
LOAN NUMBER NEP-3620(COL)

LOAN AGREEMENT
(Ordinary Operations [Concessional])
(Rural Connectivity Improvement Project)

between

NEPAL

and

ASIAN DEVELOPMENT BANK

DATED 12 FEBRUARY 2018

NEP 48218

LOAN AGREEMENT
(Ordinary Operations [Concessional])

LOAN AGREEMENT dated 12 February 2018 between NEPAL ("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;

(B) the Project will be carried out by the Ministry of Federal Affairs and Local Development ("MOFALD"), through its Department of Local Infrastructure and Agricultural Roads ("DOLIDAR"); and

(C) 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 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) "CPF" means community participation framework, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (d) "DOLIDAR" means the Department of Local Infrastructure Development and Agricultural Roads of MOFALD, and any successor thereto;

- (e) "EA" or the "Project Executing Agency" for the purpose of, and within the meaning of, the Loan Regulations, means MOFALD working through DOLIDAR, and any successors thereto acceptable to ADB, which is responsible for carrying out the Project;
- (f) "EMP" means each and any environmental management plan for each of the Subprojects, including any update thereto, incorporated in the IEE;
- (g) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (h) "GESI Action Plan" means the Gender Equality and Social Inclusion Action Plan prepared for the Project and approved by the Borrower;
- (i) "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;
- (j) "IEE" or "Initial Environmental Examination" means the initial environmental examination, including any updates thereto, prepared and submitted by the Borrower and cleared by ADB;
- (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) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;
- (m) "km" means kilometers;
- (n) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (o) "MOFALD" means the Ministry of Federal Affairs and Local Development of the Borrower, and any successor thereto;
- (p) "O&M" means operation and maintenance;
- (q) "PAM" means the project administration manual for the Project dated 8 November 2017 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;
- (r) "PCU" means the project coordination unit;

- (s) "PIU" means each and any project implementation unit established respectively in State 1, State 3, State 4, State 5 and State 6;
- (t) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);
- (u) "Procurement Plan" means the procurement plan for the Project dated 8 November 2017 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 agreed with ADB;
- (v) "Project facilities" means the facilities to be constructed and the Goods to be provided under the Project;
- (w) "Safeguard Monitoring Report" means each report prepared and submitted by the Borrower to ADB that describes progress with implementation and compliance with the EMP and RP, including any corrective and preventative actions;
- (x) "SPS" or "Safeguard Policy Statement" means ADB's Safeguard Policy Statement (2009); 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. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount in various currencies equivalent to seventy one million two hundred forty nine thousand Special Drawing Rights (SDR71,249,000).

(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 1 June and 1 December 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 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 3.05. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 31 July 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 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 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 and Works, and any relevant records and documents.

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 9.04 of the Loan Regulations.

ARTICLE VI**Miscellaneous**

Section 6.01. The Secretary, 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

Secretary
Ministry of Finance
Singha Durbar
Kathmandu, Nepal

Facsimile Number:

+977 1 421-1165

For ADB

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

Facsimile Numbers:

(632) 636-2444
(632) 636-2391.

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.

NEPAL



By

SHANKAR PRASAD ADHIKARI
Secretary
Ministry of Finance

ASIAN DEVELOPMENT BANK

By 

MUKHTOR KHAMUDKHANOV
Country Director
Nepal Resident Mission

SCHEDULE 1**Description of the Project**

1. The objective of the Project is increasing transport efficiency on Project roads.
2. The Project shall comprise:
 - Part 1. Rural road improvement:** Improving road conditions of about 388 km of rural roads between the selected rural communities, productive agricultural areas and socioeconomic centers to all-weather standards with safety features, and maintenance for 3 years.
 - Part 2. Capacity enhancement of rural infrastructure agency and road users in project areas.**
3. Consulting Services will be provided to support the above stated activities.
4. The Project is expected to be completed by 31 January 2023.

SCHEDULE 2**Amortization Schedule**

<u>Payment Due</u>	<u>Payment of Principal</u> (expressed in Special Drawing Rights)*
1 June 2026	1,484,354
1 December 2026	1,484,354
1 June 2027	1,484,354
1 December 2027	1,484,354
1 June 2028	1,484,354
1 December 2028	1,484,354
1 June 2029	1,484,354
1 December 2029	1,484,354
1 June 2030	1,484,354
1 December 2030	1,484,354
1 June 2031	1,484,354
1 December 2031	1,484,354
1 June 2032	1,484,354
1 December 2032	1,484,354
1 June 2033	1,484,354
1 December 2033	1,484,354
1 June 2034	1,484,354
1 December 2034	1,484,354
1 June 2035	1,484,354
1 December 2035	1,484,354
1 June 2036	1,484,354
1 December 2036	1,484,354
1 June 2037	1,484,354
1 December 2037	1,484,354
1 June 2038	1,484,354
1 December 2038	1,484,354
1 June 2039	1,484,354
1 December 2039	1,484,354
1 June 2040	1,484,354
1 December 2040	1,484,354
1 June 2041	1,484,354
1 December 2041	1,484,354
1 June 2042	1,484,354
1 December 2042	1,484,354
1 June 2043	1,484,354
1 December 2043	1,484,354
1 June 2044	1,484,354
1 December 2044	1,484,354
1 June 2045	1,484,354
1 December 2045	1,484,354
1 June 2046	1,484,354
1 December 2046	1,484,354
1 June 2047	1,484,354

<u>Payment Due</u>	<u>Payment of Principal</u> (expressed in Special Drawing Rights)*
1 December 2047	1,484,354
1 June 2048	1,484,354
1 December 2048	1,484,354
1 June 2049	1,484,354
1 December 2049	<u>1,484,362</u>
TOTAL	71,249,000

* 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, in consultation with 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, in consultation with 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 Works, equipment, consulting services and administrative costs, 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 (SDR)	Basis for Withdrawal from the Loan Account
1	Civil Works	55,758,042	80% of the total expenditure claimed
2	Equipment and Vehicles; Project Management	1,424,980	50% of total expenditure claimed
3	Social and Environment Mitigation	712,490	100% of total expenditure claimed
4	Consultancy Services	6,386,760	85% of total expenditure claimed
5	Interest Charge	1,100,085	100% of amount due
6	Unallocated	5,866,643	
	TOTAL	71,249,000	

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. Except as ADB may otherwise agree, Goods and Works shall be procured and Consulting Services shall be selected and engaged only on the basis of the procurement methods and the selection methods set forth below. These methods are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the procurement methods and the selection methods or threshold values 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 and/or the Consulting Guidelines, as applicable.

Goods and Works

4. Goods and Works shall be procured on the basis of the procurement methods set forth below:
 - (a) International Competitive Bidding;
 - (b) National Competitive Bidding; and
 - (c) Shopping.

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.

7. The Borrower shall not award any Works contracts until MOFALD has:
- (a) approved the IEE; and
 - (b) incorporated the relevant provisions from the EMP into the Works contract.

Consulting Services

8. The Borrower shall apply Quality- and Cost-Based Selection for Consulting Services.
9. The Borrower shall recruit the individual consultants in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

10. (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.
11. 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

12. Contracts procured under international 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

Implementation Arrangements

1. The Borrower 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.

Counterpart Funds

2. The Borrower shall provide counterpart funds for Project implementation on time. The Borrower shall provide the required counterpart funds for the Project to MOFALD and DOLIDAR, together with the proceeds of the Loan.

Coordination among the Borrower's Agencies

3. The Borrower is fully committed to the Project and shall ensure that all its ministries, agencies and divisions involved in the implementation of the Project, including the local government authorities, give their full cooperation to ensure smooth implementation of the Project. Specifically, the Borrower shall cause MOFALD and DOLIDAR to give full, timely and efficient cooperation in issuing any licenses, permits or approvals required in connection with road upgrade and improvements within the Project zones.

Project Website

4. Within 12 months after the Effective Date, DOLIDAR shall create a Project website to disclose information about various matters on the Project, including procurement. With regard to procurement, the website shall include information on the list of participating bidders, name of the winning bidder, basic details on bidding procedures adopted, amount of contract awarded, and the list of goods, works and services procured. The Project website need not be separate from the DOLIDAR existing website, as long as it is comprehensive and easily accessible by the public.

Grievance Redress Mechanism

5. Within 12 months after the Effective Date, DOLIDAR shall prepare a grievance redress mechanism, acceptable to ADB, and establish a special committee to receive and resolve complaints/grievances or act upon reports from stakeholders on misuse of funds and other irregularities, including grievances due to resettlement. The special committee shall (i) make public of the existence of this grievance redress mechanism, (ii) review and address grievances of stakeholders of the Project, in relation to either the Project, any of the service providers, or any person responsible for carrying out any aspect of the Project; and (iii) proactively and constructively responding to them.

Environment

6. The Borrower shall ensure, or cause DOLIDAR to 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.

Community Participation Framework

7. The Borrower shall ensure, or cause DOLIDAR to ensure, implementing the provisions of the CPF as agreed upon with ADB and in conformity with all relevant applicable laws and regulations of the Borrower.

8. The Borrower shall ensure, or cause DOLIDAR to ensure, that subsequent to award of Works contract under any subproject, no section or part thereof under the works contract shall be handed over to the contractor unless the applicable provisions of the CPF have been complied with.

Involuntary Resettlement and Indigenous Peoples

9. The Borrower shall ensure, or cause DOLIDAR to ensure, that the Projects does not have any indigenous peoples or involuntary resettlement impacts, all within the meaning of SPS. In the event that the Project does have any such impact, the Borrower shall take steps, or cause the DOLIDAR to take steps, to ensure that the preparation, design, construction, implementation and operation of the Project comply with (a) all applicable laws and regulations of the Recipient; (b) the SPS; and (c) any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Human and Financial Resources to Implement Safeguards Requirements

10. The Borrower shall make available, or cause DOLIDAR to make available, necessary budgetary and human resources to fully implement the EMP.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

11. The Borrower shall ensure, or cause DOLIDAR to 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 and the EMP, 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;
- (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, or the EMP;

- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (e) reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.

Safeguards Monitoring and Reporting

12. The Borrower shall do the following or cause DOLIDAR to 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 or the EMP, 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 promptly after becoming aware of the breach.

Prohibited List of Investments

13. 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.

Gender

14. The Borrower shall ensure that DOLIDAR adopts and implement the GESI in a timely manner during the entire Project period, and that adequate resources are allocated for this purpose. In particular the Borrower shall cause DOLIDAR to ensure that the targets stated in the GESI shall be achieved. Implementation of the GESI shall be closely monitored, and the progress shall be reported to ADB.

Labor, Health and Anti Human Trafficking

15. The Borrower and DOLIDAR shall ensure that the contractors comply with all applicable labor, health, and safety laws and regulations of the Borrower and, in particular, (a) do not employ child labor for construction and maintenance activities, and (b) provide appropriate facilities (latrines, etc.) for workers at construction sites. The Borrower shall require contractors not to differentiate wages between men and women for work of equal value. The Borrower and DOLIDAR shall ensure that specific clauses shall be included in bidding

documents to ensure adherence to these provisions, and that compliance shall be strictly monitored during Project implementation.

16. The Borrower and DOLIDAR shall ensure that the contractors shall disseminate information on the risk of transmission of sexually-transmitted diseases, including HIV/AIDS, in health and safety programs to all construction workers employed under the Project. Specific provisions to this effect shall be included in bidding documents and civil works contracts, and compliance shall be monitored by DOLIDAR and reported to ADB.

17. The Borrower and DOLIDAR shall ensure that an awareness campaign on anti-human trafficking shall be conducted and that information and print material on anti-human trafficking shall be developed and distributed to all construction workers and the community in the Project Districts throughout the Project implementation period. Compliance shall be monitored by DOLIDAR and reported to ADB.

O&M

18. The Borrower shall ensure that DOLIDAR maintain the Project facilities and that proper technical supervision and adequate routine funds for this purpose are provided. The funds required for the O&M of the Project roads shall be allocated annually and released on a timely basis. Furthermore, the Borrower shall cause DOLIDAR to ensure that all equipment and spare parts financed under the Project shall exclusively be used for the maintenance and operation of the Project facilities.

Project Performance Monitoring System

19. Within 6 months after the Effective Date, DOLIDAR with the support of consultants shall establish a project performance monitoring system in line with the targets, indicators set in the DMF. The baseline data corresponding to indicators and targets set out in the project status report shall be disaggregated by income levels and sex as required. After the initial baseline survey, DOLIDAR with support of the consultants shall conduct annual survey and quarterly monitoring of indicators and submit quarterly report to ADB throughout project implementation.

Governance and Anticorruption

20. The Borrower, MOFALD and DOLIDAR shall (i) 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 (ii) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

21. MOFALD and DOLIDAR 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.