant to AIF a participation in the Loan ("Participation") on the terms and conditions set forth therein; and

(D) ADB has agreed to make a Loan to the Borrower upon the terms and conditions set forth herein;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. All the provisions of the General Conditions Applicable to Loans made by ADB Funded Through Participations of ASEAN Infrastructure Fund Limited, dated 13 September 2013 ("General Conditions"), 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 General Conditions and in the A Loan Agreement have the respective meanings therein set forth unless modified herein or the context otherwise requires.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to make to the Borrower the Loan in an amount of twenty million Dollars (\$20,000,000), with funds to be obtained entirely through the Participation in the Loan by AIF.

(b) The Loan has a principal repayment period of 15 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 1 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

(a) LIBOR; and

(b) 1.40% as provided by Section 3.02 of the General Conditions.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 1 May and 1 November in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Loan Agreement.

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 and the A Loan Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 2 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 the A 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 3.04. Except as ADB may otherwise agree, the Borrower shall cause all items of expenditure financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.05. The Loan Closing Date for the purposes of Section 8.02 of the General Conditions shall be 31 March 2020 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to the A Loan Agreement.

Section 4.02. (a) The Borrower shall cause the Project Executing Agency to (i) maintain separate accounts and records for the Project, the Loan and the A Loan; (ii) prepare joint annual financial statements for the Project, the Loan and the A Loan 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 the imprest funds and statement of expenditures) and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

(c) The Borrower shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Borrower's financial affairs where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall

authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Borrower, unless the Borrower shall otherwise agree.

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

Section 4.04. ADB's obligation to disburse any amount from the Loan Account shall be subject to ADB's receipt of a corresponding amount from AIF in accordance with the terms of the Participation Agreement. In the event AIF does not pay any amount of the Participation in the Loan to ADB, ADB, by notice to the Borrower, shall cancel the corresponding amount of the Loan.

Section 4.05. Except as ADB may otherwise agree, any cancellation by the Borrower of any unwithdrawn amount of the Loan under Section 8.03 of the General Conditions shall be made pro-rata with the cancellation of the A Loan: at 16.7% in respect of the Loan and 83.3% in respect of the A Loan or as otherwise provided in the PAM.

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(l) of the General Conditions: If the A Loan shall have become liable for suspension or cancellation or shall have become repayable prior to its agreed maturity date.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 8.02(vi) of the General Conditions: 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 General Conditions: the A Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Borrower, and all conditions precedent to its effectiveness, other than this Section 6.01, have been met to the satisfaction of ADB.

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 General Conditions.

ARTICLE VII

Miscellaneous

Section 7.01. The Ministry of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

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:

+63 2 636-2444
+63 2 636-2015.

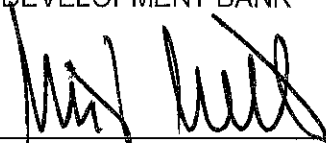
IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

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

Amortization Schedule

(Greater Mekong Subregion East West Economic Corridor Eindu Kawkareik Road Improvement Project)

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by ADB by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date.

<u>Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
1 May 2021	3.333333
1 November 2021	3.333333
1 May 2022	3.333333
1 November 2022	3.333333
1 May 2023	3.333333
1 November 2023	3.333333
1 May 2024	3.333333
1 November 2024	3.333333
1 May 2025	3.333333
1 November 2025	3.333333
1 May 2026	3.333333
1 November 2026	3.333333
1 May 2027	3.333333
1 November 2027	3.333333
1 May 2028	3.333333
1 November 2028	3.333333
1 May 2029	3.333333
1 November 2029	3.333333
1 May 2030	3.333333
1 November 2030	3.333333
1 May 2031	3.333333
1 November 2031	3.333333
1 May 2032	3.333333
1 November 2032	3.333333
1 May 2033	3.333333
1 November 2033	3.333333
1 May 2034	3.333333
1 November 2034	3.333333

<u>Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
1 May 2035	3.333333
1 November 2035	3.333343
TOTAL	100.000000

2. If the proceeds of the Loan shall not have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule.

(b) Any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date.

3. Withdrawals made within 2 calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

SCHEDULE 2**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 and Commitment Charges

3. The amount allocated to Category 4 is for financing the interest and commitment charges 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 and commitment charges.

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, subject to the following:

(a) the commitment procedure in the Loan Disbursement Handbook shall be applied in accordance with, and be subject to, Section 5.02 of the General Conditions; and

(b) disbursements from the Loan other than disbursements in relation to the financing of interest and commitment charges shall be made pro-rata to disbursements from the A Loan: at 16.7% in respect of the Loan and 83.3% in respect of the A Loan or as otherwise provided in the PAM.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Greater Mekong Subregion East West Economic Corridor Eindu Kawkareik Road Improvement Project)			
Number	Item	Total Amount Allocated for ADB Financing (\$) Category	Basis for Withdrawal from the Loan Account
1	Works	14,900,000	16.7% of total expenditure claimed
2	Project Management and Contract Supervision Consultants	1,000,000	16.7% of total expenditure claimed
3	Incremental Administrative Costs	100,000	16.7% of total expenditure claimed
4	Interest and Commitment Charges During Implementation	1,100,000	100 % of amounts due
5	Unallocated	2,900,000	
	Total	20,000,000	