
LOAN NUMBER 4262 - IND

LOAN AGREEMENT
(Ordinary Operations)

(Rajasthan State Highway Investment Program - Project 3)

between

India

and

ASIAN DEVELOPMENT BANK

DATED 20 December 2022

IND 49228-004

LOAN AGREEMENT (Ordinary Operations)

LOAN AGREEMENT dated 20 December 2022 between India acting by its President ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a framework financing agreement dated 16 March 2017 between the Borrower and ADB, ADB has agreed to provide a multitranche financing facility to the Borrower for purposes of financing projects under the Rajasthan State Highway Investment Program;

(B) by a periodic financing request dated 21 October 2022 submitted by the Borrower, 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 by the State of Rajasthan ("State") acting through its Public Works Department ("PWD") ("Project Executing Agency" or "EA"), and for this purpose the Borrower will make available the proceeds of the loan provided for herein to the State upon terms and conditions mutually satisfactory 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 Project Agreement of even date herewith between ADB and State;

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 2022 ("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 set out in the Procurement Plan, and to be financed out of the proceeds of the Loan;

- (c) "EA" or the "Project Executing Agency" means the State Public Works Department, or its successor thereto that is responsible for carrying out the Project;
- (d) "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 EA and cleared by ADB, and incorporated by reference in the FFA;
- (e) "Environmental Management Plan" or "EMP" means each environmental management plan for the Project, including any update thereto, prepared and submitted by the Borrower through the EA, and cleared by ADB, and incorporated in the IEE;
- (f) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (g) "Facility" means the multitranche financing facility provided by ADB to the Borrower for purposes of financing projects under the Investment Program;
- (h) "FFA" means the framework financing agreement dated 16 March 2017 between ADB and the Borrower with respect to the Facility;
- (i) "Financing Arrangements" means the arrangements between the Borrower and the State as per current policy of the Borrower, and acceptable to ADB;
- (j) "GESI-AP" means the Gender Equality and Social Inclusion Action Plan prepared and submitted by the Borrower through the EA and cleared by ADB;
- (k) "Goods" means equipment and materials as set out in the Procurement Plan and to be financed out of the proceeds of the Loan, including any related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;
- (l) "Initial Environmental Examination" or "IEE" means each initial environmental examination for the Project, including any update thereto, prepared and submitted by the Borrower through the EA pursuant to the requirements set forth in the EARF and cleared by ADB;
- (m) "Investment Program" means the Rajasthan State Highway 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 kilometer;

- (p) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2022, as amended from time to time);
- (q) "MDR" means major district road;
- (r) "PAM" means the Project administration manual for the Project, dated November 2022 and agreed between the Borrower, EA and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower, EA and ADB;
- (s) "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 21 October 2022;
- (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 as agreed between the Borrower, the EA and ADB, as included in the PAM, 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 all facilities and structures to be created as part of the Project;
- (w) "PWD" means the State's Public Works Department or any successor thereto;
- (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 EA and cleared by ADB, and incorporated by reference in the FFA;
- (y) "Resettlement Plan" or "RP" means each of the resettlement plans for the Project, including any update thereto, prepared and submitted by the Borrower through the EA 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 to ADB that describes progress with implementation of, and compliance with, each EMP and each RP, including any corrective and preventative actions;
- (aa) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009);
- (bb) "State" means the State of Rajasthan; and
- (cc) "Works" means construction or civil works as set out in the Procurement Plan and to be financed out of the proceeds of the Loan, including any

related services, 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 of Dollar One hundred and ten million (\$110,000,000), 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 20 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) SOFR; 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; and
- (c) a maturity premium 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 June and 01 December 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(e) 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. The Borrower shall make the proceeds of the Loan available to the EA upon terms and conditions mutually agreeable to ADB and the Borrower and shall cause the EA to apply such proceeds to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the 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 EA 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 September 2026 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 State and the EA, all obligations set forth in this Loan Agreement and the Project Agreement.

Section 4.02. 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.

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

Section 4.04. In so far as it relates to the Project, the Borrower shall take all actions or cause the State to take all actions, which shall be necessary on its part to enable the EA to perform its obligations under the Project Agreement and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.05. (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) No rights or obligations under the Financing Arrangements shall be assigned, amended, abrogated, or waived without the 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 VII

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 Numbers:

(91-11) 2309-4075.

For ADB

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


Facsimile Numbers:

(632) 8636-2444
(632) 8636-2338.

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.

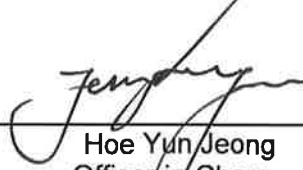
INDIA

By


20/12/22
Rajat Kumar Mishra
Additional Secretary (MBC)
Department of Economic Affairs

ASIAN DEVELOPMENT BANK

By


Hoe Yun Jeong
Officer-in-Charge
India Resident Mission

SCHEDULE 1**Description of the Project**

1. The objective of the Project is: efficiency and safety of transport on the state highways of the State improved.
2. The Project shall comprise following Outputs:

Output 1: State highways and major district roads improved. About 290 km of state highways and MDRs in the State will be constructed, rehabilitated, operated, and maintained in good condition. The project roads will be upgraded to two-lane or intermediate-lane standards and will incorporate elderly, women, children, and disabled responsive and climate resilient features.

Output 2: Capacity of the State PWD enhanced. Capacity of PWD's Public-Private-Partnership Division on implementation of the streamlined business operating procedures and gender equality and social inclusion, will be further enhanced.
3. The Project is expected to be completed by 31 March 2026.

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.

Sequence	Date Payment Due	Installment Share (Expressed as a %)
1	1 June 2028	2.500000
2	1 December 2028	2.500000
3	1 June 2029	2.500000
4	1 December 2029	2.500000
5	1 June 2030	2.500000
6	1 December 2030	2.500000
7	1 June 2031	2.500000
8	1 December 2031	2.500000
9	1 June 2032	2.500000
10	1 December 2032	2.500000
11	1 June 2033	2.500000
12	1 December 2033	2.500000
13	1 June 2034	2.500000
14	1 December 2034	2.500000
15	1 June 2035	2.500000
16	1 December 2035	2.500000
17	1 June 2036	2.500000
18	1 December 2036	2.500000
19	1 June 2037	2.500000
20	1 December 2037	2.500000
21	1 June 2038	2.500000
22	1 December 2038	2.500000
23	1 June 2039	2.500000
24	1 December 2039	2.500000
25	1 June 2040	2.500000
26	1 December 2040	2.500000
27	1 June 2041	2.500000
28	1 December 2041	2.500000
29	1 June 2042	2.500000

Sequence	Date Payment Due	Installment Share (Expressed as a %)
30	1 December 2042	2.500000
31	1 June 2043	2.500000
32	1 December 2043	2.500000
33	1 June 2044	2.500000
34	1 December 2044	2.500000
35	1 June 2045	2.500000
36	1 December 2045	2.500000
37	1 June 2046	2.500000
38	1 December 2046	2.500000
39	1 June 2047	2.500000
40	1 December 2047	2.500000
	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 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.

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 (a) 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 (b) 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 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, in consultation with and by notice to the Borrower and the EA, (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 and by notice to the Borrower and the EA, reallocate such excess amount to any other Category.

Disbursement Procedures

4. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

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 items to be retroactively financed, 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	103,820,000	100% of eligible expenditure claimed
2	Consulting Services	750,000	100% of eligible expenditure claimed
3	Unallocated	5,430,000	
	TOTAL	110,000,000	

SCHEDULE 4

Execution of Project

Implementation Arrangements

1. The Borrower shall ensure, and cause the State and the EA to 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, the EA and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.
2. The Borrower shall ensure or cause the EA to ensure that
 - (a) it shall employ sufficient staff for the duration of the Project with adequate and relevant experience and expertise in the field of project management, financial management, engineering, procurement, environmental and social safeguards implementation; and
 - (b) towards smooth implementation of the Project, grievances if any from stakeholders relating to Project implementation or use of funds are addressed effectively and efficiently.
3. The Borrower shall ensure or cause the State and EA to ensure compliance with all the requirements and obligations on their part as included in the Loan Agreement and the Project Agreement to meet the objectives of the Project in a timely and efficient manner.

Procurement

4. The Borrower shall ensure, or cause the EA to ensure, that:
 - (a) the procurement of Goods, Works and Consulting Services is carried out in accordance with the Procurement Guidelines and Consulting Guidelines;
 - (b) Goods, Works and Consulting 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 or may cause the EA to 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;
 - (c)
 - (i) all Goods and Works procured and Consulting 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 Consulting 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.

5. The Borrower shall ensure or cause the EA to ensure that it shall announce the Project and business opportunities (i.e., invitation of bids) associated with the Project on its website. The website shall disclose the following information in relation to Consulting Services procured for the Project (a) the list of participating bidders, (b) the name of the selected bidder, (c) the amount of the contracts awarded, and (d) the services procured.
6. The Borrower shall ensure or cause the EA to ensure that:
- (a) no Works contract is awarded which involves environmental impacts until the EA has incorporated the relevant provisions from the EMP into the Works contract.
 - (b) no Works contract is awarded which involves involuntary resettlement impacts until the EA has prepared and submitted to ADB the final RP based on the detailed design of the Works, and obtained ADB's clearance of such RP.

Safeguards

Environment

7. The Borrower shall ensure or cause the EA 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 and the State 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

8. The Borrower shall ensure or cause the EA to 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 and the State 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.
9. Without limiting the application of the Involuntary Resettlement Safeguards, the RF or the RP, the Borrower shall ensure or cause the EA to 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

10. The Borrower shall ensure or cause the EA to ensure that the Project does not have any indigenous peoples impacts, all within the meaning of the SPS. In the unforeseen event of any indigenous peoples impact in the Project, the Borrower shall ensure or cause the EA to ensure to take all steps required to ensure compliance with the applicable laws and regulations of the Borrower and the State and the SPS.

Human and Financial Resources to Implement Safeguards Requirements

11. The Borrower shall ensure or cause the EA to ensure, that all necessary budgetary and human resources to fully implement the EMP and the RP, as required, are made available on a timely basis.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

12. The Borrower shall ensure or cause the EA 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 respective IEE, EMP and 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 EA 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 respective IEE, EMP or 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

13. The Borrower shall ensure or cause the EA to ensure the following:

- (a) submit Safeguards Monitoring Reports, semi-annually for Involuntary Resettlement Safeguards and annually for Environmental Safeguards 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 respective IEE, EMP or RP, 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 90 days of the Effective Date, 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, and facilitate the carrying out of any verification activities by such external experts;
- (d) no later than 90 days of the Effective Date, engage an independent expert to monitor and report upon Project implementation, facilitate the carrying out of any monitoring activities by such expert; and
- (e) report any breach of compliance with the measures and requirements set forth in the respective EMP or RP promptly after becoming aware of the breach.

Prohibited List of Investments

14. The Borrower shall ensure or cause the EA 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.

Labor Standards, Health, and Safety

15. The Borrower shall ensure or cause the EA to ensure, that Works contracts under the Project follow all applicable labor laws of the Borrower and the State and that these further include provisions to the effect that contractors; (a) 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 for those employed during construction; and (b) 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. Such contracts shall also include clauses for termination in case of any breach of the stated provisions by the contractors.

Gender and Development

16. The Borrower shall ensure or cause the EA to ensure that (a) the GESI-AP 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 GESI-AP; (c) adequate resources are allocated for implementation of the GESI-AP; and (d) progress on implementation of the GESI-AP, including progress toward achieving key gender outcome and output targets as also those included in the GESI-AP and the PAM, are regularly monitored and reported to ADB.

Counterpart Support

17. The Borrower shall ensure or cause the State to ensure that it shall make available the Loan proceeds to the EA under appropriate arrangements acceptable to ADB, and ensure:

- (a) sufficient counterpart funds from its budget for each fiscal year, in a timely manner, for the efficient implementation of the Project; and

(b) adequate funds towards operations and maintenance of Project facilities, through budgetary allocations or other means, to be provided to the EA, during and after Project completion.

Communications and Participation

18. The Borrower shall ensure or cause the EA to ensure that the Project is undertaken in conformity with the communication strategy as agreed between ADB, the Borrower, the State and the EA and referred in the PAM.

Operations and Maintenance

19. The Borrower shall ensure or cause the State to ensure that (a) the EA and any other relevant road agency operates and maintains the Project roads in an appropriate manner and to internationally accepted standards; and (b) funds required for the operations and maintenance of Project roads are allocated annually and released in a timely manner.

Road Safety Program

20. The Borrower shall ensure or cause the State to ensure that

(a) the State's Transport Department develops, and the EA implements, a road safety program with coordinated engineering, enforcement and educational components acceptable to ADB within 90 days of the Effective Date. Such road safety program shall also provide for the monitoring and reporting on traffic volumes and accident rates on road sections constructed or rehabilitated under the Project; and

(b) within 90 days of the appointed date under each Works contract, the EA appoints a dedicated road safety consultant to undertake road safety audits during the construction and maintenance stages of each Project road.

Financial Management Action Plan

21. The Borrower shall ensure or cause the EA to ensure that it implements the Financial Management Action Plan (FMAP) as included in the PAM as per timelines provided in the PAM.

Governance and Anticorruption

22. The Borrower shall ensure and cause the State and the EA to ensure compliance with ADB's Anticorruption Policy (1998, as amended to date) and (a) shall ensure that the anticorruption provisions acceptable to ADB, the Borrower, the State and the EA 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 EA and all contractors, suppliers, consultants, and other service providers as they relate to the Project, and as included in the PAM; (b) shall allow and assist ADB's representatives to carry out random spot checks on the work in progress and utilization of funds for the Project; (c) 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 (d) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation, and as included in the PAM.