
LOAN NUMBER 3690-IND

LOAN AGREEMENT
(Ordinary Operations)

(SASEC Road Connectivity Investment Program – Project 2)

between

INDIA

and

ASIAN DEVELOPMENT BANK

DATED 1 OCTOBER 2018

IND 47341

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated 1 October 2018 between INDIA, acting by its President ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a framework financing agreement dated 26 February 2014 between the Borrower and ADB, ADB has agreed to provide a multitranche financing facility to the Borrower for purposes of financing projects under the Investment Program;

(B) by a periodic financing request dated 18 April 2017, the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(C) the Project will be carried out (i) by NHIDCL for Component A (as described in paragraph 2 of Schedule 1 to this Loan Agreement), and (ii) by Manipur acting through MPWD for Component B (as described in paragraph 2 of Schedule 1 to this Loan Agreement), and for this purpose the Borrower will make available to NHIDCL and MPWD the applicable portions of the proceeds of the loan provided for herein upon terms and conditions mutually agreeable to ADB and the Borrower; and

(D) ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein and in the respective Project Agreements of even date herewith between ADB and (i) NHIDCL, and (ii) Manipur;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of ADB's Ordinary Operations 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, subject, however, to the following modifications:

(a) Section 2.01(uu) is deleted and the following is substituted therefor:

"Project Agreement" means each Project Agreement of even date herewith between ADB and each of (i) NHIDCL, and (ii) Manipur, as such agreement may be amended from time to time; and such project agreement includes all schedules to the Project Agreement.

(b) The term "Project Executing Agency" appearing in Sections 7.01(a)(i), 9.01(d), 9.01(f), 9.01(k), 10.01(c) and 10.02(c) of the Loan Regulations

shall be substituted by the term(s) "NHIDCL", or "Manipur", as appropriate.

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) "Component" means a component to the Project as described in paragraph 2 of Schedule 1 to this Loan Agreement;
- (b) "Environmental Assessment and Review Framework" or "EARF" means the environmental assessment and review framework for the Investment Program, including any update thereto, prepared and submitted by the Borrower through the relevant Project Executing Agency and cleared by ADB, and incorporated by reference in the FFA;
- (c) "Environmental Management Plan" or "EMP" means each environmental management plan for a Subproject, including any update thereto, incorporated in the IEE;
- (d) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1 and Appendix 4 (as applicable) of the SPS;
- (e) "Facility" means the multitranche financing facility provided by ADB to the Borrower for purposes of financing projects under the Investment Program;
- (f) "FAM" means facility administration manual dated July 2018 and agreed between the Borrower, the Project Executing Agencies, and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower, Project Executing Agencies, and ADB;
- (g) "FFA" means the framework financing agreement dated 26 February 2014 between ADB and the Borrower with respect to the Facility;
- (h) "Financing Arrangements" means the arrangements between the Borrower and Manipur as per current policy of the Borrower, and acceptable to ADB;
- (i) "Indigenous Peoples Plan" or "IPP" means each indigenous peoples plan for a Subproject, including any update thereto, prepared and submitted by the Borrower through the relevant Project Executing Agency pursuant to the requirements set forth in the IPPF and cleared by ADB;
- (j) "Indigenous Peoples Planning Framework" or "IPPF" means the indigenous peoples planning framework for the Investment Program, including any update thereto, prepared and submitted by the Borrower

through the relevant Project Executing Agency, and cleared by ADB, and incorporated by reference in the FFA;

- (k) "Indigenous Peoples Safeguards" means the principles and requirements set forth in Chapter V, Appendix 3 and Appendix 4 (as applicable) of the SPS;
- (l) "Initial Environmental Examination" or "IEE" means each initial environmental examination for a Subproject, including any update thereto, prepared and submitted by the Borrower through the relevant Project Executing Agency pursuant to the requirements set forth in the EARF and cleared by ADB;
- (m) "Investment Program" means the SASEC Road Connectivity Investment Program;
- (n) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2 and Appendix 4 (as applicable) of the SPS;
- (o) "km" means kilometers;
- (p) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (q) "Manipur" means the State of Manipur;
- (r) "MPWD" means the Manipur Public Works Department;
- (s) "NHIDCL" means the Borrower's National Highways and Infrastructure Development Corporation Limited;
- (t) "PIUs" means the Project implementation units or implementation agencies established by each Project Executing Agency for the purpose of implementing a Subproject;
- (u) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);
- (v) "Procurement Plan" means the procurement plan for the Project dated 05 July 2018 and agreed between the Borrower and ADB and included in the FAM, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;
- (w) "Project Executing Agency" for the purposes and within the meaning of the Loan Regulations means each of the entities indicated as follows or any legal successors thereto acceptable to ADB: (i) NHIDCL for Component A as described in paragraph 2 of Schedule 1 to this Loan Agreement; and (ii) Manipur acting through MPWD for Component B as described in paragraph 2 of Schedule 1 to this Loan Agreement;

- (x) "Resettlement Framework" or "RF" means the resettlement framework for the Investment Program, including any update thereto, prepared and submitted by the Borrower through the relevant Project Executing Agency, and cleared by ADB, and incorporated by reference in the FFA;
- (y) "Resettlement Plan" or "RP" means each resettlement plan a Subproject, including any update thereto, prepared and submitted by the Borrower through the relevant Project Executing Agency pursuant to the requirements set forth in the RF and cleared by ADB;
- (z) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower through the relevant Project Executing Agency to ADB that describes progress with implementation of, and compliance with, the EMP, the RP and the IPP (as applicable), including any corrective and preventative actions;
- (aa) "SPS" means ADB's Safeguards Policy Statement (2009);
- (bb) "Subproject" means a subproject under the Project that (i) meets the Subproject Selection Criteria, and (ii) involves an activity described in paragraph 2 of Schedule 1 to this Loan Agreement;
- (cc) "Subproject Selection Criteria" means the selection criteria for roads subprojects agreed between the Borrower and ADB in Schedule 4 of the FFA; and
- (dd) "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.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of one hundred fifty million Dollars (\$150,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(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 2 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) 0.60% as provided by Section 3.02 of the Loan Regulations less a credit of 0.10% as provided by Section 3.03 of the Loan Regulations.

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 01 February and 01 August 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 2 to this Loan Agreement.

Section 2.06. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

- (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and
- (iii) the setting of limits on the Floating Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Floating Rate.

(b) Any conversion requested pursuant to subsection (a) hereinabove that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(f) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. (a) The Borrower shall (i) make the proceeds of the Loan available to the relevant Project Executing Agency upon terms and conditions mutually agreeable to ADB and the Borrower and (ii) cause the relevant Project Executing Agency to

apply such proceeds to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the relevant Project 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 ensure, or cause the relevant Project Executing Agency to ensure that, the items of expenditure to be financed out of the proceeds of the Loan are procured in accordance with the provisions of Schedule 4 to this Loan Agreement.

Section 3.04. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 30 June 2022 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 by the relevant Project Executing Agency, all obligations set forth in Schedule 5 to this Loan Agreement and the Project Agreement.

Section 4.02. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.03. In so far as it relates to the Project, the Borrower shall ensure or cause Manipur and NHIDCL, to take all actions which shall be necessary on its part to enable each Project Executing Agency to perform its obligations under the related Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.04. (a) In so far as it relates to the Project, the Borrower shall exercise its rights under the Financing Arrangements in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

(b) In so far as it relates to the Project, no rights or obligations under the Financing Arrangements shall be assigned, amended, abrogated or waived without prior notice to ADB.

ARTICLE V**Effectiveness**

Section 5.01. 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 10.04 of the Loan Regulations.

ARTICLE VI**Miscellaneous**

Section 6.01. The Secretary, Additional Secretary, Joint Secretary, Director or Deputy Secretary in the Department of Economic Affairs of the Ministry of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Borrower

The Secretary to the Government of India
Department of Economic Affairs
Ministry of Finance
North Block
New Delhi – 110001
India

Facsimile Number:

(91-11) 2309-4075

For ADB

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

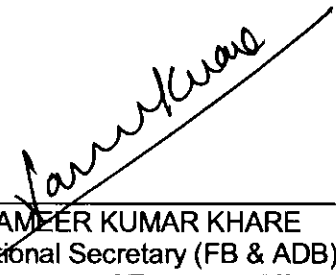
Facsimile Numbers:

(632) 636-2444
(632) 636-2340.

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.

INDIA

By



SAMEER KUMAR KHARE
Additional Secretary (FB & ADB)
Department of Economic Affairs

ASIAN DEVELOPMENT BANK

By



KENICHI YOKOYAMA
Country Director

SCHEDULE 1**Description of the Project**

1. The objective of the Project is to improve road connectivity and efficiency of the international trade corridor in northern part of West Bengal and Northeastern Region of India.
2. The Project shall comprise:
 - (a) upgrading of about 65 km of Imphal-Moreh priority section of a national highway in Manipur; and construction of about 1.5 km of a new international bridge over Mechi river as part of a national highway (length includes approach roads) and
 - (b) Completion of construction of about 103 km of a state highway in Manipur between Imphal and Tamenglong under Project 1 (Loan 3118-IND).
3. The Project is expected to be completed by 31 December 2021.

SCHEDULE 2**Amortization Schedule**

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, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Payment Due	Installment Share (expressed as a %)
1 February 2024	3.333333
1 August 2024	3.333333
1 February 2025	3.333333
1 August 2025	3.333333
1 February 2026	3.333333
1 August 2026	3.333333
1 February 2027	3.333333
1 August 2027	3.333333
1 February 2028	3.333333
1 August 2028	3.333333
1 February 2029	3.333333
1 August 2029	3.333333
1 February 2030	3.333333
1 August 2030	3.333333
1 February 2031	3.333333
1 August 2031	3.333333
1 February 2032	3.333333
1 August 2032	3.333333
1 February 2033	3.333333
1 August 2033	3.333333
1 February 2034	3.333333
1 August 2034	3.333333
1 February 2035	3.333333
1 August 2035	3.333333
1 February 2036	3.333333
1 August 2036	3.333333
1 February 2037	3.333333
1 August 2037	3.333333
1 February 2038	3.333333
1 August 2038	<u>3.333343</u>
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; and
- (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, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. Withdrawals made within two 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.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by ADB by multiplying such amount in its currency of denomination immediately prior to said Conversion by either: (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by ADB under the Currency Hedge Transaction relating to said Conversion; or (ii) if ADB so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

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 allocated to items of expenditure, and disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Reallocation

3. 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 and in consultation with the Borrower and relevant Project Executing Agency, (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 and in consultation with the Borrower and relevant Project Executing Agency, reallocate such excess amount to any other Category.

Disbursement Procedures

4. Except as ADB may otherwise agree and detailed arrangements agreed upon between ADB and the Borrower, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook and detailed arrangements agreed upon between ADB and the Borrower.

Retroactive Financing

5. 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 Works, 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	\$ Subcategory	
1	Works	137,100,000		
1A	NHIDCL		115,100,000	76.2% of total expenditure claimed
1B	Manipur		22,000,000	100% of total expenditure claimed
2	Unallocated	12,900,000		
	TOTAL	150,000,000		

SCHEDULE 4**Procurement of Works**General

1. The procurement of Works shall be subject to and governed by the Procurement Guidelines.
2. Except as ADB may otherwise agree, Works shall be procured only on the basis of the procurement method set forth below. This method is subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the procurement method with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.
3. All terms used in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines.

Works

4. Works shall be procured on the basis of International Competitive Bidding.

Conditions for Award of Contract

5. The Borrower shall ensure, or cause each Project Executing Agency to ensure, that no Works contract is awarded for a Subproject which involves environmental impacts until the relevant Project Executing Agency has incorporated the relevant provisions from the EMP into the Works contract.
6. The Borrower shall ensure, or cause each Project Executing Agency to ensure, that no Works contract is awarded for a Subproject which involves involuntary resettlement impacts until the relevant Project Executing Agency has prepared and submitted to ADB the final RP for such Subproject based on the Subproject's detailed design, and obtained ADB's clearance of such RP.
7. The Borrower shall ensure, or cause each Project Executing Agency to ensure, that no Works contract is awarded for a Subproject which involves impacts on indigenous peoples until the relevant Project Executing Agency has prepared and submitted to ADB the final IPP and obtained ADB's clearance of such IPP.
8. The Borrower shall ensure, or cause each Project Executing Agency to ensure, that no commencement of Works is allowed under any Works contract under any Subproject which involves environmental impacts and requires environmental clearances, until the relevant Project Executing Agency has obtained the final approval of (a) the IEE from ADB; and (b) environmental clearance from the Environment Authority applicable to the relevant Project Executing Agency.

Industrial or Intellectual Property Rights

9. (a) The Borrower shall ensure or cause each Project Executing Agency to ensure that all 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 or cause each Project Executing Agency to ensure that all contracts for the procurement of 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.

ADB's Review of Procurement Decisions

10. Contracts procured under international competitive bidding procedures shall be subject to prior review by ADB, unless otherwise agreed between the Borrower, relevant Project Executing Agency, and ADB and set forth in the Procurement Plan.

SCHEDULE 5**Execution of Project**Implementation Arrangements

1. The Borrower shall ensure and cause each Project Executing Agency to 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, the relevant Project Executing Agency and ADB. In the event of any discrepancy between the FAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail. The Borrower shall cause each Project Executing Agency to undertake all activities as included in this Loan Agreement.
2. The Borrower shall ensure or cause each Project Executing Agency to ensure that the PIUs employ sufficient staff for the duration of the Project with adequate and relevant expertise. The Borrower shall ensure or cause each Project Executing Agency to keep the PIUs equipped with the necessary office space, facilities, equipment and support staff, and cover the costs of social impact mitigation, utility relocation, and road maintenance through annual budget allocations.
3. The Borrower shall ensure or cause each Project Executing Agency to assist the PIUs in obtaining approvals and clearances for timely Project execution under the applicable laws and regulations of the Borrower and Manipur.
4. The Borrower shall ensure or cause each Project Executing Agency to ensure that towards smooth implementation of the Project, grievances if any from stakeholders relating to any Subproject implementation or use of funds under the Project are addressed effectively and efficiently.

Counterpart Support

5. The Borrower shall ensure or cause each Project Executing Agency to provide, as necessary, respective counterpart staff, land, facilities, and counterpart funding required for timely and effective implementation of the Project including, without limitation, any funds required (a) to meet any shortfall between cost and revenues for the operation and maintenance of the facilities created or rehabilitated under the Project; (b) to mitigate unforeseen environmental and social impacts; (c) to meet additional costs arising from utility relocation, design changes, price escalation in construction costs and/or unforeseen circumstances; and (d) for operations and maintenance of Project facilities during and after Subprojects' completion. The Borrower shall, and shall cause the relevant Project Executing Agency to, make the resources thus required available on an annual basis for each fiscal year.
6. The Borrower shall ensure or cause each Project Executing Agency to ensure that the implementation support consultants engaged by the Project Executing Agencies continue to assist with the implementation of the provisions of the EARF, IEE, IPPF, RF, and the EMPs, IPPs and RPs for all Subprojects.

Project Implementation Units

7. The Borrower shall ensure or cause each Project Executing Agency to ensure that the PIUs implement the Subprojects and carry out necessary coordination with the concerned departments in Manipur to ensure the smooth implementation of the Subprojects.

Subprojects Selection Criteria and Approval Process

8. The Borrower shall ensure or cause each Project Executing Agency to ensure that all Subprojects meet and are implemented, to the satisfaction of ADB, in accordance with the provisions and conditions stipulated in the FFA and FAM and in accordance with all applicable ADB policies and guidelines.

Road Maintenance

9. The Borrower shall ensure or cause each Project Executing Agency, as appropriate, to (a) ensure that 5-year performance-based maintenance is undertaken; and (b) provide adequate and timely funding for that purpose.

10. The Borrower shall ensure or cause each Project Executing Agency to ensure further maintenance of roads after completion of the initial 5-year maintenance period.

Road Safety

11. The Borrower shall ensure or cause each Project Executing Agency ensure that road safety audits are undertaken, accompanied by road safety awareness sessions in the Subproject design process, during construction, and on existing roads and shall ensure that recommendations of the road safety audits are reviewed and promptly incorporated in the design and implemented on existing roads, as appropriate.

Environment

12. The Borrower shall ensure, or cause the relevant Project Executing Agency to ensure, that the preparation, design, construction, implementation, operation and decommissioning of each Subproject complies with (a) all applicable laws and regulations of the Borrower to the relevant Project Executing Agency relating to environment, health, and safety; (b) the Environmental Safeguards; (c) the EARF; and (d) all measures and requirements set forth in the relevant IEE and EMP, and any corrective or preventative actions with respect to environment set forth in a Safeguards Monitoring Report.

13. The Borrower shall ensure, or cause the relevant Project Executing Agency to ensure, that Subprojects not included in the EMP cannot proceed until an EMP covering them and prepared in accordance with the EARF and SPS has been publicly disclosed for 120 days.

Land Acquisition and Involuntary Resettlement

14. The Borrower shall ensure, or cause the relevant Project Executing Agency to ensure, that all land and all rights-of-way required for each Subproject, and all Subproject 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 to the relevant Project Executing Agency 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 preventive actions with respect to land acquisition and involuntary resettlement set forth in a Safeguards Monitoring Report.

15. Without limiting the application of the Involuntary Resettlement Safeguards, the RF or the RP, the Borrower shall ensure, or cause the Project Executing Agencies to ensure, that no physical or economic displacement takes place in connection with any Subproject 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

16. In the event of any Subproject involving indigenous peoples, the Borrower shall ensure, or cause the relevant Project Executing Agency to ensure, that the preparation, design, construction, implementation and operation of each Subproject and all Subproject facilities comply with (a) all applicable laws and regulations of the Borrower to the relevant Project Executing Agency relating to indigenous peoples; (b) the Indigenous Peoples Safeguards; (c) the IPPF; and (d) all measures and requirements set forth in the respective IPP or incorporated in the RP, and any corrective or preventive actions set forth in a Safeguards Monitoring Report.

Labor Standards, Health and Safety

17. The Borrower shall ensure or cause each Project Executing Agency to ensure that Works contracts follow all applicable labor laws of the Borrower to the relevant Project Executing Agency, and that these further include provisions to the effect that contractors (a) (i) carry out HIV/AIDS awareness programs for labor and disseminate information at worksites on risks of sexually transmitted diseases and HIV/AIDS as part of health and safety measures to those employed during construction; and in Project influenced areas (ii) follow and implement all statutory provisions on labor (including not employing or using children as labor; equal pay for equal work) health, safety, welfare, sanitation, and working conditions, and (b) encourage increased employment of women and local poor and disadvantaged persons for construction purposes, provided that the requirements for efficiency are adequately met. Such contracts shall include clauses for termination in case of any breach of the stated provisions by the contractors.

Gender and Development

18. The Borrower shall ensure, or cause the Project Executing Agencies to ensure, that the principles of gender equality aimed at increasing Project benefits and impact on women in the Project area are followed during implementation of the Project. These include (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.

Human and Financial Resources to Implement Safeguards Requirements

19. The Borrower shall ensure, or cause each Project Executing Agency to ensure, that all necessary budgetary and human resources are made available to fully implement the EMPs, IPPs and RPs.

20. The Borrower shall ensure or cause each Project Executing Agency to ensure that at least one expert each is designated to supervise implementation of the EMPs, IPPs and RPs.

Bidding Documents and Execution of Civil Works Contracts

21. The Borrower shall ensure, or cause each Project Executing Agency to 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 applicable IEE, EMP, RP and IPP (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 relevant Project Executing Agency with a written notice of any unanticipated environmental, resettlement of indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the applicable IEE, EMP, RP or IPP;
- (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.

22. Subject to compliance with the requirements of the EARF, IPPF and RF, the Borrower ensure or cause each Project Executing Agency to ensure to (a) include a standard EMP, RP and IPP into the bidding documents; and (b) prepare and provide with the detailed project report a Subproject specific EMP, RP and IPP to enable the contractor to estimate and include the cost required for implementing the EMP, RP and IPP in its bid.

23. The Borrower shall ensure, or cause each Project Executing Agency to ensure, that any changes to the land alignment or any environmental or social impacts arising following or during the preparation of detailed designs of related Subproject roads or during implementation shall be subject to prior approval by ADB or related Project Executing Agency, as the case may be, in accordance with the Subproject selection criteria.

Safeguards Monitoring and Reporting

24. The Borrower shall ensure, or cause each Project Executing Agency to ensure, 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 applicable IEE, EMP, RP and IPP as applicable, 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 3 months from the commencement of RP implementation of the first Subproject, engage qualified and experienced external experts or qualified non-governmental organizations under a selection process and terms of reference acceptable to ADB, to verify information produced through the project monitoring process for resettlement, environment and indigenous peoples (if any), and facilitate the carrying out of any verification activities by such external experts; and
- (d) report any breach of compliance with the measures and requirements set forth in the applicable IEE, EMP, RP and IPP promptly after becoming aware of the breach.

Prohibited List of Investments

25. The Borrower shall ensure, or cause each Project Executing Agency to 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.

Communication and Participation

26. The Borrower shall ensure or cause each Project Executing Agency to ensure that the Project is undertaken in conformity with the communication strategy as agreed between ADB, the Borrower and the Project Executing Agencies and referred in the FAM.

Governance and Anticorruption

27. The Borrower shall ensure and cause each Project Executing Agency to ensure that it shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date); (b) ensure that the anticorruption provisions acceptable to ADB, the Borrower and the Project Executing Agency are included in all bidding documents and contracts financed by ADB in connection with the Project, including provisions specifying the right of ADB to review and examine the records and accounts of the State and the Project Executing Agency and all contractors, suppliers, consultants and other service providers as they relate to the Subprojects and the Project, and as included in the FAM; (c) allow and assist ADB's representatives to carry out random spot checks on the work in progress and utilization of funds for the Project; (d)

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 (e) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation, and as included in the FAM.

Undertakings

28. The Borrower and each Project Executing Agency shall, as applicable, ensure compliance with the undertakings set forth in Schedule 6 of the FFA.