

---

LOAN NUMBER 3376-BAN  
[Additional to Loan Nos. 2316-BAN/2317-BAN(SF)  
and Loan No. 2845-BAN]

LOAN AGREEMENT  
(Ordinary Operations)

(Railway Sector Investment Program – Tranche 4)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 10 APRIL 2016

---

BAN 32234

**LOAN AGREEMENT  
(Ordinary Operations)**

LOAN AGREEMENT dated 10 April 2016 between PEOPLE'S REPUBLIC OF BANGLADESH ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a framework financing agreement dated 7 September 2006 between the Borrower and ADB ("FFA"), ADB has agreed to provide a multitranche financing facility to the Borrower for purposes of financing projects under the Railway Sector Investment Program ("Investment Program");

(B) by a periodic financing request dated 17 February 2015, the Borrower has applied to ADB for a loan for the purposes of financing cost escalations under Project 1 and Project 2 of the Investment Program (each as defined below); and

(C) ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources for the purposes of the Project described in Schedule 1 to this Loan Agreement, upon the terms and conditions set forth herein;

NOW THEREFORE the parties hereto agree as follows:

**ARTICLE I**

**Loan Regulations; Definitions**

Section 1.01. All the provisions of the Ordinary Operations Loan Regulations Applicable to LIBOR-Based Loans Made from ADB's Ordinary Capital Resources, dated 1 July 2001 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

- (a) Section 3.03 is deleted and the following is substituted therefor:

**Commitment Charge; Credit; Maturity Premium.**

(a) The Borrower shall pay a commitment charge on the unwithdrawn amount of the Loan at the rate and on the terms specified in the Loan Agreement.

(b) ADB shall provide to the Borrower a credit at the rate specified in the Loan Agreement, which credit shall remain fixed for the term of the Loan. ADB shall apply the credit against the interest payable by the Borrower.

(c) The Borrower shall pay a maturity premium at the rate specified in the Loan Agreement, which maturity premium shall remain fixed for the term of the Loan. ADB shall add the maturity premium to the interest payable by the Borrower.

(b) Section 3.06 is deleted and the following is substituted therefor:

**Rebate.** (a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be reduced, ADB shall provide a Rebate to any Borrower with an outstanding Loan on which a higher Fixed Spread is applicable. The amount of the Rebate shall be determined by multiplying (i) the difference between the Fixed Spread applicable to the outstanding Loan and the Fixed Spread that will be applied to new Loans (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the lower Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB achieving savings, ADB shall provide a Rebate to the Borrower. The amount of the Rebate shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall apply the amount of the Rebate against the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

(c) Section 3.07 is deleted and the following is substituted therefor:

**Surcharge.** (a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be increased, any Borrower with an outstanding Loan on which a lower Fixed Spread is applicable shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the difference between the Fixed Spread that will be applied to new Loans and the Fixed Spread applicable to the outstanding Loan (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the higher Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB incurring additional costs, the Borrower shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall add the amount of the Surcharge to the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

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) "BR" means Bangladesh Railway as organized under the Borrower's Ministry of Railways;

(b) "Companies Act" means the Borrower's Companies Act, 1994 (Act No. 18 of 1994), as amended from time to time;

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

(d) "Consulting Services" means the services to be financed out of the proceeds of the Loan as described in paragraph 3(b) of Schedule 1 to this Loan Agreement;

(e) "Container Company" means a company incorporated under the Companies Act with the objective of operating BR's container services;

(g) "Facility" means the multitranche financing facility provided by ADB to the Borrower for purposes of financing projects under the Investment Program;

(h) "FFA" means the framework financing agreement dated 7 September 2006, as amended, between ADB and the Borrower with respect to the Facility;

(i) "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;

(j) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2015, as amended from time to time);

(k) "PAM" means the project administration manual for the Project dated 3 March 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;

(l) "PFR" means the periodic financing request submitted or to be submitted by the Borrower, for the purposes of each loan under the Facility;

(m) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);

(n) "Project 1" means the first project under the Investment Program as more fully described in (i) the Loan Agreement dated 15 February 2007 bearing loan number 2316-BAN between ADB and the Borrower, as amended from time to time; and (ii) the Loan Agreement dated 15 February 2007 bearing loan number 2317-BAN(SF) between ADB and the Borrower, as amended from time to time;

(o) "Project 2" means the second project under the Investment Program as more fully described in the Project 2 Loan Agreement;

(p) "Project 2 Loan Agreement" means the loan agreement dated 27 August 2012 bearing loan number 2845-BAN between ADB and the Borrower as amended from time to time;

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

(r) "Project facilities" means Goods and facilities provided or to be provided under the Project;

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

(t) "TMECP Safeguards" or "Tribes, Minor Races, Ethnic Sects and Community Peoples Safeguards" means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS; and

(u) "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. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of fifty million Dollars (\$50,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(b) The Loan has a principal repayment period of 20 years, and a grace period as defined in subsection (c) hereinafter.

(c) The term "grace period" as used in subsection (b) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

- (a) LIBOR;
- (b) 0.60% as provided by Section 3.02 of the Loan Regulations less a credit of 0.10% as provided by Section 3.03 of the Loan Regulations; and
- (c) a maturity premium of 0.10% as provided by Section 3.03 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 15 March and 15 September in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 2 to this Loan Agreement.

Section 2.06. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

- (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;

- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and
- (iii) the setting of limits on the Floating Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Floating Rate.

(b) Any conversion requested pursuant to subsection (a) hereinabove that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(6) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

### ARTICLE III

#### Use of Proceeds of the Loan

Section 3.01. The Borrower shall 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 ensure that (a) the Loan proceeds are applied to the financing of expenditures under existing contracts awarded for Project 1 and Project 2; and (b) no additional procurement of Goods, Works or Consulting Services is undertaken using the Loan proceeds. Notwithstanding the foregoing, if at any time ADB agrees that the Loan proceeds may be used for the procurement of additional Goods, Works or Consulting Services, such procurement shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.

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 9.02 of the Loan Regulations shall be 9 October 2016 or such other date as may from time to time be agreed between the Borrower and ADB.

## ARTICLE IV

### Particular Covenants

Section 4.01. (a) The Borrower shall cause the Project to be carried out 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 Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 4 to this Loan Agreement.

Section 4.02. The Borrower shall make available, promptly as needed and on terms and conditions acceptable to ADB, the funds, facilities, services, land and other resources, as required, in addition to the proceeds of the Loan, for the carrying out of the Project and for the operation and maintenance of the Project facilities.

Section 4.03. (a) Whenever applicable, in the carrying out of the Project, the Borrower shall cause competent and qualified consultants and contractors, acceptable to ADB to be employed to an extent and upon terms and conditions satisfactory to the Borrower and ADB.

(b) The Borrower shall cause the Project to be carried out in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to the Borrower and ADB, as applicable. The Borrower shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.

Section 4.04. The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project and operation of the Project facilities are conducted and coordinated in accordance with sound administrative policies and procedures.

Section 4.05. (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 4.06. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.07. The Borrower shall ensure that any facilities relevant to the Project are operated, maintained and repaired in accordance with sound applicable technical, financial, business, development, operational and maintenance practices.

## ARTICLE V

### Effectiveness

Section 5.01. The following are specified as additional conditions to the effectiveness of this Loan Agreement for the purposes of Section 10.01(f) of the Loan Regulations:

- (a) the Borrower has given formal approval to BR to incorporate the Container Company;
- (b) the Container Company has been incorporated under the Companies Act and key management staff for the Container Company, whose qualifications and experience are acceptable to ADB, including the chairman, managing director and all other directors have been appointed in accordance with the issued articles of association of the Container Company; and
- (c) the Borrower has (i) approved a new passenger and freight tariff structure which includes the provision for annual tariff adjustments; and (ii) applied the first passenger and freight tariff adjustment to the satisfaction of ADB.

Section 5.02. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

**ARTICLE VI****Miscellaneous**

Section 6.01. The Senior Secretary or Secretary or Additional Secretary, Joint Secretary or Joint Chief, Deputy Secretary or Deputy Chief, Senior Assistant Secretary or Senior Assistant Chief, Assistant Secretary or Assistant Chief of the Economic Relations Division of the Borrower's Ministry of Finance is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

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

For the Borrower

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

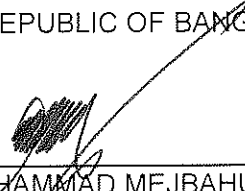
Facsimile Numbers:

(632) 636-2444  
(632) 636-2340.

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 Investment Program is to improve the performance of the railway sector through enhanced efficiency.
2. As part of the Investment Program, the Project aims to improve the railway transport capacity in the Dhaka to Chittagong and Dhaka, Ishurdi, Darsana, Khulna corridors.
3. The Project shall comprise the additional financing of Project 1 and Project 2, for:
  - (a) the completion and commissioning of:
    - (i) 64km double track railway line between Tongi and Bhairab Bazar;
    - (ii) the yards and extension of loops which are being rehabilitated in the Darsana, Ishurdi and Sirajganj Bazar section; and
    - (iii) signaling improvements in the Darsana to Ishurdi section; and
  - (b) continuation of construction supervision services for Project 1 and Project 2.
4. The Project is expected to be completed by 9 October 2016.

## SCHEDULE 2

### Amortization Schedule

#### (Railway Sector Investment Program – Tranche 4)

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by ADB by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<u>Date Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
15 September 2021	2.500000
15 March 2022	2.500000
15 September 2022	2.500000
15 March 2023	2.500000
15 September 2023	2.500000
15 March 2024	2.500000
15 September 2024	2.500000
15 March 2025	2.500000
15 September 2025	2.500000
15 March 2026	2.500000
15 September 2026	2.500000
15 March 2027	2.500000
15 September 2027	2.500000
15 March 2028	2.500000
15 September 2028	2.500000
15 March 2029	2.500000
15 September 2029	2.500000
15 March 2030	2.500000
15 September 2030	2.500000
15 March 2031	2.500000
15 September 2031	2.500000
15 March 2032	2.500000
15 September 2032	2.500000
15 March 2033	2.500000
15 September 2033	2.500000
15 March 2034	2.500000
15 September 2034	2.500000
15 March 2035	2.500000

<u>Date Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
15 September 2035	2.500000
15 March 2036	2.500000
15 September 2036	2.500000
15 March 2037	2.500000
15 September 2037	2.500000
15 March 2038	2.500000
15 September 2038	2.500000
15 March 2039	2.500000
15 September 2039	2.500000
15 March 2040	2.500000
15 September 2040	2.500000
15 March 2041	<u>2.500000</u>
<b>Total</b>	<b>100.000000</b>

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

(a) To the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule.

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

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

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

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

**SCHEDULE 3****Allocation and Withdrawal of Loan Proceeds**General

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

Basis for Withdrawal from the Loan Account

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

Interest and Commitment Charges

3. The amount allocated to Category 4 is for financing interest and commitment charges on the Loan during the implementation period of the Project. ADB shall be entitled to withdraw from the Loan Account and pay to itself, on behalf of the Borrower, the amounts required to meet payments, when due, of such interest and commitment charges.

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 in connection with items to be retroactively financed, subject to a maximum amount equivalent to 20% of the Loan amount.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Railway Sector Investment Program – Tranche 4)				
Number	Item	Total Amount Allocated for ADB Financing (\$)		Basis for Withdrawal from the Loan Account
		Category	Subcategory	
1	Works	42,000,000		
1A	Works – Tongi Bhairab Bazar		40,000,000	95% of total expenditure claimed
1B	Works – Extension of Loop Lines		2,000,000	100% of total expenditure claimed
2	Equipment	1,000,000		100% of total expenditure claimed
3	Consulting Services	4,000,000		100% of total expenditure claimed
4	Interest and Commitment Charges	2,000,000		100% of amount due
5	Unallocated	1,000,000		
	<b>Total</b>	<b>50,000,000</b>		

**SCHEDULE 4****Execution of Project; Financial Matters**Implementation Arrangements

1. The Borrower shall ensure and cause BR to 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.

Counterpart Support

2. The Borrower shall ensure that sufficient counterpart funds are made available through budgetary allocations or other means for timely and effective implementation of the Project, including without limitation, any funds required (a) towards operation and maintenance of the Project facilities; (b) to mitigate any unforeseen environmental and social impacts; and (c) to meet additional costs, including those arising from design changes, price escalation in costs and/or unforeseen circumstances.

Reform Project

3. The Borrower shall remain committed to the reform program under the Reform Project throughout the Investment Program period and thereafter, and shall, together with BR, ensure continued compliance with the actions and measures taken pursuant to paragraphs 13 to 16 of Schedule 1 to the FFA.

Operation and Maintenance

4. The Borrower shall ensure that (a) BR maintains the Project facilities and that proper technical supervision and adequate routine funds for this purpose are provided to ensure safe railway operation; and (b) maintenance is carried out in accordance with BR's operations manual and recommendations from the manufacturer(s) and supplier(s). The funds for operations and maintenance shall be allocated annually and disbursed in a timely manner, and BR uses all equipment and spare parts financed under the Project for the operations and maintenance of the Project.

Environment, Land Acquisition and Involuntary Resettlement

5. In relation to environmental impacts, the Borrower shall ensure or cause BR to ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (a) in respect of Project 1, the FFA including the Safeguard Frameworks set out in Schedule 5 of the FFA as amended from time to time; and (b) in respect of Project 2, paragraphs 4 and 10 of Schedule 5 to the Project 2 Loan Agreement, as amended from time to time.

6. In relation to land acquisition and involuntary resettlement, the Borrower shall ensure or cause BR to 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 (a) in respect of Project 1, the FFA including the Safeguard Frameworks set out in Schedule 5 of the FFA, as amended from time to time; and (b) in respect of Project 2, paragraphs 5, 6 and 10 of Schedule 5 to the Project 2 Loan Agreement, as amended from time to time.

7. Except for the environmental and resettlement impacts identified under Project 1 and Project 2, the Borrower shall ensure or cause BR to ensure that the Project does not have additional environmental or involuntary resettlement impacts within the meaning of the Safeguard Policy Statement. If due to unforeseen circumstances, the Project has such additional environmental or involuntary resettlement impacts, the Borrower shall take all steps necessary or desirable to ensure that the Project complies with all applicable laws and regulations of the Borrower and with the Safeguard Policy Statement.

#### Tribes, Minor Races, Ethnic Sects and Community Peoples

8. The Borrower shall ensure or cause BR to ensure that the preparation, design, construction, implementation and operation of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to tribes, minor races, ethnic sects and community peoples; (b) the TMECP Safeguards; (c) any tribes, minor races, ethnic sects and community peoples planning framework; and (d) all measures and requirements set forth in the respective tribes, minor races, ethnic sects and community peoples plan, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

#### Prohibited List of Investments

9. 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

10. The Borrower shall ensure or cause BR to ensure that the core labor standards and the applicable laws and regulations of the Borrower are complied with during Project implementation. BR 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 applicable labor law and regulations of the Borrower 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.

11. The Borrower shall or cause BR to strictly monitor compliance with the requirements set forth in paragraph 10 above and provide ADB with regular reports.

Procurement

12. The Borrower shall ensure that BR announces the Project and business opportunities associated with the Project on its website. The website shall disclose the following information in relation to goods and 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 and services procured. In accordance with the Procurement Guidelines, the published information for ICB contracts shall also include the bid prices as read out at bid opening, the reasons for rejection of unsuccessful bidders, and the duration of the awarded contract.

Governance and Anticorruption

13. 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.

14. 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 services.