LOAN NUMBER 3462-BAN(SF)

LOAN AGREEMENT
(Special Operations)

(Natural Gas Infrastructure and Efficiency Improvement Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 29 DECEMBER 2016

BAN 45203

LOAN AGREEMENT
(Special Operations)

LOAN AGREEMENT dated 29 December 2016 between PEOPLE'S REPUBLIC OF BANGLADESH ("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) by an agreement of even date herewith between the Borrower and ADB ("Ordinary Operations Loan Agreement"), ADB has agreed to lend to the Borrower from its ordinary capital resources an amount of one hundred million Dollars ($100,000,000) ("Ordinary Operations Loan") for the purposes of the Project;

(C) the Project will be carried out by BGFCL and GTCL (as defined below), and for this purpose the Borrower will make available to BGFCL and GTCL the proceeds of the Loan provided for herein upon terms and conditions satisfactory to ADB;

(D) the Borrower has also applied to AIIB (as defined below) for a loan in an amount of sixty million Dollars equivalent ($60,000,000) for the purposes of financing a portion of the Project; and

(E) ADB has agreed to make a Loan to the Borrower from ADB's Special Funds resources upon the terms and conditions set forth herein and in the Project Agreements of even date herewith between ADB and BGFCL and GTCL, respectively;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Special Operations Loan Regulations of ADB, dated 1 January 2006 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

(a) Section 2.01(25) is deleted and the following is substituted therefor:

"Project Agreement" means each of the Project Agreements of even date herewith between ADB and BGFCL and GTCL, respectively, as such agreements may be amended from time to time; and such term includes all agreements supplementary to the Project Agreement and all schedules to the Project Agreement.

(b) The term "Project Executing Agency" appearing in Section 6.01(a), 8.01(d), 8.01(f), 8.01(k), 9.01(c) and 9.02(c) of the Loan Regulations shall be substituted by the term "BGFCL and GTCL".

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) "AIIB" means Asian Infrastructure Investment Bank;

(b) "AIIB Loan" means the loan provided by AIIB to the Borrower in the amount of sixty million Dollars equivalent ($60,000,000) for the purpose of financing part of the Project;

(c) "BERC" means Bangladesh Energy Regulatory Commission, and any successor thereto;

(d) "BGFCL" means Bangladesh Gas Fields Company Limited, a public limited company incorporated under the Companies Act 1994, and any successor thereto;

(e) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);

(f) "Consulting Services" means the services to be financed out of the proceeds of the Loan as described in paragraph 2 of Schedule 1 to this Loan Agreement;

(g) "EMRD" means the Borrower's Energy and Mineral Resources Division, and any successor thereto;

(h) "Environmental Management Plan" or "EMP" means each of the environmental management plans for the Project, including any update thereto, incorporated in the IEE;

(i) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;

(j) "Fiscal year" or "FY" means the fiscal year of the Borrower, as the context may require, commencing 1 July and ending 30 June;

(k) "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;

(l) "GTCL" means Gas Transmission Company limited, a public limited company incorporated under the Companies Act 1994, and any successor thereto;

(m) "Initial Environmental Examination" or "IEE" means each of the initial environmental examinations for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(n) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) on the SPS;

(o) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2015, as amended from time to time);

(p) "MOF" means the Borrower's Ministry of Finance, and any successor thereto;

(q) "OCR Loan" means the loan referred to in Recital (B) of this Loan Agreement;

(r) "O&M" means operation and maintenance;

(s) "PAM" means the project administration manual for the Project dated 3 October 2016 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;

(t) "PPMS" means project performance monitoring system;

(u) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);

(v) "Procurement Plan" means the procurement plan for the Project dated 3 October 2016 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;

(w) "Project BGFCL and GTCL" for the purposes of, and within the meaning of, the Loan Regulations means BGFCL, which is responsible for carrying out Part A of the Project, and GTCL, which is responsible for carrying out Part B of the Project;

(x) "Resettlement Plan" or "RP" means the resettlement plan for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(y) "Revised Gas Pricing Framework" means the revised gas pricing framework of the Borrower, which shall cover upstream and downstream gas prices in Bangladesh;

(z) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009);

(aa) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower to ADB that describes progress with implementation of and compliance with the EMPs and the RP (as applicable), including any corrective and preventative actions;

(bb) "Subsidiary Loan Agreement" means each of the Subsidiary Loan Agreements between the Borrower and BGFCL and GTCL, respectively, upon terms and conditions satisfactory to ADB; and

(cc) "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. ADB agrees to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to forty seven million eight hundred seventy thousand Special Drawing Rights (SDR 47,870,000).

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of 2% per annum during the grace period and thereafter, on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

(b) The term "grace period" as used in subsection (a) 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 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 15 May and 15 November 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 Dollar.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. (a) The Borrower shall relend the proceeds of the Loan together with other funds required for the Project to BGFCL and GTCL, respectively, under Subsidiary Loan Agreements upon terms and conditions satisfactory to ADB.

(b) The Borrower shall cause the proceeds of the Loan to be applied to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreements.

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. Except as ADB may otherwise agree, the Borrower shall cause all items of expenditure financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.05. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 June 2022 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out 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. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.03. (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 4.04. The Borrower shall take all actions which shall be necessary on its part to enable the Project BGFCL and GTCL 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) The Borrower shall exercise its rights under the Subsidiary Loan Agreement 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 Subsidiary Loan Agreement shall be assigned, amended, or waived without the prior concurrence of ADB.

ARTICLE V

Suspension; Acceleration of Maturity

Section 5.01. The following are specified as additional events for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 8.01(m) of the Loan Regulations: if any of the Subsidiary Loan Agreement has been suspended or terminated or either BGFCL or GTCL has failed to perform any of its obligations under the Subsidiary Loan Agreements and the Project Agreements.

Section 5.02. The following are specified as additional events for acceleration of maturity for the purposes of Section 8.07(d) of the Loan Regulations: any of the events specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of the Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VII

Miscellaneous

Section 7.01. The Senior Secretary or Secretary or Additional Secretary, Joint Secretary or Joint Chief, Deputy Secretary or Deputy Chief, Senior Assistant Secretary or Senior Assistant Chief, Assistant Secretary or Assistant Chief of the Economic Relations Division of the MOF is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Borrower

Economic Relations Division
Ministry of Finance
Government of the People's Republic of Bangladesh
Sher-e-Bangla Nagar, Dhaka 1207
Bangladesh

Facsimile Number:

+880 2 9180788

For ADB

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

Facsimile Numbers:

(632) 636-2444
(632) 636-2293.

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
BANGLADESH

By _____
MOHAMMAD MEJBAHUDDIN
Senior Secretary
Economic Relations Division
Ministry of Finance

ASIAN DEVELOPMENT BANK

By _____
KAZUHIKO HIGUCHI
Country Director
Bangladesh Resident Mission

SCHEDULE 1

Description of the Project

1. The objective of the Project is to improve gas production efficiency and expand gas pipeline transmission capacity.

2. The Project shall comprise:

Part A: Installation of seven wellhead compressor at location-A of Titas gas field.

Part B: Construction of approximately 181 kilometer, 36 inches diameter, parallel gas transmission pipeline traversing Chittagong through Feni to Bakhrabad.

Consulting Services will be provided to support the above stated activities.

3. The Project is expected to be completed by 31 December 2021.

SCHEDULE 2

Amortization Schedule

(Natural Gas Infrastructure and Efficiency Improvement Project)

Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
15 May 2022	1,196,750
15 November 2022	1,196,750
15 May 2023	1,196,750
15 November 2023	1,196,750
15 May 2024	1,196,750
15 November 2024	1,196,750
15 May 2025	1,196,750
15 November 2025	1,196,750
15 May 2026	1,196,750
15 November 2026	1,196,750
15 May 2027	1,196,750
15 November 2027	1,196,750
15 May 2028	1,196,750
15 November 2028	1,196,750
15 May 2029	1,196,750
15 November 2029	1,196,750
15 May 2030	1,196,750
15 November 2030	1,196,750
15 May 2031	1,196,750
15 November 2031	1,196,750
15 May 2032	1,196,750
15 November 2032	1,196,750
15 May 2033	1,196,750
15 November 2033	1,196,750
15 May 2034	1,196,750
15 November 2034	1,196,750
15 May 2035	1,196,750
15 November 2035	1,196,750
15 May 2036	1,196,750
15 November 2036	1,196,750
15 May 2037	1,196,750
15 November 2037	1,196,750
15 May 2038	1,196,750
15 November 2038	1,196,750
15 May 2039	1,196,750
15 November 2039	1,196,750
15 May 2040	1,196,750
15 November 2040	1,196,750
15 May 2041	1,196,750
15 November 2041	1,196,750
TOTAL	**47,870,000**

* 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 or Subcategory of the Table.)

Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Interest Charge

3. The amount allocated to Category 5 is for financing the interest charge on the Loan during the implementation period of the Project.

Reallocation

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

(a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Loan allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

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

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, Goods and Consulting Services, subject to a maximum amount equivalent to 20% of the Loan amount.

Condition for Withdrawals from Loan Account

7. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the Loan Account until:

(a) the Subsidiary Loan Agreements between the Borrower and BGFCL and GTCL, respectively, have been executed in the form and substance satisfying to ADB and become effective according to its terms and conditions; and

(b) the Borrower, through EMRD, has submitted to ADB a draft Revised Gas Pricing Framework. The draft Revised Gas Pricing Framework will include that in determining the gas prices, the Borrower, shall take into account domestic gas production and import of natural gas including of liquefied natural gas.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Natural Gas Infrastructure and Efficiency Improvement Project)				
Number	**Item**	**Total Amount Allocated for ADB Financing* (SDR)**		**Basis for Withdrawal from the Loan Account**
		Category	**Subcategory**	
1	Works - GTCL	4,265,000		30% of total expenditure claimed
2	Equipment	38,882,000		
2A	BGFCL		18,626,000	30% of total expenditure claimed
2B	GTCL		20,256,000	30% of total expenditure claimed
3	Training – BGFCL	157,000		30% of total expenditure claimed
4	Consulting Services - BGFCL	429,000		30% of total expenditures claimed
5	Interest Charge	2,086,000		100% of amounts due
6	Unallocated	2,051,000		
	TOTAL	**47,870,000**		

* Subject to the conditions for withdrawal described in paragraph 7 of Schedule 3.

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 method and the selection method 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 method and the selection method 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.

Eligible Source of Procurement of Goods, Works and Consulting Services

4. Goods, Works and Consulting Services may also be procured under the Project from non-member countries of ADB.

Goods and Works

5. Goods and Works shall be procured on the basis of the procurement method set forth below:

(a) International Competitive Bidding.

Conditions for Award of Contract

6. The Borrower shall not award any Works contracts until:

(a) the Department of Environment under the Ministry of Environment and Forest has granted the final approval of the IEE; and

(b) BGFCL and GTCL, respectively, have incorporated the relevant provisions from the EMPs into the Works Contract.

7. The Borrower shall not award any contract of Works which involves involuntary resettlement impacts, until BGFCL and GTCL, respectively, has prepared and submitted to ADB the final RP based on the Project's detailed design, and obtained ADB's clearance of such RP.

8. The Borrower shall not award any contract of Goods, Works and Consulting Services to a company or firm from a non-member country of ADB before a cofinancing agreement between ADB and AIIB has been signed and effective.

Consulting Services

9. The Borrower shall apply Quality- and Cost-Based Selection for Consulting Services.

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, BGFCL and GTCL, 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 MOF shall provide the required counterpart funds for the Project to BGFCL and GTCL together with the proceeds of the loans.

Project Coordination

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 Borrower authorities, give their full cooperation to ensure smooth implementation of the project. Specifically, the Borrower shall cause BGFCL and GTCL full, timely and efficient cooperation in issuing any licenses, permits or approvals required in connection with the project.

Gas Pricing and Tariff

4. The Borrower, through EMRD, shall ensure that the Revised Pricing Framework has been (a) approved by EMRD, in consultation with BERC and other relevant government agencies, before 31 December 2017; and (b) published, in final form, in the Official Gazette of Bangladesh on or before 30 June 2018.

5. The Borrower, through EMRD, shall use its best efforts to ensure that the BERC on or before 31 December 2018, rationalizes natural gas prices with the prices of alternative fuels taking into account cross border gas trade, including import of liquefied natural gas and piped gas supply.

6. The Borrower, through EMRD, shall ensure that the production and transmission companies receiving financing under the loans operate on full cost recovery basis during operating period of the project life.

Debt Service Coverage Ratio

7. The Borrower shall cause GTCL and BGFCL to ensure that GTCL and BGFCL achieve a debt service coverage ratio (net operating income divided by total debt service obligations) of at least 1.2 during the project implementation period and maintain it beyond the project completion period. GTCL and BGFCL shall monitor and report its debt service coverage ratio during midterm review.

Project Website

8. Within 3 months after the Effective Date, BGFCL and GTCL, respectively 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/services procured.

Grievance Redress Mechanisms

9. The Borrower shall ensure, and cause BGFCL and GTCL to ensure, that the grievance redress mechanisms established in accordance with the RP and each IEE including the establishment of a special committee to receive and resolve complaints/grievances or act upon reports from stakeholders on misuse of funds and other irregularities and grievances, including due to resettlement remain fully operational and in effect under the Project. 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

10. The Borrower shall ensure, and cause BGFCL and GTCL 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 an IEE, the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Land Acquisition and Involuntary Resettlement

11. The Borrower shall ensure, and cause BGFCL and GTCL to ensure, that all land and all rights-of-way required for the project 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 relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; and (c) all measures and requirements set forth in the RP, and any corrective or preventative actions set forth in the Safeguards Monitoring Report.

12. Without limiting the application of the Involuntary Resettlement Safeguards or the RP, the Borrower shall ensure and cause BGFCL and GTCL 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.

Tribes, Minor Races Ethnic Sects and Community Peoples

13. The Borrower shall ensure, and cause BGFCL and GTCL to ensure, that the Project does not impact the tribes, minor races, ethnic sects and community peoples within the meaning used by the Borrower and/or peoples described in Appendix 3 of the Safeguard Policy Statement. If due to unforeseen circumstances, the Project impacts such peoples, the Borrower, BGFCL and GTCL as applicable, shall take all steps necessary or desirable to ensure that the Project complies with (a) all applicable laws and regulations of the Borrower; and (b) the Safeguard Policy Statement.

Human and Financial Resources to Implement Safeguards Requirements

14. The Borrower shall make available, or cause BGFCL and GTCL to make available, necessary budgetary and human resources to fully implement the EMP, and the RP.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

15. The Borrower shall ensure, or cause BGFCL and GTCL 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, the EMP, and the RP (to the extent they concern impacts on affected people during construction), 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, the EMP, and the RP; and

(d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction.

Safeguards Monitoring and Reporting

16. The Borrower shall do the following, or cause BGFCL and GTCL 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, the EMP, and the 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 6 months of the Effective Date, engage qualified and experienced external experts or qualified NGOs 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; and

(d) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP, or the RP promptly after becoming aware of the breach.

Prohibited List of Investments

17. The Borrower shall ensure that no proceeds of the loans are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Gender

18. The Borrower, BGFCL and GTCL shall ensure that the principles of gender equity aimed at increasing project benefits and impacts on women in the project area consistent with ADB's Policy on Gender and Development (1998) are followed during implementation of the investment program and the project, including (a) equal pay to men and women for work of equal value; (b) enabling working conditions for women workers; and (c) taking necessary actions to encourage women living in the project area to participate in the design and implementation of Project activities.

Labor

19. The Borrower, BGFCL and GTCL 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, BGFCL and GTCL shall require contractors not to differentiate wages between men and women for work of equal value. The Borrower, BGFCL and GTCL 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.

Operation & Maintenance

20. The Borrower, BGFCL and GTCL shall ensure that the project facilities and that proper technical supervision and adequate routine funds for this purpose are provided. The funds for the O&M shall be allocated annually and released on a timely basis.

Furthermore, the Borrower, BGFCL and GTCL shall ensure that all equipment and spare parts financed under the project shall exclusively be used for the maintenance and operation of the project.

Project Performance Monitoring System

21. Within 6 months after the loan effectiveness, BGFCL and GTCL shall establish a project performance monitoring system in line with the targets, indicators set in the DMF. Within 9 months of the Effective Date, the baseline data corresponding to indicators and targets set out in the project status report shall be updated during the detailed design stage, disaggregated by income levels and sex as required. After the initial baseline survey, the PIU shall conduct annual survey and quarterly monitoring of indicators and submit quarterly report to ADB throughout project implementation.

Governance and Anticorruption

22. The Borrower, BGFCL and GTCL 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.

23. The Borrower, BGFCL and GTCL 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 BGFCL and GTCL and all contractors, suppliers, consultants, and other service providers as they relate to the project.