Financing Agreement

(Public Financial Management and Accountability Project)

between

KINGDOM OF CAMBODIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 13, 2007
AGREEMENT dated February 13, 2007, 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 the Financing 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 in an amount equivalent to nine million eight hundred thousand Special Drawing Rights (SDR 9,800,000) (“Grant”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).

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 Payment Dates are March 31 and September 30 in each year.

2.05. 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 the Parts A to E of the Project through the MEF and Part F through the NAA 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 Conditions of Effectiveness consist of the following:

(a) the Co-Financing Agreement has been amended, and all conditions precedent to the effectiveness of said agreement as amended, or to the right of the Recipient to make withdrawals thereunder, have been fulfilled, except only the effectiveness of the Financing Agreement;

(b) the Recipient shall have adopted an Operations Manual pursuant to paragraph 7 of Section I of Schedule 2 to this Agreement;

(c) the Recipient shall have adopted a chart of accounts and adopted a format for the quarterly interim financial reports for the Project in form and substance satisfactory to the Association; and

(d) the Recipient shall have completed the MBPI MOU Activities.

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 provisions of this Agreement 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

5.03. The Association’s Address is:

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

Cable: Telex: Facsimile:  
INDEVAS 248423 (MCI) or 1-202-477-6391  
Washington, D.C. 64145 (MCI)
AGREED at Phnom Penh, Kingdom of Cambodia, as of the day and year first above written.

KINGDOM OF CAMBODIA

By  /s/ Keat Chhon

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By  /s/ James W. Adams

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to strengthen the mobilization and management of the Recipient’s public resources, its human resources, and its audit capacity in order to improve service delivery and reduce corruption.

The Project consists of the following parts:

Part A: Revenue Management

1. Support the modernization of the MEF’s Tax Department by: (a) reviewing and improving its organizational structure; (b) developing and implementing a strategic management plan and a capacity development program; (c) improving service delivery; and (d) developing mechanisms to improve transparency and accountability.

2. Strengthen MEF’s non-tax revenue policy and administration.

3. Support transparent oil and gas revenue management by: (a) participating in the Extraction Industries Transparency Initiative (EITI); (b) developing oil fund and related taxation policy; and (c) strengthening the Recipient’s staff technical and negotiations skills.

4. Support the Recipient’s fiscal and macroeconomic management by strengthening revenue policy, macroeconomic modeling, and forecasting.

Part B: Budget Formulation

Strengthen the Recipient’s capacity to formulate and integrate its budget, including: (a) improving budget coverage; (b) strengthening control over expenditures formulation; (c) developing a medium term macroeconomic-fiscal framework; (d) strengthening debt forecasting, financing analysis, and payment management; (e) redesigning the budget and accounts classification system; (f) piloting a program-based budget structure; (g) redesigning the budget formulation process and calendar; (h) strengthening budget formulation; and (i) strengthening expenditure tracking techniques.

Part C: Budget Execution

1. Support the development of the Recipient’s financial management system and processes, including: (a) establishing a financial management information system; and (b) providing computer hardware and software.

2. Strengthen the Recipient’s public procurement system by: (a) revising procurement processing arrangements; (b) developing an enhanced legal and regulatory
procurement framework, including the development of a new procurement law; (c) developing and disseminating harmonized procurement procedures and documents; (d) supporting de-concentration of the public procurement system and establishment of effective oversight mechanisms; (e) developing an information and performance monitoring system in public procurement; and (f) improving public access to information, including electronically.

3. Strengthen the Recipient’s Treasury systems and procedures by: (a) streamlining budget execution processes; (b) widening the scope of payments through the banking system including payments for tax collections and to civil servants and contractors; and (c) strengthening cash management.

Part D: Capacity Development

1. Strengthen the Recipient’s capacity to carry out internal audits and to manage internal audit standards and reviews.

2. Strengthen the MEF’s overall capacity, including: (a) reorganizing its institutional structure; and (b) strengthening its capacity to implement the Project, including the development and implementation of a communication strategy.

3. Provide support to the Reform Committee Secretariat in managing the PFMRP.

4. Carry out training, workshops and study tours to support the execution of the Project.

Part E: Merit Based Pay Initiative

1. Implement the Recipient’s Merit Based Pay Initiative Program through the provision of merit based pay initiative allowances to selected MEF staff.

2. Implement reforms in the MEF’s personnel management, including the establishment of merit-based selection and promotion, and performance management.

Part F: Building the Oversight Capacity of the Recipient’s National Audit Authority

Strengthen the capacity of the National Audit Authority, including: (a) develop an effective organizational structure; and (b) improving auditing standards and methodologies.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

1. For purposes of executing Parts A to E of the Project, the Recipient shall:

(a) maintain, throughout the period of implementation of the Project, the MEFRC, which shall be responsible for such functions and responsibilities, satisfactory to the Association, as shall be required for the overall coordination of and oversight of the Project execution; and

(b) maintain, throughout the period of implementation of the Project, the RCS, headed by a qualified and experienced Manager, to be provided with sufficient resources and competent staff in adequate numbers with terms of reference satisfactory to the Association, including inter alia, a Program Coordinator, an office manager, an accountant, a procurement officer and liaison officers; responsible for the day-to-day execution of the Project in line with the PFMRP Consolidated Action Plan including procurement, financial management, disbursement and reporting.

2. The RCS shall be also responsible for: (a) coordinating the overall financial planning, management of funds, reporting, and auditing of the Project; and (b) producing and consolidating annual work plans, annual progress reports, and annual financial statements for the Project.

3. For the purposes of executing Part F of the Project, the Recipient shall maintain, throughout the period of implementation of the Project, the NAA, which shall be responsible for the overall coordination and execution of such Part of the Project including: (a) financial management, management of funds and procurement; and (b) provision of implementation reports, quarterly interim financial reports and annual financial reports and to the RCS and the Association.

4. In carrying out Part D.4 of the Project, the Recipient shall submit to the Association for its review and comments, by no later than November 30 of each year, commencing in 2006, a training plan for the next calendar year, satisfactory to the Association; and thereafter, take all necessary actions to implement such training plan taking into consideration the Association’s views thereon.

5. For the purposes of implementing the training plan referred to in paragraph 4, the Recipient shall develop, a set of criteria for overseas training, satisfactory to the Association, including: (a) competitive recruitment; (b) justification of training needs; and (c) appropriate policy for retaining the trainees in MEF and NAA.
6. The Recipient shall select, and thereafter retain throughout the implementation of the Project, an independent auditor acceptable to the Association, under terms of reference satisfactory to the Association, to carry out annual audits of all the Project accounts and expenditures, and financial statements.

7. The Recipient shall cause the RCS to prepare and adopt, and thereafter apply throughout the implementation of the Project, an Operations Manual satisfactory to the Association, providing *inter alia*:

   (a) the institutional arrangements for the implementation of the Project;

   (b) the procedures and a time-bound schedule for the preparation of the annual work plans;

   (c) the procedures for complying with the monitoring and reporting requirements; and

   (d) a financial management manual, consistent with the Kingdom of Cambodia’s Financial Management Manual, issued under Prakas No. 586, dated September 19, 2005, on Promulgation of the Standard Procedures for Implementing the World Bank and the Asian Development Bank Assisted Projects, satisfactory to the Association, setting forth: (A) the arrangements for the flow of funds; and (B) the guidelines and procedures for the Project’s financial management and control, record keeping, reporting and auditing requirements, including the preparation of financial reports.

8. The Recipient shall carry out the Activities in accordance with the provisions of the Operations Manual, and not amend, waive or abrogate any of said provisions without the prior concurrence of the Association.

9. The Recipient shall: (a) through the RCS, provide to the Association for its review and comments, by not later than November 30 of each year, commencing in November 2006, a consolidated annual work plan for the next fiscal year, including its estimated budget and a revised Procurement Plan; (b) review with the Association said draft plan by no later than December 30; (c) promptly thereafter revise said plan to take into account the Association’s comments, if any; and (d) implement said plan in a manner satisfactory to the Association.
Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports.

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 indicators agreed with the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.


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. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than one (1) month after the end of each calendar quarter, interim un-audited 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 Schedule.

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 Schedule.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of

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 the procedures annexed to this Schedule</td>
</tr>
<tr>
<td>(b) Shopping</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) Least Cost Selection</td>
</tr>
<tr>
<td>(b) Selection based on the Consultants’ Qualifications</td>
</tr>
<tr>
<td>(c) Single Source Selection</td>
</tr>
<tr>
<td>(d) Individual Consultants</td>
</tr>
<tr>
<td>(e) Individual Consultants selected on a sole source basis</td>
</tr>
</tbody>
</table>

D. Review by the Association of Procurement Decisions.

1. Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods procured on the basis of International Competitive Bidding; (b) the first National Competitive Bidding contract for goods procured by each implementing agency in each calendar year; (c) the first contract for
goods procured on the basis of the Shopping by each implementing agency in each calendar year; and (d) each contract for consultants’ services provided by a firm estimated to cost the equivalent of $100,000 or more. Each contract involving Single-Source Selection of firms or individual consultants, irrespective of value, shall be subject to prior review by the Association. All other contracts shall be subject to post review by the Association.

2. In addition, the following prior review procedures shall apply to each contract for the employment of individual consultants (other than consultants to be selected on a sole source basis) estimated to cost the equivalent of $50,000 or more: (i) the report on the comparison of the qualifications and experience of candidates, terms of reference and conditions of employment of the consultant shall be furnished to the Association for its prior review and approval; (ii) the contract shall be awarded only after the Association’s approval shall have been given; and (iii) the provisions of paragraph 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply to the contract. The following prior review procedures shall apply to each contract for the employment of individual consultants to be selected on a sole source basis: (i) the qualifications, experience, terms of reference and conditions of employment of the consultants shall be furnished to the Association for its prior review and approval; (ii) the contract shall be awarded only after the Association’s approval shall have been given; and (iii) the provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall apply to the contract.

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 this Section and such additional instructions as the Association may specify by notice to the Recipient, 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 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 Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultants’ services, training, workshops, study tours and Incremental Operating Costs for Parts A to D</td>
<td>6,594,000</td>
<td>67% or other percentage the Association may determine from time to time by notice to the Recipient.</td>
</tr>
<tr>
<td>(2) Merit Based Pay Initiative payments (Part E)</td>
<td>2,156,000</td>
<td>50% or other percentage the Association may determine from time to time by notice to the Recipient.</td>
</tr>
<tr>
<td>(3) Goods, consultants’ services, training, workshops, study tours and incremental operating costs for Part F</td>
<td>1,050,000</td>
<td>67% or other percentage the Association may determine from time to time by notice to the Recipient.</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>9,800,000</td>
<td></td>
</tr>
</tbody>
</table>

3. For the purposes of this Section, the term “incremental operating costs” means reasonable expenditures directly related to the Project incurred by the Recipient (which expenditures would not have been incurred absent the Project), including expenditures for Project staff travel and per diem, office supplies, communications services (including telephone and internet costs), publication services, translation services, maintenance of office equipment, and rental of vehicles, but excluding civil service salaries other than payments made under Part E of the Project.

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $750,000 equivalent may be made for payments prior to this date but on or after January 1, 2006, for Eligible Expenditures under Categories (1) and (2);

   (b) for payments under Category 3 until the NAA has established an accounting system, accounts, and records consistent with the RCS
accounting and financial system including the same chart of accounts, satisfactory to the Association.

2. The Closing Date is January 15, 2012.

Section V. Other Undertakings


B. The Recipient shall carry out Part E of the Project in accordance with the provisions of the MBPI Manual, and not amend, waive or abrogate any of said provisions without the prior concurrence of the Association.
Annex
to
SCHEDULE 2

National Competitive Bidding Procedures

The following provisions shall apply in respect of contracts for goods and works financed under the Project and procured according to National Competitive Bidding procedures:

Participation in bidding and preferences

(i) Government-owned enterprises in Cambodia shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Borrower or the procuring entity. Military or security units, or enterprises which belong to the Ministry of Defense or the Ministry of Public Security shall not be permitted to bid.

(ii) Prospective bidders shall be permitted to request bidding documents either in person or through the mail upon submission of a written application. Bidding documents shall be sold to anyone who is willing to pay the required fee of the bidding documents, and no other conditions shall be imposed on the sale of the bidding documents. The fee for the bidding documents should be reasonable and consist only of the cost of printing (or photocopying) the documents and their delivery to the purchaser. The bidding documents shall be delivered, at the prospective bidders’ preference, either by hand or by mail/courier provided that the bidder is willing to pay the mail/courier delivery charges which should be specified in the Invitation for Bids. Each bidder shall be allowed to purchase only one set of the bidding documents.

(iii) Foreign suppliers and contractors from eligible countries, shall, if they are interested, be allowed to participate without being required to associate or form joint ventures with local suppliers or contractors.

(iv) Foreign bidders shall be eligible to participate in bidding under the same conditions as local bidders, and local bidders shall be given no preference (either in the bidding process or in bid evaluation) over foreign bidders, nor shall bidders located in the same province or city as the procuring entity be given any such preference over bidders located outside that city or province.

(v) Prior registration shall not be a requirement to participate in bidding procedures.

(vi) Pre-qualification of contractors shall not be required; except in the case of large or complex works and with the prior approval of the Association.
Advertising; time for bid preparation

(vii) Invitations to bid shall be advertised in at least one widely circulated national newspaper. A minimum of thirty (30) days for the preparation and submission of bids shall be provided, and potential bidders shall be allowed to purchase bidding documents up to 24 hours prior to the deadline for the submission of bids.

Standard Bidding Documents

(viii) Standard bidding documents, acceptable to the Association, shall be used. The bidding documents shall provide clear instructions on how bids should be submitted, how prices should be offered, and the place and time for submission and opening of bids. Bidders shall be allowed to submit bids by hand or by mail.

Qualification criteria and evaluation criteria

(ix) Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only criteria so specified, shall be used to determine whether a bidder is qualified. The evaluation of the bidder’s qualifications should be conducted separately from the technical and commercial evaluation of the bid. When post qualification is applied, the assessment of bidders’ qualifications shall be carried out only after the preliminary and detailed evaluation of bids has been completed by the Purchaser/Employer and, in doing so, the qualifications of the bidder who has submitted the lowest evaluated substantially responsive bid shall be assessed first. In carrying out the post-qualification assessment, the Employer/Purchaser shall exercise reasonable judgment in requesting, in writing, from a bidder only missing factual or historical supporting information related to the bidder’s qualifications and shall provide a reasonable time period (that is, a minimum of seven (7) days) to the bidder to provide his response.

(x) Evaluation criteria shall be clearly specified in the bidding documents, and evaluation criteria other than price shall be quantified in monetary terms. All evaluation criteria so specified, and only evaluation criteria so specified, shall be taken into account in bid evaluation. Merit points shall not be used in bid evaluation.

Bid opening, evaluation and award of contract

(xi) Bids shall be opened in public, immediately after the stipulated deadline for submission of bids. Bidders’ representatives and the project’s beneficiaries from the concerned local community, who choose to attend, shall be allowed to be present. The name of the bidder and total amount of each bid, including discounts, shall be read aloud and recorded. Bids received after the deadline for bid submission shall be returned to the bidders unopened. Immediately after completion of the bid opening proceedings, a copy of the bid opening record shall be posted at a prominent location, accessible to the public, outside the office of the concerned procuring entity and shall be retained at the same
location until the award of contract has been notified. A copy of the bid opening record shall be promptly provided to all bidders who submitted bids.

(xii) All bids shall not be rejected or new bids solicited without the Association’s prior concurrence.

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

(xiv) A bid containing material deviations from, or reservations to, the terms, conditions or specifications of the bidding documents shall be rejected as not substantially responsive. A bidder shall not be permitted to withdraw material deviations or reservations once bids have been opened. Bidders shall not be eliminated from detailed evaluation on the basis of non-material, minor deviations or reservations.

(xv) Evaluation of bids shall be made in strict adherence to the criteria specified in the bidding documents, and contracts shall be awarded to the qualified bidder offering the lowest evaluated and responsive bid.

(xvi) In the case of contracts with a duration in excess of eighteen (18) months, bidding documents shall allow for price adjustment formulae.

(xvii) Bidders who disagree with arithmetic corrections made by the evaluating committee during the evaluation stage shall not be allowed to withdraw their bids without forfeiting their bid security.

(xviii) A bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents, or otherwise to modify the bid as originally submitted.

(xix) There shall be no post-bidding negotiations with the lowest or any other bidder.

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

Suppliers and Contractors

(xxii) Bidding documents and contracts under national competitive bidding procedures financed by the Association shall include a provision requiring suppliers and contractors to permit the Association to inspect their accounts and records relating to the bid submission and the performance of the supplier and/or contractor, as the case may be, and
to have them audited by auditors appointed by the Association, if so required by the Association.

Publication of the Award of Contract

(xxii) The Borrower shall publish the following information on contract award on a free and open access website when it becomes operational or on another means of publication acceptable to the Association: (a) name of each bidder who submitted a bid; (b) bid prices as read out at bid opening; (c) name and evaluated price of each bid that was evaluated; (d) name of bidders whose bids were rejected and the reasons for their rejection; and (e) name of the winning bidder, price it offered as well as the duration and summary scope of the contract awarded. This publication shall be updated quarterly.

Complaints by Bidders and Handling of Complaints

(xxiii) The Borrower shall establish an effective protest mechanism, related to the procurement process and contract award, acceptable to the Association, allowing bidders to protest and the timely handling of such protests. The procedures to receive and handle complaints shall be disclosed in the bidding documents.
APPENDIX

Section I. Definitions

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

2. “Co-financiers” means the donors contributing to the Multi-Donor Trust Fund for the Public Financial Management Reform Program.

3. “Co-financing Agreement” means Multi-Donor Trust Fund Grant Agreement signed between the International Development Association (acting as Administrator of the Multi-Donor Trust Fund Grant) and the Kingdom of Cambodia for the Public Financial Management Reform Program on August 11, 2005, as such may be amended from time to time in accordance with its terms.


5. “Extractive Industries Transparency Initiative” and the acronym “EITI” mean the initiative supporting improved governance in resource-rich countries through the full publication and verification of company payments and government revenues from oil, gas and mining, and referred to in paragraph 3 of Part A of Schedule 1 to this Agreement.

6. “Fiscal Year” means the Recipient’s fiscal year extending from January 1 to December 31.


8. “MBPI MOU” means the Memorandum of Understanding signed between the Royal Government of Cambodia and the Department for International Development, the Australian Agency for International Development, the International Development Association and the Swedish International Development Cooperation Agency regarding the Public Financial Management Reform Program’s Merit Based Pay Initiative (MBPI) on May 11, 2005 and any amendment thereto.

9. “MBPI MOU Activities” mean the document agreed to between the Recipient and the Association dated April 28, 2006, containing the list of the activities to be carried out by the Recipient as a fulfillment of the condition of effectiveness referred to in paragraph 4.01(d) of Article IV of this Agreement.
10. “MEF” means the Recipient’s Ministry of Economy and Finance, and any successor thereto.

11. “Merit Based Pay Initiative” and the acronym “MBPI” mean the set of program arrangements including the level of allowances to be provided to selected MEF staff, the conditions under which they would be provided, and the financing shares of the Recipient and participating donors.

12. “Merit Based Pay Initiative Manual” and the acronym “MBPI Manual” mean the manual adopted by the Recipient on May 9, 2005, as such manual may be amended from time to time with the prior approval of the Association, setting forth the process, procedures and criteria for the implementation of the MBPI, including with respect to the selection of staff to be paid allowances, the criteria for performance evaluation, and the management arrangements for the MBPI.

13. “Ministry of Economy and Finance Reform Committee” and the acronym “MEFRC” mean the executive management committee established within the MEF to lead the PFMRP, approve plans, monitor progress, and take corrective action as necessary.

14. “NAA” means the Recipient’s National Audit Authority, and any successor thereto.

15. “Operations Manual” means the manual to be developed pursuant to paragraph 7 of Section I of Schedule 2, as such manual may be revised from time to time with the prior approval of the Association.

16. “PFMRP Consolidated Action Plan” means the Recipient’s Consolidated Action Plan for the implementation of the PFMRP based on action plans developed with the MEF.

17. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.

18. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 28, 2006, 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.

20. “Reform Committee Secretariat” and the acronym “RCS” mean the office established within the Recipient’s Ministry of Economy and Finance, reporting to the MEFRC, and responsible for coordinating the overall execution of the Project.