Financing Agreement

(Higher Education Quality and Capacity Improvement Project)

between

KINGDOM OF CAMBODIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
Dated September 7, 2010
FINANCING AGREEMENT

AGREEMENT dated September 7, 2010 entered into between KINGDOM OF CAMBODIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant and a credit (collectively, “Financing”) in the following amounts to assist in financing the project described in Schedule 1 to this Agreement (“Project”):

(a) an amount equivalent to seven million eight hundred fifty thousand Special Drawing Rights (SDR 7,850,000) (“Grant”); and

(b) an amount equivalent to seven million eight hundred fifty thousand Special Drawing Rights (SDR 7,850,000) (“Credit”).

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are February 1 and August 1 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is United States Dollars.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Part 1.1 (a) and (c), Parts 2, 3 and 4 of the Project through MoEYS, and Part 1.1 (b) of the Project through ACC, in each case in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of the following, namely, two (2) financial management consultants shall have been recruited by the MoEYS under terms of reference satisfactory to the Association.

4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

4.03. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.
ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is the Minister of Economy and Finance.

5.02. The Recipient’s Address is:

Ministry of Economy and Finance
Street 92, Sang Kat Wat Phnom
Phnom Penh
Kingdom of Cambodia

Facsimile:
855-23-427798
855-23-430241

5.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391
Washington, D.C.
AGREED at Phnom Penh, Kingdom of Cambodia, as of the day and year first above written.

KINGDOM OF CAMBODIA

By: /s/ Aun Porn Moniroth

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Annette Dixon

Authorized Representative
SCHEDULE 1

Project Description

The objectives of the Project are to: (a) improve the quality of teaching, management, and research in Project-Supported Entities; and (b) pilot the targeting of disadvantaged students for enhanced retention.

The Project consists of the following parts:

Part 1: Strengthening the Capacity of the Higher Education System

Support the improvement of the overall development, management, and governance of the higher education sub-sector by, inter alia:

(a) strengthening the institutional capacity of MoEYS and selected HEIs;

(b) strengthening: (i) the ACC’s institutional capacity, and (ii) the HEI accreditation process; and

(c) enhancing the overall coordination of the higher education system, all through the provision of, inter alia, Training and Workshops, Fellowships, technical advisory services, small works to upgrade existing facilities and other material support.

Part 2: Provision of Competitive Development and Innovation Grants

Support MoEYS in the provision of Sub-grants to private and public HEIs for:

(a) research proposals to improve the quality of teaching and learning in HEIs; and

(b) research proposals that deal with solutions to local development problems on topics, including, inter alia: (i) agricultural research and extension; (ii) food science and related technology; (iii) sciences, including medical, health and nutritional sciences; pharmacy; engineering and technology; (iv) social sciences; and (v) law.

Part 3: Provision of Scholarships to Disadvantaged Students

Provision of technical and advisory services and other material support to MoEYS to, inter alia:

(a) develop and implement a pilot Special Priority Scholarship Program, including tuition and stipends;
(b) develop and implement an awareness campaign on said scholarship program;

(c) monitor and evaluate the scholarship program; and

(d) prepare an impact evaluation of the scholarship program.

Part 4: Project Management and Monitoring and Evaluation

1. Provision of technical advisory services and other material support to MoEYS to manage the Project.

1. Provision of technical advisory services and other material support to MoEYS and HEIs to monitor and evaluate the Project including, *inter alia*:

(a) strengthening the Higher Education Management Information System;

(b) the provision of support for the ACC in strengthening its accreditation process for HEIs;

(c) the development of policy review papers and higher education long term plans;

(d) the development of the Annual Sub-Sector Review Report; and

(e) the development and implementation of the interventions identified in rolling out the Sector-Wide Policy Action Matrix.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The MoEYS shall maintain, throughout the implementation of the Project, the
PMC, which will be responsible for: (a) approving the annual work programs for
the Project; and (b) overseeing the implementation of the Project.

2. The MoEYS shall maintain throughout the implementation of the Project, a PMT
chaired by the secretary of state responsible for the Directorate General for
Higher Education; it will include three (3) representatives of MoEYS and two (2)
of ACC; the functions of said committee shall include, inter alia: (a) overall
responsibility for management of the Project; (b) commissioning and approving
required accounts and reports; (c) conducting progress monitoring; and
(d) reviewing the annual work program for the Project.

3. The MoEYS shall maintain throughout the implementation of the Project, a PCC;
the functions of said Committee shall include, inter alia: (a) daily management,
admission, and coordination of the Project; (b) monitoring and evaluation of
the Project; (c) preparation of the annual work program for the Project; and
(d) approving the quarterly progress report, quarterly interim financial report, and
procurement plan for the Project.

4. The MoEYS shall establish, by no later than two (2) months after effectiveness,
and maintain throughout the implementation of the Project a RGMC which will
support the implementation of Part 2 of the Project; the functions of said
committee shall include, inter alia: (a) calling for rounds of proposals;
(b) managing and conducting the proposal reviews and the selection process in
accordance with the Project Implementation Manual; (c) overseeing liaisons with
HEIs; (d) preparing the final list of successful proposals; and (e) carrying out
monitoring and supervision of Sub-projects.

5. The MoEYS shall establish, by no later than two (2) months after effectiveness,
and maintain throughout the implementation of the Project a Scholarship
Committee to support the implementation of the Special Priority Scholarship
Program under Part 3 of the Project; the functions of said committee shall
include, inter alia: (a) work with the MoEYS scholarship team to approve around
one thousand (1,000) beneficiaries as a selection process in the first year; (b) give
guidance to said team and HEIs to judge students’ renewal in the end of every
academic year; (c) act as focal point of awareness raising; (d) scholarship
application and selection process, monitoring and impact evaluation; (e) facilitate
disbursement of stipends and tuition; and (f) report to the PMT on the implementation status of Proxy Means Testing on a regular basis.

6. The Recipient shall:

(a) within two (2) months of effectiveness of the Project:

(i) recruit an international procurement expert under terms of references satisfactory to the Association;

(ii) complete and adopt the supplementary financial management manual and provide training to the financial staff on the said manual and the Standard Operating Procedures; and

(iii) a consulting firm to install computerized accounting software and provide training to staff on the operation of the system;

(b) submit to the Association, two (2) years after the Effective Date, terms of reference, satisfactory to the Association, for a joint mid-term review for the third (3rd) year of the Project; and

(c) starting in 2011, submit to the Association, not later than October 31 of each year of implementation of the Project, an annual work program, including a procurement plan, for the following year.

7. For purposes of providing Sub-grants under the Project, the Recipient shall apply the proceeds of the Financing allocated from time to time to Category (4) to finance Sub-projects in accordance with the guidelines, procedures and criteria set forth in the Project Implementation Manual, and the additional terms and conditions set forth in subsection I.C of this Schedule 2.

8. For purposes of providing scholarships under the Project, the Recipient shall apply the proceeds of the Financing allocated from time to time to Category (3) to finance scholarships in accordance with the guidelines, procedures and criteria set forth in the Project Implementation Manual.

9. For purposes of providing Fellowships under the Project, the Recipient shall apply the proceeds of the Financing allocated from time to time to Category (2) to finance Fellowships in accordance with the guidelines, procedures and criteria set forth in the Project Implementation Manual.

10. The Recipient shall:

(a) carry out or cause to be carried out the Project in accordance with the Project Implementation Manual, which shall include, inter alia:
(i) implementation arrangements;

(ii) procurement procedures as set forth in Section III of this Schedule and standard procurement documentation;

(iii) reporting requirements, financial management procedures and audit procedures as set forth in Section II.B of this Schedule;

(iv) Project performance indicators as set forth in Section II.A of this Schedule;

(v) maintenance provisions for small works to be carried out under a Sub-project;

(vi) the process for providing Fellowships, which will include, *inter alia*, fair and transparent criteria for the selection of (A) beneficiaries of fellowships, post-graduate fellowships, conference participation for HEI faculty, short-term training, and visiting lectureships; and (B) HEIs;

(vii) the functions of the RGMC;

(viii) the process for providing Sub-grants which shall include, *inter alia*, criteria for the selection of Sub-projects, along with the terms and conditions of Sub-grants, including those set forth in Section I.C of this Schedule; and

(ix) the process for providing scholarships which shall include, *inter alia*, fair and transparent criteria for the selection of beneficiaries of scholarships; description of the steps involved in the selection of beneficiaries under the Special Priority Scholarship Program, preparation of award confirmations, and disbursing of stipends and tuition funds through the banking system; and description of specific roles and responsibilities of individuals and agencies involved;

(b) undertake not to amend, suspend, abrogate, repeal or waive or permit to be amended, suspended, abrogated, repealed, or waived, any provisions of the Project Implementation Manual without the prior written agreement of the Association;
(c) ensure that the Project Implementation Manual is made available at all times and applied in the carrying out of Sub-projects; and

(d) subject to the prior written agreement of the Association, periodically update the Project Implementation Manual.

11. In the event of any conflict between the provisions of the Project Implementation Manual and those of this Agreement, the latter shall prevail.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and the Good Governance Framework.

C. Sub-projects

1. No Sub-project shall be eligible for financing out of the proceeds of the Financing unless the corresponding proposals for the Sub-projects have been prepared and submitted, and the review of proposals and award of the Sub-grants have been undertaken by the RGMC, in accordance with the guidelines, procedures and selection criteria set forth in the Project Implementation Manual.

2. No Sub-grant shall be made to finance expenditures pertaining to or involving: (a) a military or paramilitary purpose; (b) civil works for government administration or religious purposes; (c) the manufacture or use of environmentally hazardous goods (including asbestos, pesticides and herbicides), arms or drugs; (d) the manufacture or use of dynamite; (e) the financing of government salaries; (f) the production, processing, handling, storage or sale of tobacco or products containing tobacco; (g) activities within a nature reserve or any other area designated by the Recipient for the management and/or the protection of biodiversity, except with the prior written approval of the Recipient’s agency responsible for the management and/or protection of such area; (h) land reclamation; or (i) the provision of goods, works or services, directly or through intermediaries, by suppliers or contractors, as the case may be, who have been declared ineligible to participate in the procurement of any Bank-financed or Association-financed contract, whether indefinitely or for a stated period of time, as a result of a decision of the Bank or the Association, and in accordance with the terms of the decision.

3. The amount of each Sub-grant shall be determined in accordance with the provisions of the Project Implementation Manual.

4. With respect to each eligible Sub-project for which the Recipient has decided to make available a Sub-grant, the Recipient shall enter into or cause to be entered
into a Sub-grant Agreement with the proposed beneficiary on terms and conditions approved by the Association, which shall include the following:

(a) the amount of the Sub-grant which shall be denominated in Dollars;

(b) details of agreed disbursement schedules;

(c) provisions to suspend or terminate the right of the beneficiary to use the proceeds of the Sub-grant, or obtain a refund of all or any part of the amount of the Sub-grant then withdrawn, upon the beneficiary’s failure to perform any of its obligations under the Sub-grant Agreement;

(d) requirements to: (i) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Grant and Credit proceeds other than the Recipient; (ii) provide, promptly as needed, the resources required for the purpose of the Sub-project; (iii) procure the goods, works and services to be financed out of the Sub-grant in accordance with the provisions of this Agreement; (iv) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Sub-project; (v) enable the Recipient and the Association to inspect the Sub-project, its operation and any relevant records and documents; and (vi) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

5. The beneficiary of a Sub-grant shall exercise its rights under each Sub-grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the beneficiary shall not assign, amend, abrogate or waive any Sub-grant Agreement or any of its provisions.

D. Safeguards

The Recipient shall ensure that all renovation works to be done under Part 2 of the Project shall be carried out by all HEIs laboratories in accordance with the Laboratory Waste Management Guidelines for Environment Safeguards.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

(a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

(b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

(i) Fifty percent (50%) of Sub-projects approved under the first round of proposal, and seventy percent (70%) of Sub-projects approved under the second round of proposal, completed by Closing Date; and

(ii) an annual retention rate of ninety five percent (95%) of project-supported scholarship recipients.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. The Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.
Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding subject to procedures listed in the Annex to this Schedule 2 and in Section V of this Schedule 2</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Procurement from UN Agencies</td>
</tr>
</tbody>
</table>

C. Particular Methods of Procurement of Consultants’ Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies methods of procurement, other than Quality- and Cost-based Selection,
which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-Based Selection</td>
</tr>
<tr>
<td>(b) Selection Based on the Consultants’ Qualification</td>
</tr>
<tr>
<td>(c) Least-Cost Selection</td>
</tr>
<tr>
<td>(d) Single Source Selection</td>
</tr>
<tr>
<td>(e) Selection of Individual Consultants</td>
</tr>
<tr>
<td>(f) Individual Consultants selected on a sole source basis</td>
</tr>
</tbody>
</table>

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Credit and of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Works, Consultant Services, Training and Workshops, and Incremental Operating costs</td>
<td>7,020,000</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Fellowships</td>
<td>0</td>
<td>2,146,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Scholarships</td>
<td>0</td>
<td>3,524,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Competitive Development and Innovation Grants</td>
<td>0</td>
<td>2,180,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Unallocated</td>
<td>830,000</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>7,850,000</td>
<td>7,850,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date is December 31, 2015.

Section V. Other Undertakings

2. The Recipient and the Association intend, to the extent practicable, that the
proceeds of the Grant be disbursed on account of expenditures for the Project
before disbursement of the proceeds of the Credit.

ANNEX
to
SCHEDULE 2

National Competitive Bidding Procedures

The procedure to be followed for National Competitive Bidding shall be those
set forth in the Sub-decree 14 on Promulgating of the Standard Procedure for
Implementing the World Bank and the Asian Development Bank Assisted Projects dated
February 26, 2007 and relevant provisions of the Royal Government of Cambodia
Externally Assisted Project Procurement Manual for Goods, Works and Services with
modifications set forth below in order to ensure economy, efficiency and transparency
and broad consistency with the provisions of Section I of the Guidelines for Procurement
under IBRD Loans and IDA Credits published by the Bank/Association in May 2004 and
revised in October 2006 and May 2010 (the Guidelines) as required by paragraph 3.3 and
3.4 of the Guidelines.

1. Eligibility

The eligibility of bidders shall be as defined under Section I of the Guidelines;
accordingly, no bidder or potential bidder shall be declared ineligible for
contracts financed by the Association for reasons other than those provided in
Section I of the Guidelines. Foreign bidders shall not be asked or required to
form joint ventures with national bidders in order to submit a bid. Bidders
located in the same province or city as the procuring entity shall not be given
preference over bidders located outside that city or province.

2. Qualification Criteria

The assessment of the qualification of a bidder shall be conducted separately
from the technical and commercial evaluation of the bid and in strict adherence
to the qualification criteria that shall be clearly specified in the bidding
documents. Such assessment shall only take into account a bidder’s capacity and
resources to perform the contract, specifically its experience and past
performance on similar contracts, capabilities with respect to personnel,
equipment and construction and manufacturing facilities, and financial capacity.

3. Bid Submission, Bid Opening and Bid Evaluation

(a) The evaluation of a bid shall be made in strict adherence to the criteria
that shall be clearly specified in the bidding documents and quantified in
monetary terms for evaluation criteria other than price; merit points shall
not be used in bid evaluation.

(b) No bidder shall be rejected on the basis of a comparison with the
Recipient’s estimate and budget ceiling without the Association’s prior
concurrence.

c) A copy of the minutes of the public bid opening shall be promptly
provided to all bidders and to the Association with respect to contracts
subject to prior review.

d) Neither shall all bids be rejected nor shall new bids invited without
Association’s prior written concurrence.

4. Complaints by Bidders and Handling of Complaints

The Recipient shall implement the complaint handling mechanism in accordance
with Section 7 of the above mentioned Procurement Manual.

5. Fraud and Corruption

The Association shall declare a firm or individual ineligible, either indefinitely or
for a stated period, to be awarded a contract financed by the Association, if it at
any time determines that the firm or individual has, directly or through an agent,
engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in
competing for, or in executing, a contract financed by the Association.

6. Right to Inspect/Audit

Each bidding document and contract financed from the proceeds of the Financing
shall include a provision requiring bidders, suppliers, contractors and
subcontractors to permit the Association, at its request, to inspect their accounts
and records relating to the bid submission and performance of the contract and to
have said accounts and records audited by auditors appointed by the Association.
The deliberate and material violation by a bidder, supplier, contractor or
subcontractor of such provision may amount to obstructive practice.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 1 and August 1:</td>
<td></td>
</tr>
<tr>
<td>commencing February 1, 2021 to and including August 1, 2030</td>
<td>1%</td>
</tr>
<tr>
<td>commencing February 1, 2031 to and including August 1, 2050</td>
<td>2%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.
APPENDIX

Section I. Definitions

1. “ACC” means the Accreditation Committee of Cambodia established by Royal Decree No. 03/03 RKT/129 dated March 31, 2003, or any successor thereto.

2. “Annual Sub-Sector Review Report” means the annual report prepared by MoEYS and the development partners analyzing activities in each of the Recipient’s education subsectors and used as the basis for the development of the following calendar year’s educational action plan.


4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

5. “Competitive Development and Innovation Grants” means Sub-grants provided on a competitive basis to public and private higher education institutions in the Recipient’s territory to improve their teaching and learning capacity, and to enhance their research ability.


8. “Department of Scientific Research” means the Department of Scientific Research within MoEYS, or any successor thereto.


10. “Fellowship” means tuition and stipends to send beneficiaries to local and foreign universities to pursue post-graduate degrees.

11. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended
20 through October 15, 2006) with the modifications set forth in Section II of this Appendix.


13. “HEI” means a higher education institution, which includes universities and institutes and the term “HEIs” means, collectively, more than one HEI.

14. “Higher Education System” means a system of institutions in the Recipient’s territory that provides opportunities for non-compulsory, post-secondary education following successful completion of studies at a secondary educational institution but excluding vocational education.

15. “Higher Education Management Information System” means the information system used by MoEYS to gather and manage all data pertaining to the Higher Education System.

16. “Laboratory Waste Management Guidelines for Environment Safeguards” means the document prepared by MoEYS dated November 9, 2009, acceptable to the Association, which shall be used by all HEIs’ laboratories that are renovated under Part 2 of the Project, as such document may be amended and supplemented from time to time, with the prior written consent of the Association, and such then includes all annexes and schedules to said document.

17. “MoEYS” means the Recipient’s Ministry of Education, Youth and Sport, or any successor thereto.

18. “PCC” means the Project Coordination Committee referred to in Section I.A.3 to Schedule 2 to this Agreement.

19. “PMC” means the Program Management Committee referred to in Section I.A.1 of Schedule 2 to this Agreement and which is also responsible for the oversight of the Education Strategic Plan (2006-2010) in order to streamline policy development, strategic planning, and implementation decision making processes.

20. “PMT” means the Project Management Team referred to in Section I.A.2 of Schedule 2 to this Agreement.


22. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated June 9, 2010 and referred to in paragraph 1.16 of the Procurement
Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

23. “Project Implementation Manual” means the Manual satisfactory to the Association, referred to in Section I.A.10 of Schedule 2 to this Agreement.

24. “Project-Supported Entities” means collectively, the Department of Higher Education, the Department of Scientific Research, and the ACC, as well as the HEIs that receive Competitive Development and Innovation Grants and/or enroll students who receive a Special Priority Scholarship, and “Project Supported Entity” means any of the Project Supported Entities.

25. “Proxy Means Testing” means methods used to generate a welfare score for an applicant for a scholarship under the Special Priority Scholarship Program.

26. “RGMC” means the Research Grant Management Committee referred to in Section I.A.4 of Schedule 2 to this Agreement or any successor thereto.

27. “Scholarship Committee” means the committee referred to in Section I.A.5 of Schedule 2 to this Agreement or any successor thereto.

28. “Sector-Wide Policy Action Matrix” means the Education Strategic Plan’s sector wide policy action matrix developed by the MoEYS and acceptable to the Association which is used to demonstrate how the various policy actions of MoEYS in each sub-sector of education contribute to the overall education sectoral framework.

29. “Special Priority Scholarship Program” means the scholarship program referred to in Section I.A.5 of Schedule 2 to this Agreement which will provide scholarships based on pro-poor targeting and educational criteria.


31. “Sub-grant” means a grant made available to a beneficiary for a Sub-project in accordance with the provisions of a Sub-grant Agreement, and the term “Sub-grants” means, collectively, more than one Sub-grant.

32. “Sub-grant Agreement” means a grant agreement to be entered into between MoEYS and HEIs that have been selected as recipients of Sub-grants, for the purposes of implementing and financing a Sub-project, and the term “Sub-grant Agreements” means, collectively, more than one Sub-grant Agreement.
33. “Sub-project” means a research project under Part 2 of the Project to be financed pursuant to the provisions of Sections I.A.4 and Section I.C of Schedule 2 to this Agreement, and the term “Sub-projects” means, collectively, more than one Sub-project.

34. “Training and Workshops” means domestic or foreign workshops, conferences, training, and study tours, participation at regional and international events, visiting lecturers conducting training in the territory of the Recipient, including reasonable and necessary expenditures, based on annual budgets approved by the Association, for the cost of design, planning and implementation of the trainings, workshops, study tours, training materials, facilities, course fees, travel, accommodation, and subsistence for trainees and visiting lecturers in connection with these events.

**Section II. Modifications to the General Conditions**

The modification to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) is as follows, namely that paragraph (l) of Section 6.02 is amended to read:

“Section 6.02. Suspension by the Association

... (l) Ineligibility. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of: (i) a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank; and/or (ii) a declaration by another financier that the Project Implementing Entity is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

**Section III. Modifications to the Anti-Corruption Guidelines**

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:
“… (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“… (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and
government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a sanctions Board, and related procedures, for the purposes of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarment by other financers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”