
GRANT NUMBER 0580-MLD(SF)

GRANT AGREEMENT
(Special Operations)

(Greater Male Environmental Improvement and Waste Management Project)

between

REPUBLIC OF MALDIVES

and

ASIAN DEVELOPMENT BANK

DATED 16 AUGUST 2018

MLD 51077

**GRANT AGREEMENT
(Special Operations)**

GRANT AGREEMENT dated 16 August 2018 between REPUBLIC OF MALDIVES ("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) by a grant agreement of even date herewith between the Recipient and ADB ("JFPR Grant Agreement"), ADB made available to the Recipient a grant from the Japan Fund for Poverty Reduction in an amount of two million Dollars (\$2,000,000) for the purpose of cofinancing expenditures under the Project ("JFPR Grant"); and

(C) ADB has agreed to make a grant to the Recipient from ADB's Special Funds resources upon the terms and conditions set forth herein (the "Grant", together with the "JFPR Grant", the "Grants");

NOW THEREFORE the parties agree as follows:

ARTICLE I

Grant Regulations; Definitions

Section 1.01. All provisions of ADB's Special Operations Grant Regulations, dated 1 January 2017 ("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 Grants as described in paragraph 3 of Schedule 1 to this Grant Agreement;
- (c) "EARF" means the environmental assessment and review framework for the Project, including any update thereto, prepared and submitted by the Recipient and cleared by ADB;

- (d) "EMP" means each environmental management plan for the Project, 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) "GAP" means the gender action plan prepared for the Project, including any update thereto, and agreed between the Recipient and ADB;
- (g) "Goods" means equipment and materials to be financed out of the proceeds of the Grants, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;
- (h) "IEE" means each initial environmental examination for the Project, including any update thereto, prepared and submitted by the Recipient pursuant to the requirements set forth in the EARF and cleared by ADB;
- (i) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;
- (j) "IWMC" means the Island Waste Management Centers;
- (k) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (l) "MEE" means the Recipient's Ministry of Environment and Energy, or any successor thereto;
- (m) "MOFT" means the Recipient's Ministry of Finance and Treasury, or any successor thereto;
- (n) "PAM" means the project administration manual for the Project dated 2 May 2018 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;
- (o) "PMU" means the project management unit established by and located in the MEE for the purposes of the Project;
- (p) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);
- (q) "Procurement Plan" means the procurement plan for the Project dated 2 May 2018 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;

- (r) "Project Area" means the Greater Male capital region and its outer islands in the Republic of Maldives;
- (s) "Project Executing Agency" for the purposes of, and within the meaning of, the Grant Regulations means MOFT or any successor(s) thereto acceptable to ADB;
- (t) "Project Implementing Agency" means MEE or any successor thereto acceptable to ADB;
- (u) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009);
- (v) "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, including any corrective and preventative actions;
- (w) "Subproject" means a subproject that is eligible for financing under Part B of the Project in compliance with the selection criteria and procedure for Subprojects set out in the PAM;
- (x) "WAMCO" means the Waste Management Corporation Limited; and
- (y) "Works" means construction or civil works to be financed out of the proceeds of the Grants, 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. ADB agrees to make available to the Recipient from ADB's Special Funds resources an amount of thirty-three million seventy thousand Dollars (\$33,070,000).

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. 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 31 December 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 Recipient shall have failed to perform any of its obligations under the JFPR Grant Agreement.

ARTICLE VI

Effectiveness

Section 6.01. The following are specified as additional conditions to the effectiveness of this Grant Agreement for the purposes of Section 9.01(e) of the Grant Regulations:

(a) the JFPR Grant Agreement shall have been duly authorized or ratified by, and executed and delivered on behalf of, the Recipient, and all conditions precedent to its effectiveness, other than a condition requiring effectiveness of this Grant Agreement, shall have been fulfilled; and

(b) the PMU has been established and key staff have been appointed as described in the PAM.

Section 6.02. 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 15 years after the date of this Agreement.

ARTICLE VIII**Miscellaneous**

Section 8.01. The Minister of Finance and Treasury 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 and Treasury
Ameenee Magu
Male
Republic of Maldives

Facsimile Number:

(960) 3324-432

For ADB

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

Facsimile Numbers:

(632) 636-2444
(632) 636-2338.

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 MALDIVES

By 
AHMED MUNAWAR
Minister
Ministry of Finance and Treasury

ASIAN DEVELOPMENT BANK

By 
RONALD ANTONIO BUTIONG
Director
Regional Cooperation and Operations
Coordination Division
South Asia Department

SCHEDULE 1

Description of the Project

1. The objective of the Project is to improve climate and disaster resilient solid waste management services in the Project Area.

2. The Project shall comprise:

Part A: Waste collection, transfer, and disposal systems improved and made climate and disaster resilient

- (a) design and application of an efficient waste collection strategy in Malé and Hulhumalé in consultation with local communities targeting women;
- (b) provision of waste collection and transport equipment for Malé, Hulhumalé and Villimalé;
- (c) construction of transfer stations in Malé and Villimalé and design of transfer station in Hulhumalé;
- (d) construction of construction and demolition waste processing plant and development of end of life vehicle dismantling workshop;
- (e) rehabilitation of waste vessel harbor at Thilafushi;
- (f) provisions of about 3 vessels for waste transport from outer islands to Thilafushi;
- (g) provisions of heavy equipment for controlled dumpsite management at Thilafushi; and
- (h) construction of about 2 administrative buildings for WAMCO at Malé transfer station and Thilafushi waste vessel harbor.

Part B: Community-based outer island waste management systems targeting poor and women enhanced

- (a) development or upgrade of a minimum of 22 island waste management centers with processing equipment in consultation with community targeting women and incorporating climate and disaster risk measures;
- (b) provisions of collection equipment for outer islands;

- (c) capacity building of eligible island councils targeting women in waste collection, segregation, composting, recycling, and operation and maintenance; and
- (d) delivery of community awareness and behavior change campaigns in reduce-reuse-recycle targeting women in outer islands.

Part C: Institutional capacity and public awareness in sustainable waste management strengthened

- (a) provision of capacity building support to eligible WAMCO staff in waste collection and disaster risk management;
- (b) delivery of public awareness and behavior change campaigns in reduce-reuse-recycle targeting the poor and women in Greater Malé; and
- (c) provision of project management, design, and supervision consultant support.

3. Consulting Services will be provided to support the above stated activities.
4. The Project is expected to be completed by 30 June 2023.

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 allocated to items of expenditure, and disbursed on the basis of the withdrawal percentage for each item of expenditure, as 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.

Retroactive Financing

5. Withdrawals from the Grant 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 Grant Agreement in connection with Goods, Works and Consulting Services, subject to a maximum amount equivalent to 20% of the Grant amount.

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS				
Number	Item	Total Amount Allocated for ADB Financing (\$)		Basis for Withdrawal from the Grant Account
		Category	Subcategory	
1	Works	13,673,000		
1A	Waste collection, transfer, and disposal systems		12,280,000	88.2% of total expenditure claimed
1B	Outer island waste management systems		1,393,000	94.3% of total expenditure claimed
2	Equipment	14,002,000		
2A	Waste collection, transfer, and disposal systems		11,470,000	88.2% of total expenditure claimed
2B	Outer island waste management systems		2,532,000	94.3% of total expenditure claimed
3	Consulting Services	1,798,000		
3A	Project management, design, and supervision		1,286,000	94.3% of total expenditure claimed
3B	Public awareness and community capacity building		512,000	94.3% of total expenditure claimed
4	Incremental recurrent costs	924,000		70.0% of total expenditure claimed
5	Unallocated	2,673,000		
	TOTAL	33,070,000		

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 the Consulting Guidelines, as applicable.

Goods and Works

4. Goods and Works shall be procured on the basis of procurement methods set forth below:
 - (a) International Competitive Bidding; and
 - (b) National Competitive Bidding.

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 Contract and Commencement of Works

6. The Recipient shall not award any Works contracts (excluding "design and build" type contracts) until:
 - (a) The Project Implementing Agency obtained the final approval of the IEE from the relevant environment authority of the Recipient; and
 - (b) The Project Implementing Agency incorporated the relevant provisions from the EMP into the Works contract.

7. For "design and build" type contracts, the Recipient shall ensure that no Works shall commence until:

- (a) The Project Implementing Agency obtained the final approval of the IEE from the relevant environment authority of the Recipient; and
- (b) The Project Implementing Agency incorporated the relevant provisions from the EMP into the Works contract.

Consulting Services

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

9. 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: Quality-Based Selection.

10. The Recipient shall recruit the individual consultants for disaster risk management 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. Contracts procured under international competitive bidding procedures and contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Recipient and ADB and set forth in the Procurement Plan.

SCHEDULE 4

Execution of Project; Financial Matters

Implementation Arrangements

1. The Recipient, including MOFT and MEE, 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.

Environment

2. The Recipient, through MOFT and MEE, 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 the Recipient 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.

Involuntary Resettlement and Indigenous Peoples

3. The Recipient, through MOFT and MEE, shall ensure that the Project does not have any involuntary resettlement or indigenous peoples impacts, all within the meaning of ADB's SPS. In the event that the Project does have any such impact, the 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.

Human and Financial Resources to Implement Safeguards Requirements

4. The Recipient shall make available or cause MOFT to make available necessary budgetary and human resources to fully implement the EMPs.

Safeguards--Related Provisions in Bidding Documents and Works Contracts

5. The Recipient, through MOFT and MEE, 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 the IEE and the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report;
- (b) make available a budget for all such environmental 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 IEE and the EMP.

Safeguards Monitoring and Reporting

6. The Recipient, through MOFT and MEE, 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 and the EMPs, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
 - (c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMPs promptly after becoming aware of the breach.

Prohibited List of Investments

7. The Recipient, through MOFT and MEE, shall ensure that no proceeds of the Grant 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

8. The Recipient, through MOFT and MEE, shall ensure that the core labor standards and the Recipient's applicable laws and regulations are complied with during Project implementation. The Recipient, through MOFT and MEE, 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.

9. The Recipient, through MOFT and MEE, shall strictly monitor compliance with the requirements set forth in paragraph 8 above and provide ADB with regular reports.

Gender and Development

10. The Recipient, through MOFT and MEE, shall 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; and (d) progress on implementation of the GAP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB.

Counterpart Support

11. The Recipient shall ensure:
- (a) sufficient counterpart funds from its budget for each fiscal year, in a timely manner, for the efficient implementation of the Project; and
 - (b) MOFT and MEE have sufficient funds to satisfy its liabilities arising from any Works, Goods and/or Consulting Services contract.

Subproject Selection Criteria

12. The Recipient, through MOFT and MEE, shall ensure that all Subprojects are selected in accordance with the agreed selection criteria and procedure stipulated in the PAM.

Operation and Maintenance

13. The Recipient, through MOFT and MEE, shall ensure that MEE, through MOUs with the island councils in 32 outer islands as detailed in the PAM, requires that each island council provide adequate funding for operations and maintenance of Project facilities as a condition for receiving any proceeds of the Grant under this Project.

14. The Recipient, through MOFT and MEE, shall ensure that adequate funds to cover the gap, if any, for operations and maintenance of Project facilities, through budgetary allocations or other means, to be provided to WAMCO or island councils, during and after Project completion.

Equipment Delivery

15. The Recipient, through MOFT and MEE, shall ensure that the supplier of all equipment procured by MEE shall deliver those equipment directly to WAMCO or island councils, as relevant, for their intended use.

Governance and Anticorruption

16. The Recipient, including MOFT and MEE, 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.

17. The Recipient, including MOFT and MEE, 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.