
LOAN NUMBER 2820-VAN(SF)

LOAN AGREEMENT
(Special Operations)
(Interisland Shipping Support Project)

between

REPUBLIC OF VANUATU

and

ASIAN DEVELOPMENT BANK

DATED 31 AUGUST 2012

VAN 42392

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**LOAN AGREEMENT
(Special Operations)**

LOAN AGREEMENT dated 31 August 2012 between REPUBLIC OF VANUATU ("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) the Borrower has also applied to the Government of New Zealand through the Ministry of Foreign Affairs and Trade for a grant in an amount of seventeen million New Zealand dollars (NZ\$17,000,000), equivalent to thirteen million six hundred thousand Dollars (\$13,600,000), to finance on a parallel basis all components of the Project; and associated technical assistance;

(C) ADB will be partially administering the activities to be financed under the Project by the Government of New Zealand; and

(D) ADB has agreed to make a loan to the Borrower from ADB's Special Funds 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 the Special Operations Loan Regulations of ADB, dated 1 January 2006 ("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 Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers (2010, as amended from time to time);

(b) "Consulting Services" means the services to be financed out of the proceeds of the New Zealand Grant, as described in paragraph 2(c) of Schedule 1 to this Loan Agreement;

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(c) "EMP" means the environmental management plan for the Project, including any update thereto, incorporated in the IEE;

(d) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the Safeguard Policy Statement;

(e) "Gender Action Plan" means the gender action plan prepared for the Project;

(f) "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;

(g) "IEE" means the initial environmental examination for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

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

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

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

(k) "MFEM" means the Borrower's Ministry of Finance and Economic Management;

(l) "MIPU" means the Borrower's Ministry of Infrastructure and Public Utilities;

(m) "New Zealand Grant" means the grant in an amount referred to in Recital B above to be provided to the Borrower by the Government of New Zealand through its Ministry of Foreign Affairs and Trade;

(n) "PAM" means the project administration manual for the Project dated 2 September 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;

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

(p) "Procurement Plan" means the procurement plan for the Project dated 2 September 2011 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;

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

(r) "RF" means the resettlement framework for the Project, prepared and submitted by the Borrower and cleared by ADB;

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

(t) "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, RF and any resettlement plans to be prepared, and any indigenous peoples' plan to be prepared, if required; 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 contract, but excluding Consulting Services.

ARTICLE II

The Loan

Section 2.01. ADB agrees to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to six million seven hundred eight thousand Special Drawing Rights (SDR6,708,000).

Section 2.02. (a) 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.

(b) The term "grace period" as used in paragraph (a) of this Section 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 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 15 May and 15 November 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.

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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 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. 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. Withdrawals from the Loan Account in respect of Goods, Works, and Consulting Services shall be made only on account of expenditures relating to:

- (a) Goods which are produced in and supplied from and Works and Consulting Services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement; and
- (b) Goods, Works, and Consulting Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.06. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 June 2017 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 5 to this Loan Agreement.

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Section 4.02. (a) The Borrower shall (i) maintain, or cause to be maintained, separate accounts for the Project; (ii) have such accounts and related financial statements audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; (iii) furnish to ADB, as soon as available but in any event not later than 6 months after the end of each related fiscal year, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the Loan proceeds and compliance with the financial covenants of this Loan Agreement as well as on the use of the procedures for imprest account), all in the English language; and (iv) furnish to ADB such other information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

(b) The Borrower shall enable ADB, upon ADB's request, to discuss the Borrower's financial statements for the Project and its financial affairs related to the Project from time to time with the auditors appointed by the Borrower pursuant to subparagraph (a) hereabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB, provided that any such discussion 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 and Works, and any relevant records and documents.

ARTICLE V

Effectiveness

Section 5.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations: the New Zealand Grant shall have been approved by the Government of New Zealand.

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 9.04 of the Loan Regulations.

ARTICLE VI

Miscellaneous

Section 6.01. The Ministry of Finance and Economic Management of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

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

For the Borrower

Ministry of Finance and Economic Management
Private Mail Bag 9052
Port Vila
Vanuatu

Facsimile Number:

+678 27937.

For ADB

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

Facsimile Numbers:

+63 2 636-2444

+63 2 636-2446.

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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.

REPUBLIC OF VANUATU

By _____
MOANA KALOSIL CARCASSES
Minister of Finance

ASIAN DEVELOPMENT BANK

By _____
ROBERT GUILD
Director
Transport, Energy and Natural
Resources Division
Pacific Department

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SCHEDULE 1**Description of the Project**

1. The objective of the Project is to enhance access to socio-economic opportunities for the people of Vanuatu by ensuring that private sector operators provide interisland shipping services in a reliable, safe and adequate manner.
2. The Project shall comprise the following:
 - a. Improved maritime infrastructure in the capital and rural areas, including (i) construction of a new interisland shipping terminal in Port Vila with berthing capacity to simultaneously handle conventional vessels and landing craft, (ii) rehabilitation of 3 outer island jetties in Litz Litz, Lenakel and Simonsen, and (iii) construction of new jetties in Port Sandwich, Lolowai, Waisisi and Lolong.
 - b. Shipping support and coordination, including (i) a franchise subsidy scheme to provide subsidies to a fixed number of voyages at designated frequencies on otherwise commercially unviable routes, and (ii) shipping coordinators in each province with the responsibility of promoting and aggregating demand and communicating needs for voyages to private sector vessels.
 - c. Consulting Services to undertake the above activities.
3. The Project is expected to be completed by 31 December 2016.

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SCHEDULE 2
Amortization Schedule
(Interisland Shipping Support Project)

<u>Date Payment Due</u>	<u>Payment of Principal</u> (expressed in Special Drawing Rights)*
15 May 2020	139,750
15 November 2020	139,750
15 May 2021	139,750
15 November 2021	139,750
15 May 2022	139,750
15 November 2022	139,750
15 May 2023	139,750
15 November 2023	139,750
15 May 2024	139,750
15 November 2024	139,750
15 May 2025	139,750
15 November 2025	139,750
15 May 2026	139,750
15 November 2026	139,750
15 May 2027	139,750
15 November 2027	139,750
15 May 2028	139,750
15 November 2028	139,750
15 May 2029	139,750
15 November 2029	139,750
15 May 2030	139,750
15 November 2030	139,750
15 May 2031	139,750
15 November 2031	139,750
15 May 2032	139,750
15 November 2032	139,750
15 May 2033	139,750
15 November 2033	139,750
15 May 2034	139,750
15 November 2034	139,750
15 May 2035	139,750
15 November 2035	139,750
15 May 2036	139,750
15 November 2036	139,750
15 May 2037	139,750
15 November 2037	139,750
15 May 2038	139,750
15 November 2038	139,750
15 May 2039	139,750

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16

Date Payment DuePayment of Principal
(expressed in Special
Drawing Rights)*

15 November 2039	139,750
15 May 2040	139,750
15 November 2040	139,750
15 May 2041	139,750
15 November 2041	139,750
15 May 2042	139,750
15 November 2042	139,750
15 May 2043	139,750
15 November 2043	<u>139,750</u>
TOTAL	6,708,000

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

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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 Sub-category 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 agreement 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 agreement 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

5. Except as ADB may otherwise agree, the Borrower shall establish immediately after the Effective Date, an imprest account at the Reserve Bank of Vanuatu. The imprest account shall be established, managed, replenished and liquidated in accordance with the Loan Disbursement Handbook, and detailed arrangements agreed upon between the Borrower and ADB. The imprest account shall only be used for the purposes of the Project. The currency of the imprest account shall be the Dollar. The ceiling for the

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imprest account shall not exceed the lower of (i) the estimated expenditure to be financed from the imprest account for 6 months of Project implementation, or (ii) \$200,000.

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TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Interisland Shipping Support Project)			
CATEGORY			ADB FINANCING
Number	Item	Total Amount Allocated for ADB Financing (SDR)	Percentage and Basis for Withdrawal from the Loan Account
1	Civil Works	5,939,000	57.3% of total expenditure claimed
2	Shipping Support Scheme	236,000	36.3% of total expenditure claimed
3	Unallocated	533,000	
	Total	6,708,000	

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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 and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

Goods and Works

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

International Competitive Bidding
National Competitive Bidding
Shopping

4. The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower 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.

National Competitive Bidding

5. The Borrower and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the Borrower's national competitive bidding procedures are consistent with the Procurement Guidelines. Any modifications or clarifications to such procedures agreed between the Borrower and ADB shall 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 Borrower and ADB.

Conditions for Award of the Contract

6. The Borrower shall not award any Works contract which involves environmental impacts until:
 - (a) the Environment Department of the Ministry of Lands, Geology, and Mines has granted the final approval of the IEE; and
 - (b) the Borrower has incorporated the relevant provisions from the EMP into the Works contract.

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7. The Borrower shall not award any Works contract which involves involuntary resettlement impacts, until the Borrower has prepared and submitted to ADB the final resettlement plan based on the Project's detailed design, and obtained ADB's clearance of such plan.

8. The Borrower shall not award any Works contract which involves impacts on indigenous peoples until the Borrower has prepared and submitted to ADB the final indigenous peoples' plan, and obtained ADB's clearance of such plan.

Selection of Consulting Services

9. Except as ADB may otherwise agree, the Borrower shall apply quality- and cost-based selection for selecting and engaging Consulting Services. Upon request by the Borrower, ADB shall assist the Borrower with the selection of consultants for Consulting Services and the Borrower shall recruit such consultants selected by ADB.

Industrial or Intellectual Property Rights

10. (a) The Borrower shall ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) The Borrower shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

11. The Borrower shall ensure that all contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the Consulting Services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

ADB's Review of Procurement Decisions

12. Contracts procured under international competitive bidding procedures and contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

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SCHEDULE 5**Execution of Project and Operation of
Project Facilities; Financial Matters**Implementation Arrangements

1. The Borrower and the Project Executing Agency 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.

Environment

2. The Borrower shall ensure and cause the Project Executing Agency to ensure that the preparation, design, construction, implementation and operation of the Project 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 IEE, the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Land Acquisition and Involuntary Resettlement

3. The Borrower shall ensure and cause the Project Executing Agency to ensure that all land and all rights-of-way required for the Project are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and any land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Borrower relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; and (c) all measures and requirements set forth in any resettlement plan, and any corrective or preventative actions set forth in the Safeguards Monitoring Report.

4. Without limiting the application of the Involuntary Resettlement Safeguards or any resettlement plan, the Borrower shall ensure and cause the Project Executing Agency to ensure that no physical or economic displacement takes place in connection with the Project until:

- (a) compensation and other entitlements have been provided to affected people in accordance with any resettlement plan; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with any resettlement plan.

Indigenous Peoples

5. The Borrower shall ensure and cause the Project Executing Agency to ensure that the preparation, design, construction, implementation and operation of the Project comply with (a) all applicable laws and regulations of the Borrower relating to indigenous

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peoples; (b) the Indigenous Peoples Safeguards; and (c) all measures and requirements set forth in any indigenous people's plan, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Human and Financial Resources to Implement Safeguards Requirements

6. The Borrower shall make available or cause the Project Executing Agency to make available necessary budgetary and human resources to fully implement the EMP, any resettlement plan and any indigenous plan.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

7. The Borrower shall ensure and cause the Project Executing Agency 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 IEE, the EMP, any resettlement plan and any indigenous people's plan (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;
- (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 not considered in the IEE, the EMP, any resettlement plan and any indigenous people's plan;
- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (e) reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.

Safeguards Monitoring and Reporting

8. The Borrower shall do the following or cause the Project Executing Agency to do the following:

- (a) submit semiannually Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission;
- (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, the resettlement plan or

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102

the indigenous people's plan, 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 actual or potential breach of compliance with the measures and requirements set forth in the EMP, the resettlement plan or the indigenous people's plan promptly after becoming aware of the breach.

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.

Gender

10. The Borrower shall take necessary and appropriate measures to ensure full implementation of the Gender Action Plan during project implementation including specific performance targets stipulated therein. The Project Executing Agency shall ensure that MIPU allocates resources, prepares any necessary manuals, conducts training, monitors implementation, and reports regularly on the implementation of the Gender Action Plan.

Anticorruption

11. The Borrower and the Project Executing Agency shall comply with ADB's Anticorruption Policy (1998, as amended from time to time), and cooperate fully with any investigation by ADB and extend all necessary assistance, including providing access to all relevant books and records for the satisfactory completion of such investigation.

12. The Project Executing Agency 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 Project Executing Agency and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

13. The Project Executing Agency shall publicly disclose details of use of the Loan proceeds on the Borrower's website. For each procurement contract, it shall disclose the list of participating bidders, name of the winning bidder, sufficient details on the bidding procedure adopted, amount of the contract, list of goods or services purchased, and the intended and actual amount of Loan proceeds under each contract.

Grievance Redress Mechanism

14. Within 6 months of the Effective Date, MIPU shall establish a procedure, acceptable to ADB, for managing complaints and problems raised by the people affected by the Project. Such grievance redress mechanism shall (i) provide for review and redress of grievances and complaints from affected people; (ii) set the threshold criteria and procedures for handling such grievances to proactively address them; (iii) require notification to stakeholders about the mechanism and (iv) require maintenance of records on grievances and actions taken.

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Project Performance Management System

15. Within 6 months of the Effective Date, the Borrower shall finalize and adopt a detailed project performance and monitoring system for monitoring performance and preparing benchmark information acceptable to ADB, based on agreed indicators and procedures. Thereafter, the Project Executing Agency shall submit annually a benefit monitoring report to ADB.

Operation and Maintenance

16. The Borrower shall ensure that, in order to preserve and properly maintain the assets to be created under the Project, its yearly budget makes provisions for the recurrent operation and maintenance costs for the new and rehabilitated facilities under the Project.

Counterpart contributions

17. The Borrower shall promptly bear all counterpart obligations including: (a) financing any land acquisition that may be required and securing the Project sites, (b) appointing counterpart staff, providing office space for the project implementation consultants, and ensuring that these resources are available throughout Project duration, and (c) allocating its share of cash contribution to the Project through normal budget process.

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