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LOAN NUMBER 4696-PAK(COL)

LOAN AGREEMENT  
(Ordinary Operations [Concessional])

(Balochistan Water Resources Development Sector Project - Additional Financing)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

ASIAN DEVELOPMENT BANK

DATED 5 DECEMBER 2025

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PAK 48098

**LOAN AGREEMENT  
(Ordinary Operations [Concessional])**

LOAN AGREEMENT dated 5 December 2025 between ISLAMIC REPUBLIC OF PAKISTAN ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a loan agreement dated 5 January 2019 between the Borrower and ADB ("Original Loan Agreement"), ADB agreed to make a concessional loan to the Borrower from ADB's ordinary capital resources in the amount of one hundred million Dollars (\$100,000,000) for the purposes of project described in Schedule 1 to the Original Loan Agreement ("Ongoing Project");

(B) by a grant agreement dated 5 January 2019 between the Borrower and ADB ("JFPR Grant Agreement"), ADB agreed to make the proceeds of a grant from JFPR ("JFPR Grant") in the amount of three million Dollars (\$3,000,000) available to the Borrower for the purposes of financing expenditures under Part B of the Ongoing Project;

(C) by a grant agreement dated 5 January 2019 between the Borrower and ADB ("HLTF Grant Agreement" and, together with the JFPR Grant Agreement, "Grant Agreements"), ADB agreed to make the proceeds of a grant from HLTF ("HLTF Grant" and, together with the JFPR Grant, collectively referred to as the "Grants") in the amount of two million Dollars (\$2,000,000) available to the Borrower for the purposes of financing expenditures under Part C of the Ongoing Project;

(D) the Borrower has applied to ADB for an additional loan for the purposes of the Project described in Schedule 1 to the Original Loan Agreement ("Project");

(E) the Project will be carried out by the Province of Balochistan ("Balochistan"), and for this purpose, the Borrower will make available to Balochistan the proceeds of the loan provided for herein upon terms and conditions satisfactory to ADB; and

(F) 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 and in the Project Agreement of even date herewith between ADB and Balochistan;

NOW THEREFORE the parties hereto agree as follows:

**ARTICLE I**

**Loan Regulations; Definitions**

Section 1.01. All the provisions of ADB's Ordinary Operations (Concessional) Loan Regulations, dated 1 January 2022 ("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) "ACD" means the Agriculture and Cooperatives Department of Balochistan, or any successor thereto acceptably to ADB;
- (b) "Balochistan" means the Province of Balochistan, or any successor thereto acceptable to ADB;
- (c) "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;
- (d) "EARF" or "Environmental Assessment and Review Framework" means the environmental assessment and review framework for the Project, including any updates thereto, prepared and submitted by the Borrower and cleared by ADB;
- (e) "EIA" or "Environmental Impact Assessment" means the environmental impact assessment for a Subproject, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the EARF and cleared by ADB;
- (f) "EMP" or "Environmental Management Plan" means the environmental management plan for a Subproject, including any update thereto, incorporated in the EIA or IEE, as the case may be, for the Subproject;
- (g) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (h) "GAP" means the gender action plan prepared for the Project, including any update thereto, and agreed to between the Borrower and ADB;
- (i) "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;
- (j) "ID" means the Irrigation Department of Balochistan, or any successor thereto acceptable to ADB;
- (k) "IEE" or "Initial Environmental Examination" means the initial environmental examination for a Subproject, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the EARF 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) "LARF" or "Land Acquisition and Resettlement Framework" means the land acquisition and resettlement framework for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (n) "LARP" or "Land Acquisition and Resettlement Plan" means the land acquisition and resettlement plan for a Subproject, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the LARF and cleared by ADB;
- (o) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2022, as amended from time to time);
- (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) "PAM" means the project administration manual for the Project dated 3 October 2025 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;
- (r) "Procurement Plan" means the procurement plan for the Project dated 3 October 2025 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;
- (s) "Procurement Policy" means ADB's Procurement Policy - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (t) "Procurement Regulations" means ADB's Procurement Regulations for ADB Borrowers - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (u) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means Balochistan, acting through ID, or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;
- (v) "Project and Subproject facilities" means the facilities to be constructed, improved, upgraded, rehabilitated, established, piloted, protected or provided under the Project;
- (w) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower to ADB that describes progress with the implementation of, and compliance with, the EMPs and the LARPs (as applicable), including any corrective and preventative actions;
- (x) "Services" means Consulting Services and Nonconsulting Services;

- (y) "SPS" means ADB's Safeguard Policy Statement (2009);
- (z) "Subproject" means a subproject under the Project; and
- (aa) "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.

## ARTICLE II

### The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of forty-eight million Dollars (\$48,000,000).

(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 1 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB an interest charge at the rate of 2% per annum during the grace period and 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 15 February and 15 August 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 1 to this Loan Agreement.

## ARTICLE III

### Use of Proceeds of the Loan

Section 3.01. The Borrower shall make the proceeds of the Loan available to Balochistan upon terms and conditions satisfactory to ADB and shall cause Balochistan to apply such proceeds exclusively 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 2 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 3 to this Loan Agreement.

Section 3.04. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 31 December 2028 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 and Subproject facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 3 to this Loan Agreement and the Project Agreement.

Section 4.02. The Borrower shall enable ADB's representatives to inspect the Project, the Goods, Works and Services and any relevant records and documents.

Section 4.03. 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.

Section 4.04. The Borrower shall take all actions which shall be necessary on its part to enable the Balochistan 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.

## **ARTICLE V**

### **Effectiveness**

Section 5.01. 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 9.04 of the Loan Regulations.

**ARTICLE VI****Delegation of Authority**

Section 6.01. The Borrower hereby designates Balochistan as its agent for the purposes of taking any action or entering into any agreement required or permitted under Sections 3.02, 3.03 and 3.04 of this Loan Agreement and under Sections 5.01, 5.02, 5.03 and 5.04 of the Loan Regulations.

Section 6.02. Any action taken or any agreement entered into by Balochistan pursuant to the authority conferred under Section 6.01 of this Loan Agreement shall be fully binding on the Borrower and shall have the same force and effect as if taken by the Borrower.

Section 6.03. The authority conferred on Balochistan under Section 6.01 of this Loan Agreement may be revoked or modified by agreement between the Borrower and ADB.

**ARTICLE VII****Miscellaneous**

Section 7.01. The Secretary, Ministry of Economic Affairs 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 Economic Affairs  
Government of Pakistan  
Islamabad, Pakistan

Facsimile Number:

(0092 51) 910 4016

For ADB

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

Facsimile Numbers:

(632) 636-2444

(632) 636-2424.

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.

ISLAMIC REPUBLIC OF PAKISTAN

By   
\_\_\_\_\_  
MUHAMMAD HUMAIR KARIM  
Secretary  
Ministry of Economic Affairs

ASIAN DEVELOPMENT BANK

By   
\_\_\_\_\_  
XIAOQIN FAN  
Country Director  
Pakistan Resident Mission

## SCHEDULE 1

## Amortization Schedule

<u>Payment Due</u>	<u>Payment of Principal</u> (expressed in Dollars)*
15 February 2031	1,200,000
15 August 2031	1,200,000
15 February 2032	1,200,000
15 August 2032	1,200,000
15 February 2033	1,200,000
15 August 2033	1,200,000
15 February 2034	1,200,000
15 August 2034	1,200,000
15 February 2035	1,200,000
15 August 2035	1,200,000
15 February 2036	1,200,000
15 August 2036	1,200,000
15 February 2037	1,200,000
15 August 2037	1,200,000
15 February 2038	1,200,000
15 August 2038	1,200,000
15 February 2039	1,200,000
15 August 2039	1,200,000
15 February 2040	1,200,000
15 August 2040	1,200,000
15 February 2041	1,200,000
15 August 2041	1,200,000
15 February 2042	1,200,000
15 August 2042	1,200,000
15 February 2043	1,200,000
15 August 2043	1,200,000
15 February 2044	1,200,000
15 August 2044	1,200,000
15 February 2045	1,200,000
15 August 2045	1,200,000
15 February 2046	1,200,000
15 August 2046	1,200,000
15 February 2047	1,200,000
15 August 2047	1,200,000
15 February 2048	1,200,000
15 August 2048	1,200,000
15 February 2049	1,200,000
15 August 2049	1,200,000
15 February 2050	1,200,000
15 August 2050	1,200,000
<b>Total</b>	<b>48,000,000</b>

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

## SCHEDULE 2

### 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.

#### Interest Charge

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

#### Reallocation

4. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

- (a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and
- (b) if the amount of the Loan allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Borrower, reallocate such excess amount to any other Category.

#### Disbursement Procedures

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

Retroactive Financing

6. Withdrawals from the Loan Account may be made to finance 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 procurement of Works, Goods, and Consulting Services, subject to a maximum amount equivalent to 20% of the Loan amount.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS			
Number	Item	Total Amount Allocated for ADB Financing (\$)	Basis for Withdrawal from the Loan Account
		Category	
1	Civil Works	43,705,000	87.5% of total expenditure claimed
2	Consulting Services, Trainings, and Goods	1,861,000	83% of total expenditure claimed
3	Recurrent cost - Project management	1,186,000	100% of total expenditure claimed*
4	Interest Charge	1,248,000	100% of amount due
	<b>Total</b>	48,000,000	

\* Exclusive of taxes and duties imposed within the territory of the Borrower.

### SCHEDULE 3

#### Execution of Project

##### Implementation Arrangements

1. The Borrower shall ensure, and cause Balochistan to ensure, that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower and ADB. In the event of any discrepancy between the PAM, on the one hand, and this Loan Agreement and the Project Agreement, on the other, the provisions of this Loan Agreement and the Project Agreement shall prevail. As more particularly described in the PAM, Balochistan shall implement the Project through ID and ACD and their respective responsibilities shall be as set out in the PAM.

2. The Borrower shall ensure, and cause Balochistan to ensure that the Project management office in ID and ACD are adequately staffed with competent and qualified personnel throughout Project implementation.

3. The Borrower shall ensure, and cause Balochistan to ensure that ID and ACD will consult ADB regarding all significant matters related to the management and implementation of the Project, including the selection, appointment or change of the Project Director at the Project management office in ID or the Deputy Project Director at the Project implementation office in ACD to ensure continuity, transparency, and efficiency in the management of the Project.

##### Procurement

4. The Borrower shall ensure, or cause Balochistan 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.

5. The Borrower shall not award any Works contract for a Subproject which involves environmental impacts until Balochistan has:

- (a) obtained the final approval of the EIA or IEE, as the case may be, from the relevant environment authority of the Borrower; and
- (b) incorporated the relevant provisions from the EMP into the Works contract.

6. The Borrower shall not award any Works contract involving involuntary resettlement impacts for a Subproject until the Borrower has prepared and submitted to ADB the final LARP for such Subproject based on the Subproject's detailed design and obtained ADB's clearance of such LARP.

#### Environment

7. The Borrower shall ensure, and cause Balochistan to ensure, that the preparation, design, construction, implementation, operation and decommissioning of the Project, each Subproject and all Project and Subproject facilities comply with (a) all applicable laws and regulations of the Borrower and Balochistan relating to environment, health, and safety; (b) the Environmental Safeguards; (c) the EARF; and (d) all measures and requirements set forth in the EIAs, IEEs and EMPs, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

#### Land Acquisition and Involuntary Resettlement

8. The Borrower shall ensure, and cause Balochistan to ensure, that all land and all rights-of-way required for the Project, each Subproject and all Project and Subproject facilities are made available to each Works contractor in accordance with the schedule agreed under the relevant Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Borrower and Balochistan relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; (c) the LARF; and (d) all measures and requirements set forth in the relevant LARP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report. The Borrower shall also ensure and cause Balochistan, through ID and ACD, to ensure that all land acquisition and resettlement activities will comply with the specific Involuntary Resettlement Safeguards arrangements and requirements set out in the PAM. For the avoidance of doubt, the Borrower shall ensure and cause Balochistan, through ID and ACD, to ensure that no land is acquired, for the purposes of the Project or any Subproject, under the emergency acquisition provisions of the Borrower's Land Acquisition Act (1894), as amended from time to time.

9. Without limiting the application of the Involuntary Resettlement Safeguards, the LARF or any LARP, the Borrower shall ensure, and cause Balochistan to ensure, that no physical or economic displacement takes place in connection with any Subproject until:

- (a) compensation and other entitlements have been provided to affected people in accordance with the LARP for the Subproject; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with the LARP for the Subproject.

Indigenous Peoples

10. The Borrower shall ensure, and cause Balochistan to ensure, that the Project and all Subprojects do not have any indigenous peoples impact within the meaning of the SPS. In the event that the Project or any Subproject does have any such impact, the Borrower shall take and cause Balochistan to take all steps required to ensure that the Project or the Subproject, as the case may be, complies with the applicable laws and regulations of the Borrower and Balochistan and with the SPS.

Human and Financial Resources to Implement Safeguards Requirements

11. The Borrower shall make available or cause Balochistan to make available necessary budgetary and human resources to fully implement the EMPs and the LARPs.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

12. The Borrower shall ensure, and cause Balochistan 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 relevant EIA or IEE (as the case may be), EMP, and LARP (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 or resettlement risks or impacts that arise during construction, implementation or operation of the Project or any Subproject that were not considered in the relevant EIA or IEE (as the case may be), EMP or LARP;
- (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

13. The Borrower shall do the following or cause Balochistan to do the following:

- (a) submit semi-annual Safeguards Monitoring Reports to ADB during the construction of the Project and the Subprojects and until their completion, and, thereafter, submit annual reports to ADB during their operation, and disclose the 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 or any Subproject that were not considered in the relevant EIA or IEE (as the case may be), EMP or LARP, 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 an EMP or LARP promptly after becoming aware of the breach.

#### Prohibited List of Investments

14. The Borrower shall ensure, and cause Balochistan 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.

#### Labor Standards, Health and Safety

15. The Borrower shall ensure and shall cause Balochistan 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) allow freedom of association and effectively recognize the right to collective bargaining; and (f) disseminate, or engage appropriate service providers to disseminate, information on the risks of sexually transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities surrounding the Project area, particularly women.

16. The Borrower shall strictly monitor compliance with the requirements set forth in paragraph 15 above and provide ADB with regular reports.

#### Gender and Development

17. The Borrower shall ensure and shall cause Balochistan to 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; (d) progress on the implementation of the GAP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB.

#### Counterpart Support

18. The Borrower shall cause Balochistan to make available all counterpart funds required for the timely and effective implementation of the Project, including for any shortfall of funds or cost overrun, through providing annual budget allocations and releasing applicable funds in a timely manner. In addition, the Borrower shall provide all necessary support to Balochistan

and ensure that Balochistan has sufficient funds to satisfy all liabilities arising from any Works, Goods and/or Consulting Services contract under the Project.

Operational Covenants

19. The Borrower shall ensure and cause Balochistan to ensure that no Subproject will involve, and no proceeds of the Loan will be used to support groundwater extraction by deep tubewells, turbine pumps, or tapping of karezes.

20. The Borrower shall ensure and cause Balochistan to ensure that, for each Subproject, the local communities in the Subproject area will be fully involved in the planning, design, implementation and maintenance of the Subproject and related initiatives in the areas of integrated water resources management, command area development, and agricultural support services. The Borrower shall ensure and cause Balochistan to ensure that both male and female members of the local communities will be consulted and involved.

21. The Borrower shall ensure and cause Balochistan to ensure that the Project and each Subproject will be implemented in accordance with applicable design and technical specifications and construction norms satisfactory to ADB, and construction supervision, quality control and contract management shall be performed in accordance with international and national standards.

22. The Borrower shall ensure and cause Balochistan to ensure that, within 3 months from the effectiveness of this Loan Agreement, ID will appoint an independent dam safety expert of national eminence, acceptable to ADB who shall oversee dam construction, and confirm to ADB that the design and construction of the dams meet international safety standards.

23. (a) The Borrower shall ensure and cause Balochistan to ensure that all Project and Subproject facilities will be operated and maintained, in an effective and sustainable manner, in accordance with the applicable laws, regulations and standards of the Borrower and Balochistan and, in other respects not covered by such laws, regulations and standards, in accordance with best international industry practice.

(b) The Borrower shall cause Balochistan to develop, approve and adopt an operation and maintenance plan, including an annual budget, for all Works to be constructed, improved, upgraded, rehabilitated, established, piloted or protected under the Project, including the water resources information system to be established with assistance from the Project, prior to their completion.

(c) The Borrower shall cause Balochistan to ensure that budgetary and other resources are allocated timely and provided promptly as necessary and appropriate for the operation and maintenance of the Project and Subproject facilities, and, at any given time, the amount of such budgetary and other resources shall not be less than the total sum required, at that time, to cover and defray the operation and maintenance expenditures indicated in the then current annual budget referenced in sub-paragraph (b).

(d) The Borrower shall cause Balochistan to approve and formally implement the irrigation tariff policy and respective tariff structure for the irrigation schemes as recommended by a departmental committee of ID, on or before 31 December 2026.

(e) The Borrower shall cause Balochistan to timely and promptly prepare operation and maintenance manuals and provide operation and maintenance training to the farmer communities and organizations that will assume the operation and maintenance of the Project.

24. The Borrower shall ensure that within 3 months of the Effective Date, Balochistan shall cause (i) ID to engage a financial management specialist for the Project management office in ID; and (ii) each of ID and ACD to adopt a financial management manual for the Project with detailed procedures on budgeting and planning, funds withdrawal and management, bank account management, expenditure management, accounting and bookkeeping, financial reporting, and fixed asset management, as may be acceptable to ADB.

#### Security

25. The Borrower shall ensure and cause Balochistan to ensure (through the political administration of the relevant local governments in the Project area and Subproject areas) that adequate security is provided for the smooth and uninterrupted implementation of the Project and the Subprojects. The Borrower shall ensure and cause Balochistan to ensure that (a) all Works contracts under the Project include a security plan to ensure the safety of Project contractors' personnel and consultants, and each such security plan allocates sufficient budget under the relevant Works contract or through Balochistan's counterpart funding; and (b) all relevant permits are issued and all access and other necessary requirements are provided so that all security plans will be successfully implemented.

#### Governance and Anticorruption

26. The Borrower and Balochistan 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.

27. The Borrower and Balochistan 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.

28. The Borrower shall cause Balochistan to provide updated information on the Project on its website, including information on performance, business opportunities, bidding process and guidelines, outcome of biddings, and summary progress reports.