

SCHEDULE 5

Execution of Project; Financial Matters

Project Executing Agency

1. MDF shall be the Project Executing Agency responsible for carrying out the Project.

Subproject Selection

2. The Borrower shall ensure that each subproject financed out of the proceed of the Loan meets eligibility criteria set forth in the Schedule to the Project Agreement.
3. Notwithstanding anything to the contrary provided herein, the Borrower shall ensure that:
 - (i) a portion of the Loan proceeds in an amount not less than the equivalent of SDR11,137,000 is used by MDF to finance eligible subprojects of qualifying MGs in the form of combination of subloans and grants upon terms and conditions satisfactory to ADB ("Window 1"), and
 - (ii) a portion of the Loan proceeds in an amount not exceeding the equivalent of SDR5,665,000 is used by MDF to finance eligible subprojects of qualifying MGs on a grant basis upon terms and conditions satisfactory to ADB ("Window 2").

Environment and Social Aspects

4. The Borrower shall ensure and cause MDF to ensure that the Project is carried out in compliance with the applicable environmental laws and regulations of the Borrower and ADB's *Environment Policy* (2002) and each subproject is screened and/or assessed in accordance with the agreed EARF. The Borrower shall also ensure and cause MDF to ensure that all subprojects are carried out within the existing right-of-ways and do not involve any land acquisition and/or resettlement that would trigger ADB's *Involuntary Resettlement Policy* (1995). The Borrower shall cause MDF to ensure that the subprojects are carried out in a socially responsible manner seeking mitigation of any potential social risks.

Project Review

5. The Borrower, MDF and ADB shall undertake Project review twice a year for the first two (2) years of the Project implementation and once a year thereafter. A mid-term review shall be conducted two (2) years after the commencement of the Project implementation. The mid-term review shall include a detailed evaluation of the Project scope, implementation arrangements, and progress in achieving scheduled targets and compliance with loan covenants.