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GRANT NUMBER 0411-AFG (SF)

GRANT AGREEMENT  
(Special Operations)

(Northern Flood-Damaged Infrastructure Emergency Rehabilitation Project)

between

ISLAMIC REPUBLIC OF AFGHANISTAN

and

ASIAN DEVELOPMENT BANK

DATED 3 November 2014

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AFG 48326

**GRANT AGREEMENT  
(Special Operations)**

GRANT AGREEMENT dated 3 November 2014 between ISLAMIC REPUBLIC OF AFGHANISTAN ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

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

(B) ADB has established a multi-donor trust fund, the Afghanistan Infrastructure Trust Fund ("AIF"), to provide cofinancing support to infrastructure projects in Afghanistan, to be administered by ADB;

(C) by an agreement between the Recipient and ADB ("AIF Grant Agreement"), ADB has agreed to make to the Recipient a grant of sixteen million six hundred sixty thousand Dollars (\$16,660,000) from the AIF ("AIF Grant"); and

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

NOW THEREFORE the parties agree as follows:

**ARTICLE I**

**Grant Regulations; Definitions**

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

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

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

(b) "Consulting Services" means the services to be financed out of the proceeds of the Grant as described in paragraph 2(b) of Schedule 1 to this Grant Agreement;

(c) “Environmental Assessment and Review Framework” or “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) “Environmental Management Plan” or “EMP” means an environmental management plan for a Subproject, 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) “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;

(g) “Initial Environmental Examination” or “IEE” means an initial environmental examination for a Subproject, including any update thereto, prepared and submitted by the Recipient pursuant to the requirements set forth in the EARF and cleared by ADB;

(h) “km” means kilometers;

(i) “Loan Disbursement Handbook” means ADB’s Loan Disbursement Handbook (2012, as amended from time to time);

(j) “MEW” means Ministry of Energy and Water of the Recipient, or any successor thereto, which will be responsible for implementing the rehabilitation of formal irrigation infrastructure as described in paragraph 2(a)(iii) of Schedule 1 to this Grant Agreement;

(k) “MOF” means the Ministry of Finance of the Recipient, or any successor thereto, which will be the Project Executing Agency;

(l) “MRRD” means Ministry of Rural Rehabilitation and Development of the Recipient, or any successor thereto, which will be responsible for implementing the rehabilitation of traditional irrigation infrastructure and rural roads as described in paragraph 2(a)(i) and (ii) of Schedule 1 to this Grant Agreement;

(m) “PAM” means the project administration manual for the Project dated 1 October 2014 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;

(n) “Procurement Guidelines” means ADB’s Procurement Guidelines (2013, as amended from time to time);

(o) “Procurement Plan” means the procurement plan for the Project dated 1 October 2014 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;

(p) "Project Executing Agency" for the purposes of, and within the meaning of, the Grant Regulations means MOF, or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;

(q) "Project facilities" means facilities to be built, reconstructed, updated, developed or operationalized under the Project;

(r) "Project Provinces" mean Badakhshan, Baghlan, Balkh, Bamyan, Daykundi, Faryab, Ghor, Jowzjan, Kunar, Laghman, Nuristan, Panjshir, Samangan, Sar-e-pul, Takhar provinces of the Recipient;

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

(t) "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 (if applicable), including any corrective and preventative actions;

(u) "Subproject" means a subproject under the Project that meets the Subproject Eligibility Criteria;

(v) "Subproject Eligibility Criteria" means the eligibility criteria for subprojects as set out in Appendix 2 to the PAM; and

(w) "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 from ADB's Special Funds resources an amount of forty million Dollars (\$40,000,000).

## **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. Except as ADB may otherwise agree, the Recipient shall cause all items of expenditure financed out of the proceeds of the Grant to be used exclusively in the carrying out of the Project.

Section 3.05. Withdrawals from the Grant Account in respect of Goods, Works and Consulting Services shall be made only on account of expenditures relating to Goods, Works and Consulting Services which meet such eligibility requirements as shall have been specified by ADB from time to time.

Section 3.06. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 30 April 2018 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 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 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.

## **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 AITF Grant shall have become liable for suspension or cancellation.

## **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 AITF Grant Agreement has been duly authorized, executed and delivered on behalf of the Recipient and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Grant Agreement) have been fulfilled.

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

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

## **ARTICLE VII**

### **Miscellaneous**

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

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

#### For the Recipient

Ministry of Finance  
Pashtonistan Watt  
Kabul, Afghanistan

Fascimile Number:

(93-20) 210-2838.

#### For ADB

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

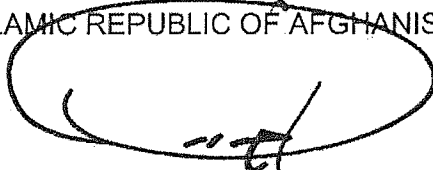
Facsimile Numbers:

(632) 636-2444


(632) 636-2017.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Grant Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

ISLAMIC REPUBLIC OF AFGHANISTAN

By   
OMAR ZAKHILWAL  
Acting Minister of Finance

ASIAN DEVELOPMENT BANK

By   
JOJI TOKESHI  
Country Director  
Afghanistan Resident Mission



**SCHEDULE 1****Description of the Project**

1. The objective of the Project is restoration of irrigated agriculture and access to markets in the Project Provinces.
2. The Project shall comprise:
  - (a) rehabilitation of selected flood damaged infrastructure, including (i) traditional irrigation infrastructure in the 15 Project Provinces, covering approximately 500 km of canals, 6 km of retaining walls, 700 intakes, 20 small dams; (ii) rural road infrastructure in the 15 Project Provinces, covering approximately 946 km of roads, 128 bridges, 154 culverts; and (iii) formal irrigation system infrastructure in 3 Project Provinces, being Balkh, Jowzjan and Samangan, covering approximately 22 km of canals and 6 intakes or weirs; and
  - (b) Project implementation support in oversight and management of the Project, covering design review, construction supervision, procurement support, financial management, compliance with safeguards requirements and external audits of Project expenditures.
3. The Project is expected to be completed by 31 October 2017.

## 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

<b>ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (Northern Flood-Damaged Infrastructure Emergency Rehabilitation Project)</b>				
<b>Number</b>	<b>Item</b>	<b>Total Amount Allocated for ADB Financing (\$)</b>		<b>Basis for Withdrawal from the Grant Account</b>
		<b>Category</b>	<b>Subcategory</b>	
1	Works	28,365,000		
1A	MRRD		23,705,000	74.4% of total expenditure claimed
1B	MEW		4,660,000	74.4% of total expenditure claimed
2	Equipment	361,000		74.4% of total expenditure claimed
3	Consulting Services	1,047,000		74.4% of total expenditure claimed
4	Security	557,000		
4A	MRRD		464,000	74.4% of total expenditure claimed
4B	MEW		93,000	74.4% of total expenditure claimed
5	Project Management Support	5,301,000		
5A	MRRD		4,782,000	74.4% of total expenditure claimed
5B	MEW		519,000	74.4% of total expenditure claimed
6	Unallocated	4,369,000		
	Total	40,000,000		

### 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;
  - (b) Shopping; and
  - (c) Community Participation.
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 method 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.

##### Community Participation in Procurement

6. The Recipient may use community participation in procurement for Works contracts for small works, provided that:
  - (a) such contract does not have a contract amount exceeding (a) \$100,000 for the contracts to be awarded by MRRD (inclusive of the applicable minimum counterpart contribution in cash or in kind by the beneficiaries) and (b) \$50,000 for the contracts to be awarded by MEW (inclusive of the applicable minimum counterpart contribution in cash or in kind by the beneficiaries), each in accordance with the agreed procedures set out in the Procurement Plan and Appendix 3 to PAM; and

- (b) the respective average counterpart contribution by the beneficiaries across the contracts procured with community participation by each of MRRD and MEW shall be at least 7%.

#### Conditions for Award of Contract

7. The Recipient shall not award any Works contract for a Subproject which involves environmental impacts until the Recipient has:
- (a) obtained the final approval of the IEE from the National Environmental Protection Agency of the Recipient; and
  - (b) incorporated the relevant provisions from the EMP into the Works contract.

#### 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 method for selecting and engaging the specified Consulting Services, in accordance with, among other things, the procedures set forth in the Procurement Plan: Fixed Budget Selection for auditing services.
10. The Recipient shall recruit the individual consultants for Project implementation support, review of project design for quality assurance and field monitoring 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. In the case of a contract for Goods or Works, which is subject to ADB's prior review, the Recipient shall seek ADB's prior approval of any modification or waiver of the terms and conditions of the contract, including:

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

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

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

16. 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 shall ensure, or cause the Project Executing Agency to 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.

#### Subproject Selection and Monitoring

2. The Recipient shall ensure that all subprojects meet, to the satisfaction of ADB, the Subproject Eligibility Criteria. The Recipient shall ensure that all subprojects are properly appraised, approved, controlled and monitored to the satisfaction of ADB, including ensuring that the subproject proposals are in form and substance satisfactory to ADB.

3. If it is determined by ADB, and notified to the Recipient, that any expenditures withdrawn from the Grant Account by or on behalf of the Recipient have been applied to finance ineligible expenditures, including but not limited to expenditures in relation to subprojects that do not satisfy the Subproject Eligibility Criteria or have not been duly approved according to the procedures set out in the PAM, the Recipient shall promptly repay such amounts equal to such expenditures to ADB.

4. The Recipient shall ensure that:

- (a) all subprojects will be supervised by field engineers engaged by MRRD and MEW, as applicable;
- (b) the implementation of at least 50% of the subprojects implemented by MRRD and MEW, as applicable, through community participation in procurement will be reviewed by the national supervision consultants engaged by MRRD and MEW, as applicable and that such review shall include review of satisfaction of Subproject Eligibility Criteria, financial management, reasonableness of the cost estimates and quality of the Works, and physical inspection of the Works (before and after completion) under the subprojects; and
- (c) within 3 months from grant effectiveness, MRRD and MEW shall establish a dispute resolution mechanism as satisfactory to ADB to resolve disputes between contractors and the relevant community development councils in respect of the community in which the relevant Works are executed.

#### Counterpart Contribution

5. The Recipient shall ensure that counterpart personnel and office space are made available, promptly as and when needed, for the carrying out of the Project.

Operation of Project Facilities

6. The Recipient shall ensure that the facilities to be provided or financed under the Project are operated and maintained appropriately, and that adequate budgetary and other resources are provided for such operation and maintenance.

Security Plan

7. The Recipient shall ensure, or cause the Executing Agency to ensure, that (a) all subproject proposals include an assessment of the security situation; (b) if appropriate, the Works contracts shall include a security plan, to ensure safety of Project contractors' personnel and consultants to facilitate smooth and uninterrupted implementation of the relevant Project activities; (c) such security plan measures allocate sufficient budget under the relevant Works contracts or through the Recipient's counterpart funding; and (d) all relevant permits are issued, and access and other requirements needed are provided, so that each of the aforesaid security plans will be successfully implemented.

Community and Women's Participation and Social Impacts

8. The Recipient shall ensure that the community participation in the selection, design, monitoring and implementation of all works carried out under the Project will be actively sought to the extent feasible.

Environment

9. The Recipient shall ensure that the preparation, design, construction, implementation, operation and decommissioning of each Subproject 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, the relevant IEE/EMP, and any corrective or preventative actions (i) set forth in a Safeguards Monitoring Report, or (ii) which are subsequently agreed between ADB and the Recipient.

Land Acquisition and Resettlement; Indigenous Peoples

10. The Recipient shall ensure that each Subproject does not have any involuntary resettlement or indigenous peoples impacts, both within the meaning of ADB's Safeguard Policy Statement (2009). In the event that any Subproject does have any such impact, the Recipient shall take all steps required to ensure that the relevant Subproject complies with the applicable laws and regulations of the Recipient and with ADB's Safeguard Policy Statement.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

11. The Recipient shall ensure that all bidding documents and contracts for Works contain provisions that require contractors to 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.



Safeguards Monitoring and Reporting

12. The Recipient shall do the following:
- (a) submit semiannual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to the 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, 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 EMP or RP (if any) promptly after becoming aware of the breach.

Prohibited List of Investments

13. The Recipient 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.

Health and Labor Standards

14. The Recipient shall ensure, or cause the Project Executing Agency to ensure, that contractors engaged under the Project (a) comply with all applicable labor laws; (b) use their best efforts to employ women and local people, including disadvantaged people, living in the vicinity of the Project; (c) provide equal pay to men and women for work of equal type; (d) provide and adequately equip first-aid, health and sanitation, and personal hygiene facilities for male and female workers at the Project site; (e) maximize female training and employment; (f) (other than for Works contract using community participation) conduct and information and education campaign on sexually transmitted diseases and HIV/AIDS for construction workers as part of the health and safety program at campsites and adjacent communities during Project implementation; and (g) abstain from child labor. Relevant contracts financed under the Project must include specific clauses on these undertakings.

Gender and Development

15. The Recipient shall ensure, or cause the Project Executing Agency to ensure, that it conforms to the principles of ADB's Policy on gender and Development (1998) during implementation of the Project, including (a) provision of enabling working conditions for female workers; and (b) taking all necessary actions to encourage women living in the Project area to participate in planning and implementing project activities.

Governance and Anticorruption

16. The Recipient, the Project Executing Agency, and MEW and MRRD as the implementing agencies 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, the Project Executing Agency, and MEW and MRRD as the implementing agencies 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.