

Appendix 5: STATUS OF COMPLIANCE WITH PROGRAM AND GRANT COVENANTS

Grant Agreement Ref.	Description	Status of Compliance as of 30 June 2019
Program Grant		
Article IV (Particular Covenants)		
Section 4.01	In the carrying out of the Program, the Recipient shall perform, or cause to be performed, all obligations set forth in Schedule 3 to this Grant Agreement.	Implementing agency is complying with all obligations set forth in Schedule 3 of the Grant Agreement.
Section 4.02	(a) As part of the reports and information referred to in Section 6.04 of the Grant Regulations, the Recipient shall furnish, or cause to be furnished, to ADB all such reports and information as ADB shall reasonably request concerning the implementation of the Program, including the accomplishment of the targets and carrying out of the actions set out in the Policy Letter.	Will comply with all such requirement.
	(b) Without limiting the generality of the foregoing or Section 6.04 of the Grant Regulations, the Recipient shall furnish or cause to be furnished, to ADB quarterly reports on the carrying out of the Program and on the accomplishment of the targets and carrying out of the actions set out in the Policy Letter.	MoH has been complying by furnishing QPR on regular basis which contains all updates on accomplishments of Policy Matrix and DMF.

Grant Agreement Ref.	Description	Status of Compliance as of 30 June 2019
Program Grant		
Program Implementation and Other Matters		
Schedule	Para. No.	
Implementation Arrangements		
3	1	The Recipient shall ensure that MOH oversees and coordinates the carrying out of policy actions under the Program.
Operational Covenants		
3	2	The Recipient shall ensure that (a) on or before 31 January 2019 , MOH prepares and approves a budgeted work plan setting out the activities, timeframe for implementation, cost and source of funding for the information technology infrastructure (including network, hardware and software) and personnel required for the HIS development, strengthening and interoperability;
		Complied and ongoing (a).Budget for 2018-2019 was prepared and approved. In alignment with the RGoB budgeting cycle, budget for fiscal year 2019-2020 is prepared and sent to MoF for endorsement. (Government fiscal year start from July and ends by June. Budget is prepared in January-February and approved by June-July)

		(b) MOH updates the budgeted work plan on an annual basis; and (c) Budgetary allocations in the amount specified in the budgeted work plan are made in the Recipient's annual budget for FY2020-2021 and for a period of three years thereafter.	(b).Budgeted work plan will be updated annually after it is prepared and approved. (c).Will be implemented accordingly
3	3	The Recipient shall ensure that, on or before 31 June 2019, MOH appoints staff with qualifications and experience in governance, data collection, data management, data exchange, information and communications technology and the management of information technology products to support the operations and maintenance of the HIS.	The total HR requirement for operations and maintenance of HIS is finalized and the same is sent for RCSC Approval.
3	4	Within six months of the effective date of this Grant Agreement, the Recipient shall ensure that BHTF Operation Manual is reviewed and updated in a manner acceptable to ADB.	Will be complied BHTF operation manual will be reviewed and updated within the given timeframe.
3	5	The Recipient shall ensure that, on or before 31 June 2019, at least 20% of PHC facilities have LAN/WAN connectivity and the requisite software and hardware to access and report through interoperable HIS.	Complied and ongoing Out of 279 Health facilities only 3 BHU Is and 126 BHU II needs to be connected. i.e 54% facilities have LAN/WAN connection as of 31 March 2019. The LAN/WAN connectivity for the remaining health facilities has been submitted to the Ministry of Information and Communication. MoH has floated the tender to potential vendor.
Policy Actions and Dialogue			
3	6	The Recipient shall ensure that all policy actions adopted under the Program, as set forth in the Policy Letter and the Policy Matrix, continue to be in effect for the duration of the Program.	Will be complied MoH will ensure that all policy actions adopted under the program, as set forth in the Policy Letter and the Policy matrix will continue to be in effect for the duration of the program.
3	7	The Recipient shall keep ADB informed of policy discussions with other multilateral and bilateral aid agencies that may have implications for the implementation of the Program and shall provide ADB with an opportunity to comment on any resulting policy proposals. The Recipient shall take into account ADB's views before finalizing and implementing any such proposal.	Will be complied MoH will keep ADB informed of policy discussions with other multilateral and bilateral aid agencies that may have implications for the implementation of the Program and shall provide ADB with an opportunity to comment on any resulting policy proposals. MoH shall take into account ADB's views before finalizing and implementing any such proposal.

Use of Counterpart Funds			
3	8	The Recipient shall ensure that the Counterpart Funds are used to finance the implementation of certain programs and activities consistent with the objectives of the Program.	<p>Complied and ongoing</p> <p>Counterpart fund are being used to finance the implementation of certain programs and activities in alignment to the objectives of the Program.</p>
Governance and Anticorruption			
3	9	The Recipient, MOH, and 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 Program; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.	<p>Will be complied</p> <p>MOH will</p> <p>(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 Program; and</p> <p>(b) Cooperate with investigation and extend all necessary assistance for satisfactory completion of such investigation.</p>
Monitoring and Review			
3	10	Within six months of the Effective Date of this Grant Agreement, the Recipient, through MOH, shall adopt a Program monitoring and evaluation plan acceptable to ADB. The key program monitoring indicators agreed upon by the Recipient and ADB shall be used to evaluate the achievements and impact of the Program.	<p>Will be complied</p> <p>Within six months of the grant effectiveness MoH will adopt a Program Monitoring and evaluation plan, in alignment to the DMF, and acceptable to ADB.</p>
Project Grant			
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.	<p>Complied and ongoing</p> <p>MoH will perform all obligations set forth in Schedule 3 to this Grant Agreement.</p>
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	<p>Complied and ongoing</p> <p>(i) Project has separate Accounts</p> <p>(ii) Annual financial report will be prepared for annual report due for 2nd quarter 2019.</p> <p>(iii) 1st Annual financial statement will be audited after 2nd Quarter 2019.</p> <p>(iv) Will be included in first audit report after 2nd Quarter 2019</p> <p>(v) The first audit report will be shared by December 2019</p>

		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.	Will be complied (c) MoH will enable ADB, upon ADB's request, to discuss the financial statements for the Project and the 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.
Section 4.03		The Recipient shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.	Will be complied MoH will enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.
Execution of the Project; Financial Matters			
Schedule	Para. No.		
Implementation Arrangements			
3	1	The Recipient shall ensure and cause MOH 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.	Complied MoH has ensured that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any changes to the PAM will be considered upon obtaining approval from ADB only.
Procurement			
3	2	The Recipient shall ensure or cause MOH to ensure that the Project and business opportunities associated with the Project are announced on its website. The website shall disclose the following information in relation to goods and services procured for the Project: (a) the list of participating bidders; (b) the name of the winning bidder; (c) the amount of the contracts awarded; and (d) the goods and services procured.	Complied and ongoing MOH will ensure that the Project and business opportunities associated with the Project are announced on its website. Following information will be disclosed (a) List of participating bidders; (b) Name of the winning bidder; (c) Amount of the contracts awarded; and (d) Goods and services procured.

3	3	The Recipient shall ensure or cause MOH to ensure that:	
		(a) the procurement of Goods, Works and Services is carried out in accordance with the Procurement Policy and the Procurement Regulations; and	Complied and ongoing MoH will ensure that the procurement of Goods, Works and Services is carried out in accordance with the Procurement Policy and the Procurement Regulations.
		(b) Goods, Works and Services shall be procured based on the detailed arrangements set forth in the Procurement Plan, including the procurement and selection methods, the type of bidding documents, and ADB's review requirements. The Recipient may modify the detailed arrangements set forth in the Procurement Plan only with the prior agreement of ADB, and such modifications must be set out in updates to the Procurement Plan; and	Complied and ongoing (b) MoH will ensure that Goods, Works and Services shall be procured based on the detailed arrangements set forth in the Procurement Plan, including the procurement and selection methods, the type of bidding documents, and ADB's review requirements.
		(c) (i) all Goods and Works procured and Services obtained (including 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; and (ii) all contracts for the procurement of Goods, Works and Services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor, supplier, consultant or service provider with respect to the matters referred to in this subparagraph.	Complied and ongoing (c) (i) MoH will ensure that all Goods and Works procured and Services obtained do not violate or infringe any industrial property or intellectual property right or claim of any third party; and (ii) all contracts for the procurement of Goods, Works and Services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor, supplier, consultant or service provider with respect to the matters referred to in this subparagraph.
3	4	The Recipient shall ensure that MOH does not award any Works or Non-consulting Services contract which involves environmental impacts until:	Complied and ongoing MoH will ensure that it does not award any Works or Non-consulting Services contract which involves environmental impacts until:
		(a) the National Environmental Commission or other designated authority of the Recipient has granted the final approval of the IEE; and	(a) the National Environmental Commission or other designated authority of the Recipient has granted the final approval of the IEE; and
		(b) the Recipient has incorporated the relevant provisions from the EMP into the Works contract.	(b) the Recipient has incorporated the relevant provisions from the EMP into the Works contract.
Environment			
3	5	The Recipient shall ensure, or cause MOH to 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; and (c) all measures and requirements set forth in the IEE, the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.	Complied and ongoing MoH will 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; and

			(c) all measures and requirements set forth in the IEE, the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.
Involuntary Resettlement and Indigenous Peoples			
3	6	The Recipient shall ensure, or cause MOH to ensure, that the Project does not have any involuntary resettlement or Indigenous Peoples impacts, all within the meaning of the SPS. In the event that the Project does have any such impacts, 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.	Complied and ongoing MoH will ensure, that the Project does not have any involuntary resettlement or Indigenous Peoples impacts, all within the meaning of the SPS. If the project does have any such impacts, MoH will 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 Safeguard Requirements			
3	7	The Recipient shall make available, or cause MOH to make available, necessary budgetary and human resources to fully implement the EMP.	Complied and ongoing Necessary budgetary and human resources are made available to implement the EMP.
Safeguards – Related Provisions in Bidding Documents and Works Contracts			
3	8	The Recipient shall ensure, or cause MOH to ensure, that all bidding documents and contracts for Works contain provisions that require contractors to:	Complied and ongoing
		(a) comply with the measures relevant to the contractor set forth in the IEE and the EMP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report;	(a) MoH will ensure that contractors 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	(b) MoH will make available a budget for all such environmental measures.
		(c) Provide the Recipient with a written notice of any unanticipated environmental risks or impacts that were not considered in the IEE or the EMP or any resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project.	(c) MoH will ensure that contractors provide the MoH with a written notice of any unanticipated environmental risks or impacts that were not considered in the IEE or the EMP or any resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project.
Safeguards Monitoring and Reporting			
3	9	The Recipient shall do, or cause MOH to do, the following:	
		(a) submit semiannual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission;	Will be complied (a) MoH will submit semiannual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons if any.
		(b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that	Will be complied (b) Any unanticipated environmental and/or social risks

		were not considered in the IEE and the EMP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and	and impacts during construction, implementation or operation of the Project will be promptly be informed to ADB.
		(c) Report any actual or potential breach of compliance with the measures and requirements set forth in the EMP promptly after becoming aware of the breach.	Will be complied (c) MoH will report any actual or potential breach of compliance with the measures and requirements set forth in the EMP promptly after becoming aware of the breach.
Prohibited List of Investments			
3	10	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.	Will be complied MoH will 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			
3	11	The Recipient shall ensure, or cause MOH to ensure, that the core labor standards and the Recipient's applicable laws and regulations are complied with during Project implementation. The Recipient shall ensure that MOH includes 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.	Complied and ongoing MoH will ensure that the core labor standards and the Recipient's applicable laws and regulations are complied with during Project implementation. MOH has included specific provisions in the bidding documents and contracts. Also MoH will ensure that the contractors (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
3	12	The Recipient shall cause MOH to strictly monitor compliance with the requirements set forth in paragraph 11 above and provide ADB with regular reports.	Complied and ongoing MoH is strictly monitoring compliance set forth in paragraph 11 above and will provide regular reports.
Gender and Development			
3	13	The Recipient shall ensure that (a) the GAP is implemented in	Complied and ongoing

		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.	(a) The GAP is being 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 (d) Progress on implementation of the GAP, including progress toward achieving key gender outcome and output targets are regularly monitored and reported to ADB through QPR.
Counterpart Support			
3	14	The Recipient shall make available through budgetary allocations or other means, all counterpart funds required for the timely and effective implementation of the Project including any funds required to (a) mitigate unforeseen environmental and social impacts; (b) meet any additional costs arising from design changes, price escalations in construction or installation costs or other unforeseen circumstances; and (c) properly operate and maintain Project facilities during and after Project completion.	Complied and ongoing MoH will make available through budgetary allocations, all counterpart funds required for the Project including any funds required to (a) mitigate unforeseen environmental and social impacts; (b) meet any additional costs arising from design changes, price escalations in construction or installation costs or other unforeseen circumstances; and (c) properly operate and maintain Project facilities during and after Project completion.
Governance and Anticorruption			
3	15	15. The Recipient, MOH, and 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.	Complied (a) MoH complies with ADB's Anticorruption Policy (1998, as amended to date) and acknowledges 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) MoH will cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.
3	16	The Recipient, MOH, and 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.	Complied The anticorruption provisions are included in all bidding documents and contracts awarded so far and the same will be followed in future.