
GRANT NUMBER 9184-MYA (EF)

GRANT AGREEMENT
(Japan Fund for Poverty Reduction)

(Economic Empowerment of the Poor and Women in the East-West Economic Corridor
Project)

between

REPUBLIC OF THE UNION OF MYANMAR

and

ASIAN DEVELOPMENT BANK

DATED 17 May 2016

MYA 48322

**GRANT AGREEMENT
(Externally Financed)**

GRANT AGREEMENT dated 17 May 2016 between REPUBLIC OF THE UNION OF MYANMAR ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Recipient has applied to the Japan Fund for Poverty Reduction ("JFPR") for a grant, to be administered by ADB, for the purposes of the Project described in Schedule 1 to this Grant Agreement;

(B) it has been resolved that the JFPR will extend a grant, administered by ADB, for the purposes of financing expenditures under the Project; and

(C) ADB has agreed to make the proceeds of the grant from JFPR available to the Recipient 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 Externally Financed Grant Regulations of ADB, dated 8 April 2009 ("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) "Environment Assessment and Review Framework" or "EARF" means the environment assessment and review framework detailing the environmental assessment process for the Project, including any updates thereto;

(d) "Environmental Management Plan" or "EMP" means any environmental management plan for the Project (to the extent applicable), including any update thereto, incorporated in the IEE;

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

(f) "Gender Action Plan" or "GAP" means the gender action plan prepared for the Project, including any update thereto, and agreed to between the Recipient and ADB;

(g) "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;

(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) "Initial Environmental Examination" or "IEE" means any initial environmental examination for the Project (to the extent applicable), including any update thereto, prepared and submitted by the Recipient and cleared by ADB;

(j) "Involuntary Resettlement and Indigenous Peoples Safeguard Guidelines" means the involuntary resettlement and indigenous peoples safeguards guidelines setting forth the criteria and screening procedures for involuntary resettlement and indigenous peoples safeguard compliance for the Project, including any updates thereto which is attached to the PAM;

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

(l) "Project Administration Manual" or "PAM" means the project administration manual for the Project dated 16 October 2015 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;

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

(n) "Procurement Plan" means the procurement plan for the Project dated 16 October 2015 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;

(o) "Project Executing Agency" means the Ministry of Hotels and Tourism (MOHT) or any successor acceptable to ADB, which is responsible for carrying out of the Project;

(p) "Project facilities" means any facilities to be constructed, provided, rehabilitated, operated and/or maintained under the Project;

(q) "Project Implementing Agency" means the Office of the Chief Minister of Mon State (OCM) or any successor acceptable to ADB;

(r) "Project Implementation Unit" or "PIU" means the project implementation unit within the OCM responsible for the day-to-day implementation of the Project;

(s) "Project Management Unit" or "PMU" means the project management unit within the MOHT responsible for the overall management and coordination of the Project;

(t) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009);

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

(v) "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.

ARTICLE II

The Grant

Section 2.01. (a) ADB agrees to make available to the Recipient a grant from the Japan Fund for Poverty Reduction in the amount of three million Dollars (\$3,000,000).

ARTICLE III

Use of Proceeds of the Grant

Section 3.01. The Recipient shall cause the proceeds of the Grant to be applied 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. Withdrawals from the Grant 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 3.05. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 30 June 2020 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 accounting principles 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 international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the financial statements, use of the Grant proceeds and compliance with the financial covenants of this Grant Agreement as well as on the use of the procedures for imprest fund and statement of expenditures) 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 30 days of the date of their receipt 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.

Section 4.04. The Recipient acknowledges and agrees that this Grant Agreement is entered into by ADB, not in its individual capacity, but as grant administrator for Japan Fund for Poverty Reduction. Accordingly, the Recipient agrees that (i) it may only withdraw Grant proceeds to the extent that ADB has received proceeds for the Grant from Japan Fund for Poverty Reduction, and (ii) that ADB does not assume any obligations or responsibilities of Japan Fund for Poverty Reduction in respect of the Project or the Grant other than those set out in this Grant Agreement.

ARTICLE V

Effectiveness

Section 5.01. 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 VI

Miscellaneous

Section 6.01. For the purposes of Section 11.02 of the Grant Regulations, the Recipient shall designate the relevant representatives and inform ADB in writing.

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

For the Recipient

To be provided separately to ADB in writing.

For ADB

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


Facsimile Numbers:

(632) 636-2444


(632) 636-2336.

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.

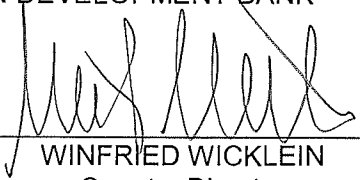
REPUBLIC OF THE UNION OF
MYANMAR

By 
Authorized Representative
Ministry of Hotels and Tourism

REPUBLIC OF THE UNION OF
MYANMAR

By 
U MAUNG MAUNG WIN
Authorized Representative
Ministry of Planning and Finance

ASIAN DEVELOPMENT BANK

By 
WINFRIED WICKLEIN
Country Director
Myanmar Resident Mission

SCHEDULE 1

Description of the Project

1. The objective of the Project is to enable micro and small enterprises to increase business activities in project areas consisting of four townships in Mon state, namely, Mawlamyine, Mudon, Kyaikhto and Chaungzon Island.

2. The Project shall comprise the following outputs:

Output 1: Skills and management capacity of micro and small enterprises and their employees developed. This output will undertake: (i) value chain and market studies to identify final selection of crafts and local food to be supported; (ii) design and implement training programs to improve existing and create new product lines based on the foundation studies; and (iii) train master trainers from existing training bodies (vocational training institutes, government agencies, NGOs) and provide training materials and equipment, as needed.

Output 2: Access to business services, credit and commercial networks strengthened. This output will map input suppliers, business development training service providers, micro-finance providers, and the feasibility of credit access and commercial networks to strengthen market linkages. It will develop training courses and deliver training on business development, management and accounting that culminate in individual business plans. Activities will strengthen producers and retailers access to affordable credit by introducing them to local microfinance institutions, while implementing training modules to train producer/retailer groups to create independent savings and credit groups. Commercial networks involving producers, suppliers, wholesalers, and retail outlets and markets in Mon and Yangon will be strengthened by supporting participation in trade fairs and business matching workshops. Support to develop a "Made in Mon, Myanmar" brand, product design competitions for innovative handicrafts, and related marketing and promotion program will further raise market awareness of products produced in the project areas.

Output 3: Infrastructure to support access to markets and processing facilities improved. This output will provide retailers and traders with a custom-built public market facility with amenities in Mawlamyine and a multi-function processing center in Kyaikhto, with both facilities operated under public-private-community partnership models (PPCP) to promote local ownership while ensuring effective management and long-term financial sustainability. This output will also establish a market management committee comprising local community members, retailers, small-scale producers, and local government authorities.

Output 4: Capacity of EA, IA and key stakeholders enhanced. This output will strengthen management capacity of the PMU and PIU by supporting institutional capacity building through trainings and interagency coordination for smooth project implementation, including bi-annual project

review and planning meetings with participation of project staff, village focal point representatives, and other project stakeholders. Sex-disaggregated project performance and monitoring systems will also be established to monitor key performance indicators, safeguards compliance and the GAP.

3. The Project shall finance the consulting services for international team leader, international business development specialist, technical and project management support (including international environmental specialist and international social development specialist), international start-up specialist, PMU accountant, PIU accountant and external auditor.

4. The Project is expected to be completed by 31 December 2019.

SCHEDULE 2

Allocation and Withdrawal of Grant 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 Grant and the allocation of the Grant 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 Grant Account

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

Reallocation

3. Notwithstanding the allocation of Grant proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Grant allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Recipient, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Grant 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 Grant allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Recipient, reallocate such excess amount to any other Category.

Disbursement Procedures

4. 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 (Economic Empowerment of the Poor and Women in the East West Economic Corridor Project)			
Number	Item	Total Amount Allocated for Japan Fund for Poverty Reduction Financing (\$) Category	Percentage and Basis for Withdrawal from the Grant Account
1	Works	648,000	100% of total expenditure claimed
2	Equipment	233,000	100% of total expenditure claimed
3	Training, Workshop and Seminars	253,000	100% of total expenditure claimed
4	Consulting Services	1,280,000	100% of total expenditure claimed
5	Grant Management	36,000	100% of total expenditure claimed
6	Other Inputs	100,000	100% of total expenditure claimed
7	Unallocated	450,000	
	Total	3,000,000	

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. 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.

Goods and Works

3. Except as ADB may otherwise agree, Goods and Works shall only be procured on the basis of the methods of procurement set forth below:
 - (a) National Competitive Bidding; and
 - (b) 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 Recipient 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 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.

Conditions for Award of the Contract

6. In the event that the Project involves any environmental impacts, the Recipient shall cause the Project Executing Agency not to award any Works contract until: (i) the relevant authority of the Recipient has granted the final approval of the applicable IEE; and (ii) the Project Executing Agency has incorporated the relevant provisions from the applicable EMP into the Works contract.

Conditions for Commencement of Works

7. Prior to the commencement of any Works, the Recipient shall ensure or cause the Project Executing Agency to ensure that (i) the land provided by the Recipient for the Project is vacant, unoccupied and unused land owned by the Recipient and free from any encumbrances and land and resettlement issues; and (ii) that all land and all rights-of-way required for the Project are made available for the Project, as well as to the consultants, contractors and subcontractors engaged for the Project, as and when necessary.

Consulting Services

8. Except as ADB may otherwise agree, and except as set forth in the paragraph below, the Recipient shall apply quality- and cost-based selection for selecting and engaging Consulting Services.

9. The Recipient shall apply the following methods for selecting and engaging the specified Consulting Services, in accordance with, among other things, the procedures set forth in the Procurement Plan:

- (a) Quality Based Selection for non-governmental organizations; and
- (b) Single Source Selection for external auditor.

10. The Recipient shall recruit the individual consultants for international team leader, international business development specialist, PMU accountant and PIU accountant in accordance with procedures acceptable to ADB for recruiting individual consultants. For the international start-up specialist, ADB will recruit on behalf of the Project Executing Agency in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

11. (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.

12. 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

13. The first set of contracts for market construction procured under national competitive bidding 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.

SCHEDULE 4

Execution of Project; Safeguards, Gender, Financial and Other Matters

Implementation Arrangements

1. The Recipient, the Project Executing Agency and the Project Implementing 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 Recipient and ADB. In the event of any discrepancy between the PAM and this Grant Agreement, the provisions of this Grant Agreement shall prevail.
2. High Level National Project Steering Committee. The Recipient shall ensure that a high level national project steering committee will be established before Project inception to provide Project oversight, as further detailed in the PAM.
3. Project Management Unit (PMU). The Recipient shall ensure or cause the Project Executing Agency to ensure that the PMU will be established to ensure timely and effective Project planning, management, coordination, recruitment of consultants, procurement, financial controls, monitoring, and reporting to the Recipient and ADB. The PMU shall include counterpart staff of the MOHT: National Project Director, Deputy Project Director, Financial Specialist and a project assistant.
4. Project Implementation Unit (PIU). The Recipient shall ensure or cause the Project Executing Agency to ensure that the PIU will be established in the OCM to coordinate and support day-to-day implementation of Project activities with the multi-sector government interagency partners as well as other development partners (DPs) and civil society organizations (CSOs). The PIU will be led by the project manager from the Department of Planning and a deputy project manager from MOHT and will be comprised of two project coordinators supporting implementation in the four townships, one accountant and local level multi-sector line agencies directly relevant to the project: Trade Promotion Department (Ministry of Commerce), Department of Cooperatives, General Administration Department, Department of Social Welfare, the Department of Agriculture, the Department of Labour and the Township Community Development Committee.
5. PMU and PIU Capacity. Within six months of Effective Date, the Recipient shall ensure or cause the Project Executing Agency to ensure that (i) sufficient capacity building and training on ADB financial management and disbursement procedures have been provided to the PMU and PIU staff; and (ii) long-term consultants have been embedded within the PMU and PIU to provide on-the-job training in financial management and procurement.
6. Community Participation. The Recipient shall ensure or cause the Project Executing Agency and the Project Implementing Agency to ensure that each participating village will appoint at least four village focal point representatives (VFPRs) with at least two women from each village and the VFPRs will be members of the Project producer groups.

7. Stakeholder Participation. The Recipient shall ensure or cause the Project Executing Agency and the Project Implementing Agency to ensure that Project bi-annual review and planning meetings will be attended by VFPRs, PIU and relevant CSOs, DPs and other stakeholders directly collaborating and implementing the Project activities to ensure smooth implementation and greater coordination and synergy of efforts.

Project Accounting System

8. Within six months of Effective Date, the Recipient shall or shall cause the Project Executing Agency to (i) develop sound and reliable accounting system for the Project consistent with Recipient and ADB accounting standards and procedures, including chart of accounts and back-up procedures for all accounting systems; and (ii) provide financial management training to PIU and PMU staff, all as further described in the PAM.

Selection Criteria for Project Location and Beneficiaries

9. The Recipient shall ensure or cause the Project Executing Agency and the Project Implementing Agency to ensure that the target Project locations and beneficiaries will be selected based on the following selection criteria, as set forth in detail in the PAM: (i) villages have poverty rates of at least 16%; (ii) communities have sufficient basic skills to produce crafts and food products; (iii) at least 75% of products selected will be produced mainly by women in women-led enterprises; (iv) there is proven market demand for the type of products that can be produced in target villages; and (v) participation in the Project is endorsed by community leaders, women producers and the intended Project recipients.

Counterpart Funds

10. The Recipient shall ensure that counterpart funds and resources necessary for the Project are provided on a timely basis and in particular for the government staff salaries and taxes and duties.

11. The Recipient shall ensure and shall cause the Project recipients to make available, promptly as needed, the resources which are required for the carrying out of the Project.

12. The Recipient shall ensure that budgetary allocation is made for the Project implementation and coordination costs for both the PMU and PIU.

Sustainability and Operation and Maintenance

13. The Recipient shall ensure or cause the Project Executing Agency to ensure that the (i) Project facilities shall be managed through a public, private and community partnership model, (ii) management, operation and maintenance plans for the market and processing facility shall be prepared with sustainable finance mechanisms and (iii) entities and staff tasked with operation and maintenance of Project facilities shall be provided with capacity building and training.

Government Land Required for the Project

14. The Recipient shall ensure that the required land for the Project is provided on a timely basis and shall ensure or cause the Project Executing Agency to ensure that the Project shall only be carried out on vacant, unused and unoccupied land owned by the Recipient which is free from encumbrances and land and resettlement issues.

Screening under the Involuntary Resettlement and Indigenous Peoples Safeguard Guidelines

15. Prior to submission for financing, the Recipient shall ensure or cause the Project Executing Agency to ensure that the involuntary resettlement and indigenous peoples impacts screening checklist is completed for any Works or infrastructure upgrading according to the Involuntary Resettlement and Indigenous Peoples Safeguard Guidelines to determine the eligibility of the relevant Works or infrastructure upgrading for financing under the Grant.

16. The Recipient shall ensure or cause the Project Executing Agency to ensure that the Project will not involve any Work, infrastructure upgrading or any other activity that would require any land acquisition or involuntary resettlement or any adverse indigenous peoples impact as defined under the SPS and any Work, infrastructure upgrading or any other activity that may cause any land acquisition or involuntary resettlement or any adverse indigenous peoples impact as defined under the SPS shall not be eligible for financing under the Grant or Project.

Safeguards

17. The Recipient shall ensure or cause the Project Executing Agency and the Project Implementing Agency to ensure that the Project does not have any environmental, any involuntary resettlement or any adverse indigenous peoples impacts, all within the meaning of the SPS. In the event that the Project does have any such impact, the Recipient and the Project Executing Agency shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Recipient and with the SPS.

18. The Recipient shall ensure or shall cause the Project Executing Agency and the Project Implementing Agency to monitor the Project activities for any potential environmental, any involuntary resettlement or any adverse indigenous peoples impact and consult ADB on appropriate mitigating measures as and when may be necessary.

Environment

19. In the event that the Project involves any environmental impacts, the Recipient shall ensure or cause the Project Executing Agency to ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Recipient relating to environment, health and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the EARF, IEE, the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Rights of Way and No Land Acquisition and Involuntary Resettlement

20. The Recipient shall ensure or 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.

21. The Recipient shall ensure or cause the Project Executing Agency to ensure that no physical or economic displacement takes place in connection with the Project.

22. Indigenous Peoples. The Project shall benefit ethnic Mon and Karen ethnic minorities. The Recipient shall ensure or 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 Recipient relating to indigenous peoples; (b) the Indigenous Peoples Safeguards; and (c) all measures and requirements set forth in the any corrective or preventative actions set forth in a Safeguards Monitoring Report.

23. Human and Financial Resources to Implement Safeguards Requirements. The Recipient shall ensure or cause the Project Executing Agency to make available necessary budgetary and human resources to fully implement the EARF and any EMP.

24. Safeguards – Related Provisions in Bidding Documents and Works Contracts. The Recipient, the Project Executing Agency and the Project Implementing Agency shall 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 any IEE and EMP (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 social measures; and
- (c) provide the Recipient 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 EARF and any IEE and EMP.

25. Safeguards Monitoring and Reporting. The Recipient shall do the following or cause the Project Executing Agency to do the following:

- (a) submit semi-annual safeguards monitoring reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission;
- (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the EARF or any IEE and EMP, 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 the EARF or any EMP, promptly after becoming aware of the breach.

Prohibited List of Investment

26. The Recipient, the Project Executing Agency and the Project Implementing Agency shall ensure that no proceeds of the Grant is used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Project Performance Monitoring and Progress Reports

27. Within nine months of Effective Date, the Recipient shall ensure or cause the Project Executing Agency to ensure that the PMU develops the project performance monitoring framework (PPMF) to record the Project's technical and financial performance, timely delivery of Project activities/milestones and assess achievement of project objectives and social, economic and institutional impacts, as further described in the PAM. PPMF will include the key Project indicators and targets with agreed socio-economic baselines to be used to measure the Project impact, outcome and evaluate its outputs. During the establishment of the PPMF, the PMU will: (i) confirm baseline figures and targets; (ii) determine monitoring and reporting arrangements; (iii) confirm data sources; (iv) check assumptions and risks; and (v) establish systems and procedures for systematic data collection. The PMU will submit the final PPMF to ADB for approval.

Work-Planning Process

28. The Recipient shall ensure or cause the Project Executing Agency to ensure that bi-annual planning and review meetings will be undertaken comprising PMU, PIU, village focal point representatives, relevant CSOs, DPS and other stakeholders directly collaborating with the Project to develop initial work plan, review accomplishments, challenges, and lessons learned before selecting activities for inclusion in subsequent work plans.

Disbursements Monitoring

29. Within two months of Effective Date, the Recipient shall ensure or cause the Project Executing Agency to ensure that annual contract awards and disbursement projections will be prepared and submitted by the PMU to ADB. Subsequent projections will be submitted by 10 December each year, to facilitate the monitoring of Project implementation and help identify impediments to implementation progress.

30. The Recipient shall ensure or cause the Project Executing Agency to ensure that the PMU will (i) monitor the progress of activities in each Project location as well as withdrawals, disbursements and reimbursements of Project accounts based on monthly reports by the PIU and the consultant team and (ii) consolidate the monthly progress reports into quarterly and bi-annual progress reports for onward submission to the National Steering Committee and ADB.

Compliance Monitoring

31. The Recipient shall cause the Project Executing Agency to ensure that the PMU will monitor compliance against the covenants in the Grant Agreement and report updates in bi-annual and annual progress reports submitted to ADB and the Recipient. Any non-compliance issues will be specified in these reports, with proposed remedial actions for consideration at ADB review missions.

Reporting

32. Quarterly Report. The Recipient shall ensure that the Project Executing Agency provides ADB with quarterly progress reports in a format consistent with ADB's project performance reporting system. The PMU will consolidate all project activity reports prepared by the PIU, consultants, and contractors into quarterly reports containing sex-disaggregated data and ethnic group-disaggregated data, and should include a summary of social safeguards screening activities and findings during the monitoring period. Quarterly reports will be endorsed by the national project director and submitted to ADB no more than 30 days after the end of each Project quarter. Quarterly reports will be in English following the guidelines and template shown in the PAM.

33. Grant Status Report for ADB Office of Co-financing Operations. The Recipient shall ensure that the Project Executing Agency prepares a bi-annual grant status report and submit the report to ADB within one month of the end of each reporting period. The report shall include: (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions/ actions taken; (c) Grant utilization status; (d) updated procurement plan and (d) updated implementation plan for next six months. The Project Executing Agency shall use the Grant status report template attached as an appendix to the PAM.

Stakeholder Communication Strategy

34. The Recipient shall ensure or cause the Project Executing Agency to ensure that the PMU establishes a stakeholder communication plan to ensure that stakeholders and participants at all levels are adequately informed of the Project activities.

Project Website

35. The Recipient shall ensure or cause the Project Executing Agency to ensure that the PMU establishes a separate website or Project-specific web pages on the existing Ministry of Hotels and Tourism website as the primary portal for dissemination of Project related information and the website will include the JPFR Grant Assistance Report, Grant Implementation Manual, Progress Reports, bi-annual work plans and procurement plans, among other project-related documents and links. The documents shall be published in both the English and Myanmar languages.

Grievance Task Force

36. The Recipient shall ensure or cause the Project Executing Agency to ensure that a grievance task force is set up to receive and resolve grievances or act upon stakeholder's report of irregularities relating to the Project, as further described in the PAM.

Gender and Development

37. The Recipient shall ensure or cause the Project Executing Agency 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 implementation of the GAP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB; and (e) key gender outcome and output targets include, but not limited to at least 60% of the (i) members of producer groups are female; (ii) newly-developed enterprises will be owned by women; (iii) producers/retailers to access credit are women; and (iv) community members employed in Project-supported infrastructure are women.

Labor Standards, Health and Safety

38. The Recipient shall ensure or cause the Project Executing Agency to 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.

39. The Recipient shall strictly monitor compliance with the requirements set forth in paragraph 38 above and provide ADB with regular reports.

Governance and Anticorruption

40. The Recipient, the Project Executing Agency and the Project Implementing Agency 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.

41. The Recipient, the Project Executing Agency and the Project Implementing 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 executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

42. The Recipient shall ensure that (a) the Project Executing Agency and the Project Implementing Agency comply with applicable laws and regulations of the Recipient on combating money laundering and financing of terrorism; and (b) Grant proceeds are not used, directly or indirectly, in money laundering or financing of terrorism.

Grant Refund

43. If ADB determines that an amount of the Grant has been used in a manner inconsistent with the provisions of this Grant Agreement, the Recipient shall, upon notice by ADB to the Recipient, promptly refund such amount to ADB. Except as ADB may otherwise determine, ADB shall cancel all amounts refunded pursuant to this provision.

Donor-specific Covenants

44. The Recipient shall and shall cause the Project Executing Agency and the Project Implementing Agency to comply with the Guidelines on Japan visibility and Coordination with Local Embassy of Japan Officials of the JFPR Policy Guidelines (a copy of which has been provided to the Recipient, the Project Executing Agency and the Project Implementing Agency); and in particular, shall include and cause the Project Implementing Agency to include a Japan Fund for Poverty Reduction logo on all relevant Project publications and on any equipment or facility funded by this Grant and indicate, in all publications, training programs, seminars and workshops under or concerning the Project that the activities in question have received funding from the Government of Japan.