	LOAN	NUMBER	3433-CAM	(SF
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# LOAN AGREEMENT (Special Operations)

(Second Rural Water Supply and Sanitation Sector Project – Additional Financing)

between

KINGDOM OF CAMBODIA

and

ASIAN DEVELOPMENT BANK

DATED 6 OCTOBER 2016

# LOAN AGREEMENT (Special Operations)

LOAN AGREEMENT dated 6 October 2016 between KINGDOM OF CAMBODIA ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

#### **WHEREAS**

- (A) by a grant agreement dated 17 September 2009 for the Second Rural Water Supply and Sanitation Sector Project between the Borrower and ADB ("Initial Grant Agreement"), ADB provided the Borrower a grant ("Initial Grant") of twenty one million Dollars (\$21,000,000) from ADB's Special Funds resources for the purpose of the project described in Schedule 1 of the Initial Grant Agreement ("Initial Project");
- (B) the Borrower has applied to ADB for additional loan from ADB's Special Funds resources for the purposes of the Project described in Schedule 1 to this Loan Agreement; and
- (C) ADB has agreed to make a loan to the Borrower from ADB's Special Funds resources upon the terms and conditions set forth herein;

NOW THEREFORE the parties agree as follows:

#### **ARTICLE I**

#### Loan Regulations: Definitions

Section 1.01. All 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 Initial Grant Agreement and 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 2 of Schedule 1 to this Loan Agreement;

- (c) "EARF" means the environmental assessment and review framework for the Project, including any updates thereto, prepared and submitted by the Borrower and cleared by ADB;
- (d) "EMP" means any environmental management plan for the Project, including any updates thereto, prepared and submitted by the Borrower and cleared by ADB;
- (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;
- (g) "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;
- (h) "IEE" means any initial environmental examination for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (i) "Indigenous Peoples Planning Framework" or "IPPF" means the indigenous peoples planning framework for the Project, including any updates thereto, prepared and submitted by the Borrower and cleared by ADB;
- (j) "Indigenous Peoples Safeguards" means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;
- (k) "IPP" means any indigenous peoples plan for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (I) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2015, as amended from time to time);
- (m) "MRD" means the Borrower's Ministry of Rural Development or any successor thereto;
- (n) "PAM" means the project administration manual for the Project dated 29 July 2016 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;
- (o) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);
- (p) "Procurement Manual" means the Procurement Manual under the standard operating procedures prepared by the Borrower and endorsed by ADB, which sets forth the procurement-related policies and procedures for externally-financed projects and programs:
- (q) "Procurement Plan" means the procurement plan for the Project dated 29 July 2016 and agreed between the Borrower and ADB, as updated from time to time in

accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB (which include the standard operating procedures and the Procurement Manual as updated from time to time);

- (r) "Project Executing Agency" or "EA" for the purposes of, and within the meaning of the Loan Regulations means MRD or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;
- (s) "Proposed Scope for Additional Financing" means the document agreed between ADB and the Borrower, which outlines the basis and criteria for selection of activities to be financed under the Project;
- (t) "Resettlement Framework" means the resettlement framework for the Project, including any updates thereto, prepared and submitted by the Borrower and cleared by ADB;
- (u) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009);
- (v) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower to ADB that describes progress with implementation of and compliance with the IEE/EMP, and IPP (as applicable), including any corrective and preventative actions;
- (w) "Subproject" means a subproject to be undertaken under the Project; and
- (x) "Works" means construction or civil works to be financed out of the proceeds of the Loan, including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract, but excluding Consulting Services.

#### ARTICLE II

#### The Loan

Section 2.01. ADB agrees to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to ten million eight hundred thirty-five thousand Special Drawing Rights (SDR10,835,000).

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of 1% per annum during the grace period, and 1.5% per annum 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 April and 15 October 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 the Dollar.

#### **ARTICLE III**

#### Use of Proceeds of the Loan

- Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement.
- Section 3.02. The proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.
- Section 3.03. Except as ADB may otherwise agree, the Borrower shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to this Loan Agreement.
- Section 3.04. Except as ADB may otherwise agree, the Borrower shall cause all items of expenditure financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.
- Section 3.05. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 June 2020 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 the Initial Grant Agreement, as relevant, and Schedule 5 to this Loan Agreement.

- Section 4.02. (a) The Borrower shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with financial reporting standards acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the Loan proceeds, and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.
- (b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.
- (c) The Borrower shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Borrower's financial affairs where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Borrower, unless the Borrower shall otherwise agree.

Section 4.03. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

#### **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 9.04 of the Loan Regulations.

#### **ARTICLE VI**

# Miscellaneous

Section 6.01. The Minister of Economy and Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

# For the Borrower

Ministry of Economy and Finance St. 92, Sangkat Wat Phnom Khan Daun Penh Phnom Penh, Cambodia

Facsimile Numbers:

+855 23 427-798 +855 23 428-424

# For ADB

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

Facsimile Numbers:

+63 2 636-2444 +63 2 636-2228. 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.

KINGDOM OF CAMBODIA

Ву

H.E. DR. AUN PORNMONIROTH Senior Minister Minister, Ministry of Economy and Finance

ASIAN DEVELOPMENT BANK

Bv

NORISO OGAWA
Deputy Director General
Southeast Asia Department

# **Description of the Project**

- 1. The objective of the Project is increased access to improved rural water supply and sanitation in selected communes in six provinces in the Tonle Sap Basin.
- 2. The Project shall comprise activities, selected in accordance with the criteria outlined in the Proposed Scope for Additional Financing, to achieve the following additional outputs in addition to those achieved under the Initial Project:

# Output 1: Improved community health and hygiene practices

- (a) increased community mobilization and action in 275 additional villages;
- (b) preparation of additional village water supply and sanitation plans for 28 communes;
- (c) formation and training of 2,200 additional WSUGs;
- (d) strengthened community groups and individuals for effective delivery of health and hygiene messages; and
- (e) improved household management of RWSS.

# Output 2: Rehabilitated, upgraded and developed water facilities

- (a) rehabilitation/upgrading of existing water supply points, and development of new water supply points to provide universal safe water supply coverage for 275 villages, including approximately 2,200 water supply points:
- (b) new rainwater collection systems and storage tanks for at least 140 public facilities, including schools and health facilities; and
- (c) improved monitoring of water quality for all water facilities, including the development of a national water quality monitoring program.

#### Output 3: Improved public and household sanitation

- (a) construction of 140 supplementary blocks of public latrines at schools and health facilities; and
- (b) provision of subsidies for additional 34,500 household latrine construction.

# Output 4: Strengthened sector planning and development

- (a) improved monitoring and supervision of RWSS facilities by maintaining and upgrading the RWSS database used under the Initial Project in six provinces;
- (b) support the water and sanitation sectoral working group coordination meetings;
- (c) strengthened private sector involvement in RWSS development through training in technical and management fields; and
- (d) improved RWSS monitoring and evaluation for health outcomes.

# Output 5: Improved capacity for project implementation and sustainability

- (a) project orientation workshops at national and subnational levels; and
- (b) capacity development program for MRD, PDRDs, district offices of rural development, commune councils, RWSS committees, and WSUGs.

The Project includes provision of Consulting Services to undertake the above.

3. The Project is expected to be completed by 31 December 2019.

# **Amortization Schedule**

(Second Rural Water Supply and Sanitation Sector Project – Additional Financing)

Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
15 October 2024	225,729
15 April 2025	225,729
15 October 2025	225,729
15 April 2026	225,729
15 October 2026	225,729
15 April 2027	225,729
15 October 2027	225,729
15 April 2028	225,729
15 October 2028	225,729
15 April 2029	225,729
15 October 2029	225,729
15 April 2030	225,729
15 October 2030	225,729
15 April 2031	225,729
15 October 2031	225,729
15 April 2032	225,729
15 October 2032	225,729
15 April 2033	225,729
15 October 2033	225,729
15 April 2034	225,729
15 October 2034	225,729
15 April 2035	225,729
15 October 2035	225,729
15 April 2036	225,729
15 October 2036	225,729
15 April 2037	225,729
15 October 2037	225,729
15 April 2038	225,729
15 October 2038	225,729
15 April 2039 15 October 2039	225,729
15 April 2040	225,729
15 October 2040	225,729
15 April 2041	225,729
15 October 2041	225,729 225,729
15 April 2042	225,729
15 October 2042	225,729
15 April 2043	225,729
10 April 20TO	223,129

Date Payment Due	<u>Payment of Principal</u> (expressed in Special Drawing Rights)*
15 October 2043	225,729
15 April 2044	225,729
15 October 2044	225,729
15 April 2045	225,729
15 October 2045	225,729
15 April 2046	225,729
15 October 2046	225,729
15 April 2047	225,729
15 October 2047	225,729
15 April 2048	225,737
TOTAL	10,835,000

<sup>\*</sup> The arrangements for payment are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.

#### 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.

#### 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, 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**

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

**TABLE** 

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Second Rural Water Supply and Sanitation Sector Project – Additional Financing)					
Number	ltem	Total Amount Allocated for ADB Financing (SDR) Category	Basis for Withdrawal from the Loan Account		
1	Works	7,621,000	100% of total expenditure claimed*		
2	Equipment	159,000	100% of total expenditure claimed*		
3 .	Project Management	1,120,000	100% of total expenditure claimed*		
4	Training	433,000	100% of total expenditure claimed		
5	Recurrent Costs	43,000	100% of total expenditure claimed		
6	Financing Charges during Implementation	166,000	··.		
7	Unallocated Costs	1,293,000			
	Total	10,835,000			

<sup>\*</sup>Exclusive of taxes and duties imposed within the territory of the Borrower.

## **Procurement of Goods, Works and Consulting Services**

#### General

- 1. The procurement of Goods, Works and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
- 2. Except as ADB may otherwise agree, Goods and Works shall be procured and Consulting Services shall be selected and engaged only on the basis of the procurement methods and the selection methods set forth below. These methods are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the procurement methods and the selection methods or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.
- 3. All terms used in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

#### Goods and Works

- 4. Goods and Works shall be procured on the basis of the procurement methods set forth below:
  - (a) National Competitive Bidding;
  - (b) Shopping; and
  - (c) Community Participation in Procurement

#### 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 construction of household latrines and rainwater jars 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 contracts which involves environmental impacts until the Project Executing Agency has:

- (a) obtained the final approval of the IEE/EMP, as relevant, from the Borrower's Ministry of Environment; and
- (b) incorporated the relevant provisions from the EMP into the Works contract.
- 8. The Borrower shall not award any Works contract involving involuntary resettlement impacts.
- 9. The Borrower shall not award any Works contract which involves impacts on indigenous peoples until the Borrower has prepared and submitted to ADB the final IPP and obtained ADB's clearance of such IPP.

# **Consulting Services**

- 10. Except as set forth in the paragraph below, the Borrower shall apply Quality-and Cost-Based Selection for Consulting Services.
- 11. The Borrower shall apply the following method for the specified Consulting Services, in accordance with, among other things, the procedures set forth in the Procurement Plan:
  - (a) contract variation to existing consultant contract.
- 12. The Borrower shall recruit, as needed, the individual consultants in accordance with procedures acceptable to ADB for recruiting individual consultants.

#### Industrial or Intellectual Property Rights

- 13. (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.
- 14. 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

15. 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.

# **Execution of Project; Financial Matters**

# **Implementation Arrangements**

1. The Borrower and the Project Executing Agency 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.

# **Environment**

2. The Borrower shall ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project, each Subproject 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; (c) the EARF; and (d) all measures and requirements set forth in the respective IEE and EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

# Land Acquisition and Involuntary Resettlement

3. The Borrower shall ensure that the Project does not have any involuntary resettlement impacts within the meaning of 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 with SPS.

#### <u>Indigenous Peoples</u>

4. The Borrower shall ensure that the preparation, design, construction, implementation and operation of the Project, each Subproject and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to indigenous peoples; (b) the Indigenous Peoples Safeguards; (c) the IPPF; and (d) all measures and requirements set forth in the respective IPP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

#### Human and Financial Resources to Implement Safeguards Requirements

5. The Borrower shall make available necessary budgetary and human resources to fully implement any EMP and IPP.

#### Safeguards – Related Provisions in Bidding Documents and Works Contracts

- 6. The Borrower shall ensure that all bidding documents and contracts for Works contain provisions that require contractors to:
  - (a) comply with the measures and requirements relevant to the contractor set forth in the IEE, the EMP, and the IPP (to the extent they concern

- impacts on affected people during construction), and any corrective or preventative actions set out in a Safeguards Monitoring Report;
- (b) make available a budget for all such environmental and social measures;
- (c) provide the Borrower with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, or the IPP;
- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (e) fully reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.

# Safeguards Monitoring and Reporting

- 7. The Borrower shall do the following:
  - (a) submit semiannual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission;
  - (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, of the IPP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
  - report any actual or potential breach of compliance with the measures and requirements set forth in the EMP, or the IPP promptly after becoming aware of the breach.

### Prohibited List of Investments

8. The Borrower shall 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

9. 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.

10. The Borrower shall strictly monitor compliance with the requirements set forth in paragraph 9 above and provide ADB with regular reports.

#### Gender and Development

11. 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.

#### Governance and Anticorruption

- 12. The Borrower 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.
- 13. The Borrower 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.