



## Letter of Agreement

23 February 2015

H.E. Sommai Phasee  
Minister of Finance  
Ministry of Finance  
Rama VI Road  
Bangkok, 10400  
Thailand

Excellency:

**Re: Japan Fund for Poverty Reduction (JFPR)  
Assistance for Community-Based Flood Risk Management  
and Disaster Response in the Chao Phraya Basin  
(JFPR Project No.46270-THA)**

1. We are pleased to inform you that on 22 October 2014, the Asian Development Bank (ADB) approved the provision of assistance on a grant basis from the JFPR (the JFPR Assistance) to the government of the Kingdom of Thailand (the Recipient) in an amount not exceeding the equivalent of US\$2,000,000 for the Community-Based Flood Risk Management and Disaster Response in the Chao Phraya Basin (the JFPR Project) to be provided and administered by ADB in accordance with ADB's Externally Financed Grant Regulations dated 8 April 2009, this Letter of Agreement and the related Grant Assistance Report.
2. As indicated in the Grant Assistance Report, which is attached as an Annex to this Letter of Agreement, Department of Disaster Prevention and Mitigation (DDPM), the Ministry of Interior will serve as the Executing Agency, for the JFPR Project.
3. The Recipient through the Executing Agency shall carry out the JFPR Project with due diligence and efficiency, in accordance with the arrangements described in the Grant Assistance Report, and as provided below.
4. ADB shall administer the JFPR pursuant to an agreement ADB has entered into with the Government of Japan, and as provided in the Grant Assistance Report, and as otherwise described below.
5. In the carrying out of the JFPR Project and operation of the Project facilities, the Recipient through the Executing Agency shall perform, or cause to be performed, all obligations set forth in the Schedule to this Letter of Agreement.

6. The Recipient through the Executing Agency shall make available, promptly as needed, the funds, facilities, services, equipment, land and other resources which are required, in addition to the funds to be provided under the JFPR Assistance (the JFPR Funds), for the carrying out of the JFPR Project.
7. Except as ADB may otherwise agree, the Recipient through the Executing Agency shall apply the JFPR Funds and any interest earned on the imprest account to the financing of expenditures specified in the Grant Assistance Report.
8. Except as ADB may otherwise agree, the Recipient through the Executing Agency shall ensure all goods, services and other items of expenditure financed out of the JFPR Funds are used exclusively in the carrying out of the JFPR Project.
9. The procurement of any goods and services (excluding consulting services) financed under the JFPR Assistance shall be carried out in accordance with the ADB Procurement Guidelines (2013, as amended from time to time). The engagement of any consulting services financed under the JFPR Assistance shall be carried out in accordance with the Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers (2013, as amended from time to time).
10. The Recipient through the Executing Agency shall maintain, or cause to be maintained, records and accounts adequate to identify the goods, services and other items of expenditure financed out of the JFPR Funds, to disclose the use thereof in the JFPR Project, and to record the progress of the JFPR Project (including the costs thereof).
  - (a) The Recipient through the Executing Agency shall (i) maintain separate books and records for the JFPR Project; (ii) prepare annual financial statements for the JFPR Project in accordance with generally accepted accounting principles; (iii) have such financial statements audited annually by an independent auditor whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards on auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditor prepare a report (which includes the auditor's opinions on financial statements, use of JFPR Funds, compliance with the financial covenants in this Letter of Agreement, as well as on the use of the imprest fund procedure and statement of expenditures) and a management letter (which sets out the deficiencies in the internal control of the JFPR 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 JFPR 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 through the Executing Agency shall enable ADB, upon ADB's request, to discuss the financial statements for the JFPR Project and the Executing Agency's financial affairs where they relate to the JFPR 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 Executing Agency, unless the Recipient shall otherwise agree.

11. The Recipient through the Executing Agency shall enable ADB's representatives to inspect the JFPR Project, and the goods, services and other items of expenditure financed out of the JFPR Funds, and any relevant records and documents.

12. (a) The JFPR grant closing date shall be 31 March 2017, or such other date as ADB and the Recipient may agree.

(b) The Recipient through the Executing Agency shall follow, or cause to be followed, procedures acceptable to ADB to facilitate disbursement of the JFPR Funds under the JFPR Project in accordance with ADB's Loan Disbursement Handbook (2012, as amended from time to time).

13. (a) The Recipient through the Executing Agency shall furnish, or cause to be furnished, to ADB all such reports and information as ADB shall reasonably request concerning (i) the use of the JFPR Funds; (ii) the goods, services and other items of expenditure financed out of the proceeds of the JFPR Funds; (iii) the JFPR Project; and (iv) any other matters relating to the purposes of the JFPR Assistance.

(b) Without limiting the generality of the foregoing, the Recipient through the Executing Agency shall furnish, or cause to be furnished, to ADB semiannual reports, as agreed by ADB. Such reports shall be submitted in such form and detail as ADB shall reasonably request.

(c) Within three months after physical completion of the JFPR Project, the Recipient through the Executing Agency shall prepare and furnish to ADB a report, in such form and detail as ADB shall reasonably request, on the accomplishment of the purposes of the JFPR Assistance.

14. The Recipient through the Executing Agency shall cooperate with ADB to ensure that the JFPR Project is carried out promptly and effectively, and for this purpose, shall issue appropriate instructions to its officials, agents and representatives.

15. The Recipient acting through the Executing Agency, and ADB shall, from time to time, at the request of either party, exchange views on the JFPR Project, and consult on any reports prepared by consultants or others and the implementation of any recommendation made in those reports.

16. ADB may use any reports prepared by consultants for any purpose which ADB may consider appropriate, and those reports may be made public unless otherwise agreed by the Recipient and ADB.

17. The Recipient may at any time request ADB in writing to terminate the JFPR Assistance.

18. (a) ADB may at any time suspend or, after consultation with the Recipient, terminate the JFPR Assistance if any circumstances arise which, in the opinion of ADB, interfere or threaten to interfere with the successful implementation of the JFPR Project, the accomplishment of its purposes, or the execution of the JFPR Project in accordance with the terms and conditions of this Letter of Agreement.

(b) ADB may cancel the JFPR Assistance if implementation of the JFPR Project and related disbursements do not start within six months after the execution of this Letter of Agreement.

(c) ADB may cancel the JFPR Assistance if any ADB loan operations related to the JFPR Project are cancelled.

(d) If at any time ADB determines, (i) after consultation with the Recipient that any amount of the JFPR Assistance will not be required for the purposes of the JFPR Project, or (ii) that corrupt, fraudulent, collusive or coercive practices, as determined by ADB, were engaged in by representatives of the Recipient, Executing Agency, or any beneficiary under the JFPR Project during the implementation of the JFPR Project or as part of the procurement or consultant selection, or the execution of a related contract, for the JFPR Project, without the Recipient having taken timely and appropriate action satisfactory to ADB to remedy the situation, or (iii) that the procurement of any goods and services, and recruitment of consultants to be financed out of the JFPR Assistance is inconsistent with the procedures set forth or referred to in this Letter of Agreement including the Annex, ADB may by notice to the Recipient terminate the right of the Executing Agency to make withdrawals from the JFPR Assistance. Upon the giving of such notice, the JFPR Assistance or the relevant portion thereof may be cancelled by ADB.

19. Upon completion of the JFPR Project, any remaining balance in the imprest account not used for the project purpose within the approved amount, including interest earned thereon (if the total amount is larger than the remittance fee and other bank charges) will be returned to ADB.

20. ADB shall monitor the outcomes of the JFPR Project so that the results are fed back into Kingdom of Thailand's poverty reduction operations.

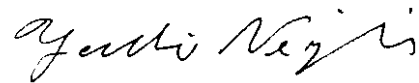
21. The Recipient shall take all measures necessary to cause the Executing Agency to fulfill the obligations under this Letter of Agreement.

22. If these arrangements are acceptable to you and DDPM, kindly have three copies of this Letter of Agreement countersigned by the Recipient, the Executing Agency, and ADB in the space indicated below. Please retain one original signed copy for your records and another original signed copy for DDPM. Please return one original signed copy to ADB.

23. Extra copies of this Letter of Agreement and the Annex are being forwarded to DDPM any other international and local NGOs assisting in the implementation of the JFPR Project.

24. Country Director, Thailand Resident Mission will be responsible for all matters pertaining to the implementation of the JFPR Project. All communications on this matter may, therefore, be addressed to me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Yasushi Negishi'.

Yasushi Negishi  
Country Director  
Thailand Resident Mission

Confirmed:

Kingdom of Thailand

Sottirat Rattanaehot

Name: Suttirat Rattanachot

Position: Deputy Permanent Secretary, Chief of Expenditure and Liability Management Group, Ministry of Finance

Date: January 21, 2016

Executing Agency

Chatchai Phrakul

Name: Mr.Chatchai Phromlert

**Position:** Director General, Department of Disaster Prevention and Mitigation, Ministry of Interior

Date: January 21, 2016

Annexures: Schedule to this Letter of Agreement  
JFPR Grant Assistance Report

## SCHEDULE

### Safeguards

1. The Recipient through the Executing Agency shall ensure that no land acquisition or resettlement is required for the JFPR Project. In the event of any unforeseen land acquisition or resettlement needs, the Recipient shall inform ADB and cause the Executing Agency to prepare and agree with ADB a resettlement plan or resettlement framework, as appropriate, according to the Thailand's relevant laws and regulations and ADB's Safeguard Policy Statement (2009).
2. The Recipient through the Executing Agency shall ensure that all land and rights-of-way required for the JFPR Project implementation are made available to the JFPR Project, as well as to consultants, contractors and subcontractors engaged thereunder, as and when necessary.
3. The Recipient shall cause the Executing Agency to monitor the JFPR Project activities for potential adverse environmental impacts and consult ADB on appropriate mitigating measures as and when may be necessary.
4. The Recipient shall cause the Executing Agency to ensure that JFPR Project does not have any adverse impacts on the indigenous peoples, within the meaning of the ADB's Safeguard Policy Statement. In the event that the Project does have such impact, the Recipient through the Executing Agency shall take necessary steps required to ensure that the JFPR Project complies with the applicable laws and regulations of the Recipient and with ADB's Safeguard Policy Statement (2009).

### Health and Labor

5. The Recipient shall cause the Executing Agency to ensure that contractors and subcontractors engaged under the JFPR Project (i) comply with all applicable labor laws; (ii) use their best efforts to employ women and local people, including disadvantaged people; (iii) provide and adequately equip first-aid, health and sanitation, and personal hygiene facilities for male and female workers at the project site(s); (iv) do not employ children; and (v) conduct an 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 implementation. Relevant contracts financed under the JFPR Project must include specific clauses on these undertakings.

### Gender and Development

6. The Recipient shall cause the Executing Agency to comply with all measures and requirements set forth in a Gender Action Plan prepared for the JFPR Project as agreed with ADB.
7. The Borrower shall ensure that the principles of gender equity aimed at increasing benefits and impacts on women in the JFPR Project area, consistent with ADB's Policy on Gender and Development (1998), are followed during implementation of the JFPR Project, including (a) equal pay to men and women for work of equal value; (b) maximizing female training and employment; (c) enabling working conditions for female workers; and (d) taking necessary actions to encourage women living in the JFPR Project area to participate in the project design and implementation.

### Prohibited List of Investments

8. The Recipient shall cause the Executing Agency to ensure that JFPR Funds are not used to finance any prohibited activity included in the list provided in Appendix 5 of the Safeguard Policy Statement.

### Governance and Anticorruption

9. The Recipient shall, and shall cause the Executing Agency to, (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 JFPR Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

10. The Recipient through the Executing Agency shall ensure that the relevant 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 JFPR Project.