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GRANT NUMBER 0422-AFG (SF)

GRANT AGREEMENT  
(Special Operations)

(Transport Network Development Investment Program - Tranche 4)

between

ISLAMIC REPUBLIC OF AFGHANISTAN

and

ASIAN DEVELOPMENT BANK

DATED 28 January 2015

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AFG 44482

**GRANT AGREEMENT  
(Special Operations)**

GRANT AGREEMENT dated 28 January 2015 between the ISLAMIC REPUBLIC OF AFGHANISTAN ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a framework financing agreement dated 3 August 2011 between the Recipient and ADB, ADB has agreed to provide a multitranche financing facility to the Recipient for the purpose of financing projects under the Transport Network Development Investment Program;

(B) by a periodic financing request dated 12 November 2014, the Recipient has applied to ADB for a grant for the purposes of the Project described in Schedule 1 to this Grant Agreement;

(C) the Recipient has also applied to the European Union for a grant for the purpose of financing the components of the Project described in subparagraphs 3(d) and 3(e) of Schedule 1 to this Grant Agreement;

(D) by an agreement of even date herewith between the Recipient and ADB, ADB has agreed to make to the Recipient a grant from the European Union in an amount denominated in Dollars equivalent to no more than sixteen million eight hundred eight thousand seven hundred sixty six Euro (€16,808,766) for the purpose described in recital (C); and

(E) ADB has agreed to make a grant to the Recipient from ADB's Special Funds resources upon the terms and conditions set forth herein;

NOW THEREFORE the parties agree as follows:

**ARTICLE I**

**Grant Regulations; Definitions**

Section 1.01. All provisions of the Special Operations Grant Regulations of ADB, dated 7 February 2005 ("Grant Regulations"), are hereby made applicable to this Grant Agreement with the same force and effect as if they were fully set forth herein.

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

(a) "AfRA" means the Afghanistan Railway Authority established under the Investment Program;

(b) "CAREC" means Central Asia Regional Economic Cooperation;

(c) "CAREC Corridors 5 and 6" means, collectively, (i) that section of CAREC Corridor 5 which starts at the Afghanistan-Tajikistan border crossing point of Shirkan Bandar on an alignment passing through Kunduz, Pul-e-Khumri, Dosh, Salang, Kabul and either onward through Jalalabad to the Afghanistan-Pakistan border crossing point of Torkham or onward to Ghanzi, Qala and Kandahar to the Afghanistan-Pakistan border crossing point of Chaman; and (ii) that section of CAREC Corridor 6 which starts at the Afghanistan-Uzbekistan border crossing point of Hairatan on an alignment passing through Mazar-e-Sharif, Andhkoy, Herat and either onward to the Afghanistan-Iran border crossing point of Islam Qala Islam or onward to Kandahar to the Afghanistan border crossing point of Chaman;

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

(e) "Consulting Services" means the services to be financed out of the proceeds of the Grant and the EU Grant as described in subparagraphs 3(b) to 3(e) of Schedule 1 to this Grant Agreement;

(f) "Environmental Assessment and Review Framework" or "EARF" means the environmental assessment and review framework for the Investment Program, including any update thereto, agreed between the Recipient and ADB and incorporated by reference in the FFA;

(g) "Environmental Management Plan" or "EMP" means the environmental management plan for the Project, including any update thereto, incorporated in the IEE;

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

(i) "EU Grant" means the grant referred to in recital (C) of this Grant Agreement;

(j) "EU Grant Agreement" means the grant agreement referred to in recital (D) of this Grant Agreement;

(k) "Facility" means the multitranche financing facility provided by ADB to the Recipient for the purpose of financing projects under the Investment Program;

(l) "FAM" means the Facility administration manual dated 26 November 2014 and agreed between the Recipient and ADB, as updated from time to time in accordance with the respective administrative procedures of the Recipient and ADB;

(m) "FFA" means the framework financing agreement dated 3 August 2011 between ADB and the Recipient with respect to the Facility;

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

(o) "Goods" means equipment and materials to be financed out of the proceeds of the EU Grant, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;

(p) "Initial Environmental Examination" or "IEE" means the initial environmental examination for the Project, including any update thereto, prepared and submitted by the Recipient pursuant to the requirements set forth in the EARF and cleared by ADB;

(q) "Investment Program" means the Transport Network Development Investment Program;

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

(s) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2012, as amended from time to time);

(t) "MPW" means the Ministry of Public Works of the Recipient;

(u) "PFR" means the periodic financing request submitted or to be submitted by the Recipient, for the purposes of each loan or grant under the Facility, and for the purpose of this Grant Agreement means the periodic financing request dated 12 November 2014;

(v) "PMO" means the Program Management Office established at the MPW to implement the Investment Program and all the projects under the Investment Program, including the Project;

(w) "Procurement Guidelines" means ADB's Procurement Guidelines (2013, as amended from time to time);

(x) "Procurement Plan" means the procurement plan for the Project dated 26 November 2014 and agreed between the Recipient and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

(y) "Project Executing Agency" for the purposes of, and within the meaning of, the Grant Regulations means MPW or any successor thereto acceptable to ADB, which is responsible for carrying out the Project;

(z) "Project facilities" means the equipment, materials, supplies and facilities provided, rehabilitated or reconstructed, or to be provided, rehabilitated or reconstructed, under the Project;

(aa) "Project Road" means the road section identified in subparagraph 3(a) of Schedule 1 to this Grant Agreement;

(bb) "Resettlement Framework" or "RF" means the resettlement framework for the Investment Program, including any update thereto, agreed between the Recipient and ADB and incorporated by reference in the FFA;

(cc) "Resettlement Plan" or "RP" means the resettlement plan for the Project, including any update thereto, prepared and submitted by the Recipient pursuant to the requirements set forth in the RF and cleared by ADB;

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

(ee) "Safeguards Monitoring Report" means each report prepared and submitted by the Recipient to ADB that describes progress with the implementation of, and compliance with, the EMP and the RP, including any corrective and preventative actions; and

(ff) "Works" means construction or civil works to be financed out of the proceeds of 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 Grant**

Section 2.01. ADB agrees to make available to the Recipient from ADB's Special Funds resources an amount of one hundred nine million Dollars (\$109,000,000).

## **ARTICLE III**

### **Use of Proceeds of the Grant**

Section 3.01. The Recipient shall cause the proceeds of the Grant to be applied to the financing of expenditures on the Project in accordance with the provisions of this Grant Agreement.

Section 3.02. The proceeds of the Grant shall be allocated and withdrawn in accordance with the provisions of Schedule 2 to this Grant Agreement, as such Schedule may be amended from time to time by agreement between the Recipient and ADB.

Section 3.03. Except as ADB may otherwise agree, the Recipient shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Grant in accordance with the provisions of Schedule 3 to this Grant Agreement.

Section 3.04. Except as ADB may otherwise agree, the Recipient shall cause all items of expenditure financed out of the proceeds of the Grant to be used exclusively in the carrying out of the Project.

Section 3.05. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 31 December 2019 or such other date as may from time to time be agreed between the Recipient and ADB.

## ARTICLE IV

### Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Recipient shall perform, or cause to be performed, all obligations set forth in Schedule 4 to this Grant Agreement.

Section 4.02. (a) The Recipient shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with accounting principles 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 international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the financial statements, use of the Grant proceeds, and use of the procedures for imprest fund(s) and statement of expenditures) 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 30 days of the date of their receipt by posting them on ADB's website.

(c) The Recipient shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Recipient'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 Recipient, unless the Recipient shall otherwise agree.

Section 4.03. The Recipient 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. The following is specified as an additional condition to the effectiveness of this Grant Agreement for the purposes of Section 9.01(e) of the Grant Regulations: the EU Grant Agreement shall have been duly executed and delivered on behalf of the Recipient and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Grant Agreement) shall have been fulfilled.

Section 5.02. The following is specified as an additional matter, for the purposes of Section 9.02(c) of the Grant Regulations, to be included in the opinion or opinions to be furnished to ADB: that the EU Grant Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Recipient, and is legally binding upon the Recipient in accordance with its terms.

Section 5.03. A date 90 days after the date of this Grant Agreement is specified for the effectiveness of this Grant Agreement for the purposes of Section 9.04 of the Grant Regulations.

**ARTICLE VI****Miscellaneous**

Section 6.01. The Minister of Finance of the Recipient is designated as representative of the Recipient for the purposes of Section 11.02 of the Grant Regulations.

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

**For the Recipient**

Ministry of Finance  
Pashtonistan Watt  
Kabul, Afghanistan

Facsimile Number:

(93 20) 210-2838.

For ADB

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

Facsimile Numbers:

(632) 636-2444  
(632) 636-2428.

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

ISLAMIC REPUBLIC OF AFGHANISTAN

By  \_\_\_\_\_  
MOHAMMAD MUSTAFA MASTOOR  
Acting Minister  
Ministry of Finance

ASIAN DEVELOPMENT BANK

By  \_\_\_\_\_  
THOMAS PANELLA  
Country Director  
Afghanistan Resident Mission



## SCHEDULE 1

### Description of the Project

1. The objective of the Investment Program is to increase the effectiveness and efficiency of land transport and expand connectivity within the broader transport sector of the Recipient.

2. As a part of the Investment Program, the Project aims to increase the movement of goods and services, and improve connectivity for people and businesses, in the Project areas.

3. The Project shall consist of:

- (a) the reconstruction of the (approximately) 108 kilometer Baharak to Eshkashim section of the Faizabad to Eshkashim road, including the construction of related community development infrastructure;
- (b) the provision of construction supervision services for the activities in subparagraph 3(a);
- (c) the provision of support for the implementation of the Project and the Investment Program, including procurement, construction and contract supervision and safeguards implementation;
- (d) capacity development of AfRA; and
- (e) improvement of the efficiency of the traffic traversing the territory of the Recipient along CAREC Corridors 5 and 6,

as more fully described in the PFR.

3. The Project is expected to be completed by 30 June 2019.

## SCHEDULE 2

### Allocation and Withdrawal of Grant 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 Grant and the allocation of the Grant 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 Grant Account

2. Except as ADB may otherwise agree, the proceeds of the Grant 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 Grant proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Grant allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Recipient, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Grant 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 Grant allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Recipient, reallocate such excess amount to any other Category.

#### Disbursement Procedures

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

TABLE

<b>ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS</b> <b>(Transport Network Development Investment Program – Tranche 4)</b>				
<b>Number</b>	<b>Item</b>	<b>Total Amount Allocated for ADB Financing (\$)</b>		<b>Basis for Withdrawal from the Grant Account</b>
		<b>Category</b>	<b>Subcategory</b>	
1	Civil Works (Baharak to Eshkashim Road)	94,200,000		100% of total expenditure claimed
2	Consulting Services	8,800,000		
2A	Construction Supervision (Baharak to Eshkashim Road)		7,700,000	100% of total expenditure claimed
2B	PMO Support		1,100,000	100% of total expenditure claimed
3	Resettlement Costs	500,000		100% of total expenditure claimed
4	Unallocated	5,500,000		
	Total	109,000,000		

### SCHEDULE 3

#### 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 Grant 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 International Competitive Bidding.
4. The method of procurement is subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Recipient may only modify the method of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

##### Conditions for Award of Contract

5. The Recipient shall not award any Works contract which involves environmental impacts until the Project Executing Agency has:
  - (a) obtained the final approval of the IEE and a certificate of compliance (in each case, if required) from the National Environmental Protection Agency of the Recipient; and
  - (b) incorporated the relevant provisions from the EMP into the Works contract.
6. The Recipient shall not award any Works contract involving involuntary resettlement impacts until the Recipient 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 Recipient may award a contract for Works involving involuntary resettlement impacts prior to the final RP having been submitted and cleared by ADB provided that the contract:
  - (a) is of a "design and build" or "turnkey" type under which the design must be completed for the Project before the RP is finalized; and
  - (b) expressly provides that the installation and construction phase (and commencement thereof) is strictly conditional upon: (i) the final RP based on the Project's detailed design having been submitted to, and cleared by, ADB; and (ii) the Recipient having notified the contractor and ADB in writing that due consultation, compensation payments and

other entitlements have been provided to affected people fully in accordance with the RP.

### Consulting Services

8. Except as ADB may otherwise agree, the Recipient shall apply quality- and cost-based selection for selecting and engaging Consulting Services.

9. The Recipient shall recruit the individual consultants for providing support to the PMO and capacity development for AfRA in accordance with procedures acceptable to ADB for recruiting individual consultants.

### Industrial or Intellectual Property Rights

10. (a) The Recipient 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 Recipient 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.

11. The Recipient 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

12. 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 Recipient and ADB and set forth in the Procurement Plan.

13. In the case of a contract for Goods or Works, which is subject to ADB's prior review, the Recipient shall seek ADB's prior approval of any modification or waiver of the terms and conditions of the contract, including:

- (a) granting an extension of the stipulated time for completion of a contract for a period of 1 month or more, or which is likely to require an extension of the Grant Closing Date, and
- (b) increases in aggregate of the original price by more than 5% (for the avoidance of doubt, such increase shall take into account any previous change under such contract).

14. In the case of a contract for Goods or Works, which is subject to ADB's post review, ADB shall review the required contract modification or waiver and respond to the

Recipient as soon as practicable, but not later than 1 month after the receipt of the required document.

15. The Recipient shall provide to ADB copies of all time extensions, modifications or waivers to the contracts (including change orders) within 1 month following amendment of the contract.

## SCHEDULE 4

### Execution of Project and Operation of Project Facilities

#### Implementation Arrangements

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

#### Construction Quality

2. The Recipient shall ensure that: (a) the Project facilities comply with the technical specifications of the design; and (b) construction, supervision, quality control and project management are performed according to internationally accepted standards and practices.

#### Security

3. The Recipient shall ensure that adequate security (including demining measures where required) are provided for the smooth and uninterrupted implementation of the Project.

4. The Recipient shall ensure that: (a) all Works contracts require development of a security plan to ensure smooth and uninterrupted implementation of the Project; (b) the cost of implementing the security plan is included in the budget for such Works; and (c) the security plan is fully implemented.

#### Counterpart Support

5. The Recipient shall make available on a timely basis all necessary financial, technical and human resources necessary for implementation of the Project, including the RP and the EMP.

#### Maintenance

6. The Recipient shall allocate from the budget and make promptly available sufficient funds for the adequate maintenance of roads, including the Project Road, and the Project facilities as may be necessary during the implementation of the Project and during each fiscal year thereafter, and shall ensure that the Project facilities are operated and maintained in accordance with sound practices, including by awarding performance-based maintenance contracts to competent contractors.

#### Policy Dialogue

7. The Recipient shall ensure that: (a) ADB is kept informed of the policies and programs of the Recipient for the transport sector, including those under discussion with other multilateral and bilateral agencies and those that may materially affect the economic

viability of the Project; and (b) ADB is given an opportunity to comment on any proposed new transport sector policies or programs.

### Environment

8. The Recipient shall 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 Recipient 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

9. The Recipient shall ensure that all land and all rights-of-way required for the Project and all Project facilities 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 Recipient 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 a Safeguards Monitoring Report.

10. Without limiting the application of the Involuntary Resettlement Safeguards, the RF or the RP, the Recipient shall 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.

11. The Recipient shall ensure that no emergency legal provisions will be invoked that allow the Recipient to take possession of land without making in advance any compensation payments and the fulfillment of all entitlements other than compensation payments in accordance with the RP. The Recipient shall meet unforeseen obligations in excess of budget estimates.

### Indigenous Peoples

12. The Recipient shall ensure that the Project does not have any indigenous peoples impact, all within the meaning of the Safeguard Policy Statement. In the event that the Project does have any such impact, the Recipient shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Recipient and with the Safeguard Policy Statement.



Safeguards – Related Provisions in Bidding Documents and Works Contracts

13. The Recipient 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 RP (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 Recipient 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 RP;
- (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

14. The Recipient shall do the following:

- (a) submit semi-annual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission;
- (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP or the RP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan;
- (c) prior to commencement of implementation of the RP, engage qualified, experienced and independent external experts or qualified non-governmental organizations under a selection process and terms of reference acceptable to ADB to monitor implementation of the RP, verify information relevant to the RP produced through the Project monitoring process (including facilitating the carrying out of any verification activities by such external experts), and carry out post implementation evaluation of the RP in accordance with the RF;

- (d) 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; and
- (e) prepare and submit to ADB a land acquisition and resettlement completion report once all activities, measures and requirements set forth in the RP are duly accomplished.

#### Prohibited List of Investments

15. The Recipient shall ensure that no proceeds of 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

16. The Recipient shall ensure that the core labor standards and the Recipient's applicable laws and regulations are complied with during Project implementation. The Recipient shall include specific provisions in the bidding documents and contracts financed under the Project requiring that the contractors, other provider of goods and services and their subcontractors: (a) comply with the Recipient'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 by providing, inter alia, equal pay for men and women or people from different ethnic groups for work of equal value, and to the extent possible, employing women and local people, including disadvantaged people, living in the Project area, provided that the requirements for efficiency are adequately met; (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.

17. The Recipient shall strictly monitor compliance with the labor standards and provide ADB with regular reports.

#### Gender and Development

18. The Recipient 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 towards achieving key gender outcome and output targets, are regularly monitored and reported to ADB.

#### Governance and Anticorruption

19. The Recipient 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.

20. The Recipient 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.

21. The Recipient shall allow and facilitate ADB's representatives to carry out spot and random checks on: (a) the flow of funds and their use for the Project; and (b) Project work-in-progress.

22. The Recipient shall appoint dedicated staff from the agency that deals with anticorruption efforts to monitor implementation of the Project in accordance with the mandate of the agency.

23. The Recipient shall cause MPW to maintain a website for the Investment Program which shall include updated information on the Project and the projects carried out for the other tranches of the Investment Program. Such information shall reflect the performance of each Investment Program tranche, business opportunities, bidding process and guidelines, outcome of biddings and summary progress reports of such tranche.