GRANT AGREEMENT
(ADB Strategic Climate Fund)

(Greater Mekong Subregion Biodiversity Conservation Corridors Project – Additional Financing)

(Cambodia Component)

between

KINGDOM OF CAMBODIA

and

ASIAN DEVELOPMENT BANK
acting as an implementing entity of the
Strategic Climate Fund

DATED 27 April 2015
GRANT AGREEMENT
(ADB Strategic Climate Fund)

GRANT AGREEMENT dated 27 April 2015 between KINGDOM OF
CAMBODIA ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB"), acting solely in its
capacity as an implementing entity of the Strategic Climate Fund ("SCF").

WHEREAS

(A) by a grant agreement dated 27 January 2011 between the Recipient
and ADB ("Initial Grant Agreement"), ADB provided a grant (No. 0241-CAM [SF]) in the
amount of $19,000,000 ("Initial Grant") for the purposes of the Project described in Schedule
1 to the said Initial Grant Agreement ("Initial Project");

(B) the Recipient has applied to ADB for a grant from SCF for the
purposes of financing various additional activities for the Initial Project as described in
Schedule 1 to this Grant Agreement ("Project") and SCF has agreed to cofinance such
Project on a grant basis;

(C) ADB has established the ADB Strategic Climate Fund to receive, hold
in trust and administer funds from SCF; and

(D) ADB, acting in its capacity as an implementing agency of SCF in
accordance with the Financial Procedures Agreement dated 18 March 2010 between the
International Bank for Reconstruction and Development ("IBRD") and ADB ("Financial
Procedures Agreement"), has agreed to administer a grant to the Recipient from the ADB
Strategic Climate Fund 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 Initial Grant Agreement and 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) "BCC" means biodiversity conservation corridor;
(b) “Consulting Services” means the services to be financed out of the proceeds of the Grant, as described in paragraph 2 of Schedule 1 to this Grant Agreement;

(c) “CPCU” means the Central Project Coordination Unit established for the Project;

(d) “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;

(e) “NGO” means a non-governmental organization;

(f) “Procurement Manual” means the Procurement Manual dated 22 May 2012 (as amended from time to time) under the Standard Operating Procedures prepared by the Government of the Recipient and endorsed by ADB, which sets forth the procurement-related policies and procedures for externally-financed projects and programs;

(g) “SPS 2009” means ADB’s Safeguard Policy Statement (2009);

(h) “Standard Operating Procedures” means the standard operating procedures of the Recipient dated 22 May 2012 (as amended from time to time and as such amendments are approved by ADB), providing procedures applicable to all externally financed projects and programs; and

(i) “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. ADB agrees to make available to the Recipient a grant from ADB Strategic Climate Fund in the amount of seven million and four hundred thousand Dollars ($7,400,000).

Section 2.02. The Recipient acknowledges that the Grant is funded out of resources made available by IBRD, acting as the trustee to SCF, to ADB as an implementing entity of SCF. No withdrawals shall be made if, as a result of such withdrawal, the total amount of the Grant withdrawn from the Grant Account would exceed the amount available to ADB from resources provided to it for purposes of the Grant. Only the resources made available to ADB for the purposes of the Grant shall be considered for the enforcement of any obligations, claims or liabilities under or in connection with the Grant.
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 the Initial Grant Agreement and the Procurement Manual under the Standard Operating Procedures. In the event there is a conflict between Schedule 3 to the Initial Grant Agreement and the Procurement Manual, then Schedule 3 shall apply.

Section 3.04. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 30 September 2019 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 3 to this Grant Agreement and Schedule 4 to the Initial 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 funds 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 9 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.

ARTICLE V

Suspension

Section 5.01. The following are specified as additional events 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:

(a) the Recipient shall have failed to perform any of its obligations under the Initial Grant Agreement; or

(b) SCF shall have directed ADB to suspend commitment and/or withhold disbursement of the Grant or portion thereof for the Project.

ARTICLE VI

Effectiveness

Section 6.01. 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 VII

Miscellaneous

Section 7.01. The Minister of Economy and Finance of the Recipient is designated as representative of the Recipient for the purposes of Section 11.02 of the Grant Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the Grant Regulations:

For the Recipient
The Ministry of Economy and Finance
St. 92 Sangkat Wat Phnom
Khan Daun Penh
Phnom Penh
Cambodia

Facsimile Numbers:
(855-23) 427 798
(855-23) 428 424.

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

Facsimile Numbers:
(632) 636-2444
(632) 689-8899.
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.

KINGDOM OF CAMBODIA

By

H.E. DR. AUN PORNMONIROTH
Minister
Ministry of Economy and Finance

ASIAN DEVELOPMENT BANK

By

ERIC SIDGWICK
Cambodia Resident Mission
SCHEDULE 1

Description of the Project

1. The Project supports the objectives of the Initial Project described in Schedule 1 of the Initial Grant Agreement, reinforcing its impact and outcome, by providing financing for Outputs 3 and 4 of the Initial Project as described in paragraph 2 below.

2. The Project shall comprise:

   (i) further improvement of livelihoods and provision of small-scale infrastructure support for selected Subprojects through additional climate adaptation and climate resilience measures; and

   (ii) Project management, support and capacity development in contract administration, procurement, financial management, progress reporting, social and environmental safeguards monitoring and reporting, and incremental administrative activities.

3. The Project is expected to be completed by 31 March 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 and the relevant provisions of the PAM.
## TABLE

**ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS**  
(Greater Mekong Subregion Biodiversity Conservation Corridors Project – Additional Financing)

<table>
<thead>
<tr>
<th>Number</th>
<th>Item</th>
<th>Total Amount Allocated for ADB SCF Financing ($)</th>
<th>Basis for Withdrawal from the Grant Account</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Category</td>
<td>Subcategory</td>
</tr>
<tr>
<td>1</td>
<td>Civil Works</td>
<td>3,825,000</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Vehicles and Equipment</td>
<td>90,000</td>
<td></td>
</tr>
<tr>
<td>2A</td>
<td>Vehicles</td>
<td>31,000</td>
<td></td>
</tr>
<tr>
<td>2B</td>
<td>Equipment</td>
<td>59,000</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Goods &amp; Services</td>
<td>64,000</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Capacity building, training and workshops</td>
<td>1,113,000</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Consulting Services</td>
<td>1,669,000</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Project Management</td>
<td>639,000</td>
<td></td>
</tr>
<tr>
<td>6A</td>
<td>Project Management</td>
<td>501,000</td>
<td></td>
</tr>
<tr>
<td>6B</td>
<td>Contracted Staff positions</td>
<td>138,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>7,400,000</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SCHEDULE 3

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 of the Initial Project. 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 shall ensure that the Project facilities are constructed and operated in compliance with the Recipient’s applicable environmental laws and regulations and the SPS 2009, and that no subproject with significant adverse environmental impacts is financed under the Project. In particular, the Recipient shall ensure that subprojects are carried out in accordance with environmental assessment procedures provided in the environmental assessment and review framework, and the respective subproject environmental management plans as agreed between the Recipient and ADB. The Recipient shall ensure that no subproject with Category A environmental criteria as defined in the SPS,2009 is financed under the Project.

Resettlement

3. The Recipient shall ensure no subprojects with the ADB’s Category A resettlement criteria is financed under the Project and that no subproject involves any land acquisition. Any subproject involving any land acquisition shall not be eligible for funding under this Project. In the event that any of the subproject does have any land acquisition, the Recipient shall ensure that all steps required to ensure that all subprojects, under the Project comply with the applicable Government laws and regulations, the Resettlement Framework and with the SPS 2009.

Vulnerable Groups/Indigenous Peoples

4. The Recipient shall ensure that subprojects do not adversely affect indigenous peoples, households headed by women, disabled, elderly or other similarly vulnerable groups, and that rights and needs of indigenous peoples are fully addressed in accordance with ADB’s relevant policies and applicable laws and regulations of the Recipient. In particular, the Project shall be carried out in accordance with the Indigenous Peoples Development Framework for the Project, as agreed between the Recipient and ADB. The Recipient shall ensure that no subproject with significant impacts on indigenous groups is financed under the Project. For subprojects in which indigenous groups are present and affected, an indigenous people’s development plan shall be prepared in accordance with the Indigenous Peoples Development Framework. The Recipient shall ensure that, measures to improve the welfare of IPs are built into the overall subproject design where the indigenous peoples population exceeds 60% and no negative impact on such indigenous peoples is expected.
Gender and Development

5. The Recipient through MOE and MAFF shall ensure that the Project’s Gender Action Plan is fully implemented in a timely manner and that all Project activities are designed and implemented in accordance with ADB’s Policy on Gender and Development (1998). Measures shall include, but not limited to, the following under the Project: (a) target 80% women trainees on training on nutrition, selection of crops for family nutrition and livelihood (cash crops), and on techniques to improve productivity and water conservation; (b) target 40% women trainees on the Recipient’s System of Rice Intensification, model trainers and members of seed production groups; (c) target 25-30% women farmers for “demonstration plots” for saline resilient crop varieties and production techniques; (d) target 50% women involvement in mangrove planting; and (e) target 30% women in management positions in water users groups and forest conservation groups and 30% of water users groups’ women members to be trained in operation and maintenance.

Community Awareness and Beneficiary Participation

6. The Recipient shall ensure, through MOE and MAFF, that the Project provinces promote active community awareness and stakeholder participation in the design, implementation and performance monitoring of project activities and subprojects, through (a) disseminating the nature of the proposed Works in open public fora, and (b) establishing a mechanism for public consultation, and that bidding documents financed under the Project include provisions to ensure contractors’ preferential hiring of local labor and to comply with the Recipient’s labor laws and labor regulations including guaranteeing equal opportunities for female workers to work with the principle of equal pay for work of equal value.

Operation and Maintenance of Project Facilities

7. The Recipient shall ensure, through MOE and MAFF, shall ensure that within 24 months of the Effective Date, each Project province executes with MOE and MAFF a memorandum of understanding, acceptable to ADB, providing such province shall (a) prepare a maintenance management plan that includes estimates of the physical works and associated costs required for routine and periodic maintenance, and responsibilities of all stakeholder groups involved; (b) include the maintenance management plans in respective provincial annual budgets; (c) provide adequate funds in a timely manner from provincial budgets to implement the maintenance management plan; and (d) establish mechanisms for the safe and proper use for each of the Project facilities in accordance with national regulations and practice.

Safeguards Monitoring and Reporting

8. Within 12 months of the Effective Date, MOE and MAFF, through CPCUs, shall execute contracts with suitably qualified institutions such as social science institutes, universities, consulting firms, NGOs, other institutions or individuals acceptable to ADB, for social and environmental safeguards monitoring and reporting. Regular reports from the contracted institution/individual shall be included in the semi-annual reports to be submitted to ADB.
Future Subproject Selection and Screening based on Model Subprojects

9. The Recipient shall ensure that the future subprojects are selected on the basis of the following priorities. They:

   (a) improve climate resilience in the BCC communes most vulnerable to climate change now;
   (b) support BCC objective;
   (c) are implementable within BCC Implementing Structure;
   (d) are considered high priority by communities;
   (e) have potential for scaling up and alignment with national and local development strategies;
   (f) should not duplicate activities financed in other projects;
   (g) do not require (i) any involuntary land acquisition, and (ii) any voluntary land acquisition unless ADB otherwise agrees; and
   (h) do not have significant impacts on indigenous people, resettlement and environment.

In case that a proposed subproject does not meet the priorities above, another subproject which meets such priorities shall be selected.

Governance and Anticorruption

10. The Recipient (a) acknowledges ADB’s right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) agrees to cooperate, and shall cause the Project executive Agencies, and all other Government’s offices, organizations and entities involving in implementing the Project to cooperate, fully with any such investigation and to extend all necessary assistance, including providing access to all relevant books and records, as may be necessary for the satisfactory completion of any such investigation. In particular, the Recipient shall ensure that (a) periodic inspections of the Project contractor’s activities related to fund withdrawals and settlements are carried out; (b) relevant provisions of ADB’s Anticorruption Policy (1998, as amended to date) are included in all bidding documents for the Project; and (c) contracts, financed under the project, include provisions specifying the right of ADB to audit and examine the records and accounts of MOE and MAFF and Project provinces, contractors, suppliers, consultants, and other service providers as they relate to the Project. Activities under the subprojects shall be carried out in accordance with guidelines and maintaining transparency requirements satisfactory to ADB.

11. The Recipient shall, through MOE and MAFF, disclose through the BCC Project website, accessible by the general public, information about various matters concerning the Project, including general Project information, procurement, Project progress, and contract details in English and in Khmer languages. The website shall also provide a link to ADB’s Integrity Unit (http://www.adb.org/Integrity/complaint.asp) for reporting to ADB any grievances or allegations of corrupt practices arising out of the Project and Project activities. With regard to procurement, the website shall include information on the list of participating bidders, name of the winning bidder, basic details on bidding procedures adopted, amount of contract awarded, and the list of Goods, Works and Consulting Services.

Schedule 3