
GRANT NUMBER 9223-CAM (EF)
[Additional Financing to Loan 3464-CAM (SF)]

GRANT AGREEMENT
(Externally Financed – Japan Fund for Poverty Reduction)
(Greater Mekong Subregion Health Security Project – Additional Financing)
(Cambodia Component)

between

KINGDOM OF CAMBODIA

and

ASIAN DEVELOPMENT BANK

DATED 00 DEC 2021

CAM 48118

GRANT AGREEMENT
(Externally Financed – Japan Fund for Poverty Reduction)

GRANT AGREEMENT dated 08 DEC 2021 between
KINGDOM OF CAMBODIA ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a Loan Agreement dated 14 December 2016 between the Recipient and ADB ("Initial Loan Agreement"), ADB provided a loan from ADB's Special Funds resources in the amount of fifteen million twelve thousand Special Drawing Rights (SDR15,012,000) to the Borrower for the purposes of the project described in Schedule 1 to the Initial Loan Agreement ("Initial Project");

(B) by a loan agreement of even date herewith between the Recipient and ADB ("Additional Financing Loan Agreement"), ADB has agreed to make a concessional loan to the Recipient from ADB's ordinary capital resources in the amount of twenty-five million Dollars (\$25,000,000) for the purposes of the Project described in Schedule 1 to the Additional Financing Loan Agreement;

(C) the Recipient has requested ADB to apply on its behalf to the Government of Japan for a grant, to be administered by ADB, for the purpose of financing the project described in Section 3.01 of this Grant Agreement;

(D) the Government of Japan, through the Japan Fund for Poverty Reduction ("JFPR"), has agreed to provide, and ADB has agreed to administer, the grant provided for herein upon the terms and conditions set out in the Arrangement Letter dated 7 October 2009 between ADB and the Government of Japan ("Arrangement Letter"); and

(E) ADB has agreed to make the proceeds of the grant from the 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 the provisions of ADB's Externally Financed 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 Section 1.02 of the Additional Financing Loan 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) "Project" for the purposes of this Grant Agreement, means the activities described in Schedule 1 to this Grant Agreement.

ARTICLE II

The Grant

Section 2.01. ADB agrees to make available to the Recipient a grant from JFPR in the amount of five million Dollars (\$5,000,000) ("Grant").

ARTICLE III

Use of Proceeds of the Grant

Section 3.01. (a) 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 and the Additional Financing Loan Agreement.

(b) The Recipient agrees that the proceeds of the Grant may be used to pay ADB's administration fees and other charges pursuant to the Arrangement Letter. ADB shall be entitled to withdraw from the Grant Account and pay to itself, on behalf of the Recipient, the amounts required to meet payments, when due, of such administration fees and other charges.

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 4 to the Additional Financing Loan Agreement.

Section 3.04. Withdrawals from the Grant Account in respect of Goods, Works and Services shall be made only on account of expenditures relating to:

- (a) Goods which are produced in and supplied from and Works and 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 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 April 2024 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 5 to the Additional Financing Loan 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(s) 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, Works and Services, 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 JFPR. Accordingly, the Recipient agrees that (a) it may only withdraw Grant proceeds to the extent that ADB has received proceeds for the Grant from JFPR; and (b) that ADB does not assume any obligations or responsibilities of JFPR in respect of the Project or the Grant other than those set out in this Grant Agreement.

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 Additional Financing Loan Agreement; and
- (b) the Additional Financing Loan Agreement shall have become liable for suspension or cancellation or shall have become repayable prior to its agreed maturity date.

ARTICLE VI

Effectiveness

Section 6.01. The following is specified as an additional condition to the effectiveness of this Grant Agreement for the purposes of Section 9.01(e) of the Grant Regulations: the Additional Financing Loan Agreement shall have been duly executed and delivered and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Grant Agreement) shall have been fulfilled.

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 the date on which the Additional Financing Loan Agreement terminates.

ARTICLE VIII**Miscellaneous**

Section 8.01. 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 8.02. 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 Number:

(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) 8636-2444
(632) 8636-2331.

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
Deputy Prime Minister
Minister of Economy and Finance

ASIAN DEVELOPMENT BANK

By



ANTHONY ROBERT GILL
Officer-In-Charge
Cambodia Resident Mission

SCHEDULE 1**Description of the Project**

1. The Project under the Grant will support Components 2(ii) and 4 of the Project, as described in Schedule 1 to the Additional Financing Loan Agreement.

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 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.

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS			
Number	Item	Total Amount Allocated for JFPR Financing (\$)	Basis for Withdrawal from the Grant Account
		Category	
1	Equipment and Vehicles	3,520,000	100% of total expenditure claimed*
2	Consulting Support, Training, Workshops and Community Mobilization	1,090,000	100% of total expenditure claimed
3	Unallocated	390,000	
	TOTAL	5,000,000	

* Exclusive of taxes and duties imposed within the territory of the Recipient.

SCHEDULE 3**Execution of Project**Donor-specific provisions

1. The Recipient shall, and shall cause the Project Executing Agency to, comply with the Visibility and Coordination Guidelines of JFPR. In particular, the Recipient shall cause the Project Executing Agency to include the JFPR and Japan Official Development Assistance logos in all relevant Project publications and on any equipment or facility funded by JFPR. For the purposes of this provision, Visibility and Coordination Guidelines of JFPR refers to the "Guidance Notes on Visibility of Japan and Coordination with Embassy of Japan and JICA" dated 22 April 2019, as agreed between ADB and the Government of Japan and as amended from time to time.