
LOAN NUMBER 3610-SRI

LOAN AGREEMENT
(Ordinary Operations)

(Integrated Road Investment Program – Tranche 4)

between

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

and

ASIAN DEVELOPMENT BANK

DATED 15 December 2017

SRI 47273

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated 15 December 2017 between DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a framework financing agreement dated 11 July 2014 between the Borrower and ADB, ADB has agreed to provide a multitranche financing facility to the Borrower for purposes of financing projects under the Integrated Road Investment Program;

(B) by a periodic financing request dated 1 August 2017, the Borrower has applied to ADB for a loan from ADB's ordinary capital resources for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(C) the Project will be carried out by the Road Development Authority ("RDA"), and for this purpose the Borrower will make available to the RDA the proceeds of the loan provided for herein upon terms and conditions satisfactory to ADB; 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 RDA;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of ADB's Ordinary Operations Loan Regulations, dated 1 January 2017 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

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

"Project Agreement" means the Project Agreement of even date herewith between ADB and RDA, as such agreement may be amended from time to time; and such project agreement includes all schedules to the Project Agreement.

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

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Loan Agreement have the following meanings:

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

(b) "Consulting Services" means the services to be financed out of the proceeds of the Loan as described in paragraph 4 of Schedule 1 to this Loan Agreement;

(c) "EARF" means the environmental assessment and review framework for the Investment Program, including any update thereto, agreed between the Borrower and ADB and incorporated by reference in the FFA;

(d) "EMP" means each environmental management plan for the Project, including any update thereto, incorporated in an IEE;

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

(f) "Facility" means the multitranche financing facility provided by ADB to the Borrower for purposes of financing projects under the Investment Program;

(g) "FAM" means the updated Facility administration manual dated 10 October 2017 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;

(h) "FFA" means the framework financing agreement dated 11 July 2014 between ADB and the Borrower with respect to the Facility;

(i) "GAP" means the gender action plan prepared for the Project, including any update thereto, and agreed to between the Borrower, RDA and ADB;

(j) "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;

(k) "IPPF" means the indigenous peoples planning framework for the Investment Program, including any update thereto, agreed between the Borrower and ADB and incorporated by reference in the FFA;

(l) "Indigenous Peoples Safeguards" means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;

(m) "IEE" means each initial environmental examination for the Project, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the EARF and cleared by ADB;

(n) "Investment Program" means the Integrated Road Investment Program;

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

(p) "km" means kilometer;

(q) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);

(r) "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 1 August 2017;

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

(t) "Project Executing Agency" for the purpose of, and within the meaning of, the Loan Regulations means the Ministry of Higher Education and Highways or any successor thereto acceptable to ADB, which is responsible for carrying out the Project;

(u) "Project facilities" means all facilities and structures to be created as part of the Project;

(v) "RF" means the resettlement framework for the Investment Program, including any update thereto, agreed between the Borrower and ADB and incorporated by reference in the FFA;

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

(x) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower to ADB that describes progress with implementation of, and compliance with, the EMP, any resettlement plan and any indigenous peoples' plan (as applicable), including any corrective and preventative actions;

(y) "Tranche 1 Loan Agreement" means the Loan Agreement for the Integrated Road Investment Program – Tranche 1 between the Borrower and ADB dated 5 November 2014;

(z) "Tranche 2 Loan Agreements" means the Loan Agreements for the Integrated Road Investment Program – Tranche 2 between the Borrower and ADB dated 28 May 2015; and

(aa) "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 fifty million Dollars (\$150,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(b) The Loan has a principal repayment period of 23 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 0.20% 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. The Borrower shall make the proceeds of the Loan available to RDA upon terms and conditions satisfactory to the Borrower and ADB and shall cause RDA 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. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 30 September 2022 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 4 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. 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 4.04. The Borrower shall take all actions which shall be necessary on its part to enable RDA 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

Miscellaneous

Section 6.01. Each of the Secretary of the Ministry of Finance and Mass Media, Deputy Secretary to the Treasury and Director General of the Department of External Resources 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

Secretary
Ministry of Finance and Mass Media
Colombo 1
Sri Lanka

cc.: Deputy Secretary to the Treasury
Director General, Department of External Resources

Facsimile Numbers:

+94 11 243-3349
+94 11 244-7633

For ADB

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


Facsimile Numbers:

+63 2 636-2444

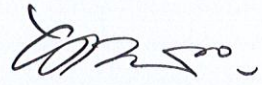
+63 2 636-2340.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

DEMOCRATIC SOCIALIST REPUBLIC
OF SRI LANKA

By 
RANEPURA HEWAGE
SAMANTHA SAMARATUNGA
Secretary
Ministry of Finance and Mass Media

ASIAN DEVELOPMENT BANK


By _____
SRI WIDOWATI
Country Director

SCHEDULE 1**Description of the Project**

1. The objective of the Investment Program is to enhance road accessibility between rural communities and socioeconomic centers.
2. As part of the Investment Program, the Project aims to increase transport efficiency on project roads.
3. The Project shall comprise "time-slice" financing of the contract packages under the Investment Program as described in the PFR and procured under the Tranche 1 Loan Agreement and the Tranche 2 Loan Agreements, as appropriate, for:
 - (i) road improvement in Southern Province, Sabaragamuwa Province, Kalutara District of Western Province, Central Province, Northern Central Province and North Western Province; and
 - (ii) capacity enhancement of road agencies.
4. Consulting Services shall be provided to support the above stated activities.
5. The Project is expected to be completed by 30 March 2024.

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.

<u>Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
1 June 2025	2.173913
1 December 2025	2.173913
1 June 2026	2.173913
1 December 2026	2.173913
1 June 2027	2.173913
1 December 2027	2.173913
1 June 2028	2.173913
1 December 2028	2.173913
1 June 2029	2.173913
1 December 2029	2.173913
1 June 2030	2.173913
1 December 2030	2.173913
1 June 2031	2.173913
1 December 2031	2.173913
1 June 2032	2.173913
1 December 2032	2.173913
1 June 2033	2.173913
1 December 2033	2.173913
1 June 2034	2.173913
1 December 2034	2.173913
1 June 2035	2.173913
1 December 2035	2.173913
1 June 2036	2.173913
1 December 2036	2.173913
1 June 2037	2.173913
1 December 2037	2.173913
1 June 2038	2.173913
1 December 2038	2.173913

<u>Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
1 June 2039	2.173913
1 December 2039	2.173913
1 June 2040	2.173913
1 December 2040	2.173913
1 June 2041	2.173913
1 December 2041	2.173913
1 June 2042	2.173913
1 December 2042	2.173913
1 June 2043	2.173913
1 December 2043	2.173913
1 June 2044	2.173913
1 December 2044	2.173913
1 June 2045	2.173913
1 December 2045	2.173913
1 June 2046	2.173913
1 December 2046	2.173913
1 June 2047	2.173913
1 December 2047	2.173915
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.

Schedule 2

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

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

SCHEDULE 3**Allocation and Withdrawal of Loan Proceeds**General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Loan and the allocation of the Loan proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Table).

Basis for Withdrawal from the Loan Account

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

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.

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, 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	Basis for Withdrawal from the Loan Account
1	Works	131,480,000	100% of total expenditure claimed*
2	Consulting Services	10,000,000	100% of total expenditure claimed*
3	Project Management (Recurrent costs)	5,850,000	100% of total expenditure claimed*
4	Interest and Commitment Charges	2,670,000	100% of amounts due
	TOTAL	150,000,000	

* Exclusive of taxes and duties imposed within the territory of the Borrower.

SCHEDULE 4

Execution of Project; Financial Matters

Implementation Arrangements

1. The Borrower, Ministry of Higher Education and Highways and RDA shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the FAM. Any subsequent change to the FAM shall become effective only after approval of such change by the Borrower and ADB. In the event of any discrepancy between the FAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

Safeguards

2. The Borrower and Ministry of Higher Education and Highways shall ensure, or cause RDA 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 as set out in ADB's Safeguard Policy Statement; (c) the EARF and IEEs; and (d) all measures and requirements set forth in the respective IEEs and EMPs, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

3. The Borrower and Ministry of Higher Education and Highways shall ensure, or cause RDA to ensure, that the Project does not have any Indigenous Peoples Safeguards and Involuntary Resettlement Safeguards impacts, both within the meaning of SPS. In the event that the Project does have any such impact, the Borrower through Ministry of Higher Education and Highways and RDA shall take all steps required to ensure that the Project complies with the RF and IPPF, applicable laws and regulations of the Borrower and with SPS.

4. The Borrower and Ministry of Higher Education and Highways shall ensure, or cause RDA to ensure, that any voluntary donation of land by beneficiaries for any provincial or rural road is implemented in accordance with the procedures laid out in Appendix 3 of the RF after free, prior and informed consultation and consent of the affected persons, provided that there shall be no voluntary land donation for national roads.

Human and Financial Resources to Implement Safeguards Requirements

5. The Borrower and Ministry of Higher Education and Highways shall make available, or cause RDA to make available, necessary budgetary and human resources to fully implement the SPS, IEEs, EMPs and any safeguard documents which may be prepared for the Project.

Safeguards Monitoring and Reporting

6. The Borrower and Ministry of Higher Education and Highways shall do the following or cause RDA to do the following:

- (a) submit 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 IEEs, EMPs, and any safeguard documents, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
- (c) report any actual or potential breach of compliance with the measures and requirements set forth in the IEEs, EMPs and any safeguard documents promptly after becoming aware of the breach.

Prohibited List of Investments

7. The Borrower and Ministry of Higher Education and Highways shall ensure, or cause RDA 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

8. The Borrower and Ministry of Higher Education and Highways shall ensure that (a) all contractors under the Project comply with all applicable labor laws and regulations, do not allow employment of child labor for Project activities, encourage the employment of the poor, particularly women, and provide appropriate facilities for women and children in work sites; (b) people directly affected by the Project are given priority to be employed by the Project; (c) contractors do not differentiate wages between men and women for work of equal value; and (d) specific clauses ensuring these shall be included in the contracts.

9. The Borrower and Ministry of Higher Education and Highways shall ensure that (a) the GAP 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 GAP; (c) adequate resources are allocated for implementation of the GAP; and (d) progress on implementation of the GAP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB.

Governance and Anticorruption

10. The Borrower, Ministry of Higher Education and Highways and RDA shall (a) 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 (b) cooperate with any such investigation by ADB and extend all necessary assistance for satisfactory completion of such investigation.

11. The Borrower, Ministry of Higher Education and Highways and RDA shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

12. The Borrower, Ministry of Higher Education and Highways and RDA shall ensure that detailed information on project implementation is made readily available to the public through the RDA website. This shall include all relevant information and documents relating to procurement, including the list of participating bidders, name of the winning bidder, basic details on the bidding process adopted, amount of contract awarded and the list of goods and services procured.

Operation and Maintenance

13. The Borrower and Ministry of Higher Education and Highways shall ensure that it allocates sufficient funds for operation and maintenance of the roads to be constructed or upgraded under the Project, and ensure that the funds are made available to RDA and other relevant road agencies on a timely basis for the same purpose.

14. In the event that a contractor fails to perform the maintenance of the Project roads required under the conventional road contract and road management contract, the Borrower and Ministry of Higher Education and Highways, through RDA, shall (a) terminate the contract, and (b) assume the maintenance responsibility by providing sufficient funds and making appropriate implementation arrangements.

15. The Borrower and Ministry of Higher Education and Highways shall ensure that a contractor failing to perform the maintenance of the Project roads shall be recorded as a non-performing contractor, and ADB and the Borrower reserve the right to disqualify such a contractor from participating in any future procurement.

Procurement

16. As the Project is to provide "time-slice" financing of the contract packages procured under the Tranche 1 Loan Agreement and the Tranche 2 Loan Agreements, the Borrower shall ensure, or cause RDA to ensure, that all procurement related matters (including modification of contracts) is dealt with in a manner consistent with the Procurement Guidelines. In the event that the Borrower wishes to procure, or cause RDA to procure, additional items of expenditure to be financed out of the proceeds of the Loan, the Borrower shall ensure that such procurement is subject to the Procurement Guidelines and the Consulting Guidelines, as applicable.