September 5, 2012

H.E. Keat Chhon
Deputy Prime Minister
Minister of Economy and Finance
Ministry of Economy and Finance
Street 92, Sangkat Wat Phnom
Phnom Penh, Cambodia

Excellency:

Re: IDA Credit No. 4796-KH and IDA Grant No. H607-KH
(Cambodia: Higher Education Quality and Capacity Improvement Project)
Additional Instructions: Disbursement Letter

I refer to the Financing Agreement between the Kingdom of Cambodia (the “Recipient”) and the International Development Association (the “Association”) for the above-referenced project, dated September 7, 2010. The Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of IDA Credit No. 4796-KH (“Credit”) and IDA Grant No. H607-KH (“Grant”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions and supersedes the disbursement letter dated September 7, 2010 (Original Disbursement Letter) by increasing the Ceiling of Advance from $1,000,000 to $2,000,000, as set out in paragraph II (vi) below, provided, however, that all the attachments1 to the Original Disbursement Letter shall form an integral part of this Disbursement Letter.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, (“Disbursement Guidelines”), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Credit and Grant is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Credit and Grant:

- Reimbursement
- Advance

1 Includes (i) World Bank Disbursement Guidelines for Projects dated May 1, 2006; (ii) Form for Authorized Signatures; (iii) Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation, dated January 20, 2010; (iv) Form of Statement of Expenditures; (v) Form of List of Payments Against Contracts Subject to the Association’s Prior Review; and (vi) Form of Designated Account Reconciliation Statement.
Direct Payment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four (4) months after the Closing Date specified in the Financing Agreement. Any changes to this date will be notified by the Association.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Condition(s) in the Agreement.

II. Withdrawal of Credit and Grant Proceeds

(i) Authorized Signatures (subsection 3.1). A letter should be furnished to the Association at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank
113 Norodom Boulevard
Phnom Penh, Cambodia

Attention: Country Director

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed applications for withdrawal, together with supporting documents, to the address indicated below:

The World Bank
23/F, The Taipan Place Building
Emerald Avenue, Ortigas Center
Pasig City, Metro Manila
Philippines

Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4). The Association may permit the Recipient to electronically deliver to the Association Applications (with supporting documents) through the Association’s Client Connection, web-based portal. The option to deliver Applications to the Association by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification devices ("Tokens") from the Association for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the Association agrees, the Association will provide the Recipient with Tokens for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (https://clientconnection.worldbank.org). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The Association reserves the right and
may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of Tokens to Process Applications. By designating officials to accept Tokens and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signatory letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of Tokens”); and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for reimbursement and direct payment is 20% of Advances to the Designated Account.

(vi) Advances (sections 5 and 6).

• Type of Designated Account (subsection 5.3): One Pooled Account for both Credit and Grant in support of the Higher Education Quality and Capacity Improvement Project.

• Currency of Designated Account (subsection 5.4): USD.

• Financial Institution at which the Designated Account Will Be Opened (subsection 5.5): National Bank of Cambodia.

• Ceiling (subsection 6.1): USD 2,000,000 for both Credit and Grant.

III. Reporting on Use of Credit and Grant Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

• For requests for Reimbursement:
  
  o Statement of Expenditure for all expenditures/contracts not subject to the Association’s prior review.

  o List of payments against contracts that are subject to the Association’s prior review, together with records evidencing eligible expenditures (e.g. copies of receipts, supplier invoices).

• For reporting eligible expenditures paid from the Designated Account:

  o Statement of Expenditure for all expenditures/contracts not subject to the Association’s prior review.
• List of payments against contracts that are subject to the Association’s prior review, together with records evidencing eligible expenditures (e.g. copies of receipts, supplier invoices).

• DA reconciliation statement.

• For requests for Direct Payment: Records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices.


IV. Other Disbursement Instructions

(i) The Recipient and Association intend, to the extent practicable, that the proceeds of the Grant be disbursed on account of expenditures for the Project before disbursement of the proceeds of the Credit.

(ii) If the revised Ceiling of $2,000,000 proves to be excessive or cannot be fully utilized, the Association may reduce the Ceiling through refund or recovery process to a level deemed appropriate and sufficient in meeting funding needs of the Project.

V. Other Important Information


If you have not already done so, the Association recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Credit and Grant, and retrieve related policy, financial, and procurement information. All Recipient officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. For more information about the website and registration arrangements, please contact the Association by email at <clientconnection@worldbank.org>.
If you have any queries in relation to the above, please contact Mr. Chau-Ching Shen, Senior Finance Officer at loaeap@worldbank.org using the above reference.

Yours sincerely,

Annette Dixon
Country Director, Cambodia
East Asia and Pacific Region

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