
LOAN NUMBER 3877-CAM(COL)

LOAN AGREEMENT
(Ordinary Operations [Concessional])
(Irrigated Agriculture Improvement Project)

between

KINGDOM OF CAMBODIA

and

ASIAN DEVELOPMENT BANK

DATED 5 DECEMBER 2019

CAM 51159

LOAN AGREEMENT
{Ordinary Operations [Concessional]}

LOAN AGREEMENT dated 5 December 2019 between KINGDOM OF CAMBODIA ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(B) by a grant agreement of even date herewith between the Borrower and ADB ("ADB Grant Agreement"), ADB has agreed to provide a grant in the amount of two million one hundred and sixty thousand Dollars (\$2,160,000) from ADB's Special Funds resources to assist in financing a part of the Project;

(C) by a grant agreement of even date herewith between the Borrower and ADB ("HLTF Grant Agreement"), ADB has agreed to administer a grant from the High-Level Technology Fund ("HLTF") in the amount equivalent to one million and six hundred thousand Dollars (\$1,600,000) for the purpose of cofinancing certain activities under the Project; and

(D) ADB has agreed to make a concessional loan to the Borrower from ADB's ordinary capital 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 ADB's Ordinary Operations (Concessional) Loan Regulations, dated 1 January 2017 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein.

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

- (a) "Consulting Services" means consulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Loan;
- (b) "Data Center" means the National Water Resources Data Management Center to be established in MOWRAM, as further described in the PAM;

- (c) "EIA" means the environmental impact assessment for the Stung Chinit South Subproject, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (d) "EMP" means the environmental management plan for each Subproject, including any update thereto, incorporated in the EIA or IEE, as the case may be;
- (e) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (f) "FWUC" means farmer water user communities;
- (g) "GAP" means the gender action plan for the Project, including any updates thereto, prepared and submitted by the Borrower, and cleared by ADB;
- (h) "Goods" means equipment and materials as set out in the Procurement Plan and to be financed out of the proceeds of the Loan, including any related Nonconsulting Services such as transportation, insurance, installation, commissioning, training, and initial maintenance;
- (i) "HIV/AIDS" means human immunodeficiency virus/acquired immune deficiency syndrome;
- (j) "IBBA" means the Important Bird and Biodiversity Area, as more fully described in the PAM;
- (k) "IEE" means the initial environmental examination for the Subprojects other than Stung Chinit South Subproject, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (l) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;
- (m) "Kamping Pouy Subproject" means a subproject located in Battambang province, as further described in Schedule 1 to this Loan Agreement and the PAM;
- (n) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (o) "MOWRAM" means the Ministry of Water Resources and Meteorology of the Borrower or any successor thereto;
- (p) "Nonconsulting Services" means nonconsulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Loan;

- (q) "O&M" means operation and maintenance;
- (r) "PAM" means the project administration manual for the Project dated 7 October 2019 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;
- (s) "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;
- (t) "Procurement Plan" means the procurement plan for the Project dated 7 October 2019 and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Policy, the Procurement Regulations, and other arrangements agreed with ADB (which include the Standard Operating Procedures and the Procurement Manual as updated from time to time);
- (u) "Procurement Policy" means ADB's Procurement Policy - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (v) "Procurement Regulations" means ADB's Procurement Regulations for ADB Borrowers - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (w) "Project Executing Agency" for the purposes of, and within the meaning of the Loan Regulations means MOWRAM or any successor thereto acceptable to ADB, which is responsible for carrying out of the Project;
- (x) "Project facilities" means all facilities incorporating or using Goods or Works;
- (y) "RP" means the resettlement plan for the Kamping Pouy Subproject, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (z) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower to ADB that describes progress with implementation of and compliance with the EMP and the RP, including any corrective and preventative actions;
- (aa) "Services" means Consulting Services and Nonconsulting Services;
- (bb) "SPS" means ADB's Safeguard Policy Statement (2009);
- (cc) "SRP" means sustainable rice platform, a multi-stakeholder platform established by the United Nations Environment Program and the International Rice Research Institute in December 2011;

- (dd) "Standard Operating Procedures" means the Standard Operating Procedures of the Borrower (sub-decree no. 74 ANK.BK dated 22 May 2012, as amended from time to time) providing the procedures applicable to all externally financed projects and programs;
- (ee) "Stung Chinit South Subproject" means the subproject located in Kampong Thom province, as further described in Schedule 1 to this Loan Agreement and the PAM;
- (ff) "Subproject" means a subproject under the Project, as further described in Schedule 1 to this Loan Agreement and the PAM;
- (gg) "Works" means construction or civil works as set out in the Procurement Plan and to be financed out of the proceeds of the Loan, including any related Nonconsulting Services and project related services that are provided as part of a single responsibility or turnkey contract; and
- (hh) "WRIS" means the water resources information system to be developed under the Project, as further described in the PAM.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of one hundred seventeen million Dollars (\$117,000,000).

(b) The Loan has a principal repayment period of 24 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 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.

Section 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 1 June and 1 December 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 exclusively 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. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 June 2025 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 this Loan Agreement.

Section 4.02. (a) The Borrower shall cause the Project Executing Agency (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, Works and Services, and any relevant records and documents.

ARTICLE V

Suspension; Acceleration of Maturity

Section 5.01. The following is specified as an additional event for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 8.01(m) of the Loan Regulations: the Borrower shall have failed to perform any of its obligations under the ADB Grant Agreement or the HLTF Grant Agreement.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 8.07(d) of the Loan Regulations: the events specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. The following are specified as additional conditions to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations:

- (a) the ADB Grant Agreement has been duly authorized, executed and delivered on behalf of the Borrower, and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Loan Agreement and the HLTF Grant Agreement) shall have been fulfilled; and
- (b) the HLTF Grant Agreement has been duly authorized, executed and delivered on behalf of the Borrower, and all conditions precedent to

their effectiveness (other than a condition requiring the effectiveness of this Loan Agreement) shall have been fulfilled.

Section 6.02. The following is specified as an additional matter, for the purposes of Section 9.02(d) of the Loan Regulations, to be included in the opinion or opinions to be furnished to ADB: the ADB Grant Agreement and the HLTF Grant Agreement shall have each been duly authorized, executed and delivered on behalf of the Borrower, and are legally binding in accordance with their terms.

Section 6.03. 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 VII

Miscellaneous

Section 7.01. 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 7.02. 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 23 438-424

For ADB

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

Facsimile Numbers:

(632) 8636-2444
(632) 8636-2231.

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

By 

H.E. DR. AUN PORNMONIROTH
Deputy Prime Minister
Minister of Economy and Finance

ASIAN DEVELOPMENT BANK

By 

SUNNIYA DURRANI-JAMAL
Country Director
Cambodia Resident Mission

SCHEDULE 1

Description of the Project

1. The objective of the Project is to enhance water and agriculture productivity in the provinces of Battambang, Kampong Cham, Kampong Thom and Takeo ("Project Areas").

2. The Project shall comprise the following:

Component 1: Efficiency and climate resilience of irrigation systems enhanced – this includes the modernization and climate-proofing of four irrigation Subprojects in each of the Project Areas through (a) remodeling and improving reservoir embankment, pumping stations, canals and drains as well as appurtenant structures; (b) improving water sharing arrangements between linked systems; (c) strengthening existing FWUCs and forming additional FWUCs to improve the sustainability of the operations and maintenance scheme; (d) piloting an irrigation asset management information system to improve operations and maintenance budgeting and procedures; and (e) formulating an SRP for the Stung Chinit South Subproject. The Subprojects to be financed under this Component comprise:

- (a) Kamping Pouy Subproject in Battambang province;
- (b) Prek Po Subproject in Kampong Cham province;
- (c) Stung Chinit South Subproject in Kampong Thom province; and
- (d) Canal 15 Subproject in Takeo Province.

Component 2: Water resources management improved – this includes (a) installing hydromet stations; (b) capacity training for government staff, including MOWRAM and its provincial departments, and FWUCs; (c) establishing a Data Center; and (d) developing a WRIS.

3. The Project is expected to be completed by 31 December 2024.

SCHEDULE 2**Amortization Schedule**

| <u>Payment Due</u> | <u>Payment of Principal</u> (expressed in USD) |
|--------------------|---|
| 1 June 2028 | 2,437,500 |
| 1 December 2028 | 2,437,500 |
| 1 June 2029 | 2,437,500 |
| 1 December 2029 | 2,437,500 |
| 1 June 2030 | 2,437,500 |
| 1 December 2030 | 2,437,500 |
| 1 June 2031 | 2,437,500 |
| 1 December 2031 | 2,437,500 |
| 1 June 2032 | 2,437,500 |
| 1 December 2032 | 2,437,500 |
| 1 June 2033 | 2,437,500 |
| 1 December 2033 | 2,437,500 |
| 1 June 2034 | 2,437,500 |
| 1 December 2034 | 2,437,500 |
| 1 June 2035 | 2,437,500 |
| 1 December 2035 | 2,437,500 |
| 1 June 2036 | 2,437,500 |
| 1 December 2036 | 2,437,500 |
| 1 June 2037 | 2,437,500 |
| 1 December 2037 | 2,437,500 |
| 1 June 2038 | 2,437,500 |
| 1 December 2038 | 2,437,500 |
| 1 June 2039 | 2,437,500 |
| 1 December 2039 | 2,437,500 |
| 1 June 2040 | 2,437,500 |
| 1 December 2040 | 2,437,500 |
| 1 June 2041 | 2,437,500 |
| 1 December 2041 | 2,437,500 |
| 1 June 2042 | 2,437,500 |
| 1 December 2042 | 2,437,500 |
| 1 June 2043 | 2,437,500 |
| 1 December 2043 | 2,437,500 |
| 1 June 2044 | 2,437,500 |
| 1 December 2044 | 2,437,500 |
| 1 June 2045 | 2,437,500 |
| 1 December 2045 | 2,437,500 |
| 1 June 2046 | 2,437,500 |
| 1 December 2046 | 2,437,500 |

Schedule 2

| <u>Payment Due</u> | <u>Payment of Principal</u> (expressed in USD) |
|--------------------|---|
| 1 June 2047 | 2,437,500 |
| 1 December 2047 | 2,437,500 |
| 1 June 2048 | 2,437,500 |
| 1 December 2048 | 2,437,500 |
| 1 June 2049 | 2,437,500 |
| 1 December 2049 | 2,437,500 |
| 1 June 2050 | 2,437,500 |
| 1 December 2050 | 2,437,500 |
| 1 June 2051 | 2,437,500 |
| 1 December 2051 | 2,437,500 |
| Total | 117,000,000 |

* The arrangements for payment are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.

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

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

Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be allocated to items of expenditure, and 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 | | | |
|---|--|--|---|
| Number | Item | Total Amount Allocated for ADB Financing (\$) | Basis for Withdrawal from the Loan Account |
| | | Category | |
| 1 | Works (Stung Chinit South Subproject) | 31,100,000 | 93.5% of total expenditure claimed |
| 2 | Works (Other Subprojects) | 68,070,000 | 100% of total expenditures claimed |
| 3 | Consulting Services (the Data Center) | 580,000 | 26.6% of total expenditures claimed* |
| 4 | Consulting Services (Others) | 6,560,000 | 100% of total expenditures claimed* |
| 5 | Goods | 7,450,000 | 100% of total expenditure claimed* |
| 6 | Capacity building, incremental operating costs | 3,250,000 | 100% of total expenditure claimed |
| | TOTAL | 117,000,000 | |

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

SCHEDULE 4

Execution of Project; Financial Matters

Implementation Arrangements

1. The Borrower shall cause MOWRAM 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, through MOWRAM, and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

Procurement

2. The Borrower shall cause MOWRAM to ensure that:
 - (a) the procurement of Goods, Works and Services is carried out in accordance with the Procurement Policy and the Procurement Regulations;
 - (b) Goods, Works and Services shall be procured based on the detailed arrangements set forth in the Procurement Plan, including the procurement and selection methods, the type of bidding documents, and ADB's review requirements. The Borrower may modify the detailed arrangements set forth in the Procurement Plan only with the prior agreement of ADB, and such modifications must be set out in updates to the Procurement Plan; and
 - (c) (i) all Goods and Works procured and Services obtained (including 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; and (ii) all contracts for the procurement of Goods, Works and Services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor, supplier, consultant or service provider with respect to the matters referred to in this subparagraph.
3. The Borrower shall cause MOWRAM not to award any Works contracts which involves environmental impacts until MOWRAM has:
 - (a) obtained the final approval of the EIA or the IEE, as the case may be, from the Borrower's relevant authority; and
 - (b) incorporated the relevant provisions from the EMP into the Works contract.
4. The Borrower shall cause MOWRAM not to award any Works contracts for a Subproject involving involuntary resettlement impacts until the Borrower has prepared and

Schedule 4

submitted to ADB the final RP based on the Subproject's detailed design and obtained ADB's clearance of such RP.

Environment

5. The Borrower shall cause MOWRAM to ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to environment, health and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the EIA or the IEE, as the case may be, the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Reports.

6. For the Stung Chinit South Subproject, the Borrower shall, and shall cause MOWRAM to, ensure that during and after the project implementation period, it (a) will not extend or permit the extension of any canals into the IBBA; and (b) will not permit any third party pumping from command area canals.

Land Acquisition and Involuntary Resettlement

7. The Borrower shall cause MOWRAM to ensure that all land and all rights-of-way required for the Kamping Pouy Subproject and the Project facilities to be developed under the Kamping Pouy Subproject 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 measures and requirements set forth in the RP based on all applicable laws and regulations of the Borrower relating to land acquisition and involuntary resettlement; (b) the provisions of SPS relating to Involuntary Resettlement Safeguards; and (c) any corrective or preventative actions set forth in a Safeguards Monitoring Reports.

8. Without limiting the application of the Involuntary Resettlement Safeguards or the RP, the Borrower shall cause MOWRAM to ensure that no physical or economic displacement takes place in connection with the Kamping Pouy Subproject 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.

9. If voluntary land donation or negotiated settlement is required, the Borrower shall cause MOWRAM to ensure that such voluntary land donation or negotiated settlement shall be carried out in accordance with all applicable laws and regulations of the Borrower and SPS.

Indigenous Peoples and Involuntary Resettlement for Concerned Subprojects

10. The Borrower shall cause MOWRAM to ensure that the Project does not have any indigenous peoples impacts and the Subprojects other than the Kamping Pouy Subproject do not have any involuntary resettlement impacts, both within the meaning of the SPS. In the event that the Project does have any such impact, the Borrower shall take all steps required

Schedule 4

to ensure that the Project or any concerned Subproject complies with the applicable laws and regulations of the Borrower and with the SPS.

Grievance Redress Mechanism

11. The Borrower shall ensure that a safeguards grievance redress mechanism acceptable to ADB is established at the project management unit in accordance with the provisions of the EIA, EMP and RP, within the timeframes specified in the relevant EIA, IEE, EMP and RP, to consider safeguards complaints.

Human and Financial Resources to Implement Safeguards Requirements

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

Safeguards – Related Provisions in Bidding Documents and Works Contracts

13. The Borrower shall, and shall cause MOWRAM to, ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures relevant to the contractor set forth in the EIA or 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 forth in a Safeguards Monitoring Report;
- (b) make available a budget for all such environmental and social measures; and
- (c) provide the Project Executing Agency 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 EIA or the IEE, the EMP, and the RP.

Safeguards Monitoring and Reporting

14. The Borrower shall, and shall cause MOWRAM to, do the following:

- (a) submit semiannual Safeguards Monitoring Reports to ADB within one month after the reporting period at the end of each half of the calendar year, 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 EIA or the IEE, the EMP and RP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan in accordance with the SPS;

Schedule 4

- (c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP and the RP promptly after becoming aware of the breach; and
- (d) prior to the commencement of the Works, prepare and submit to ADB a handover letter which certifies that all activities, measures and requirements set forth in the RP are duly accomplished.

Prohibited List of Investments

15. 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

16. The Borrower shall cause MOWRAM to 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) do not restrict the workers from developing a legally permissible means of expressing their grievances and protecting their rights regarding working conditions and terms of employment; and (f) 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 Borrower shall cause MOWRAM to strictly monitor compliance with the requirements set forth in paragraph 16 above and provide ADB with regular reports.

Gender and Development

18. 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 using ADB's template.

Counterpart Support

19. The Borrower shall ensure that counterpart funds for the Project are provided on a timely basis. In addition to the foregoing, the Borrower shall ensure that the Project Executing Agency has sufficient funds to satisfy its liabilities arising from any Goods, Works, Goods and Services contract.

Schedule 4Operation and Maintenance of Project Facilities

20. The Borrower shall cause MOWRAM to ensure that the Project facilities are operated and maintained appropriately and in accordance with the standards and requirements prescribed by the applicable laws and regulations of the Borrower, and that adequate budgetary and other resources are promptly provided for such operation and maintenance.

Water Resources Management Scholarship, Internship, Training and Mentoring Program

21. The Borrower shall ensure compliance with the candidates' selection criteria for the water resources management program, as further specified in the PAM.

Governance and Anticorruption

22. 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.

23. 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.