
LOAN NUMBER 3652-PRC

LOAN AGREEMENT
(Ordinary Operations)

(Guangxi Regional Cooperation and Integration Promotion Investment Program - Project 2)

between

PEOPLE'S REPUBLIC OF CHINA

and

ASIAN DEVELOPMENT BANK

DATED 01 August 2018

PRC 50050-004

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated 01 August 2018 between PEOPLE'S REPUBLIC OF CHINA ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a framework financing agreement dated 15 October 2016 between the Borrower and ADB, ADB has agreed to provide a multitranche financing facility to the Borrower for purposes of financing projects under the Guangxi Regional Cooperation and Integration Promotion Investment Program ("Investment Program");

(B) by a periodic financing request dated 11 January 2018, 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 Government of Guangxi Zhuang Autonomous Region ("GGZAR"), and for this purpose the Borrower will make available to GGZAR the proceeds of the Loan provided for herein upon terms and conditions satisfactory to ADB; and

(D) ADB has agreed to make the 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 GGZAR;

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.

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) "ASEAN" means the Association of Southeast Asian Nations;
- (b) "BEZ" means the border economic zone;

- (c) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);
- (d) "Consulting Services" means the services to be financed out of the proceeds of the Loan to help carrying out activities under Schedule 1 to this Loan Agreement;
- (e) "EMP" means the environmental management plan for the Project, including any update thereto, 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 Safeguard Policy Statement;
- (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 15 October 2016 between ADB and the Borrower with respect to the Facility;
- (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) "HIV/AIDS" means human immunodeficiency virus/acquired immune deficiency syndrome;
- (k) "IEE" means the initial environmental examination for the Project, including any update thereto, prepared and submitted by GGZAR and cleared by ADB;
- (l) "Indigenous Peoples Planning Framework" means the indigenous peoples planning framework for the Project, including any update thereto, prepared and submitted by GGZAR and cleared by ADB;
- (m) "Investment Program" means the Guangxi Regional Cooperation and Integration Promotion 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) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (p) "Management Letter" means formal communications from the auditor to the client management in accordance with the International Standard on Auditing 265 (communicating deficiencies in internal

control to those charged with governance and management), which is not required to be provided separately as it is equivalent to the Audit Findings and Recommendations prepared by the Project auditor and submitted to ADB;

- (q) "O&M" means operation and maintenance;
- (r) "PAM" means the project administration manual for the Project dated 11 January 2018 and agreed between GGZAR and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower 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 11 January 2018;
- (t) "PIE" means project implementing entities comprising the Guilin University of Aerospace Technology, Youjiang Medical College for Nationalities, Guangxi Qinzhou Free Trade Port Area Investment Group, Ltd., Chongzuo City Xinghe Investment Development Co., Ltd., Dongxing Development Investment Limited Liability Company, and Pingxiang Urban Construction Investment Co., Ltd., or any successors thereto acceptable to ADB;
- (u) "PMO" means Project management office, established by GGZAR for implementation of the Project and as described in PAM;
- (v) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);
- (w) "Procurement Plan" means the procurement plan for the Project dated 11 January 2018 and agreed between GGZAR and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;
- (x) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means GGZAR, which is responsible for the carrying out of the Project;
- (y) "Project facilities" means facilities to be constructed, procured, rehabilitated and/or maintained under the Project;
- (z) "Project Implementing Agency" means each of Guilin University of Aerospace Technology, Youjiang Medical College for Nationalities, Qinzhou Municipal Government, Chongzuo Municipal Government, and Fangchenggang Municipal Government, which implements a part of the Project to be financed by the Loan, as more fully described in the PAM;

- (aa) "Resettlement Plan" or "RP" means a resettlement plan for the Project, including any update thereto, prepared and submitted by GGZAR and cleared by ADB;
- (bb) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009);
- (cc) "Safeguards Monitoring Report" means each report prepared and submitted by GGZAR to ADB that describes progress with implementation of and compliance with the EMP, including any corrective and preventative actions;
- (dd) "SME" means a small and medium-sized enterprise, and has a meaning specified in Small and Medium Enterprise Categorization Standard (2011);
- (ee) "SDGAP" means the social development and gender action plan for the Project, including any update thereto, prepared and submitted by GGZAR and cleared by ADB;
- (ff) "STI" means sexually transmitted infections;
- (gg) "Subproject" means a subproject to be carried out under the Project, as more fully described in the PAM; and
- (hh) "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 of one hundred eighty million Dollars (\$180,000,000), 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) LIBOR;
- (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 1 June and 1 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(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 relend the proceeds of the Loan to GGZAR upon terms and conditions acceptable to ADB. Except as ADB may otherwise agree, the terms for the proceeds of the Loan made available to GGZAR shall include (i) commitment charge and interest at the rates identical to those applied to the Loan; (ii) a repayment period including a grace period identical to those applied to the Loan; and (iii) GGZAR bearing the foreign exchange and interest rate variation risks of the proceeds of the Loan made available thereto.

(b) The Borrower shall, through GGZAR, cause the proceeds of the Loan to be applied to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the 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 procure, or cause GGZAR to procure, 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. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 30 November 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 and the Schedule to 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. The Borrower shall take all actions which shall be necessary on its part to enable the Project Executing Agency 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.

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**Delegation of Authority**

Section 6.01. The Borrower hereby designates GGZAR as its agent for the purposes of taking any action or entering into any agreement required or permitted under Section 3.03 of this Loan Agreement and under Sections 6.01, 6.02, 6.03 6.04 and 6.05 of the Loan Regulations.

Section 6.02. Any action taken or any agreement entered into by GGZAR pursuant to the authority conferred under Section 6.01 of this Loan Agreement shall be fully binding on the Borrower and shall have the same force and effect as if taken by the Borrower.

Section 6.03. The authority conferred on GGZAR under Section 6.01 of this Loan Agreement may be revoked or modified by agreement between the Borrower and ADB.

ARTICLE VII**Miscellaneous**

Section 7.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Borrower

Ministry of Finance
Sanlihe, Xicheng District
Beijing 100820
People's Republic of China

Facsimile Number:

+8610 6855 2061

For ADB

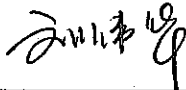
Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

(632) 636-2444
(632) 636-2534.


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.

PEOPLE'S REPUBLIC OF CHINA

By 

LIU WEIHUA
Authorized Representative

ASIAN DEVELOPMENT BANK

By 

BENEDICT BINGHAM
Authorized Representative

SCHEDULE 1

Description of the Project

1. The objective of the Investment Program is to seize the regional cooperation and integration opportunities in border areas in Guangxi linking China and Viet Nam, and the Project is the second project under the Investment Program.

2. The Project shall comprise the following output:

Output 1: SMEs development enhanced. Constructing SMEs' business development service information center, ASEAN vocational training facilities and other related facilities in the Guilin University of Aerospace Technology.

Output 2: Cross-border e-commerce platforms developed. Constructing e-commerce facilities, including electronic business data center and cross-border trade exhibition center, and related facilities in the Qinzhou Cross-Border Trade E-commerce Industrial Park.

Output 3: Key infrastructure and services for BEZs improved. (a) Constructing cold storage, related inspection and detention facilities, surveillance facilities, and other related facilities in the Qinzhou Free Trade Port Area; and (b) constructing and rehabilitating the selected roads in Chongzuo Sino-Viet Nam BEZ and a wastewater treatment plant.

Output 4: Physical and people's connectivity for RCI improved. (a) Constructing the eastern section of Changhu road in Dongxing City; (b) constructing educational, training and laboratory facilities, and other related facilities in Youjiang Medical College for Nationalities; (c) constructing a road leading to the cross-border point of Nonghuai in Pingxiang.

Output 5: Technical and institutional support. Providing technical and institutional support for GGZAR, Project Implementing Agencies and PIEs for Project management and implementation.

3. The Project is expected to be completed by 31 May 2023.

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.

Date Payment Due	Installment Share ¹ (Expressed as a %)
1 June 2023	2.500000
1 December 2023	2.500000
1 June 2024	2.500000
1 December 2024	2.500000
1 June 2025	2.500000
1 December 2025	2.500000
1 June 2026	2.500000
1 December 2026	2.500000
1 June 2027	2.500000
1 December 2027	2.500000
1 June 2028	2.500000
1 December 2028	2.500000
1 June 2029	2.500000
1 December 2029	2.500000
1 June 2030	2.500000
1 December 2030	2.500000
1 June 2031	2.500000
1 December 2031	2.500000
1 June 2032	2.500000
1 December 2032	2.500000
1 June 2033	2.500000
1 December 2033	2.500000
1 June 2034	2.500000
1 December 2034	2.500000
1 June 2035	2.500000
1 December 2035	2.500000
1 June 2036	2.500000
1 December 2036	2.500000
1 June 2037	2.500000
1 December 2037	2.500000
1 June 2038	2.500000

Date Payment Due	Installment Share ¹ (Expressed as a %)
1 December 2038	2.500000
1 June 2039	2.500000
1 December 2039	2.500000
1 June 2040	2.500000
1 December 2040	2.500000
1 June 2041	2.500000
1 December 2041	2.500000
1 June 2042	2.500000
1 December 2042	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.
- (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: (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 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.

Interest and Commitment Charges

3. The amount allocated to Category "Interest and Commitment Charges" is for financing interest and commitment charges on the Loan during the implementation period of the Project. ADB shall be entitled to withdraw from the Loan Account and pay to itself, on behalf of the Borrower, the amounts required to meet payments, when due, of such interest and commitment charges.

Reallocation

4. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

- (a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, 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.

Advance Account and Statement of Expenditures

6. (a) Except as ADB may otherwise agree, the Borrower shall cause the Guangxi Department of Finance to establish after the Effective Date, an advance account for the Loan at a bank. The advance account shall be established, managed, replenished and liquidated in accordance with the Loan Disbursement Handbook, and detailed arrangements agreed upon between the Borrower and ADB. The advance account shall be used only for the Project. The currency of the advance account shall be the Dollar.

(b) The statement of expenditures procedure may be used for reimbursement of eligible expenditures and to liquidate advances provided into the advance account, in accordance with the Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB.

Retroactive Financing

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

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS*			
Number	Item	Total Amount Allocated for ADB Financing (\$) Category Subcategory	Basis for Withdrawal from the Loan Account
1	Project Costs	149,584,873	Up to 100% of total expenditure claimed
2	Interest and Commitment Charges	12,320,354	100% of amounts due
3	Unallocated	18,094,773	
	TOTAL	180,000,000	

*Detailed categories and financing percentages are in the PAM.

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 of procurement set forth below:
 - (a) National Competitive Bidding; and
 - (b) Shopping.

National Competitive Bidding

5. 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.

Conditions for Award of Contract

6. The Borrower shall, through GGZAR, cause the Project Implementing Agencies not to award any Works contracts until:
 - (a) GGZAR has granted the final approval of the IEE; and
 - (b) GGZAR and the Project Implementing Agencies have caused the relevant provisions to be incorporated from the EMP into the Works contract.

7. The Borrower shall, through GGZAR, cause the Project Implementing Agencies or PIEs, as the case may be, not to award any Works contract which involves involuntary resettlement impacts until GGZAR has (a) updated the relevant RPs based on the final detailed design, including detailed measurement surveys; (b) submitted such updated RPs to ADB for its concurrence; and (c) disclosed to affected people in accordance with ADB's applicable information disclosure requirements for resettlement.

Consulting Services

8. Except as set forth in the paragraph below, the Borrower shall apply Quality- and Cost-Based Selection for Consulting Services.

9. The Borrower shall recruit the individual consultants for external monitoring, startup support and project preparation 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 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; Implementation and Financial and other Matters**Implementation Arrangements

1. The Borrower shall cause GGZAR 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, through GGZAR, and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

Counterpart Financing

2. The Borrower shall cause GGZAR to ensure that (a) all counterpart funds are made available for Project implementation in a timely manner; and (b) operation and maintenance of all Project facilities is fully funded.