April 5, 2013

Mr. Chea Phalarin  
Chief Executive Officer  
Amret Microfinance Institution  
#35BA, Street 169  
Sangkat Veal Vong, Khan7 Makara  
Phnom Penh  
Cambodia

Dear Mr. Phalarin:

Re: Cambodia: Agriculture Finance Support Facility (Agri Fin) Grant to Amret  
AgriFin Grant Agreement Grant No. TF 014207

In response to the request for financial assistance made on behalf of Amret (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development/International Development Association (“World Bank”), acting as administrator of grant funds provided by Bill and Melinda Gates Foundation, under the Agriculture Finance Support Facility Trust Fund (“AgriFin”) TF071239, proposes to extend to the Recipient a grant in an amount not to exceed seven hundred and thirty thousand United States Dollars (US$ 730,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”).

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION

By
Anne(e Dixon
Country Director, Cambodia
East Asia and Pacific Region

AGREED:
Amret

By
Name
Title
Date: 10 April 2013

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I

Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

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

   (a) "Incremental Operating Costs" means the incremental operating costs arising under the Project (which would not have been incurred absent the Project), on account of existing staff salaries and benefits excluding bonuses, local contractual support staff salaries, domestic travel and other travel-related expenditures, equipment rental and maintenance, vehicle rental, vehicle operation including gas, vehicle maintenance and repair, office rental and maintenance, bank charges and advertising expenses, materials and supplies, printing, utilities and communications expenses.

   (b) "Performance Reports" means the quarterly reports referred to in Section 2.03 (b) of this Annex that indicates the Recipient’s performance on agriculture finance.

   (c) "Training" means workshops, study tours, and training conducted in-country and abroad, including expenditures for the cost of design, planning and implementation of the trainings, training materials, facilities, course fees, travel, accommodation, allowances and subsistence for trainees in connection with these events.

   (d) "Working Plan" means the plan dated January 22, 2013 adopted by the Recipient and containing detailed arrangements regarding the implementation of the Project as such plan may be amended from time to time with the prior written approval of the World Bank.

Article II

Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to develop Amret’s capacity in agricultural lending and increase rural outreach with adequate financial services, including deposits. The Project consists of the following activities:

   (a) developing suitable agribusiness lending and non-lending products;

   (b) setting up an agriculture credit unit;

   (c) developing secured financial services in the rural areas, including, *inter alia:* conducting a feasibility and market study followed by a implementation phase including, *inter alia:* support installation of mobile-banking platform, capacity
building in the Recipient's financial services and information and technology departments, and pilot of rural financial services, including field deposit collection.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of:

(a) Article II of the Standard Conditions;

(b) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 ("Anti-Corruption Guidelines");

(c) this Article II; and

(c) the Working Plan.

2.03. **Project Monitoring, Reporting and Evaluation.**

(a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than thirty (30) days after the end of the period covered by such report.

(b) The Recipient shall provide quarterly Performance Reports on the Project that indicate the Recipient's performance, both overall and that related to agriculture finance, in form and substance acceptable to the World Bank, starting with the first quarter after the date of grant effectiveness, and up to the end of two (2) years after the Closing Date, and such reports shall be furnished to the World Bank not later than thirty (30) days after the end of the period covered by such report.

(c) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than four (4) months after the Closing Date.

2.04. **Financial Management.**

(a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than thirty (30) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.05. Procurement.

(a) General. All goods, non-consulting services and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), in the case of goods and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services;

(b) The provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(c) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(d) Particular Methods of Procurement of Goods and non-consulting services. The following method will be used for goods and non-consulting services for those contracts which are specified in the Procurement Plan namely Shopping.

(c) Particular Methods of Procurement of Consultants’ Services. The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (i) Selection of Individual Consultants; (ii) Single-source procedures for the Selection of Individual Consultants; and (iii) Single source selection for the selection of consultant firms.

(d) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.
Article III
Withdrawal of Grant Proceeds

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance 100% of Eligible Expenditures consisting of goods, consultant services, Incremental Operating Costs and Training inclusive of Taxes.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed one hundred thousand United States dollars (US$100,000) equivalent may be made for payments made prior to this date but on or after January 1, 2013, for Eligible Expenditures.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2014.

Article IV
Other Undertakings

4.01 **Other Undertakings.**

(a) Except as the Recipient and the World Bank shall otherwise agree, the Recipient shall make available the Recipient’s contribution in the amount up to eight hundred twenty thousand United States dollars (US$ 820,000) to finance expenditures under the Project other than those financed from the proceeds of the Grant, in accordance with the schedule and details set forth in the Working Plan, and shall ensure that such contribution by the Recipient is accordingly reflected in the Project Reports and unaudited financial reports to be submitted by the Recipient to the World Bank under this Agreement.

(b) The Recipient shall share with the World Bank all consultancy reports prepared in relation to the Recipient’s contribution mentioned in paragraph (a) above.

(c) Subject to Section 2.05 of this Annex, commercial practices will be followed namely the Recipient’s procurement procedures acceptable to the World Bank. In case of discrepancies between the Recipient’s procedures and the procedures mentioned in said Section 2.05, the procedures mentioned in Section 2.05 will prevail.
Article V
Recipient’s Representative; Addresses

5.01. Recipient’s Representative. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is Amret Chief Executive Officer.

5.02. Recipient’s Address. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Amret Microfinance Institution
#35BA, Street 169
Sangkat Veal Vong, Khan 7 Makara
Phnom Penh
Cambodia

Facsimile:
855 23 881 342

5.03. World Bank’s Address. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development/International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: Telex: Facsimile:
INTBAFRAD INDEVAS 248423 (MCI) or 1-202-477-6391
INDEVAS Washington, D.C. 64145 (MCI)
APPENDIX

Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

1. The provisions of Section 5.03, *Arbitration*, are deleted in their entirety and replaced by the following:

   "Section 5.03. *Arbitration*. Any dispute, controversy, or claim arising out of or relating to the Grant Agreement, which has not been settled by agreement of the parties, shall be submitted to arbitration in accordance with the UNCITRAL Arbitration Rules in effect on the date of the Grant Agreement, and the following provisions: (a) the appointing authority shall be the Secretary-General of the Permanent Court of Arbitration; and (b) the language of the arbitral proceedings shall be English.

2. The reference to "Member Country" in the Standard Conditions means the Kingdom of Cambodia.