MDTF GRANT NUMBER TF0A3114

Multi-Donor Trust Fund
Grant Agreement

(Health Equity and Quality Improvement Project)

between

KINGDOM OF CAMBODIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
(Acting as administrator of the Multi-Donor Trust Fund for the Cambodia Health Equity and Quality Improvement Project)

Dated August 26, 2016
MULTI-DONOR TRUST FUND
GRANT AGREEMENT

AGREEMENT dated August 26, 2016, entered into between the KINGDOM OF CAMBODIA ("Recipient"); and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator of the Multi-Donor Trust Fund for the Cambodia Health Equity and Quality Improvement Project ("MDTF").

WHEREAS (A) the Recipient, having satisfied itself as to the feasibility and priority of the Project described in Schedule 1 to this Agreement ("Project"), has requested the World Bank to extend a grant from the MDTF as provided in Section 3.01 of this Agreement, to assist in the financing of the Project;

(B) the Recipient has also requested the Association to provide additional assistance towards the financing of the Project and the Association has agreed to make available a credit to the Recipient to assist in the financing of the Project, pursuant to the Financing Agreement of even date herewith between the Recipient and the Association ("Financing Agreement"); and

WHEREAS the World Bank has agreed, on the basis, inter alia, of the foregoing, to extend a grant from the MDTF to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE, the Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions, this Agreement (including the Preamble hereto), and the Appendix to the Financing Agreement, as the case may be.

Article II
The Project

2.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through the MOH in accordance with the provisions of Article II of the Standard Conditions.
2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III
The Grant

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 three million five hundred thousand Dollars ($3,500,000) ("Grant") to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section II of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the MDTF for which the World Bank receives periodic contributions from the donors to the MDTF. In accordance with Section 3.02 of the Standard Conditions, the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the MDTF, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Effectiveness; Termination

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:

(a) The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.

(b) The Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

(c) The Recipient has adopted the Project Operational Manual, in form and substance satisfactory to the Association.

4.02. As part of the evidence to be furnished pursuant to Section 5.01 (a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient,
showing on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

4.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article V
Recipient's Representative; Addresses

5.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister at the time responsible for finance.

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

Ministry of Economy and Finance
Street 92
Sangkat Wat Phnom, Khan Daun Penh
Phnom Penh
Kingdom of Cambodia

Facsimile:

(855-23) 725-341
(855-23) 427-798

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

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America
Facsimile:
1-202-477-6391

AGREED at Phnom Penh, Kingdom of Cambodia, of the day and year first above written.

KINGDOM OF CAMBODIA

By

Authorized Representative

Name: AUN PORN MONIROTH, Ph.D
Title: SENIOR MINISTER AND MINISTER OF ECONOMY AND FINANCE
INTERNATIONAL DEVELOPMENT ASSOCIATION
Acting as administrator of the Multi-Donor Trust Fund for the Cambodia Health Equity and Quality Improvement Project

By

Authorized Representative

Name: Ulrich Zachau
Title: COUNTRY DIRECTOR
SOUTH EAST ASIA
SCHEDULE 1

Project Description

The objective of the Project is to improve access to quality health services for targeted population groups with protection against impoverishment due to the cost of health care services in the Kingdom of Cambodia.

The Project consists of the parts described in Schedule 1 to the Financing Agreement.
SCHEDULE 2

Project Execution

Section I. Implementation Provisions

Section I (Implementation Arrangements), Section II (Project Monitoring, Reporting and Evaluation) and Section III (Procurement) of Schedule 2 to the Financing Agreement are hereby incorporated by reference and shall apply, \textit{mutatis mutandis}, to this Agreement, and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement, provided that for the purposes of this Agreement: (1) the references to the “Financing” in said Sections shall be construed as references to the Grant provided for under this Agreement; (2) the references to the “Association” in said Sections shall be construed as references to the World Bank; (3) the reference to Section 4.08 of the General Conditions in Section II.A of Schedule 2 to the Financing Agreement shall be construed as reference to Section 2.06 of the Standard Conditions; and (4) the references to Section 4.09 and 4.09 (b) of the General Conditions in Section II.B of Schedule 2 to the Financing Agreement shall be construed as references to Section 2.07 and 2.07 (b) of the Standard Conditions.

Section II. Withdrawal of the Proceeds of the Grant

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of Article III of the Standard Conditions, this Section, and such additional instructions as the World Bank 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 World Bank 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.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“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 USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) SDGs under Part 1 of the Project</td>
<td>750,000</td>
<td>100% of the Grant’s agreed share of the cost specified in the approved AOP for each FY</td>
</tr>
<tr>
<td>(2) HEF Grants under Part 2 of the Project</td>
<td>750,000</td>
<td>100% of the Grant’s agreed share of the cost specified in the approved AOP for each FY</td>
</tr>
<tr>
<td>(3) Eligible Expenditure Programs under Part 3.1 of the Project</td>
<td>1,500,000</td>
<td>100% of the Grant’s agreed share of the cost specified in the approved AOP for each FY</td>
</tr>
<tr>
<td>(4) Goods, works, non-consulting services, consultants’ services, Operating Costs and Training under Parts 3.2 and 3.3 of the Project</td>
<td>500,000</td>
<td>100% of the Grant’s agreed share of the cost specified in the approved AOP for each FY</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>3,500,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

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; and

   (b) for Eligible Expenditure Programs under Category (3), unless and until the Recipient has:

      (i) furnished evidence satisfactory to the World Bank in accordance with the verification protocol set forth in the Project Operational Manual that the Recipient has achieved the respective DLI Targets set forth in Schedule 4 to the Financing Agreement against which withdrawal is requested; and
(ii) complied with the additional instructions referred to in Section II.A of this Schedule, including furnished to the World Bank the applicable interim unaudited financial reports documenting the incurrence of Eligible Expenditure Programs under Category (3) during the respective fiscal year up to the date against which withdrawal is requested.

2. Notwithstanding the provisions of Parts A and B.1(b) of this Section, the amount of the Grant to be withdrawn upon the verified achievement of any DLI Target shall correspond to the DLI Value of such DLI Target as set forth in Schedule 4 to the Financing Agreement, adjusted for the percentage of financing specified in the table in Part A.2 of this Schedule.

3. Notwithstanding the provisions of Part B.1(b) of this Section, if the World Bank shall determine, based on the evidence furnished by the Recipient under Part B.1 of this Section, that:

(a) any DLI Target has been partially achieved, provided that, at a minimum, the Minimum DLI Result has been achieved or exceeded, the World Bank may in its sole discretion authorize the withdrawal of a portion of the amount of the Grant then allocated to said DLI Target, calculated on a pro rata basis in respect of the level of partial achievement of said DLI Target; and

(b) any DLI Target has not been fully achieved by its DLI Target Achievement Date, the World Bank may in its sole discretion, by notice to the Recipient:

(i) withhold in whole or in part the amount of the Grant allocated to such DLI Target;

(ii) disburse in whole or in part the withheld amount of the Grant allocated to such DLI Target at any later time prior to the Closing Date if and when the World Bank shall be satisfied that the DLI Target for any subsequent fiscal year (if applicable) under the same DLI has been fully achieved;

(iii) reallocate in whole or in part any withheld amount of the Grant allocated to such DLI Target; and/or

(iv) cancel in whole or in part any withheld amount of the Grant allocated to such DLI Target.

4. The Closing Date is June 30, 2021.