OFFICIAL DOCUMENTS

ADDITIONAL CREDIT NUMBER 5687-MM

Financing Agreement

(Additional Financing for National Community Driven Development Project)

between

REPUBLIC OF THE UNION OF MYANMAR

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 21, 2015
FINANCING AGREEMENT

AGREEMENT dated September 21, 2015, entered into between the REPUBLIC OF THE UNION OF MYANMAR ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS (A) under an agreement, dated November 14, 2012, between the Recipient and the Association ("Original Financing Agreement"), the Association agreed to provide the Recipient with a grant ("Original Grant") in an amount equivalent to fifty two million six hundred thousand Special Drawing Rights (SDR 52,600,000) to assist in financing the Community Driven Development Project described in Schedule 1 to the Original Financing Agreement ("Original Project");

(B) the Recipient has requested the Association to provide additional financial assistance in support of additional activities related to the Original Project, by making available to the Recipient an additional credit in an amount equivalent to two hundred eighty four million five hundred thousand Special Drawing Rights (SDR 284,500,000) for the Project described in Schedule 1 to this Agreement;

(C) under an agreement ("Co-financing Agreement") to be entered into between the Recipient and Italy ("Co-financier"), Italy also agreed to provide the Recipient with a concessional loan in an amount equivalent to twenty million Euro (€20,000,000) ("Co-financing") in support of the Project described in Schedule 1 to this Agreement; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing to extend such additional assistance to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE 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 this Agreement (including the Preamble and Appendix thereto).
ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, a credit in an amount equivalent to two hundred eighty four million five hundred thousand Special Drawing Rights (SDR 284,500,000) (variously, “Credit” and “Financing”) 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 Commitment Charge payable by the Recipient on the Unwithdrawn Financing Balance is at present zero. If, pursuant to decision of the Association’s Board of Directors, a Commitment Charge shall be payable in the future, the Maximum Commitment Charge Rate shall be notified by the Association to the Recipient and shall not exceed 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 May 1 and November 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 Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through the MLFRD 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 — REMEDIES OF THE ASSOCIATION


ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness is that the Original Financing Agreement has been amended, on terms and conditions agreed upon by the Recipient and the Association, to align Schedules 1 and 2 and the Appendix to the Original Financing Agreement with Schedules 1 and 2 and the Appendix to this Agreement.

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

5.03. 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 VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its Minister at the time responsible for finance.

6.02. The Recipient’s Address is:

Ministry of Finance
Building No. 26
Naypyitaw
Myanmar

Facsimile:

95-67-410-198

6.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America
AGREED at Nay Pyi Taw, Republic of the Union of Myanmar, as of the day and year first above written.

REPUBLIC OF THE UNION OF MYANMAR

By

Authorized Representative

Name: U Maung Maung Win
Title: Director General, Treasury Department

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Mr. Ulrich Zachau
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to enable poor rural communities to benefit from improved access to and use of basic infrastructure and services through a people-centered approach and to enhance the Recipient’s capacity to respond promptly and effectively to an Eligible Crisis or Emergency.

The Project consists of the following parts:

Part A: Community Block Grants

Provision of Block Grants for the development of priority community level infrastructure in selected Townships.

Part B: Facilitation and Capacity Development

Provision of technical assistance, institutional support and training at the Union, State/Region, District, Township, Village Tract and Village levels for the implementation of community driven activities under Part A of the Project, including, *inter alia*, the implementation of participatory community planning processes and environmental management, social accountability and grievance redress mechanisms.

Part C: Knowledge and Learning

Monitoring and evaluation of the Project and implementation of learning programs for government staff and community and civil society representatives on community-based development approaches including, *inter alia*, the carrying out of multi-stakeholder reviews, studies and south-south knowledge exchanges and the establishment of a community-driven development gender network.

Part D: Implementation Support

Provision of technical and operational support for the day-to-day management of Project activities at the Union, State/Region, District, Township, Village Tract and Village levels including financial management, procurement, environmental and social safeguards management, communications, audits and rehabilitation and/or construction of DRD offices necessary for Project implementation.

Part E: Contingent Emergency Response

Provision of immediate response to an Eligible Crisis or Emergency, as needed.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

Steering Committee

1. The Recipient shall maintain, throughout the implementation of the Project, a Steering Committee with a mandate, composition and resources satisfactory to the Association.

2. Without limitation to the provisions of paragraph 1 of this Part A, the Steering Committee shall meet periodically for the purposes of, inter alia: (a) providing overall strategic and policy guidance on all activities carried out under the Project; (b) facilitating the coordination of Project activities among the relevant ministries and the effective removal of any obstacles to the timely implementation of the Project; and (c) selecting the participating Townships under Part A of the Project, in accordance with criteria acceptable to the Association.

Department of Rural Development

3. The Department of Rural Development of the MLFRD shall, throughout the implementation of the Project, be responsible for the coordination, monitoring and evaluation, and reporting of Project activities.

4. The Recipient shall maintain within the Department of Rural Development, throughout the implementation of the Project, a secretariat with functions, staffing and resources satisfactory to the Association, which shall be responsible for, inter alia: (a) overseeing and guiding the overall administration of financial management, procurement, environmental and social safeguards management, and communication of the Project; (b) carrying out the overall monitoring and evaluation of Project activities; (c) providing technical and capacity building support to all Project stakeholders; and (d) consolidating all reports under the Project.

B. Project Operations Manual

The Recipient shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in the Project Operations Manual (provided, however, that in the event of any conflict between the arrangements and procedures set out in the Project Operations Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail) and shall not amend, abrogate or waive
any provision of the Project Operations Manual unless the Association has provided its prior no-objection thereof in writing.

C. Annual Work Plans and Budgets

1. The Recipient shall prepare and furnish to the Association for its approval not later than one (1) month before the beginning of each Fiscal Year during the implementation of the Project (or such later date as the Association may agree), a consolidated Annual Work Plan and Budget ("AWPB") containing all Project activities and Eligible Expenditures, including the amount of Block Grants, proposed to be included in the Project in the following Fiscal Year, including a specification of the sources of financing for all Eligible Expenditures, and environmental and social safeguard measures taken or planned to be taken in accordance with the provisions of Part E of this Schedule.

2. The Recipient shall ensure that the Project is implemented in accordance with the AWPB accepted by the Association for the respective Fiscal Year; provided, however, that in the event of any conflict between the AWPB and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The Recipient shall not make or allow to be made any change to the AWPB without prior no-objection in writing by the Association.

D. Sub-projects

1. The Recipient shall make available Block Grants to Beneficiaries in accordance with eligibility criteria, arrangements and procedures acceptable to the Association and set out in the Project Operations Manual for the purpose of carrying out Sub-Projects under Part A of the Project.

2. The Recipient shall make each Block Grant pursuant to a Block Grant Agreement with the respective Beneficiary, on terms and conditions approved by the Association, and shall obtain rights adequate to protect its interests and those of the Association, including the right to:

   (a) require each Beneficiary to: (i) carry out the respective 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 applicable provisions of the Project Operations Manual, the Procurement Guidelines, the Consultant Guidelines, the Environmental and Social Management Framework, the relevant Safeguard Assessments and Plans, and the provisions of the Anti-Corruption Guidelines applicable to recipients of grant proceeds other than the Recipient; (ii) provide, promptly as needed, the resources required for the purpose; (iii) procure
the goods, works and services to be financed out of the Block Grant in accordance with the provisions of Section III of Schedule 2 to this Agreement, and utilize such goods, works and services exclusively in the carrying out of the Sub-project and for the objectives thereof; (iv) maintain procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association and set out in the Project Operations Manual, the progress of the Sub-project and the achievement of its objectives; (v) (A) maintain records and accounts adequate to reflect the expenditures pertaining to the respective Sub-project and provide such information to the Recipient and the Association upon request; and (B) at the Association’s or the Recipient’s request, have such records and accounts audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the records and accounts as so audited to the Recipient and the Association; (vi) enable the Recipient and the Association to inspect the Sub-project, its operation and any relevant records and documents; and (vii) 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; and

(b) suspend or terminate the right of the Beneficiary to use the proceeds of the Block Grant, or declare to be immediately due and payable all or any part of the amount of the Block Grant then withdrawn upon the Beneficiary’s failure to perform any of its obligations under the Block Grant Agreement.

3. The Recipient shall exercise its rights under the Block 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 in writing, the Recipient shall not assign, amend, abrogate or waive any Block Grant Agreement or any of its provisions.

E. Environmental and Social Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Environmental and Social Management Framework ("ESMF").

2. Whenever a Safeguard Assessment and Plan shall be required for any proposed Project activity in accordance with the provisions of the ESMF, the Recipient shall ensure that: (a) such Safeguard Assessment and Plan is prepared, reviewed, disclosed and consulted upon, and adopted in accordance with the provisions of the ESMF and in a manner satisfactory to the Association; and (b) thereafter such measures are taken as shall be necessary or appropriate to ensure compliance with the requirements of such Safeguard Assessment and Plan.
3. Without limitation on the foregoing, the Recipient shall: (a) finance exclusively out of its own or other resources, and not out of the proceeds of the Financing or the Co-financing, any land that may be acquired by the Recipient in relation to or on account of the Project, and any such acquisition shall, in any event, comply with the applicable requirements of the ESMF; and (b) in the case of any resettlement activity under the Project involving Displaced Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before necessary resettlement measures consistent with the ESMF have been executed, including, in the case of displacement, full payment to Displaced Persons of compensation and of other assistance required for relocation, prior to displacement.

4. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESMF or any Safeguard Assessments and Plans, unless the Association has provided its prior approval thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

5. Without limitation on its other reporting obligations under this Agreement, the Recipient shall collect, compile and submit to the Association on a quarterly basis (or such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the ESMF and the Safeguard Assessments and Plans, giving details of:

   (a) measures taken in accordance with the said instruments;

   (b) conditions, if any, which interfere or threaten to interfere with the implementation of the said measures; and

   (c) remedial measures taken or required to be taken to address such conditions.

6. In the event of any conflict between the provisions of any of the ESMF or any Safeguard Assessments and Plans, and the provisions of this Agreement, the provisions of this Agreement shall prevail.

F. Contingent Emergency Response

1. In order to ensure the proper implementation of contingent emergency response activities under Part E of the Project ("Emergency Response Part"), the Recipient shall:

   (a) prepare and furnish to the Association for its review and approval, a Contingent Emergency Response Implementation Plan ("CERIP") which shall set forth detailed implementation arrangements for the Emergency
Response Part, including: (i) any special institutional arrangements for coordinating and implementing the Emergency Response Part; (ii) specific activities which may be included in the Emergency Response Part, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for the Emergency Response Part; (iv) procurement methods and procedures for Emergency Response Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) application of the ESMF and any other relevant safeguard instruments to the Emergency Response Part; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the Emergency Response Part;

(b) afford the Association a reasonable opportunity to review the proposed CERIP;

(c) promptly adopt the CERIP for the Emergency Response Part as shall have been accepted by the Association;

(d) ensure that the Emergency Response Part is carried out in accordance with the CERIP; provided, however, that in the event of any inconsistency between the provisions of the CERIP and this Agreement, the provisions of this Agreement shall prevail; and

(e) not amend, suspend, abrogate, repeal or waive any provision of the CERIP without prior written approval by the Association.

2. The Recipient shall undertake no activities under the Emergency Response Part, unless and until the following conditions have been met in respect of said activities:

(a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Emergency Response Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and

(b) the Recipient has ensured the preparation and disclosure of all safeguard instruments as may be required for said activities in accordance with the CERIP, the Association has approved all such instruments, and the Recipient has ensured the implementation of any actions which are required to be taken under said instruments.
G. Anti-Corruption

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

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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 indicators acceptable to the Association and set forth in the Project Operations Manual. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient shall: (a) not later than August 31, 2017 (or such other date as the Association may agree), prepare and furnish to the Association a mid-term report, in such detail as the Association shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to paragraph 1 of this Section II.A, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objective during the period following such date; and (b) review with the Association such mid-term report, on or about the date one month after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objective, based on the conclusions and recommendations of the mid-term report and the Association’s views on the matter.

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. Without limitation upon the provisions of this Section II.A, the Recipient shall prepare and furnish to the Association, as part of the Project Reports, not later than forty five (45) days after the end of each quarter of the Fiscal Year, 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. The audited
Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting 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 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

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

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule 2; (b) Shopping; (c) Direct Contracting; (d) Procurement from UNOPS; and (e) Community Participation procedures which have been found acceptable to the Association and set out in the Project Operations Manual.

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 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) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

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.

E. **Procurement of Emergency Expenditures under the Emergency Response Part**

Notwithstanding any provisions to the contrary in this Section, Emergency Expenditures required for activities included in the Emergency Response Part shall be procured in accordance with the procurement methods and procedures set forth in the CERIP.

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 and as detailed in the respective Annual Work Plans and Budgets.

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 Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
### Table: Allocation of Financing

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Block Grants under Part A of the Project</td>
<td>186,050,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consultants’ services, Training and Operating Costs under Parts B, C and D of the Project</td>
<td>98,450,00</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Emergency Expenditures under Part E of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>284,500,00</td>
<td></td>
</tr>
</tbody>
</table>

### B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of this Section IV.A, no withdrawal shall be made for payments made:

   (a) prior to the date of this Agreement; and

   (b) for Emergency Expenditures under Category (3), unless and until the Association is satisfied that all of the following conditions have been met in respect of said expenditures:

      (i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Emergency Response Part in order to respond to said crisis or emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

      (ii) the Recipient has ensured that all safeguards instruments required for said activities have been prepared and disclosed, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in
accordance with the provisions of Sections I.E and I.F of this Schedule;

(iii) the entities in charge of coordinating and implementing the Emergency Response Part have adequate staff and resources, in accordance with the provisions of Section I.F of this Schedule, for the purposes of said activities; and

(iv) the Recipient has adopted the CERIP, in form and substance acceptable to the Association, and the provisions of the CERIP remain - or have been updated in accordance with the provisions of Section I.F of this Schedule 2 so as to be - appropriate for the inclusion and implementation of the Emergency Response Part; and

(c) for expenditures for the Project which the Association, the Bank, the Recipient, the Co-financier or any other financier shall have financed or agreed to finance under any other loan or grant, as specified in the Annual Work Plan and Budget.

2. The Closing Date is November 30, 2021.
ANNEX TO SCHEDULE 2

Conditions for Use of National Competitive Bidding Procedure in Myanmar

The procurement procedure to be followed for National Competitive Bidding shall be the "Open Tender Procedure" set forth in the Recipient's Tender Directive No. 1/2013 dated April 5, 2013 and the Instruction from the Recipient’s President’s Office dated June 2, 2011 on “Changing the Procurement Method from Close Tender to Open Tender,” provided, however, that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the Procurement Guidelines and the following additional provisions:

1. Eligibility

   (1) Eligibility to participate in a procurement process for and to be awarded an Association-financed contract shall be as defined under Section I of the Procurement 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 Procurement Guidelines.

   (2) Foreign bidders shall not be required to form a joint venture or to sub-contract part of the supply of goods, works and services as a condition for submitting bids or the award of the contract. Bidding documents shall be made available, by mail or in person, to all international bidders who are willing to participate and pay the required fee, if so required.

2. Government-owned Enterprises

   Government-owned enterprises in Myanmar shall be eligible to participate in bidding only if they can establish: (i) that they are legally and financially autonomous, (ii) operate under commercial law, and (iii) are not dependent agencies of the Recipient or any sub-recipients of the proceeds of the Financing.

3. Domestic Preference

   No domestic preference may be applied in bid evaluation on the basis of bidder nationality, the origin of goods, services or labor, and/or preferential programs, including any preference for government-owned enterprises.

4. Registration of Contractors and Suppliers

   (1) Registration shall not be used to assess bidders’ qualifications.

   (2) A foreign bidder shall not be required to register as a condition for submitting its bid, and a foreign bidder recommended for contract award shall be given a
reasonable opportunity to register with the reasonable cooperation of the Recipient, prior to contract signing, if registration is required by the regulation of a related ministry implementing the Project and is explicitly specified in the bidding documents.

5. Bidding Documents

Bidding documents, including contract provisions, acceptable to the Association shall be used, and shall be prepared so as to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines. Technical requirements should be based on relevant characteristics and/or performance requirements. References to brand names, catalogue numbers or similar classifications shall be avoided. If it is necessary to quote a brand name or catalogue number of a particular manufacturer to clarify an otherwise incomplete specification, the words “or equivalent” shall be added after such reference.

6. Advertising; Time for Bid Preparation

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. The advertisement shall be published in a national newspaper of wide circulation or in the official gazette, provided that it is of wide circulation, or on a widely used website or electronic portal with free national and international access.

7. Qualification

(1) Qualification criteria shall be clearly specified in the bidding documents. All criteria so specified, and only such specified criteria, shall be used to determine whether a bidder is qualified. Qualification shall be assessed on a “pass or fail” basis, and merit points shall not be used. Such assessment shall be based entirely upon the bidder’s or prospective bidder’s capability and resources to effectively perform the contract, taking into account objective and measurable factors, including: (i) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (ii) financial position; and where relevant (iii) capability of construction and/or manufacturing facilities and key personnel.

(2) In the procurement of goods and works where pre-qualification is not used, the qualification of the bidder who is recommended for award of contract shall be assessed by post-qualification, applying the qualification criteria stated in the bidding documents.
8. **Cost Estimate**

The detailed cost estimates shall be confidential and shall not be disclosed to prospective bidders. No bids shall be rejected on the basis of comparison with the cost estimates without the Association’s prior written concurrence. Bidders shall not be required to negotiate the bid price for the purpose of meeting the estimated price.

9. **Bid Submission and Bid Opening**

A single-envelope procedure shall be used for the submission of bids. Bids shall be opened in public immediately after the deadline for submission of bids; bidders or their representatives who choose to attend shall be allowed to be present, but their attendance shall not be mandatory. Bids received after the deadline for bid submission shall be rejected and returned to bidders unopened. Bidders shall not be allowed or required to modify their bid prices after the deadline for submission of bids. A copy of the bid opening minutes shall be promptly provided to all bidders who submitted bids, and to the Association with respect to contracts subject to the Association’s prior review.

10. **Bid Evaluation**

   (1) Evaluation of bids shall be made in strict adherence to the evaluation criteria disclosed in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms. Merit points and bracketing shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation.

   (2) Contracts shall be awarded to the qualified bidder whose bid has been determined: (i) to be substantially responsive to the bidding documents, and (ii) to offer the lowest-evaluated cost. No negotiations shall be permitted. 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. A bidder shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.

11. **Rejection of All Bids and Re-bidding**

    All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Association’s prior written concurrence.
12. Bid Validity

The bid validity period required by the bidding documents shall be sufficient to enable the procuring entities to complete the comparison and evaluation of bids, and obtain the approval and registration of the contract as may be contemplated in the related regulations, provided that such validity does not affect the timely conduct of procurement process. If justified by exceptional circumstances, an extension of bid validity may be requested in writing from all bidders before the original bid validity expiration date, provided that such extension shall cover only the minimum period required to complete the evaluation, award a contract, and/or complete the contract registration process, and shall not be longer than four weeks; a corresponding extension of any bid guarantee also shall be required in such cases. A Bidder may refuse the request to extend the bid validity without forfeiting its bid guarantee. No further extensions shall be requested without the prior written concurrence of the Association.

13. Price Adjustment

Contracts of long duration (i.e. more than 18 months) shall contain appropriate price adjustment provisions.

14. Guarantees

Bid and contract guarantees shall be in the amount and format included in the bidding documents. The bid security shall be valid for twenty-eight days (28) beyond the original validity period of the bid, or beyond any period of extension if requested. No advance payments shall be made without a suitable advance payment guarantee.

15. Fraud and Corruption

The bidding document and contract as deemed acceptable by the Association shall include provisions stating the Association’s policy to sanction firms or individuals, found to have engaged in fraud and corruption as defined in the Procurement Guidelines.

16. Inspection and Audit Rights

In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the Association to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association. Acts intended to materially impede the exercise of the Association’s inspection and audit rights provided for in the Procurement
Guidelines constitute an obstructive practice as defined in the Procurement Guidelines.

17. Contract Modifications

With respect to contracts subject to the Association’s prior review, the Recipient shall obtain the Association’s no objection before agreeing to: (i) a material extension of the stipulated time for performance of a contract; (ii) any substantial modification of the scope of works or supply or other significant changes to the terms and conditions of the contract; (iii) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than 15 percent; or (iv) the proposed termination of the contract. A copy of all contract amendments shall be provided to the Association, as soon as the same is signed between the contractor or supplier and the agency of Recipient.

18. Contract Award Notification

The result of bid evaluation and contract award shall be published in a national press or an official gazette or free and open access website. The publication shall include: (i) the name of each bidder that submitted a bid; (ii) bid prices as read out at bid opening; (iii) evaluated price of each bid that was evaluated; (iv) the names of bidders whose bids were either rejected as non-responsive or not meeting qualification criteria, or not evaluated, with the reasons thereof; and (v) the name of the winning bidder, and final total contract price, as well as the duration and summary scope of the contract. Such publication shall be within two weeks of receiving the Association’s no objection to the award recommendation for contracts subject to the Association’s prior review, and within two weeks of the Recipient’s award decision for contracts subject to the Association’s post review.
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 May 1 and November 1, commencing November 1, 2021 to and including May 1, 2053</td>
<td>1.5625%</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

Definitions

1. “Annual Work Plan and Budget” and the acronym “AWPB” each means the annual work plan and budget referred to in Section I.C of Schedule 2 to this Agreement; as said plan and budget may be modified from time to time with the prior written no-objection of the Association.


3. “Beneficiary” means a Village Tract Development Support Committee selected in accordance with the eligibility criteria and procedures set forth in the Project Operations Manual to receive a Block Grant for the financing of a Sub-project, and the term “Beneficiaries” means collectively all such Beneficiaries.

4. “Block Grant” means a grant to be made available by the Recipient out of the proceeds of the Financing to a Beneficiary to finance the reasonable costs of goods, works and services required for a Sub-project in accordance with the provisions of the respective Block Grant Agreement; and “Block Grants” means, collectively, all such Block Grants.

5. “Block Grant Agreement” means the agreement to be entered into between the Recipient and the respective Beneficiary for the purposes of implementing and financing a Sub-project; and “Block Grant Agreements” means collectively, all such Block Grant Agreements.

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


8. “Contingent Emergency Response Implementation Plan” and “CERIP” each means the plan referred to in Section I.F of Schedule 2 to this Agreement, to be adopted by the Recipient for the Emergency Response Part in accordance with the provisions of said Section.

9. “Department of Rural Development” and the acronym “DRD” means the department responsible for rural development within the MLFRD, or any successor thereto.
10. "Displaced Persons" means any person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction or access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.

11. "District" means an administrative sub-division of the Recipient’s territory below the State/Region level.

12. "Eligible Crisis or Emergency" means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.

13. "Emergency Expenditure" means any of the eligible expenditures set forth in the CERIP in accordance with the provisions of Section I.F of Schedule 2 to this Agreement, and required for the Emergency Response Part.

14. "Emergency Response Part" means a specific activity or activities to be carried out in the event of an Eligible Crisis or Emergency under Part E of the Project.

15. "Environmental and Social Assessment" means any assessment to be prepared in accordance with the ESMF pursuant to Section I.E of Schedule 2 to this Agreement, each such assessment in form and substance satisfactory to the Association, defining, inter alia, details of potential environmental and social risks and adverse impacts associated with the implementation of Project activities, as said assessment may be modified from time to time with the prior written approval of the Association, and such term includes any annexes and schedules to such assessment.

16. "Environmental and Social Management Framework" and the acronym "ESMF" each means the Recipient’s framework dated March 19, 2015, setting out, inter alia, the principles, standards, processes and tools to be applied to assess potential adverse environmental and social impacts associated with Project activities and the ways to avoid, minimize and/or mitigate them, with related public consultation, disclosure, reporting and grievance redress procedures, including, inter alia, the Resettlement Policy Framework, the Indigenous Peoples Policy Framework, the Grievance Redress System, and the guidelines, procedures and forms for preparing and implementing the Safeguard Assessments and Plans, as said framework may be modified from time to time with the prior written approval of the Association, and such term includes any schedules or annexes to such framework.

17. "Environmental Codes of Practice" means the codes included in the ESMF, setting out, inter alia, measures and procedures to avoid, minimize and/or mitigate any
adverse environmental, social, health and safety impacts that may result from the implementation of Project activities.

18. “Environmental Management Plan” means any plan to be prepared in accordance with the ESMF pursuant to Section I.E of Schedule 2 to this Agreement, each such plan in form and substance satisfactory to the Association, setting out, inter alia, details of measures to manage potential environmental risks and avoid, minimize and/or mitigate any adverse environmental impacts associated with the implementation of Project activities, together with adequate budget, institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms, as said plan may be modified from time to time with the prior written approval of the Association, and such term includes any annexes and schedules to such plan.

19. “Fiscal Year” means the Recipient’s fiscal year, which commences on April 1 and closes on March 31 of each year.

20. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modification set forth in Section II of this Appendix.

21. “Grievance Redress System” means the system described in the Project Operations Manual and the ESMF, designed to track grievances regarding the use of the proceeds of the Financing allocated from time to time to Part A (Block Grants) of the Project and/or the selection and implementation of Sub-projects, to guide and track the resolution of such grievances, and, if warranted in accordance with such system, as an interim measure exclude the use of such proceeds in a particular Township, Village Tract or Village, or the participation of responsible individuals or other actions authorized by such system, as said system may be modified from time to time with the prior written approval of the Association.

22. “Indigenous Peoples” means those social groups in the Recipient’s territory that have a distinct, vulnerable, social and cultural identity, and that possess the following characteristics in varying degrees: (a) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (b) collective attachment to geographically distinct habitats or ancestral territories in the Project area and to the natural resources in these habitats and territories; (c) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and (d) an indigenous language.

23. “Indigenous Peoples Policy Framework” means the framework included in the ESMF, setting out, inter alia, the principles, standards, processes and tools to be applied to ensure the free, prior and informed consultation of Indigenous Peoples affected by any proposed Project activity, resulting in their broad community support for such activity, including the preparation of Indigenous Peoples Plans,
as said framework may be modified from time to time with the prior written approval of the Association, and such term includes any annexes and schedules to such framework.


25. "Operating Costs" means the reasonable costs of goods and non-consulting services required for the day-to-day coordination, administration and supervision of Project activities, including leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises, fuel, office supplies, utilities, consumables, communication expenses (including postage, telephone and internet costs), translation, printing and photocopying expenses, bank charges, publications and advertising expenses, insurance, Project-related meeting expenses, Project-related travel, subsistence and lodging expenses, and other administrative costs directly related to the Project, costs of support staff, but excluding salaries, bonuses, fees and honoraria or equivalent payments of members of the Recipient's civil service.


27. "Procurement Plan" means the Recipient's procurement plan for the Project, dated May 12, 2015 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

28. "Project Operations Manual" means the manual adopted by the Recipient for the implementation of the Project referred to in Section I.B of Schedule 2 to this Agreement, containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) the selection of Townships participating in the Project and the eligibility criteria, appraisal, approval and administration arrangements and procedures for Sub-projects and terms and conditions of Block Grant Agreements including, inter alia, those referred to in Section I.D of this Schedule; (c) disbursement and financial management; (d) procurement; (e) environmental and social safeguards management; (f) grievance redress procedures; (g) monitoring and evaluation, reporting and communication; and (h) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project; as said manual may be modified from time to time with the prior written no-objection of the Association, and such term includes any schedules to such manual.
29. "Resettlement Action Plan" means any plan to be prepared in accordance with the Resettlement Policy Framework, pursuant to Section I.E of Schedule 2 to this Agreement, each such plan in form and substance satisfactory to the Association, setting out, *inter alia*, measures for compensation and resettlement of any Displaced Persons, including the magnitude of displacement, compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with its terms, as said plan may be modified from time to time with the prior written approval of the Association, and such term includes any annexes and schedules to such plan.

30. "Resettlement Policy Framework" means the Recipient’s framework included in the ESMF, setting out, *inter alia*, the principles, standards, processes and tools applicable to the acquisition of rights to land, resettlement and compensation, and voluntary land donation protocols and procedures, as well as reporting and monitoring arrangements to ensure compliance with the said framework, as said framework may be modified from time to time with the prior written approval of the Association, and such term includes any schedules or annexes to such framework.

31. "Safeguard Assessment and Plan" means any Environmental and Social Assessment, Environmental Management Plan, Village Tract Development Plan and Resettlement Action Plan to be prepared in accordance with the ESMF and the provisions of Section I.E of Schedule 2 to this Agreement, as said assessment and plan may be modified from time to time with the prior written approval of the Association, and such term includes any annexes and schedules to such assessment and plan; and "Safeguard Assessments and Plans" means, collectively, all such assessments and plans.

32. "State/Region" means an administrative sub-division of the Recipient’s territory below the Union level.

33. "Steering Committee" means the committee to be maintained by the Recipient in accordance with the provisions of Section I.A.1 of Schedule 2 to this Agreement.

34. "Sub-project" means a set of specific activities under Part A of the Project to be carried out by a respective Beneficiary utilizing the proceeds of a Block Grant; and the term "Sub-projects" means all such Sub-projects.

35. "Township" means an administrative sub-division of the Recipient’s territory below the District level.

36. "Training" means the reasonable costs of goods and non-consulting services incurred for training and educational courses, workshops and study tours carried
out under the Project, along with travel and subsistence allowances for training participants, course fees, services of trainers, rental of training facilities, preparation, acquisition, distribution and reproduction of training materials, and other activities directly related to course preparation and implementation.

37. "Union" means the highest administrative level of government in the Recipient’s territory.

38. "UNOPS" means the United Nations Office for Project Services.

39. "Village" means an administrative sub-division of the Recipient’s territory below the Village Tract level.

40. "Village Tract" means an administrative sub-division of the Recipient’s territory below the Township level.

41. "Village Tract Development Plan" mean any plan to be prepared in accordance with the Indigenous Peoples Policy Framework and approved by the respective DRD Township office pursuant to Section I.E of Schedule 2 to this Agreement, each such plan in form and substance satisfactory to the Association, setting out, inter alia, measures to ensure culturally appropriate social and economic benefits for the Indigenous Peoples affected by the Sub-projects included in the respective Village Tract Development Plan, and to avoid, minimize, or mitigate or compensate for any potential adverse effects on the Indigenous Peoples associated with such activity.

42. "Village Tract Development Support Committee" means a committee composed of community representatives of the respective Village Tract and responsible for deciding on village level priorities and endorsing the Village Tract Development Plan prior to its approval by the respective DRD Township office.