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LOAN NUMBER 3388-MON

PROJECT AGREEMENT

(Southeast Gobi Urban and Border Town Development Project  
- Additional Financing)

between

ASIAN DEVELOPMENT BANK

and

AIMAG GOVERNMENT OF ARKHANGAI

DATED 20 May 2016

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MON 42184

## PROJECT AGREEMENT

PROJECT AGREEMENT dated 20 May 2016 between ASIAN DEVELOPMENT BANK ("ADB") and AIMAG GOVERNMENT OF ARKHANGAI ("Aimag Government").

### WHEREAS

(A) by the Loan Agreement dated 28 April 2016 between Mongolia ("Borrower") and ADB, ADB has agreed to make to the Borrower a loan in an amount in various currencies equivalent to thirteen million nine hundred ninety-four thousand Special Drawing Rights (SDR13,994,000) on the terms and conditions set forth in the Loan Agreement, but only on the condition that the proceeds of the loan be made available to the Aimag Government and that the Aimag Government agrees to undertake certain obligations towards ADB set forth herein; and

(B) the Aimag Government, in consideration of ADB entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth herein;

NOW THEREFORE the parties hereto agree as follows:

## ARTICLE I

### Definitions

Section 1.01. Wherever used in this Project Agreement, unless the context otherwise requires, the several terms defined in the Loan Agreement and in the Loan Regulations (as so defined) have the respective meanings therein set forth.

## ARTICLE II

### Particular Covenants

Section 2.01. (a) The Aimag Government shall carry out the Project with due diligence and efficiency, and in conformity with sound applicable technical, financial, business, and development practices.

(b) In the carrying out of the Project and operation of the Project facilities, the Aimag Government shall perform all obligations set forth in the Loan Agreement to the extent that they are applicable to the Aimag Government, and all obligations set forth in this Project Agreement.

Section 2.02. The Aimag Government shall make available, promptly as needed, facilities, services, land and other resources as required for the carrying out of the Project.

Section 2.03. The Aimag Government shall carry out the Project in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB.

Section 2.04. (a) ADB and the Aimag Government shall cooperate fully to ensure that the purposes of the Loan will be accomplished.

(b) The Aimag Government shall promptly inform ADB of any condition which interferes with, or threatens to interfere with, the progress of the Project, the performance of its obligations under this Project Agreement or the Subsidiary Loan Agreement, or the accomplishment of the purposes of the Loan.

(c) ADB and the Aimag Government shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Project, the Aimag Government and the Loan.

Section 2.05. The Aimag Government shall furnish to ADB all such reports and information as ADB shall reasonably request concerning (i) the Project; (ii) the administration, operations and financial condition of the Aimag Government; and (iii) any other matters relating to the purposes of the Loan.

Section 2.06. The Aimag Government shall enable ADB's representatives to inspect the Project and any relevant records and documents.

Section 2.07. (a) The Aimag Government shall, promptly as required, take all action within its powers to maintain its corporate existence, to carry on its operations, and to acquire, maintain and renew all rights, properties, powers, privileges and franchises which are necessary in the carrying out of the Project or in the conduct of its operations.

(b) The Aimag Government shall at all times conduct its operations in accordance with sound applicable technical, financial, business, development and operational practices, and under the supervision of competent and experienced management and personnel.

(c) The Aimag Government shall at all times operate and maintain its plants, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound applicable technical, financial, business, development, operational and maintenance practices.

Section 2.08. Except as ADB may otherwise agree, the Aimag Government shall not sell, lease or otherwise dispose of any of its assets which shall be required for the efficient carrying on of its operations or the disposal of which may prejudice its ability to perform satisfactorily any of its obligations under this Project Agreement.

Section 2.09. Except as ADB may otherwise agree, the Aimag Government shall duly perform all its obligations under the Subsidiary Loan Agreement, and shall not take, or concur in, any action which would have the effect of assigning, amending, abrogating or waiving any rights or obligations of the parties under the Subsidiary Loan Agreement.

Section 2.10. The Aimag Government shall ensure that the Works contractors take necessary actions to avoid interruptions to water supply, heating, and other utility services during the construction under the Project.

### **ARTICLE III**

#### **Effective Date; Termination**

Section 3.01. This Project Agreement shall come into force and effect on the date on which the Loan Agreement comes into force and effect. ADB shall promptly notify Aimag Government of such date.

Section 3.02. This Project Agreement and all obligations of the parties hereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms.

Section 3.03. All the provisions of this Project Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Loan Agreement.

### **ARTICLE IV**

#### **Miscellaneous**

Section 4.01. Any notice or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand, mail or facsimile to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For ADB

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

Facsimile Numbers:

(632) 636-2444

(632) 636-2407.

For the Aimag Government

Aimag Government of Arkhangai  
Arkhangai Aimag Governor's Office  
Il bag, Erdenebulgan soum,  
Arkhangai aimag, Mongolia

Facsimile Number:

(976) 70333208.

Section 4.02. (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement by or on behalf of the Aimag Government may be taken or executed by its governor or by such other person or persons as they shall so designate in writing notified to ADB.

(b) The Aimag Government shall furnish to ADB sufficient evidence of the authority of each person who will act under subsection (a) hereinabove, together with the authenticated specimen signature of each such person.

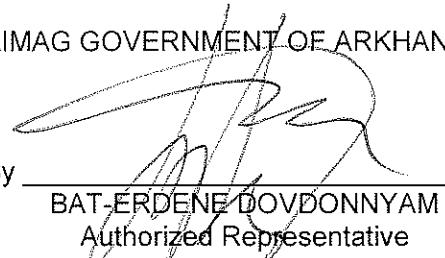
Section 4.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Project 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.

ASIAN DEVELOPMENT BANK

By   
AYUMI KONISHI  
Director General  
East Asia Department

AIMAG GOVERNMENT OF ARKHANGAI

By   
BAT-ERDENE DOVDONNYAM  
Authorized Representative