Dr. AUN Pornmoniroth  
Minister  
Ministry of Economy and Finance  
Phnom Penh  
Kingdom of Cambodia

Re: Grant Agreement for the Cambodia Second Health Sector Support Program  
(Grant Number TF093574,) and  
Financing Agreement for the Cambodia Second Health Sector Support Project  
(Credit Number 4470-KH), and  
Amendments to the Grant Agreement and to the Financing Agreement

Excellency:

We refer to (a) the Grant Agreement between the Kingdom of Cambodia (Recipient) and the International Development Association acting as Administrator of the Multi-Donor Trust Fund for the Cambodia Second Health Sector Support Program (the Bank) for the Cambodia Second Health Sector Support Program (the Program), dated January 14, 2009 (the Grant Agreement), and (b) the Financing Agreement between the Kingdom of Cambodia (Recipient) and the International Development Association (the Association) for the Cambodia Second Health Sector Support Project (the Project), dated July 17, 2008 (the Financing Agreement).

We propose to amend (a) the Grant Agreement to increase the available Grant funds by twelve million six hundred ninety-five thousand and three hundred twenty-five United States dollars (US$12,695,325). This increase reflects additional contributions received from the Government of Australia and the Korea International Cooperation Agency to the Trust Fund, and (b) both the Grant Agreement and the Financing Agreement to update the procurement sections.

Amendments to the Grant Agreement

1. Section 3.01 of the 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 to one hundred twelve million two hundred and thirty thousand and seven hundred and twenty-five United States dollars (US$112,230,725) (“Grant”) to assist in financing the Project.”

2. Section III.C.2. of Schedule 2 to the Grant Agreement is replaced by the following:
“2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Selection of United Nations Agency; (g) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (h) Single-source procedures for the Selection of Individual Consultants.”

3. The Table in Section IV.2 of Schedule 2 is replaced by the new table in Attachment 1 to this letter of amendment (“Letter of Amendment”).

4. Section V of Schedule 2 to the Grant Agreement is replaced by the following:

   **“Section V. Additional Provisions**

   Unless otherwise agreed to between the Recipient and the Association, and for the purposes of Section III of Schedule 2 to this Agreement, guidance for implementing the Procurement Guidelines and the Consultant Guidelines is provided in the Kingdom of Cambodia’s Updated Procurement Manual for all Externally Financed Projects/Programs, promulgated pursuant to Sub-Decree 74 on Promulgating the Updated Standard Procedures for Implementing All Externally Financed Projects/Programs, dated May 22, 2012.”

5. The Annex to Schedule 2 to the Grant Agreement is replaced by the Annex in Attachment 2 to this Letter of Amendment.

6. The Appendix to the Grant Agreement is amended by replacing the definitions of “Consultant Guidelines” and “Procurement Guidelines” by the following:

   ““Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.”


**Amendments to the Financing Agreement**

1. The table in Section III.B.2. of Schedule 2 to the Financing Agreement is replaced by the following:

<table>
<thead>
<tr>
<th>Procurement Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Limited International Bidding</td>
</tr>
<tr>
<td>(b) National Competitive Bidding subject to the procedures listed in the Annex to this Schedule 2</td>
</tr>
<tr>
<td>(c) Shopping</td>
</tr>
</tbody>
</table>
2. The table in Section III.C.2. of Schedule 2 to the Financing Agreement is replaced by the following:

<table>
<thead>
<tr>
<th>Procurement Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-Based Selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Least-Cost Selection</td>
</tr>
<tr>
<td>(d) Selection Based on the Consultants’ Qualifications</td>
</tr>
<tr>
<td>(e) Single-Source Selection of consulting firms</td>
</tr>
<tr>
<td>(f) Selection of United Nations Agency</td>
</tr>
<tr>
<td>(g) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(h) Single-source procedures for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

3. Section V of Schedule 2 to the Financing Agreement is replaced by the following:

"Section V. Additional Provisions

Unless otherwise agreed to between the Recipient and the Association, and for the purposes of Section III of Schedule 2 to this Agreement, guidance for implementing the Procurement Guidelines and the Consultant Guidelines is provided in the Kingdom of Cambodia’s Updated Procurement Manual for all Externally Financed Projects/Programs, promulgated pursuant to Sub-Decree 74 on Promulgating the Updated Standard Procedures for Implementing All Externally Financed Projects/Programs, dated May 22, 2012."

4. The Financing Agreement is amended by inserting immediately after Schedule 2 the Annex in Attachment 2 to this Letter of Amendment.

5. The Appendix to the Financing Agreement is amended by replacing the definitions of “Consultant Guidelines” and “Procurement Guidelines” by the following:

““Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.”


Unless the context otherwise requires and except where otherwise defined in this Letter of Amendment, all capitalized terms contained herein shall have the meanings given to them in the Agreement.
Except as specifically amended by this Letter of Amendment, all other provisions of the Grant Agreement and of the Financing Agreement shall remain unchanged and in full force and effect.

Please confirm your agreement with the amendments set out above by countersigning, dating and returning to us the enclosed copy of this Letter of Amendment. Upon receipt by the Association of the countersigned copy of this Letter of Amendment, the Letter of Amendment shall become effective as of July 1, 2014.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

Acting Country Director, Cambodia
East Asia and Pacific Region

By: UN PORN MONIROTH, Ph.D
Title: Minister of Economy & Finance
Date: September 29, 2014
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in US$)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. SDGs</td>
<td>1,596,476</td>
<td>100% of the Grant’s agreed share of the cost of the approved AOP for each FY, up to June 30, 2010</td>
</tr>
<tr>
<td>2. HEF Grants</td>
<td>2,508,315</td>
<td>100% of the Grant’s agreed share of the cost of the approved AOP for each FY, up to June 30, 2010</td>
</tr>
<tr>
<td>3. MPBL-related payments</td>
<td>180,000</td>
<td>100% of the Grant’s agreed share of the cost of the approved AOP for each FY, up to June 30, 2010</td>
</tr>
<tr>
<td>4. Goods, Works and Services, Operating Costs and training under the Project other than under Categories (1) through (3)</td>
<td>11,550,719</td>
<td>100% of the Grant’s agreed share of the cost of the approved AOP for each FY</td>
</tr>
<tr>
<td>5. Unallocated</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>6. POC under Part C of the Project</td>
<td>340,438</td>
<td>100% of the Grant’s agreed share of the cost of the approved AOP for each FY until June 30, 2012</td>
</tr>
<tr>
<td>7. SDGs, HEF Grants, goods work and services, operating costs and training under the Project</td>
<td>96,054,777</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>
<tr>
<td><strong>Total</strong></td>
<td><strong>112,230,725</strong></td>
<td></td>
</tr>
</tbody>
</table>
ANNEX
to
SCHEDULE 2

National Competitive Bidding Procedures

The competitive bidding procedure to be followed for National Competitive Bidding shall be the public competitive methods set forth in the Kingdom of Cambodia’s Updated Procurement Manual for All Externally Financed Projects/Programs (“Procurement Manual”), with the modifications set forth below in order to ensure broad consistency with the provisions of 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 (the Procurement Guidelines) as required by paragraphs 3.3 and 3.4 of the Procurement Guidelines. The Procurement Manual elaborates detailed procedures for the procurement of goods, works and non-consulting services under projects financed by development partners in Cambodia, and is promulgated through the Sub-decree 74 on “Promulgating the Updated Standard Procedures for Implementing all Externally Financed Projects/Programs” dated May 22, 2012, which is issued pursuant to Article 3 of the Kingdom of Cambodia’s Law on Public Procurement dated January 14, 2012.

1. Eligibility

No bidder or potential bidder shall be declared ineligible for contracts financed by the World Bank for reasons other than as provided in Section I of the Procurement Guidelines. Bidder registration shall not be used to determine eligibility under Section I of the Procurement 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. Bid Submission, Bid Opening and Bid Evaluation

(a) Prospective bidders shall be given at least thirty (30) days from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later, to prepare and submit bids.

(b) 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.

(c) The lowest evaluated bidder shall be required to meet minimum qualification criteria which shall be determined based on the 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.

(d) No bidder shall be rejected on the basis of a comparison with the Recipient’s estimate and budget ceiling without the World Bank’s prior concurrence.
(e) A copy of the minutes of the public bid opening shall be promptly provided to all bidders and to the World Bank with respect to contracts subject to prior review.

(f) Neither shall all bids be rejected nor shall new bids invited without the World Bank’s prior written concurrence.

3. Right to Inspect/Audit

Each bidding document and contract financed from the proceeds of the Grant shall include a provision requiring bidders, suppliers, contractors and subcontractors to permit the World Bank, 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 World Bank. The deliberate and material violation by a bidder, supplier, contractor or subcontractor of such provision may amount to obstructive practice.

4. Publication

Information on contract award shall be published at least in a national newspaper or in the official gazette of wide circulation, or on a widely used website with free national and international access within two (2) weeks of receiving the World Bank’s no objection to the award recommendation for contracts subject to prior review, and within two (2) weeks from the award for contracts subject to post review. Publication shall include the following information: (a) the name of each bidder which submitted a bid; (b) bid prices as read out at bid opening; (c) evaluated prices of each bid that was evaluated; (d) the names of bidders whose bids were rejected and the reasons for their rejection, and (e) the name of the winning bidder, the final total contract price, and the duration and summary scope of the contract.