
GRANT NUMBER 0506-AFG(SF)

GRANT AGREEMENT
(Special Operations)
(Panj-Amu River Basin Sector Project)

between

ISLAMIC REPUBLIC OF AFGHANISTAN

and

ASIAN DEVELOPMENT BANK

DATED 2 November, 2016

AFG 48042

GRANT AGREEMENT (Special Operations)

GRANT AGREEMENT dated 2 November 16 between ISLAMIC REPUBLIC OF AFGHANISTAN ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Recipient has applied to ADB for a grant for the purposes of the Project described in Schedule 1 to this Grant Agreement;

(B) the Recipient has also applied to the European Union ("EU") for a grant in the amount equivalent to forty-five million Euros (€45,000,000) to be administered by ADB, for the purposes of cofinancing expenditures under the Project;

(C) by a grant agreement of even date herewith (the "Externally Financed Grant Agreement"), ADB has agreed to make the proceeds of the grant from the EU available to the Recipient upon the terms and conditions set forth therein; and

(D) ADB has agreed to make a grant to the Recipient from ADB's Special Funds resources upon the terms and conditions set forth herein;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Grant Regulations; Definitions

Section 1.01. All provisions of the Special Operations Grant Regulations of ADB, dated 7 February 2005 ("Grant Regulations"), are hereby made applicable to this Grant Agreement with the same force and effect as if they were fully set forth herein.

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

(a) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);

(b) "Consulting Services" means the services to be financed out of the proceeds of the Grant as described in paragraph 3 of Schedule 1 to this Grant Agreement;

(c) "DAIL" means Department of Agriculture, Irrigation and Livestock of the Recipient;

(d) "EARF" means environmental assessment and review framework for the Project, including any update thereto, prepared and submitted by the Recipient and cleared by ADB;

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

(f) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;

(g) "Euro" or the sign "€" each means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;

(h) "Goods" means equipment and materials to be financed out of the proceeds of the Grant, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;

(i) "IA" means irrigation association;

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

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

(l) "LARF" means land acquisition and resettlement framework for the Project, including any update thereto, prepared and submitted by the Recipient and cleared by ADB;

(m) "LARP" means land acquisition and resettlement plan for the Project, including any update thereto, prepared and submitted by the Recipient pursuant to the requirements set forth in the LARF and cleared by ADB;

(n) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2015, as amended from time to time);

(o) "MAIL" means Ministry of Agriculture, Irrigation and Livestock of the Recipient, or any successor thereto as acceptable to ADB;

(p) "MEW" means Ministry of Energy and Water of the Recipient, or any successor thereto as acceptable to ADB;

(q) "MOF" means Ministry of Finance of the Recipient, or any successor thereto acceptable to ADB;

(r) "PAM" means the project administration manual for the Project dated 8 September 2016 and agreed between the Recipient and ADB, as updated from time to time in accordance with the respective administrative procedures of the Recipient and ADB;

(s) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);

(t) "Procurement Plan" means the procurement plan for the Project dated 5 September 2016 and agreed between the Recipient and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

(u) "RBA" means the river basin agency responsible for management of the area of land drained by the rivers and their branches in the Panj-Amu river basin;

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

(w) "Safeguards Monitoring Report" means each report prepared and submitted by the Recipient to ADB that describes progress with implementation of, and compliance with, the EMP and the LARP (as applicable), including any corrective and preventative actions;

(x) "SBA" means a sub-basin agency responsible for management of area of land drained by the rivers and their branches in the Panj-Amu river basin as designated by the RBA;

(y) "Works" means construction or civil works to be financed out of the proceeds of the Grant, 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; and

(z) "WUA" means water users association.

ARTICLE II

The Grant

Section 2.01. ADB agrees to make available to the Recipient from ADB's Special Funds resources an amount of twenty six million Dollars (\$26,000,000).

ARTICLE III

Use of Proceeds of the Grant

Section 3.01. The Recipient shall cause the proceeds of the Grant to be applied exclusively to the financing of expenditures on the Project in accordance with the provisions of this Grant Agreement.

Section 3.02. The proceeds of the Grant shall be allocated and withdrawn in accordance with the provisions of Schedule 2 to this Grant Agreement, as such Schedule may be amended from time to time by agreement between the Recipient and ADB.

Section 3.03. Except as ADB may otherwise agree, the Recipient shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Grant in accordance with the provisions of Schedule 3 to this Grant Agreement.

Section 3.04. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 31 May 2023 or such other date as may from time to time be agreed between the Recipient and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Recipient shall perform, or cause to be performed, all obligations set forth in Schedule 4 to this Grant Agreement.

Section 4.02. (a) The Recipient shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with financial reporting standards acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the Grant proceeds, and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

(c) The Recipient shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Recipient's financial affairs where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Recipient, unless the Recipient shall otherwise agree.

Section 4.03. The Recipient shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

ARTICLE V**Suspension**

Section 5.01. The following is specified as an additional event for suspension of the right of the Recipient to make withdrawals from the Grant Account for the purposes of Section 8.01(k) of the Grant Regulations: the grant under the Externally Financed Grant Agreement shall have become liable for suspension or cancellation in accordance with its terms.

ARTICLE VI**Effectiveness**

Section 6.01. The following is specified as an additional condition to the effectiveness of this Grant Agreement for the purposes of Section 9.01(e) of the Grant Regulations: the Externally Financed Grant Agreement shall have been duly executed and delivered on behalf of the Recipient, and have become effective in accordance with its terms.

Section 6.02. The following is specified as an additional matter, for the purposes of Section 9.02(c) of the Grant Regulations, to be included in the opinion or opinions to be furnished to ADB: that the Externally Financed Grant Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Recipient and is legally binding upon the Recipient in accordance with its terms.

Section 6.03. A date 90 days after the date of this Grant Agreement is specified for the effectiveness of this Grant Agreement for the purposes of Section 9.04 of the Grant Regulations.

ARTICLE VII**Termination**

Section 7.01. The Grant Agreement and all obligations of the parties thereunder shall terminate on a date 20 years after the date of this Agreement.

ARTICLE VIII**Miscellaneous**

Section 8.01. The Minister of Finance of the Recipient is designated as representative of the Recipient for the purposes of Section 11.02 of the Grant Regulations.

Section 8.02. The following addresses are specified for the purposes of Section 11.01 of the Grant Regulations:

For the Recipient

Ministry of Finance
Pashtonistan Watt
Kabul, Afghanistan

Facsimile Number:

(93 20) 210-2838

For ADB

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

Facsimile Numbers:

(632) 636-2444
(632) 636-2017.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Grant 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 AFGHANISTAN

By

EKLIL AHMAD HAKIMI
Minister of Finance

ASIAN DEVELOPMENT BANK

By

THOMAS PANELLA
Country Director
Afghanistan Resident Mission

SCHEDULE 1**Description of the Project**

1. The objective of the Project is increased agricultural productivity in the Panj-Amu river basin.
2. The Project shall comprise:
 - (a) improvement of water allocation and availability through:
 - (i) rehabilitating and upgrading head works and main canals in priority schemes with command area over 400 hectares;
 - (ii) establishing and strengthening the capacity of approximately 112 WUAs to operate and maintain conveyance infrastructure in these schemes, and to work with RBA and SBAs to facilitate water sharing between schemes; and
 - (iii) enhancing the capacity of MEW, RBA and SBAs for more effective water allocation between schemes to benefit downstream users, and of Afghan members of the Afghanistan-Tajikistan transboundary technical working group for technical meetings and negotiations regarding the set-up and operations of the Pyanj River Basin Commission.
 - (b) enhancement of command areas through:
 - (i) rehabilitating the secondary and tertiary canal level in schemes identified for improvement under paragraph (a)(i) above;
 - (ii) establishing and strengthening the capacity of approximately 105 IAs to operate and manage irrigation infrastructure; and
 - (iii) improving on-farm water management and agronomic techniques, including through approximately 21 demonstration plots.
 - (c) improvement of watershed management and protection through:
 - (i) preparing a community-based natural resources management technical manual and guidebook;
 - (ii) training of DAIL staff as master trainers who will conduct training of communities; and
 - (iii) identification of approximately 21 watershed/rangeland sites for restoration and protection, creation of community forestry/rangeland associations, and preparation and

implementation of natural resource management plans for such sites.

3. The Project includes the provision of Consulting Services to support the above stated activities.
4. The Project is expected to be completed by 30 November 2022.

SCHEDULE 2**Allocation and Withdrawal of Grant Proceeds**General

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

Basis for Withdrawal from the Grant Account

2. Except as ADB may otherwise agree, the proceeds of the Grant shall be disbursed on the basis of the withdrawal percentage set forth in the Table.

Disbursement Procedures

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

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (Panj-Amu River Basin Sector Project)			
Number	Item	Total Amount Allocated for ADB Financing (\$) Category	Basis for Withdrawal from the Grant Account
1	Goods, Works, Consulting Services, recurrent costs and contingency	26,000,000	34.2% of total expenditure claimed
	Total	26,000,000	

SCHEDULE 3

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. Except as ADB may otherwise agree, Goods and Works shall be procured and Consulting Services shall be selected and engaged only on the basis of the procurement methods and the selection methods set forth below. These methods are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Recipient may only modify the procurement methods and the selection methods or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.
3. All terms used in this Schedule and not otherwise defined in this Grant Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

Eligible Source of Procurement of Goods, Works and Consulting Services

4. Goods, Works and Consulting Services may also be procured under the Project from non-member countries of ADB.

Goods and Works

5. Goods and Works shall be procured on the basis of procurement methods set forth below:
 - (a) National Competitive Bidding;
 - (b) Shopping; and
 - (c) community participation in procurement (as set out in paragraph 7 below).

National Competitive Bidding

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

Community Participation in Procurement

7. The Recipient may use community participation in procurement for Works contracts for catchment protection and piloting of payment for ecosystem services in accordance with the agreed procedures set out in the Procurement Plan.

Conditions for Award of Contract

8. The Recipient shall not award any Works contract which involves environmental impacts until:

- (a) the National Environmental Protection Agency of the Recipient has granted the final approval of the IEE for the relevant subproject; and
- (b) the Recipient has incorporated the relevant provisions from the EMP into the Works contract.

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

Consulting Services

10. Except as set forth in the paragraph below, the Recipient shall apply Quality- and Cost-Based Selection for Consulting Services.

11. The Recipient shall apply the following selection method for the specified Consulting Services, in accordance with, among other things, the procedures set forth in the Procurement Plan: Consultants' Qualifications Selection for survey, design and supervision of RBA office building, topographical surveys, project financial audit, and external monitoring of safeguards compliance.

Industrial or Intellectual Property Rights

12. (a) The Recipient 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 Recipient 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.

13. The Recipient shall 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

14. Contracts for Goods and Works procured under international competitive bidding, national competitive bidding procedures or community participation, contracts for Goods using shopping procedures, and contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Recipient and ADB and set forth in the Procurement Plan.

15. In the case of a contract for Goods or Works, which is subject to ADB's prior review, the Recipient shall seek ADB's prior approval of any modification or waiver of the terms and conditions of the contract, including:

- (a) granting an extension of the stipulated time for completion of a contract for a period of 1 month or more, or which is likely to require an extension of the Grant Closing Date, and
- (b) increases in aggregate of the original price by more than 5% (for the avoidance of doubt, such increase shall take into account any previous change under such contract).

16. In the case of a contract for Goods or Works, which is subject to ADB's post review, ADB shall review the required contract modification or waiver and respond to the Recipient as soon as practicable, but not later than 1 month after the receipt of the required document.

17. The Recipient shall provide to ADB copies of all time extensions, modifications or waivers to the contracts (including change orders) within 1 month following amendment of the contract.

SCHEDULE 4

Execution of Project; Financial Matters

Implementation Arrangements

1. The Recipient 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 the approval of such change by Recipient and ADB. In the event of any discrepancy between the PAM and the Grant Agreements, the provisions of the Grant Agreements shall prevail.

Subproject Selection and Monitoring

2. The Recipient shall ensure that all subprojects meet the subproject eligibility criteria and are properly appraised and selected in accordance with the selection process, each as set out in the PAM and to the satisfaction of ADB, including ensuring that all subproject feasibility studies are in form and substance satisfactory to ADB. The Recipient shall ensure that all subprojects are implemented and monitored to the satisfaction of ADB.

3. If it is determined by ADB, and notified to the Recipient, that any expenditures withdrawn from the Grant account have been applied to finance ineligible expenditures, including but not limited to expenditures in relation to subprojects that do not satisfy the subproject eligibility criteria or that have not been duly approved according to the procedures set out in the PAM, the Recipient shall promptly refund such amounts equal to such ineligible expenditures to ADB.

4. The Recipient shall ensure that: (a) all subprojects are supervised by field engineers engaged by MEW or MAIL, as applicable; and (b) within 3 months from grant effectiveness, MEW and MAIL shall establish a dispute resolution mechanism satisfactory to ADB to resolve potential disputes between contractors and relevant stakeholders (including, but not limited to, WUAs, IAs, catchment management associations, and community development councils) in respect of the community in which the relevant Works are executed.

Counterpart Contribution and Obligations

5. Throughout the Project implementation, the Recipient shall ensure that the executing agency and implementing agencies provide adequate counterpart personnel and office accommodation (including utilities) for Project implementation. The Recipient shall also ensure that the executing agency and implementing agencies provide timely certification and release of payment to contractors and consultants in accordance with the provisions of their respective contracts.

Operation and Maintenance (O&M)

6. The Recipient shall ensure that:

- (a) for structures outside the capacity of community-based O&M, adequate funds are allocated and released from the Recipient's budget in a timely manner to finance the O&M activities of SBAs;

- (b) for community-based O&M, pre-construction O&M agreements are signed before any irrigation civil works commence, and hand-over and irrigation and management transfer agreements are signed before any irrigation civil works are commissioned, by and between SBAs and WUAs (for headworks and main canals), by and between DAILs and IAs (for secondary and tertiary canals), and by and between DAILs and catchment management associations (for watershed protection and/or restoration; and
- (c) for the sector as a whole, an O&M policy providing guidance on the O&M and hand-over and irrigation and management transfer of all irrigation structures nationwide, is prepared, approved and issued no later than 30 June 2017.

Security

7. The Recipient shall ensure that adequate security (including demining measures where required) are provided for the smooth and uninterrupted implementation of the Project.

8. The Recipient shall ensure that (a) all Works contracts under the Project include a security plan to ensure the safety of Project contractors' personnel and consultants in order to facilitate the smooth and uninterrupted implementation of the relevant Project activities; (b) each such security plan allocates sufficient budget under the relevant Works contract; and (c) all relevant permits are issued, and access and other requirements are provided, so that each such security plan is fully implemented.

Environment

9. The Recipient shall 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 Afghanistan relating to environment, health and safety; (b) the Environmental Safeguards; (c) the EARF; and (d) all measures and requirements set forth in the IEEs, the EMPs, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Land Acquisition and Involuntary Resettlement

10. The Recipient shall 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 all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Recipient 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 LARPs, and any corrective or preventative actions set forth in the Safeguards Monitoring Report.

11. Without limiting the application of the Involuntary Resettlement Safeguards, the LARF or the LARPs, the Recipient shall 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 the LARPs; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with the LARPs.

Indigenous Peoples

12. The Recipient shall ensure that the Project does not have any indigenous peoples impact within the meaning of SPS. In the event that the Project does have any such impact, Recipient shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Recipient and with the SPS.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

13. The Recipient shall ensure that all bidding documents and contracts for Works under each subproject or group of subprojects contain provisions that require contractors to:

- (a) prepare a Site Specific Environmental Management Plan ("SSEMP") for each subproject and submitted for approval by ADB, such SSEMP to be based on the respective EMP;
- (b) comply with the measures relevant to the contractor set forth in the IEE, EMP and LARP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report;
- (c) make available a budget for all such environmental and social measures;
- (d) provide the implementing agencies (MEW and MAIL) with a written notice of any unanticipated environmental or resettlement risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, EMP and LARP;
- (e) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (f) fully reinstate pathways, other local infrastructure, and agricultural land to at least their pre-Project condition upon the completion of construction.

Human and Financial Resources to Implement Safeguards Requirements

14. The Recipient shall make available all necessary budgetary and human resources to fully implement the EMP and the LARP.

Safeguards Monitoring and Reporting

15. The Recipient shall do the following:

- (a) submit semiannual 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 IEEs, EMPs or LARPs, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan;
- (c) no later than 6 months after the award of a Works contract, engage qualified and experienced external experts under a selection process and terms of reference acceptable to ADB, to verify information produced through the Project monitoring process, and facilitate the carrying out of any verification activities by such external monitoring experts; and
- (d) report any actual or potential breach of compliance with the measures and requirements set forth in the EMPs or the LARPs promptly after becoming aware of the breach.

Prohibited List of Investments

16. The Recipient shall ensure that no proceeds of the grants are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Labor and Health

17. The Recipient shall ensure that the core labor standards and the Recipient's applicable laws and regulations are complied with during Project implementation. The Recipient 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 Recipient'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.

18. The Recipient shall strictly monitor compliance with the requirements set forth in paragraph 17 above and provide ADB with regular reports.

Gender and Development

19. The Recipient shall ensure that the principles of gender equity aimed at increasing Project benefits and impacts on women in the Project area are followed during implementation of the Project. These include (a) equal pay to men and women for work of equal value; (b) enabling working conditions for women workers; and (c) taking necessary actions to encourage women living in the Project area to participate in the design and implementation of Project activities.

20. The Recipient shall ensure that the Project activities incorporate the following gender-inclusive features: (a) promotion of female membership in WUAs and IAs, including through awareness campaign for men where appropriate, and training for women members of WUAs and IAs to increase their skill sets; (b) construction of domestic and livestock water access points along canals; (c) inclusion of women in training demonstrations on improved on-farm water management and agronomic techniques, and training for women on household plot vegetable and fruit growing; and (d) preparation of natural resource management plans with due regard for women's role in watershed activities, particularly income-generating activities. The Recipient shall also ensure that all training for women under the Project will be conducted by female trainers to promote willingness to participate.

Governance and Corruption

21. The Recipient 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.

22. The Recipient 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.

23. The Recipient shall use its existing website to present financial statements and track procurement contract awards in a timely manner, and include information on, among other things, the list of participating bidders, name of winning bidders, basic details on bidding procedures adopted, amounts of the contracts awarded, the list of goods and/or services purchased, their intended and actual utilization, and results of the safeguards monitoring.