
LOAN NUMBER 3302-BAN (SF)
(Additional Financing to Loan No. 2200-BAN[SF])

LOAN AGREEMENT
(Special Operations)

(Southwest Area Integrated Water Resources Planning and Management Project
-Additional Financing)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 13 DECEMBER 2015

BAN 34418

**LOAN AGREEMENT
(Special Operations)**

LOAN AGREEMENT dated 13 December 2015 between PEOPLE'S REPUBLIC OF BANGLADESH ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a loan agreement dated 10 May 2006 between the Borrower and ADB ("Initial Special Operations Loan Agreement"), ADB provided the Borrower a loan from ADB's Special Funds resources in an amount equivalent to thirteen million eight hundred sixty three thousand Special Drawing Rights (SDR13,863,000) for the purposes of the Project described in Schedule 1 to the Initial Special Operations Loan Agreement ("Initial Project");

(B) by Administration Arrangement agreed on 30 July 2002 between ADB and the Government of Netherlands ("Administration Arrangement"), the Government of Netherlands agreed to provide and ADB agreed to administer, a grant in the amount of twelve million five hundred thousand Dollars (\$12,500,000) upon the terms and conditions of the Administration Arrangement for the purposes of cofinancing expenditures under the Initial Project;

(C) the Borrower has applied for an additional loan from ADB's Special Funds resources for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(D) by a grant agreement of even date herewith between the Borrower and ADB ("Grant Agreement"), ADB has agreed to make available to the Borrower a grant from the Government of Netherlands in the amount of seven million Dollars (\$7,000,000) ("Grant"), for the purpose of cofinancing expenditures under the Project;

(E) the Project will be carried out by the Bangladesh Water Development Board ("BWDB"), and for this purpose the Borrower will make available to BWDB the proceeds of the loan provided for herein upon terms and conditions satisfactory to ADB; and

(F) 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 Agreement of even date herewith between ADB and BWDB;

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.

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) "BWDB" means the Bangladesh Water Development Board;
- (b) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);
- (c) "Consulting Services" means the services to be financed out of the proceeds of the Loan and/or the Grant as described in paragraph 3 of Schedule 1 to this Loan Agreement;
- (d) "Environmental Management Plan" or "EMP" means the environmental management plan for the Project, including any update thereto, incorporated in the 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) "GAP" means the gender action plan prepared for the Project, including any update thereto, and agreed between the Borrower and ADB;
- (g) "Goods" means equipment and materials to be financed out of the proceeds of the Loan and/or the Grant, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;
- (h) "Grant" has the meaning given thereto in recital (D) of this Loan Agreement;
- (i) "Grant Agreement" has the meaning given thereto in recital (D) of this Loan Agreement;
- (j) "Initial Environmental Examination" or "IEE" means the initial environmental examination, including any update thereto, prepared and submitted by the Borrower through the EA and cleared by ADB;
- (k) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;

- (l) “Loan Disbursement Handbook” means ADB’s Loan Disbursement Handbook (2015, as amended from time to time);
- (m) “OCWM” means the Office of Chief Water Management under BWDB;
- (n) “O&M” means operation and maintenance;
- (o) “PAM” means the project administration manual for the Project dated 5 August 2015 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;
- (p) “PMO” means project management office;
- (q) “Procurement Guidelines” means ADB’s Procurement Guidelines (2015, as amended from time to time);
- (r) “Procurement Plan” means the procurement plan for the Project dated 5 August 2015 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;
- (s) “Project Executing Agency” or “EA” for the purposes of, and within the meaning of, the Loan Regulations means the BWDB or any successor thereto acceptable to ADB, that is responsible for carrying out the Project;
- (t) “Project facilities” means the facilities to be improved, rehabilitated, modernized, constructed, and/or maintained, and the equipment to be installed and maintained under the Project;
- (u) “Resettlement Framework” or “RF” means the resettlement framework for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (v) “Resettlement Plan” or “RP” means each resettlement plan for a Subproject, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the RF and cleared by ADB;
- (w) “Safeguard Policy Statement” or “SPS” means ADB’s Safeguard Policy Statement (2009);
- (x) “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, including any corrective and preventative actions;
- (y) “SMO” means subproject management offices;
- (z) “Subproject” means each subproject identified and to be implemented under the Project in accordance with the provisions of the PAM;

- (aa) "WMA" means water management association;
- (bb) "WMG" means water management group;
- (cc) "WMO" means water management organization; and

(dd) "Works" means construction or civil works to be financed out of the proceeds of the Loan and/or the Grant, 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 thirty two million two hundred sixty five thousand Special Drawing Rights (SDR32,265,000).

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 March and 15 September 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. The Borrower shall make the proceeds of the Loan available to BWDB upon terms and conditions satisfactory to ADB and shall cause BWDB 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 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 31 December 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. ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt 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 BWDB 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

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:

- (a) the Borrower shall have failed to perform one or more of its obligations under the Grant Agreement; and
- (b) the Bangladesh Water Development Board Act, 2000 shall have been repealed, suspended or amended in any manner which, in the reasonable opinion of ADB, may adversely affect the carrying out of the Project or the operation of the Project facilities.

Section 5.02. The following is specified as an additional event 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

Delegation of Authority

Section 7.01. The Borrower hereby designates the BWDB as its agent for the purposes of taking any action or entering into any agreement required or permitted under Sections 3.02 and 3.03 of this Loan Agreement and under Sections 5.01, 5.02, 5.03 and 5.04 of the Loan Regulations.

Section 7.02. Any action taken or any agreement entered into by the BWDB pursuant to the authority conferred under Section 7.01 of this Loan Agreement shall be fully binding on the Borrower and shall have the same force and effect as if taken by the Borrower.

Section 7.03. The authority conferred on the BWDB under Section 7.01 of this Loan Agreement may be revoked or modified by agreement between the Borrower and ADB.

ARTICLE VIII

Miscellaneous

Section 8.01. The Senior Secretary of the Economic Relations Division, of the Ministry of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 8.02. 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 2 918-0788.

For ADB

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

Facsimile Numbers:

(632) 636-2444
(632) 636-2391.

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

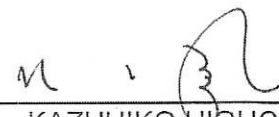
By



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 enhance productivity and sustainability of the flood control and drainage/irrigation schemes in the Subproject area.
2. The Project shall comprise the following:

Part A - Capacity Development of WMOs on sustainable water resources planning and management through:
 - (a) formulation of WMOs, WMAs and WMGs within each Subproject;
 - (b) preparation of integrated water management plans for implementation in the Subprojects;
 - (c) preparation of two additional integrated water management plans for future project;
 - (d) endorsement and implementation of a subunit implementation plan by the relevant WMA for each Subproject;
 - (e) capacity development support for the WMAs and WMGs in the Subprojects;
 - (f) capacity development support for the existing WMAs and WMGs in the two ongoing Subprojects; and
 - (g) operationalization of the O&M fund at each WMO level.
Part B - Restoration or construction of infrastructure functions of flood control and drainage/irrigation schemes in the Subproject area through rehabilitation and construction of water management infrastructure planned in respective subunit implementation plans.

Part C - Strengthening institutional capacity of BWDB for sustainable participatory water resources planning and management.
3. The Project will include Consulting Services for the above components.
4. The Project is expected to be completed by 30 June 2022.

SCHEDULE 2**Amortization Schedule****(Southwest Area Integrated Water Resources Planning and Management Project
-Additional Financing)**

<u>Date Payment Due</u>	<u>Payment of Principal</u> (expressed in Special Drawing Rights)*
15 Mar 2021	806,625.00
15 Sep 2021	806,625.00
15 Mar 2022	806,625.00
15 Sep 2022	806,625.00
15 Mar 2023	806,625.00
15 Sep 2023	806,625.00
15 Mar 2024	806,625.00
15 Sep 2024	806,625.00
15 Mar 2025	806,625.00
15 Sep 2025	806,625.00
15 Mar 2026	806,625.00
15 Sep 2026	806,625.00
15 Mar 2027	806,625.00
15 Sep 2027	806,625.00
15 Mar 2028	806,625.00
15 Sep 2028	806,625.00
15 Mar 2029	806,625.00
15 Sep 2029	806,625.00
15 Mar 2030	806,625.00
15 Sep 2030	806,625.00
15 Mar 2031	806,625.00
15 Sep 2031	806,625.00
15 Mar 2032	806,625.00
15 Sep 2032	806,625.00
15 Mar 2033	806,625.00
15 Sep 2033	806,625.00
15 Mar 2034	806,625.00
15 Sep 2034	806,625.00
15 Mar 2035	806,625.00
15 Sep 2035	806,625.00
15 Mar 2036	806,625.00
15 Sep 2036	806,625.00
15 Mar 2037	806,625.00
15 Sep 2037	806,625.00
15 Mar 2038	806,625.00
15 Sep 2038	806,625.00

<u>Date Payment Due</u>	<u>Payment of Principal</u> (expressed in Special Drawing Rights)*
15 Mar 2039	806,625.00
15 Sep 2039	806,625.00
15 Mar 2040	806,625.00
15 Sep 2040	806,625.00
TOTAL	32,265,000.00

* 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 7 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 for reimbursement of eligible expenditures incurred under the Project before the Effective Date, but not earlier than

12 months before the date of this Loan Agreement, subject to a maximum amount equivalent to 20% of the Loan amount.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Southwest Area Integrated Water Resources Planning and Management Project - Additional Financing)				
Number	Item	Total Amount Allocated for ADB Financing (SDR)		Basis for Withdrawal from the Loan Account
		Category	Subcategory	
1	Works	16,125,000		85% of total expenditure claimed
2	Vehicles and Equipment	914,000		
2A	Vehicles		710,000	100% of total expenditure claimed*
2B	Equipment		204,000	100% of total expenditure claimed*
3	Resettlement	269,000		100 % of total expenditure claimed
4	Training and capacity building	6,059,000		60% of total expenditure claimed
5	Consulting Services	2,861,000		49% of total expenditure claimed
6	Project Management	2,244,000		86% of total expenditure claimed
7	Interest Charge	2,524,000		100% of amounts due
8	Unallocated	1,269,000		
	Total	32,265,000		

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

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. All terms used in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

Goods and Works

3. Except as ADB may otherwise agree, Goods and Works shall only be procured on the basis of the methods of procurement set forth below:
 - (a) International Competitive Bidding;
 - (b) National Competitive Bidding; and
 - (c) Shopping.
4. The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

National Competitive Bidding

5. The Borrower and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the Borrower's national competitive bidding procedures are consistent with the Procurement Guidelines. Any modifications or clarifications to such procedures agreed between the Borrower and ADB shall be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after approval of such change by the Borrower and ADB.

Community Participation in Procurement.

6. The Borrower may use community participation in procurement for Works contracts for earth works in accordance with the agreed procedures set out in the Procurement Plan.

Conditions for Award of Contract

7. The Borrower shall not award any Works contract which involves environmental impacts until:
 - (a) Department of Environment, under the Ministry of Environment and Forest has granted the final approval of the IEE; and

- (b) the Borrower has incorporated the relevant provisions from the EMP into the Works contract.

8. The Borrower shall not award any Works contract which involves involuntary resettlement impacts for a Subproject, until the Borrower has prepared and submitted to ADB the final RP for such Subproject based on the Subproject's detailed design, and obtained ADB's clearance of such RP.

Consulting Services

9. Except as ADB may otherwise agree, and except as set forth in the paragraph below, the Borrower shall apply quality- and cost-based selection for selecting and engaging Consulting Services.

10. The Borrower shall apply the following method for selecting and engaging the specified Consulting Services, in accordance with, among other things, the procedures set forth in the Procurement Plan: Consultants' Qualifications Selection for hydraulic studies, GIS WMO database development, hydrological studies, benefit monitoring and evaluation, information management system development, and resettlement plan survey and implementation.

Industrial or Intellectual Property Rights

11. (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.

12. 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

13. 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 and BWDB 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.
2. The Borrower and BWDB shall ensure that the PMO and the SMOs employ sufficient staff for the duration of the Project with adequate and relevant expertise in the field of project management, financial management, engineering, procurement, agriculture extensions, and environmental and social safeguards implementation. The Borrower and BWDB shall keep the PMO and the SMOs equipped with the necessary office space, facilities, equipment, support staff and management information systems for the entire duration of the Project.
3. The Borrower and BWDB shall (a) ensure that all counterpart staff assigned to the PMO are assigned to the Project on a fulltime basis; and (b) undertake best efforts to ensure that they remain in their positions for a reasonable period of time, and that staff replacements do not unduly disrupt implementation of the Project. The Borrower and BWDB shall notify ADB of any proposed appointment of persons to key positions in the PMO and the SMOs, including the PMO project director and the SMO subproject manager.
4. The PMO project director shall hold a rank of at least superintending engineer. Each SMO shall be led by an executive engineer.

Counterpart Support

5. Borrower shall make available to BWDB all counterpart fund required for timely and effective implementation of the Project, including, without limitation, any funds required to keep the PMO and SMOs fully equipped and fully staffed in accordance with the requirements set out in the PAM, to mitigate unforeseen environmental and social impacts, and to meet additional costs arising from design changes, price escalation in construction costs and/or other unforeseen circumstances. The Borrower shall make the resources thus required available to BWDB on a quarterly basis for each fiscal year.
6. The Borrower shall reimburse BWDB for any taxes and duties imposed in the territory of the Borrower for Goods, Works and Consulting Services used in the carrying out of the Project no later than the fiscal year after the year in which the taxes and duties were incurred.

Environment

7. The Borrower shall ensure or cause BWDB 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 the IEE, the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Land Acquisition and Involuntary Resettlement

8. The Borrower shall ensure or cause BWDB 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; (c) the RF; and (d) all measures and requirements set forth in the respective RP, and any corrective or preventative actions set forth in the Safeguards Monitoring Report.

9. Without limiting the application of the Involuntary Resettlement Safeguards, the RF or the RP, the Borrower shall ensure or cause BWDB 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

10. The Borrower shall ensure that the Project does not involve any risks or impacts to the tribes, minor races, ethnic sects and community peoples within the meaning of the SPS. If due to unforeseen circumstances, the Project involves any such impacts, the Borrower and BWDB shall take all steps required to ensure that the Project complies with all applicable laws and regulations of the Borrower and with the SPS.

Human and Financial Resources to Implement Safeguards Requirements

11. The Borrower shall make available or cause BWDB 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

12. The Borrower shall ensure or cause BWDB 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 it concerns 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 BWDB 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

13. The Borrower shall do the following or cause BWDB to do the following:
- (a) Submit Safeguards Monitoring Reports semiannually for Involuntary Resettlement Safeguards and annually for Environmental Safeguards to ADB and disclose relevant information from such reports to affected persons promptly upon submission;
 - (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the 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 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

14. The Borrower shall ensure that no proceeds of the Loan and/or the Grant are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Labor Standards, Health and Safety

15. The Borrower shall ensure that the core labor standards and the Borrower's applicable laws and regulations are complied with during project implementation. The Borrower shall include specific provisions in the bidding documents and contracts financed by ADB under the Project requiring that the contractors, among other things: (a) comply with the Borrower's applicable labor law and regulations and incorporate applicable workplace occupational safety norms; (b) do not use child labor; (c) do not discriminate workers in respect of employment and occupation; (d) do not use forced labor; (e) allow freedom of association and effectively recognize the right to collective bargaining; and (f) disseminate, or engage appropriate service providers to disseminate, information on the risks of sexually transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities surrounding the Project area,

particularly women.

16. The Borrower shall strictly monitor compliance with the requirements set forth in paragraph 15 above and provide ADB with regular reports.

Gender and Development

17. The Borrower 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.

Institutional Development

18. BWDB shall ensure that the OCWM becomes fully operationalized after undergoing institutional restructuring to strengthen its functions, especially in terms of WMO registration and management. BWDB shall ensure that adequate resources, in terms of both staffing and funding, will be provided to OCWM during project implementation and thereafter to ensure its organizational sustainability.

Decentralized Water Management

19. Within 24 months of the Effective Date, the Borrower shall have reviewed implementation of its Guidelines for Participatory Water Management 2001 and the Participatory Water Management Rules 2014, and have explored further options and actions satisfactory to ADB to improve the performance of participatory water management.

Operation and Maintenance

20. For each subunit with command area of less than 2,500 hectare, the Borrower shall transfer to the concerned WMO, the responsibility of O&M for such subunit's water management structures pursuant to an O&M agreement, upon terms and conditions acceptable to ADB as set forth in Appendix 2 to the PAM. The WMO's responsibility of O&M shall include ensuring that adequate O&M funds are available to cover the expected costs of minor O&M work at all times, as set forth in the O&M agreement.

21. The Borrower shall allocate in its annual budget adequate resources for BWDB to carry out any major O&M works for the Project facilities as set out in the O&M agreement, and make the resources thus allocated available to BWDB on a quarterly basis.

22. In accordance with the requirements of the Participatory Water Management Rules, 2014, the BWDB shall ensure the sustainability of WMOs, including monitoring proper implementation of WMOs' obligations under the O&M agreement and conducting regular audits of O&M funds.

23. In processing any lease request, the PMO and/or SMOs shall prioritize WMOs over other users, if any WMO requests to lease the land and/or water bodies owned by BWDB.

Public Awareness and Communication

24. The Borrower and BWDB shall comply with and implement the stakeholder communication strategy developed for the Project and allocate adequate resources for such implementation.

Inter-agency Coordination

25. Borrower shall be fully committed to the Project and shall ensure that all of the ministries, agencies and divisions involved in the implementation of the Project, including the Ministry of Water Resources, Department of Agriculture Extension, Department of Fisheries, Department of Public Health Engineering, and any other relevant authority, give their full cooperation to ensure smooth implementation of the Project.

Policy Dialogue and Coordination with Development Partners

26. The Borrower and BWDB shall keep ADB informed of discussions (a) among government and semi-government bodies with responsibility for water sector development; and (b) with Japan International Cooperation Agency, the Kingdom of the Netherlands, World Bank and other multilateral and bilateral agencies, that have implications for the implementation of the Project, and shall provide ADB with an opportunity to comment on any proposed interventions in the water sector resulting from such discussions. The Borrower and BWDB shall take ADB's views into consideration before finalizing and implementing any such proposals.

Governance and Corruption

27. The Borrower and BWDB 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 and extend all necessary assistance for satisfactory completion of such investigation.

28. The Borrower and BWDB 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.

29. The Borrower and BWDB shall announce the Project and business opportunities associated with the Project on their websites. In addition, the websites shall at least disclose the following information in relation to Goods, Works and Consulting Services procured for the Project: (a) the list of participating bidders; (b) the name of the winning bidder; (c) the amount of the contracts awarded; and (d) the Goods, Works and Consulting Services procured.

30. The Borrower shall conduct periodic inspections and random spot checks of civil servants' and contractors' activities related to the procurement of Goods, Works and Consulting Services and to fund withdrawals and settlements under the Project.

Combating Money Laundering and Financing of Terrorism

31. The Borrower and BWDB shall: (a) comply with applicable laws and regulations of the Borrower on combating money laundering and financing of terrorism and that Loan proceeds are not used, directly or indirectly, in money laundering or financing of terrorism; (b) formulate and implement internal control procedures, including customer due diligence procedures, to prevent violation of subparagraph (a) hereinabove; and (c) promptly inform ADB if there is any violation or potential violation of subparagraph (a) hereinabove. In the event that ADB informs the Borrower of its concern that there has been such an alleged violation, the Borrower and BWDB shall (i) cooperate in good faith with ADB and its representatives so that ADB can determine whether such a violation has occurred; (ii) respond promptly and in reasonable detail to any query from ADB; and (iii) furnish documentary support for such response upon ADB's request.

Grievance Redress Mechanism

32. Within 12 months after the Effective Date, the Borrower shall ensure that the BWDB prepare a grievance redress mechanism, acceptable to ADB, to receive and resolve complaints/grievances or act upon reports from stakeholders on any irregularities, including grievances due to resettlement. The mechanism shall (a) make the public aware of the existence of this grievance redress mechanism; (b) receive, review and address complaints/grievances of stakeholders of the Project, in relation to the Project, any of the service providers, or any person responsible for carrying out any aspect of the Project; and (c) proactively and constructively respond to them.