
LOAN NUMBER 4113-IND

**LOAN AGREEMENT
(Ordinary Operations)**

(Integrated Urban Flood Management for the Chennai–Kosasthalaiyar Basin Project)

between

INDIA

and

ASIAN DEVELOPMENT BANK

DATED 26 OCTOBER 2021

IND 49107

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated 26 October 2021 between INDIA acting by its President ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(B) the Project will be carried out by the State of Tamil Nadu ("State") acting through its Municipal Administration and Water Supply Department ("MAWSD") and implemented by Greater Chennai Corporation ("GCC"), and for this purpose the Borrower will make available to GCC, through the State, the proceeds of the loan provided for herein upon terms and conditions mutually satisfactory to ADB and the Borrower; and

(C) 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 on the one part, and the State and GCC on the other part;

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 to the following modifications:

- (a) Section 2.01(uu) is deleted and the following is substituted therefor:
 - (uu) "Project Agreement" means the Project Agreement of even date herewith between ADB on the one part and the State and GCC on the other part, 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 "the State and GCC".
- (c) Section 2.01 (Definitions) subsection (xx) shall be deleted and replaced in its entirety as follows:

- (xx) "Reference Rate" means, (i) except as ADB has otherwise made a determination in accordance with Section 3.02(c), in respect of any Loan Currency other than Euro, LIBOR, and in respect of Euro, Euribor; and (ii) if a determination is made in accordance with Section 3.02(c), such other reference rate and any spread for the Loan Currency as ADB shall reasonably determine and promptly notify the Borrower and the Guarantor.
- (d) A new subsection 3.02(c) shall be inserted after subsection 3.02(b) as follows:

Section 3.02(c). If interest on any amount of the Loan is calculated based on LIBOR or Euribor, and ADB determines that (i) such Reference Rate has permanently ceased to be quoted for the relevant Loan Currency or a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate announcing such Reference Rate is no longer representative has been made or (ii) ADB is no longer able, or it is no longer commercially acceptable for ADB, to continue to use such Reference Rate for purposes of its asset and liability management, ADB shall apply such other Reference Rate for the relevant Loan Currency, including any applicable spread, as it may reasonably determine. ADB shall promptly notify the Borrower and the Guarantor of such other reference rate and any spread, and of related amendments to the provisions of the Loan Agreement necessary to give effect to its application, which shall become effective as of the date of such notice.

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 Services" means consulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Loan;
- (b) "EA" or "Project Executing Agency" for the purposes of, and within the meaning of the Loan Regulations means the State acting through MAWSD, or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;
- (c) "EMP" means the environmental management plan for the Project, including any update thereto, prepared and submitted by the Borrower through the EA, cleared by ADB, and incorporated in the IEE;
- (d) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;

- (e) "Financing Arrangements" means the arrangements between the Borrower and the State as per current policy of the Borrower, and acceptable to ADB;
- (f) "GESI-AP" means the gender equality and social inclusion action plan prepared for the Project, including any update thereto, and agreed to between the Borrower and ADB;
- (g) "Goods" means equipment and materials as set out in the Procurement Plan and to be financed out of the proceeds of the Loan, including any related Nonconsulting Services such as transportation, insurance, installation, commissioning, training, and initial maintenance;
- (h) "IA" or "Implementing Agency" means the State acting through GCC, or any successor thereto acceptable to ADB, which is responsible for implementing the Project;
- (i) "IEE" means the initial environmental examination for the Project, including any update thereto, prepared and submitted by the Borrower through the EA and cleared by ADB;
- (j) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;
- (k) "km" means kilometer;
- (l) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (m) "Nonconsulting Services" means nonconsulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Loan;
- (n) "O&M Plan" means the plan for sustainable operation and maintenance of the Project facilities, as set forth in the PAM, as updated from time to time;
- (o) "PAM" means the project administration manual for the Project dated 10 August 2021 and agreed between the Borrower, EA and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower, EA and ADB;
- (p) "Procurement Plan" means the procurement plan for the Project dated 10 August 2021 and agreed between the Borrower, EA and ADB, as updated from time to time in accordance with the Procurement Policy, the Procurement Regulations, and other arrangements agreed with ADB;

- (q) "Procurement Policy" means ADB's Procurement Policy - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (r) "Procurement Regulations" means ADB's Procurement Regulations for ADB Borrowers - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (s) "Project facilities" means all facilities and structures to be created as part of the Project;
- (t) "Revenue Enhancement Roadmap" means the roadmap for revenue enhancement of GCC, as set forth in the PAM, as updated from time to time;
- (u) "RP" means each resettlement plan for the Project, including any update thereto, prepared and submitted by the Borrower through the EA and cleared by ADB;
- (v) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower through the EA to ADB that describes progress with implementation of and compliance with the EMP and the RP (as applicable), including any corrective and preventive actions;
- (w) "Services" means Consulting Services and Nonconsulting Services;
- (x) "SPS" means ADB's Safeguard Policy Statement (2009); and
- (y) "Works" means construction or civil works as set out in the Procurement Plan and to be financed out of the proceeds of the Loan, including any related Nonconsulting Services and project related services that are provided as part of a single responsibility or turnkey contract.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of two hundred fifty-one million Dollars (\$251,000,000), 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 19 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 15 March and 15 September 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 the IA upon terms and conditions mutually agreeable to ADB and the Borrower, and shall cause the IA to apply such proceeds to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, the Borrower shall ensure, or cause the EA and IA to ensure, that the items of expenditure to be financed out of the proceeds of the Loan are procured in accordance with the provisions of Schedule 4 to this Loan Agreement.

Section 3.04. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 31 December 2027 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed by the EA and IA, all obligations set forth in this Loan Agreement and the Project Agreement.

Section 4.02. The Borrower shall enable ADB's representatives to inspect the Project, the Goods, Works and Services, 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. In so far as it relates to the Project, the Borrower shall take all actions or cause the State to take all actions which shall be necessary on its part to enable the EA and IA to perform their obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.05. (a) In so far as it relates to the Project, the Borrower shall exercise its rights under the Financing Arrangements in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

(b) In so far as it relates to the Project, no rights or obligations under the Financing Arrangements shall be assigned, amended, abrogated or waived without prior notice to ADB.

ARTICLE V

Effectiveness

Section 5.01. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

ARTICLE VI

Miscellaneous

Section 6.01. The Secretary, Additional Secretary, Joint Secretary, Director, or Deputy Secretary, in the Department of Economic Affairs of the Ministry of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Borrower

The Secretary to the Government of India
Department of Economic Affairs
Ministry of Finance
North Block
New Delhi – 110001
India

Facsimile Number:

(91-11) 2309-4075

For ADB

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


Facsimile Numbers:

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

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

INDIA

By



26/10/2021

RAJAT KUMAR MISHRA
Additional Secretary (MBC)
Department of Economic Affairs

ASIAN DEVELOPMENT BANK

By



TAKEO KONISHI
Country Director
India Resident Mission

SCHEDULE 1**Description of the Project**

1. The objective of the Project is to strengthen climate and disaster resilience in the Chennai–Kosasthalaiyar river basin.
2. The Project shall comprise the following:
 - (a) improved climate-resilient flood protection infrastructure in the Chennai–Kosasthalaiyar river basin, including (i) installation of approximately 580 km of new storm water drains; (ii) rehabilitation or replacement of approximately 170 km of storm water drains; (iii) improvement of approximately 10 km of the Ambattur, Ariyallur, Kadappakkam and Korattur channels to enhance water-carrying capacity; (iv) construction of a water-pumping station and the upgrading of an existing water-pumping station; (v) construction of approximately 23,000 infiltration pits; and (vi) rehabilitation of 4 disaster relief camps;
 - (b) enhanced urban flood preparedness of GCC and local communities, including (i) development of GCC guidelines on integrating flood hazard zoning with spatial plans and land-use, building, and development regulations; (ii) establishment of a baseline flood resilience index; (iii) operationalization of a flood observatory with an associated software platform; (iv) development of a GCC manual for green infrastructure design, including rainwater harvesting; (v) knowledge enhancement in the community, including for women, of the benefits of green infrastructure; (vi) raised beneficiary awareness of flood risks and impacts and the links that connect flooding, solid waste management, house sewerage connections, and the protection of waterbodies, including activities specifically targeting women; and (vii) improved GCC staff capacity to plan and design storm water drainage systems in coordination with the management of solid waste and flood risk; and
 - (c) established measures for sustaining operation and maintenance of storm water drainage system in GCC, including (i) performance-based incentives (PBIs) for zonal offices linked to operational efficiency and the sustainability of storm water drainage systems; (ii) a plan formulated to improve the sustainable and inclusive O&M of storm water drainage systems; (iii) a road map for enhancing municipal resource mobilization by the GCC; (iv) improved knowledge of GCC staff on the sustainable O&M of drainage systems with the management of solid waste and flood risk; and (v) improved knowledge and skills of desilting and conservancy workers on cleaning and maintaining storm water drainage systems.
3. The Project is expected to be completed by 30 June 2027.

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>Date Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
15 March 2028	0.500000
15 September 2028	0.500000
15 March 2029	0.500000
15 September 2029	1.000000
15 March 2030	1.000000
15 September 2030	0.500000
15 March 2031	0.500000
15 September 2031	2.000000
15 March 2032	2.000000
15 September 2032	4.500000
15 March 2033	4.500000
15 September 2033	4.500000
15 March 2034	4.500000
15 September 2034	3.500000
15 March 2035	3.500000
15 September 2035	4.000000
15 March 2036	4.000000
15 September 2036	5.000000
15 March 2037	5.000000
15 September 2037	3.500000
15 March 2038	3.500000
15 September 2038	4.500000
15 March 2039	4.500000
15 September 2039	2.000000
15 March 2040	2.000000
15 September 2040	3.000000
15 March 2041	3.000000
15 September 2041	3.000000
15 March 2042	3.000000
15 September 2042	3.000000
15 March 2043	3.000000
15 September 2043	3.000000

<u>Date Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
15 March 2044	3.000000
15 September 2044	1.500000
15 March 2045	1.000000
15 September 2045	1.000000
15 March 2046	0.500000
15 September 2046	0.500000
Total	100.000000

2. If the proceeds of the Loan shall not have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

- (a) to the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule; and
- (b) any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. Withdrawals made within 2 calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

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

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

SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

General

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

Basis for Withdrawal from the Loan Account

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

Reallocation

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

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

Disbursement Procedures

4. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook, and detailed arrangements agreed upon between ADB and the Borrower.

Retroactive Financing

5. Withdrawals from the Loan Account may be made to finance eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement in connection with Works, Goods 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	Basis for Withdrawal from the Loan Account
1	Works and equipment	236,556,000	60.4% of total expenditure claimed
2	Consulting Services	7,519,000	84.7% of total expenditure claimed
3	Performance-Based Incentives	6,925,000	100.0% of total expenditure claimed*
	TOTAL	251,000,000	

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

SCHEDULE 4

Execution of the Project; Financial Matters

Implementation Arrangements

1. The Borrower, the State, the EA and IA 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, the State, the EA, the IA and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

2. (a) The Borrower shall ensure, or cause the EA and IA to ensure towards smooth implementation of the Project, that grievances, if any from stakeholders, relating to the Project implementation or use of funds are addressed effectively and efficiently.

(b) The Borrower shall ensure, or cause the EA and IA to ensure, compliance with all the requirements and obligations in their part as included in this Loan Agreement and the Project Agreement to meet the objectives of the Project in a timely and efficient manner.

Procurement

3. The Borrower shall ensure, or cause the EA and IA to ensure, that:

- (a) the procurement of Goods, Works and Services is carried out in accordance with the Procurement Policy and the Procurement Regulations;
- (b) Goods, Works and Services shall be procured based on the detailed arrangements set forth in the Procurement Plan, including the procurement and selection methods, the type of bidding documents, and ADB's review requirements. The Borrower through the EA may modify the detailed arrangements set forth in the Procurement Plan only with the prior agreement of ADB, and such modifications must be set out in updates to the Procurement Plan; and
- (c) (i) all Goods and Works procured and Services obtained (including all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party; and (ii) all contracts for the procurement of Goods, Works and Services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor, supplier, consultant or service provider with respect to the matters referred to in this subparagraph.

4. The Borrower shall ensure, or cause the EA and IA to ensure, that no Works contract which involves environmental impacts is awarded until:

- (a) the relevant authority of the Borrower and/or State, as required, has granted the approval of the IEE, and the EA has obtained ADB's clearance of the IEE based on the final design; and
- (b) the EA has incorporated the relevant provisions from the EMP into the Works contract.

5. The Borrower shall ensure, or cause the EA and IA to ensure, that no Works contract is awarded which involves involuntary resettlement impacts until the EA has prepared and submitted to ADB the RP for the Project, and obtained ADB's clearance of such RP.

6. The Borrower shall ensure, or cause the EA and IA to ensure, that Works which involve involuntary resettlement impacts are not permitted to commence until the EA has prepared and submitted to ADB the final RP based on the Project's detailed design, and obtained ADB's clearance of such RP.

7. The Borrower shall, or shall cause the EA and IA to, announce the Project and business opportunities (i.e., invitation of potential bids) associated with the Project on its website. The website shall disclose the following information in relation to Goods, Works and Services procured for the Project: (a) the list of participating bidders; (b) the name of the selected bidder; (c) the amount of the contracts awarded; and (d) the Goods, Works and Services procured.

Safeguards

Environment

8. The Borrower shall ensure, or cause the EA and IA to ensure, that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower and the State relating to environment, health and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the IEE and EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Land Acquisition and Involuntary Resettlement

9. The Borrower shall ensure, or cause the EA and IA 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 and the State 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.

10. Without limiting the application of the Involuntary Resettlement Safeguards or the RP, the Borrower shall ensure, or cause the EA and IA to ensure, that no physical or economic displacement takes place in connection with the Project until:

- (a) compensation and other entitlements have been provided to affected people in accordance with the RP; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with the RP.

Indigenous Peoples

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

Human and Financial Resources to Implement Safeguards Requirements

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

Safeguards – Related Provisions in Bidding Documents and Works Contracts

13. The Borrower shall ensure, or cause the EA and IA 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 EA with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP and the RP;
- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (e) reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.

Safeguards Monitoring and Reporting

14. The Borrower shall ensure, or cause the EA and IA to ensure, the following:
- (a) submit semiannual Safeguards Monitoring Reports to ADB during construction of the Works and annual Safeguards Monitoring Reports to ADB during operation of the Works, 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; and
 - (c) report any breach of compliance with the measures and requirements set forth in the EMP or the RP promptly after becoming aware of such breach.

Prohibited List of Investments

15. The Borrower shall ensure, or cause the EA and IA to ensure, that no proceeds of the Loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Labor Standards, Health and Safety

16. The Borrower shall ensure, or cause the EA and IA to ensure, that Works contracts under the Project follow all applicable labor laws of the Borrower and the State and that these further include provisions to the effect that contractors, (a) carry out HIV/AIDS awareness programs for labor and disseminate information at worksites on risks of sexually transmitted diseases and HIV/AIDS as part of health and safety measures for those employed during construction; and (b) follow and implement all statutory provisions on labor (including not employing or using children as labor, equal pay for equal work), health, safety, welfare, sanitation, and working conditions. Such contracts shall also include clauses for termination in case of any breach of the stated provisions by the contractors.

Gender and Development

17. The Borrower shall ensure, or cause the EA and IA to ensure, that (a) the GESI-AP is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GESI-AP; (c) adequate resources are allocated for implementation of the GESI-AP; and (d) progress on implementation of the GESI-AP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB.

Counterpart Support

18. The Borrower shall make available, or cause the EA and IA to make available, through budgetary allocations or other means, all counterpart funds required for the timely and effective implementation of the Project, including funds required to (a) meet additional costs arising from design changes, price escalation in construction costs or other unforeseen circumstances; (b) ensure effective operation and maintenance of the Works, both during and after completion of the Project; and (c) ensure the EA and IA have sufficient funds to satisfy their liabilities arising from any Goods, Works and/or Services contract.

Operation and Maintenance

19. The Borrower shall ensure, or cause the EA and IA to ensure, (a) the further development and finalization of the O&M Plan and Revenue Enhancement Roadmap, based on the areas for further analysis and assessment identified within each such document; (b) provision to ADB of semi-annual updates regarding the development of progress achieved in the development of the O&M Plan and Revenue Enhancement Roadmap; and (c) approval of each of the O&M Plan and Revenue Enhancement Plan by the requisite authorities of the State and GCC, no later than 31 December 2025 and 31 December 2024, respectively.

Communications and Participation

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

Governance and Anticorruption

21. The Borrower shall ensure and cause the State the EA and IA to comply with ADB's Anticorruption Policy (1998, as amended to date) and (a) shall ensure that the anticorruption provisions acceptable to ADB, the Borrower, the State, the EA and IA are included in all bidding documents and contracts financed by ADB in connection with the Project, including provisions specifying the right of ADB to review and examine the records and accounts of the State, the EA and IA and all contractors, suppliers, consultants, and other service providers as they relate to the Project, and as included in the PAM; (b) shall allow and assist ADB's representatives to carry out random spot checks on the work in progress and utilization of funds for the Project; (c) acknowledge that ADB reserves the right to investigate directly or through its agents any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (d) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation, and as included in the PAM.