
LOAN NUMBER 2837-IND

LOAN AGREEMENT
(Ordinary Operations)

(Agribusiness Infrastructure Development Investment Program - Project 2)

between

INDIA

and

ASIAN DEVELOPMENT BANK

DATED 18 JANUARY 2012

IND 37091

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated 18 January 2012 between INDIA acting by its President ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a framework financing agreement dated 18 August 2010 between the Borrower and ADB, ADB has agreed to provide a multitranche financing facility to the Borrower for purposes of financing projects under the Agribusiness Infrastructure Development Investment Program;

(B) by a periodic financing request dated 4 August 2011, the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(C) the Project will be carried out by the State of Maharashtra ("State") through its Department of Cooperation, Marketing and Textile, and for this purpose the Borrower will make available to the State the proceeds of the loan provided for herein upon terms and conditions mutually agreeable to ADB and the Borrower; and

(D) ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB and the State;

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. (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 amount of the credit against the interest payable by the Borrower.

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

(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:

(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) "Concession Agreement" means the agreement to be entered into between the State and the Concessionaire for the purposes of designing, engineering, financing, constructing, operating and maintaining integrated value chains for horticultural high value crops for the period of the concession;

(b) "Concessionaire" means a private sector entity selected by the State, through a competitive bidding process acceptable to ADB, which enters into a Concession Agreement with the State;

(c) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2010, 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 sub-paragraphs 3. A(iii) and B of Schedule 1 to this Loan Agreement;

(e) "DCMT" means the Department of Cooperation, Marketing and Textile of the State, or any successor thereto acceptable to ADB;

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

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

(j) "FFA" means the framework financing agreement dated 18 August 2010 between ADB and the Borrower with respect to the Facility;

(k) "Financing Arrangements" means the arrangements between the Borrower and the State as per current policy of the Borrower, and acceptable to ADB;

(l) "GAP" means the gender action plan for the Project prepared in consultation with the Borrower and approved by ADB;

(m) "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;

(n) "IEE" means an initial environmental examination for the Project, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the EARF and cleared by ADB;

(o) "Indigenous Peoples Safeguards" means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;

(p) "Investment Program" means the Agribusiness Infrastructure Development Investment Program, as more fully described in Schedule 1 to the FFA;

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

(r) "IPPF" means the indigenous peoples planning framework for the Investment Program, including any update thereto, agreed between the Borrower and ADB and incorporated by reference in the FFA;

(s) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2007, as amended from time to time);

(t) "PAM" means the project administration manual for the Project dated November 2011 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;

(u) "PFR" means the periodic financing request submitted or to be submitted by the Borrower, for the purposes of each loan under the Facility, and for the purpose of this Loan Agreement means the periodic financing request dated 4 August 2011;

(v) "PPP" means a public-private partnership based upon a contract or concession agreement between a government or statutory entity and a private sector entity for provision of public assets and/or related services for public benefit by the private sector entity for a specified concession period;

(w) "private sector entity" means a company in which 51% or more of its subscribed and paid-up capital is owned and controlled by a private entity;

(x) "Procurement Guidelines" means ADB's Procurement Guidelines (2010, as amended from time to time);

(y) "Procurement Plan" means the procurement plan for the Project as included in the PAM and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

(z) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means the State acting through DCMT, or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;

(aa) "RF" means the resettlement framework for the Investment Program, including any update thereto, agreed between the Borrower and ADB and incorporated by reference in the FFA;

(bb) "Rupee(s)" means the currency of the Borrower;

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

(dd) "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, the resettlement plan and indigenous peoples plan (as applicable), including any corrective and preventative actions; and

(ee) "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 twenty four million and three hundred thousand Dollars (\$24,300,000), 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 LIBOR and 0.60% as provided by Section 3.02 of the Loan Regulations, less a credit of 0.20% 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 01 June and 01 December 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 make the proceeds of the Loan available to the State under the Financing Arrangements, and shall cause the State to apply such proceeds to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project 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. ADB may refuse to finance a contract where any such item has not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

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 31 December 2015 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 5 to this Loan Agreement and the Project Agreement.

Section 4.02. The Borrower shall make available to the State, promptly as needed, 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.

Section 4.03. The Borrower shall ensure that the activities of the State 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 4.04. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.05. The Borrower shall take all actions which shall be necessary on its part to enable the State to perform its obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.06. (a) In relation to the Project, the Borrower shall exercise its rights under the Financing Arrangements in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

(b) In relation to the Project, no rights or obligations under the Financing Arrangements shall be assigned, amended, abrogated or waived without prior notice to ADB.

ARTICLE V

Suspension; Acceleration of Maturity

Section 5.01. The following are specified as additional events for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 9.01(l) of the Loan Regulations:

(a) the State shall have failed to perform any of its obligations under the Concession Agreement; or

(b) the Concession Agreement shall have become liable for suspension or termination for any reason whatsoever.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 9.07(a)(iv) of the Loan Regulations: any of the events specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

ARTICLE VII

Miscellaneous

Section 7.01. The Secretary, Additional Secretary, Joint Secretary, Director, or Deputy Secretary, in the Department of Economic Affairs of the Ministry of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Borrower

The Secretary to the Government of India
Ministry of Finance
Department of Economic Affairs
North Block
New Delhi – 110 001
India

Facsimile Numbers:

91 11 23092477
91 11 23092511

For ADB


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

Facsimile Numbers:

(632) 636 2444
(632) 636 2391.

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.

INDIA

By 

VENU RAJAMONY
Joint Secretary (MI)
Department of Economic Affairs

ASIAN DEVELOPMENT BANK

By 

HUN KIM
Country Director

SCHEDULE 1**Description of the Project**

1. The objective of the Investment Program is to improve physical and institutional linkages along agricultural value chains in select regions of India by catalyzing investment in, and management of, integrated value chains by the private sector on a PPP basis.
2. As part of the Investment Program, the Project aims to expand agricultural value chains and better integrate small-scale farmers into integrated value chains in the Nashik and Aurangabad-Amravati regions of the State.
3. The Project shall consist of:
 - A. Support for Integrated Value Chains
 - (i) provision and operation of site infrastructure for market development;
 - (ii) construction and operation of agribusiness infrastructure; and
 - (iii) capacity development to enhance the capability in technical and managerial skills to operate efficient integrated value chains.
 - B. Institutional Development and Program Management

Provision of Consulting Services for establishing Project and PPP contract management systems; technical advisory services; Project management and implementation support; monitoring implementation of integrated value chains; and preparation of subsequent tranches under the Facility.
4. The Project is expected to be completed by 30 June 2015.

SCHEDULE 2**Amortization Schedule****(Agribusiness Infrastructure Development Investment Program – Project 2)**

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>Payment Due</u>	<u>Installment Share</u> (Expressed as a % based on 10% annuity)
1 June 2017	0.827816
1 December 2017	0.869207
1 June 2018	0.912667
1 December 2018	0.958301
1 June 2019	1.006216
1 December 2019	1.056526
1 June 2020	1.109353
1 December 2020	1.164820
1 June 2021	1.223061
1 December 2021	1.284214
1 June 2022	1.348425
1 December 2022	1.415846
1 June 2023	1.486639
1 December 2023	1.560971
1 June 2024	1.639019
1 December 2024	1.720970
1 June 2025	1.807019
1 December 2025	1.897369
1 June 2026	1.992238
1 December 2026	2.091850
1 June 2027	2.196442
1 December 2027	2.306264
1 June 2028	2.421578
1 December 2028	2.542657
1 June 2029	2.669789
1 December 2029	2.803279

<u>Payment Due</u>	Installment Share (Expressed as a % based on 10% annuity)
1 June 2030	2.943443
1 December 2030	3.090615
1 June 2031	3.245146
1 December 2031	3.407403
1 June 2032	3.577773
1 December 2032	3.756662
1 June 2033	3.944495
1 December 2033	4.141720
1 June 2034	4.348806
1 December 2034	4.566246
1 June 2035	4.794558
1 December 2035	5.034286
1 June 2036	5.286000
1 December 2036	5.550311
Total	100.000000

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: (i) 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 (ii) 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 or Categories of the Table).

Percentages of ADB Financing

2. Except as ADB may otherwise agree, each item of expenditure shall be financed out of the proceeds of the Loan on the basis of the percentages 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, in consultation with 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, in consultation with 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.

Imprest Account and Statement of Expenditures

5. (a) Except as ADB may otherwise agree, the Borrower may establish, and cause to be established, immediately after the Effective Date, (i) a first generation imprest account at the Reserve Bank of India, and (ii) a second generation imprest account for the Project Executing Agency in an account at a commercial bank acceptable to ADB (collectively, imprest accounts). The imprest accounts shall be established, managed, replenished and liquidated in accordance with ADB's Loan Disbursement Handbook, and detailed arrangements agreed upon between the Borrower and ADB. The currency of the first generation imprest account shall be the Dollar, and the currency of the second generation imprest account shall be the Rupee. The aggregate amount to be deposited into the imprest accounts shall not exceed the lower of (i) the estimated expenditure to be

financed from the imprest accounts for the following 6 months of Project implementation, or (ii) the equivalent of 10% of the Loan amount.

(b) The statement of expenditures procedure may be used for reimbursement of eligible expenditures and to liquidate advances provided into the imprest accounts, in accordance with the Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB. Any individual payment to be reimbursed or liquidated under the statement of expenditures procedure shall not exceed the equivalent of \$100,000.

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 (Agribusiness Infrastructure Development Investment Program – Project 2)			
CATEGORY			ADB FINANCING
Number	<u>Item</u>	<u>Total Amount Allocated for ADB Financing (\$) Category</u>	Percentage and Basis for Withdrawal from the Loan Account
1	Capital Grant to Concessionaire	21,790,000	87% of total expenditure claimed
2	Equipment	440,000	100% of total expenditure claimed
3	Consulting Services	800,000	100% of total expenditure claimed
4	Office and Vehicle Hire	280,000	100% of total expenditure claimed
5	Project Management Contracts	240,000	100% of total expenditure claimed
6	Unallocated	750,000	
	Total	24,300,000	

SCHEDULE 4**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 Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

A. Procurement under Concession Arrangements

3. (a) The State shall select the Concessionaire in a transparent manner by adopting competitive bidding procedures acceptable to ADB.

(b) The State shall cause the Concessionaire to apply its own procedures for procurement of Goods and Works provided such procedures are applied in a transparent manner, preferably through competitive bidding procedures.

(c) The State shall cause the Concessionaire to ensure that the Goods and Works are supplied from, or produced in, ADB member countries. To this end, the State shall cause the Concessionaire to ensure that the amount of procurement of Goods and Works from ADB member countries is at least equal to the amount of the Loan proceeds received by the Concessionaire as capital grant from the State.

B. Procurement of Goods and Works by the State

4. Except as ADB may otherwise agree, Goods and Works shall only be procured by the State on the basis of the methods of procurement set forth below:

- (a) International Competitive Bidding;
- (b) National Competitive Bidding; and
- (c) Shopping.

5. The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The State may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

Domestic Preference

6. The State may grant a margin of preference in the evaluation of bids under international competitive bidding in accordance with paragraphs 2.55(a) and 2.56 of the Procurement Guidelines for domestically manufactured Goods.

National Competitive Bidding

7. The State and ADB shall ensure that the national competitive bidding for the procurement of Goods and Works shall conform to the General Financial Rules, 2005 issued

in July 2005 and elaborated in the Manual on Policies and Procedures for the Purchase of Goods, and for Procurement of Works, issued by the Ministry of Finance of the Borrower in August 2006, with modifications and clarifications to be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after approval of such change by the State and ADB.

Selection of Consulting Services by the State

8. Except as ADB may otherwise agree, and except as set forth in the paragraphs below and/or in the Procurement Plan, the State shall apply quality- and cost-based selection for selecting and engaging Consulting Services.

9. The State shall apply the following method for selecting and engaging the Consulting Services specified in the Procurement Plan, in accordance with, among other things, the procedures set forth in the Procurement Plan: Consultants' Qualifications Selection.

10. The State may recruit the individual consultants in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

11. (a) The State shall ensure, and cause the Concessionaire to 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 State shall ensure, and cause the Concessionaire to 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.

12. The State shall ensure, and cause the Concessionaire to 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

13. The contracts procured under international competitive bidding procedures, bidding documents for award of the concession, Concession Agreements, and contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the State and ADB and set forth in the Procurement Plan.

SCHEDULE 5**Execution of Project; Financial Matters**Implementation Arrangements

1. The Borrower and the State shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.
2. Within 6 months from the Effective Date, the State shall establish and maintain the Project performance and monitoring system satisfactory to ADB.
3. The Borrower and the State shall enable ADB's representatives to review and examine the Project, the Goods and Works, and any relevant records and documents. The Borrower and the State shall ensure that all contracts financed by ADB in connection with the Project shall include provisions specifying the right of ADB to review and examine the records and accounts of the Borrower, the State, and all contractors, suppliers, consultants, and other service providers as they relate to the Project. The Borrower and the State shall allow and assist ADB's representatives to carry out random spot checks on the work in progress and utilization of funds for the Project.
4. The State shall ensure that (a) a specific division in the Project management unit is staffed for financial management; (b) transparent procedures are established for financial transactions; (c) the Project management unit follows government rules and procedures for all expense and revenue items including cash and for proper and accurate maintenance of financial records; and (d) a Project website is established to provide information on Project implementation including procurement.

Operational

5. The Borrower and the State shall ensure that all documents such as terms of references of the consultants and transaction advisors, detailed Project reports, request for qualification, request for proposal and Concession Agreements are in a form and substance acceptable to ADB, and shall submit drafts of such documents to ADB for approval prior to issuance or execution.
6. The State shall include specific provisions acceptable to ADB in the bidding documents (request for qualification, and request for proposal) and the Concession Agreements to ensure compliance by the Concessionaire with relevant ADB policies and procedures, including those on procurement, safeguards, social dimensions, and anticorruption.
7. In the event of any change in the Borrower's policy in relation to PPP projects in the agricultural sector, the Borrower, the State and ADB shall consult with each other to assess the impact on the Project, and evaluate any change in scope, termination or continuation, as appropriate, of the Project.

Environment

8. The Borrower shall ensure, or cause the State 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; (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; Indigenous Peoples

9. Borrower shall ensure, or cause the State to ensure, that all land is made available to the Concessionaire for facilities to be constructed, extended or upgraded under the Project, free from any encumbrance whatsoever, such that there are no involuntary resettlement or indigenous peoples impacts, all within the meaning of the SPS. The Borrower and the State shall ensure that any activity that entails land acquisition or involuntary resettlement or has indigenous peoples impacts shall not be undertaken and be excluded from the Project. However, should land acquisition or involuntary resettlement or indigenous peoples impacts become unavoidable, the State shall (a) take all steps required to ensure that the Project complies with the applicable laws and regulations of the Borrower, the State and with the SPS; (b) prepare and submit suitable resettlement plan and/or indigenous peoples plan in accordance with the RF and IPPF, as applicable, to ADB for clearance and implement these in accordance with their terms; and (c) apply the requirements under paragraphs 10, 11 and 12 hereinafter of this Schedule 5 to the Loan Agreement to also cover such resettlement plan and indigenous peoples plan.

Human and Financial Resources to Implement Safeguards Requirements

10. The Borrower shall make available, or cause the State to make available, necessary budgetary and human resources to fully implement the EMP.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

11. The Borrower shall ensure, or cause the State to 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 and the EMP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set out in a Safeguards Monitoring Report;
- (b) make available a budget for all such environmental and social measures;
- (c) provide the Borrower with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were earlier not considered;

- (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

12. The Borrower shall do the following, or shall cause the State to 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 earlier considered, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
- (c) report any breach of compliance with the measures and requirements set forth in the EMP promptly after becoming aware of the breach.

Prohibited List of Investments

13. The Borrower shall ensure, or cause the State to 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.

Social

14. The Borrower shall ensure, or cause the State to ensure, that the Works contracts under the Project follow all applicable labor laws of the Borrower and the State and that these further include provisions to the effect that contractors: (a) carry out HIV/AIDS awareness programs for labor and disseminate information at worksites on risks of sexually transmitted diseases and HIV/AIDS as part of health and safety measures for those employed during construction; and (b) follow and implement all statutory provisions on labor (including not employing or using children as labor, equal pay for equal work), health, safety, welfare, sanitation, and working conditions. Such contracts shall also include clauses for termination in case of any breach of the stated provisions by the contractors.

Gender and Development

15. The Borrower shall ensure, or cause the State to ensure, that: (a) the GAP is implemented in accordance with its terms; (b) the bidding documents include relevant provisions for contractors to comply with the measures set forth in the GAP; (c) adequate

resources are allocated for the implementation of the GAP; and (d) key gender outcome and output targets are monitored regularly and achieved.

Grievance Redress

16. Within 9 months from the Effective Date, the State shall establish a grievance redress mechanism, acceptable to ADB, and appoint an existing Project management financial staff member in the Project management unit to receive and resolve complaints or grievances or act upon reports from stakeholders on misuse of funds and other irregularities, including relating to interactions with the Concessionaire.

17. The State shall ensure that information dissemination, disclosure, and real time consultations with women cultivators and farmers will be systematically undertaken in accordance with the Public Consultation and Participation Framework referred to in Schedule 5 to the FFA.