His Excellency Keat Chhon  
Deputy Prime Minister  
Minister of Economy and Finance  
Ministry of Economy and Finance  
Phnom Penh  
Kingdom of Cambodia

Re: Second Health Sector Support Project (Credit No. 4470-KH)  
and (Grant No. TF093574)  

Amendments to the Financing Agreement and to the Grant Agreement

Excellency:

We refer to: (a) the Financing Agreement for the Second Health Sector Support Project, between the Kingdom of Cambodia (the Recipient) and the International Development Association (the Association) dated July 17, 2008, as amended (the Financing Agreement), and  
(b) to the Grant Agreement for the Cambodia Second Health Sector Support Program, between the Recipient and the International Development Association dated January 14, 2009, as amended (the Grant Agreement).

We refer to your letter dated July 16, 2012 requesting amendments to the Financing Agreement and the Grant Agreement, including the correction of a discrepancy in the disbursement table.

Furthermore, we are pleased to inform you that the amount of the Grant Agreement has been increased to eighty six million eighty five thousand seven hundred United States dollars (US$ 86,085,700).

Accordingly, we would like to propose to amend the Financing Agreement and the Grant Agreement as follows:

Amendments to the Financing Agreement

1. Section II.B.2. (b) of Schedule 2 to the Financing Agreement is amended to read as follows:

“(b) a joint annual operational plan and appraisal ("Joint Annual Operational Plan and Appraisal"), to be held not later than November of every year, during which AOPs for the forthcoming Fiscal Year are to be consolidated and endorsed for final approval, and each Program Partner’s proposed share in the cost of the AOP and the Pooled Account, along with the Recipient’s own counterpart contribution, shall be duly noted and recorded.”

2. Section I.D.3. (d) of Schedule 2 to the Financing Agreement is amended to read as follows:

“(d) HEF Grants shall be provided to Eligible NGOs and Community Based Organizations to consolidate and expand the coverage of health care benefits packages to the poor, and to
finance membership dues for the benefit of participants in community-based health insurance schemes who are identified as poor.”

3. Section II.A.1. of Schedule 2 to the Financing Agreement is amended to read as follows:

"1. 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 Program Performance Indicators. Each Project Report shall cover the period of six (6) months, and shall be furnished to the Association not later than ninety (90) days after the end of the period covered by such report."

4. The table in Section IV.2 of Schedule 2 to the Financing Agreement is amended by replacing Category (6) by the following:

<table>
<thead>
<tr>
<th>Category of Expenditure</th>
<th>Allocation</th>
<th>% of Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>(6) POC under Part C of the Project</td>
<td>700,000</td>
<td>100% of the Association’s agreed share of the cost of the approved AOP for each FY up to June 30, 2012</td>
</tr>
</tbody>
</table>

5. Section V.1. (b) of Schedule 2 to the Financing Agreement is amended to read as follows:

"(b) contracts at the provincial and sub-national levels for: (i) goods estimated to cost less than $20,000 per contract, and (ii) civil works estimated to cost less than $40,000 per contract."

6. The following definition is inserted in Section I of the Appendix to the Financing Agreement in alphabetical order and the other paragraphs renumbered accordingly.

“Community Based Organizations” and the acronym “CBO” means Community Organization which are nonprofit organizations that operate within a single local community, which may encompass one or more administrative districts.

Amendments to the Grant Agreement

1. Article 3.01 of the Grant Agreement is replaced by the following:

“3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal eighty six million eighty five thousand seven hundred United States dollars (US$ 86,085,700) (“Grant”) to assist in financing the Project.”

2. Section II.A.1. of Schedule 2 to the Grant Agreement is replaced by the following:

"1. 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 agreed with 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 ninety (90) days after the end of the period covered by such report.

3. The table in Section IV.2 of Schedule 2 to the Grant Agreement is amended by replacing Category (6) and category (7) by the following:

<table>
<thead>
<tr>
<th>Category of Expenditure</th>
<th>Allocation</th>
<th>% of Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>(6) POC under Part C of the Project</td>
<td>1,110,000</td>
<td>100% of the Association’s agreed share of the cost of the approved AOP for each FY up to June 30, 2012</td>
</tr>
<tr>
<td>(7) SDGs, HEF Grants, and other goods, works and services, operating costs and training under the Project</td>
<td>74,325,700</td>
<td>100% of the Grant’s agreed share of the cost of the approved AOP for each FY starting July 1, 2010</td>
</tr>
</tbody>
</table>

4. Section V.I. (b) of Schedule 2 to the Grant Agreement is amended to read as follows:

“(b) "contracts at the provincial and sub-national levels for: (i) goods estimated to cost less than $20,000 per contract, and (ii) civil works estimated to cost less than $40,000 per contract."

Except as specifically amended by this letter of amendment, all other provisions of the Financing Agreement and the Grant Agreement shall remain unchanged and in full force and effect.

Unless the context otherwise requires or unless otherwise defined in this Letter of Amendments, all capitalized terms used in this letter of amendment shall have the same meaning assigned to them in the Financing Agreement and the Grant Agreement.

Please confirm your agreement with this Letter of Amendments by countersigning, dating and returning to us the enclosed copy of this letter. Upon receipt by the Association of the countersigned copy of this letter, the amendments shall become effective as of the date of such countersignature. It is the Bank’s policy to make publicly available the Agreement and any information related thereto, including this Letter of Amendments. By confirming its agreement below, the Recipient consents to disclosure of this Letter of Amendments after Letter of Amendments has become effective.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]

Annette Dixon
Country Director, Cambodia
East Asia and Pacific Region
Authorised Representative

Name: KAEK CHHON
Title: Deputy Prime Minister
Minister of Economy & Finance
Date: 01 NOV 2012