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CREDIT NUMBER 5624-MM

# **Financing Agreement**

**(Agricultural Development Support Project)**

**between**

**REPUBLIC OF THE UNION OF MYANMAR**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

Dated *September 9*, 2015

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## FINANCING AGREEMENT

AGREEMENT dated *September 9*, 2015, entered into between the REPUBLIC OF THE UNION OF MYANMAR ("Recipient") and the 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 this 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 credit in an amount equivalent to seventy one million Special Drawing Rights (SDR 71,000,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).
- 2.05. The Payment Dates are June 15 and December 15 in each year per annum.
- 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 Dollars.

### **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 its Ministry of Agriculture and Irrigation 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 Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.02. 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 V— REPRESENTATIVE; ADDRESSES**

- 5.01. The Recipient's Representative is its Minister at the time responsible for finance.
- 5.02. The Recipient's Address is:

Ministry of Finance  
Building No. 26  
Naypyitaw  
Myanmar

Facsimile:

95-67-410-198

5.03. The Association's Address is:

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

Facsimile:

1-202-477-6391

AGREED at Naypyitaw, Myanmar, as of the day and year first above written.

REPUBLIC OF THE UNION OF MYANMAR

By



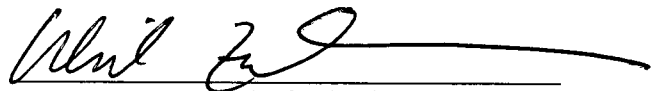
Authorized Representative

Name: U Maung Maung Win

Title: Director General, Treasury Department

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Mr. Ulrich Zachan

Title: Country Director

## SCHEDULE 1

### Project Description

The objective of the Project is to increase crop yields and cropping intensity in selected existing irrigation sites in the Recipient's Bago East, Nay Pyi Taw, Mandalay and Sagaing regions.

The Project consists of the following parts:

#### **Part 1: Irrigation and Drainage Management**

- 1.1 *Strengthening of Irrigation and Drainage Management Institutions:* (i) Carrying out of expert working meetings, Training and other capacity building activities for the MoAI, the Agricultural Coordination Committees and other relevant institutions to develop and implement participatory planning and management arrangements and procedures for irrigation and drainage service delivery; (ii) Carrying out of awareness raising activities to inform local authorities and other stakeholders in the Project Irrigation Sites about the Project and facilitate the planning and coordination of Project activities; (iii) Establishment of, and provision of Training and technical assistance to WUGs to enhance water management and system maintenance in the Project Irrigation Sites; and (iv) Development of information and decision support systems regarding the availability and use of water resources and the management of irrigation and drainage infrastructure in the Recipient's territory.
- 1.2 *Rehabilitation and Improvement of Irrigation and Drainage Infrastructure:* (i) Carrying out of feasibility studies and design for the rehabilitation and improvement of irrigation and drainage systems in the Project Irrigation Sites, including the preparation of related environmental and social Safeguard Assessments and Plans; (ii) Carrying out of infrastructure rehabilitation and improvement works in Project Irrigation Sites, including the rehabilitation and upgrading of existing main conveyance, flow control and sediment management systems and access roads and de-siltation; (iii) Rehabilitation and safety enhancement of existing single-purpose dams and appurtenant structures serving the Project Irrigation Sites; (iv) Rehabilitation and improvement of on-farm water management infrastructure in the Project Irrigation Sites; and (v) Carrying out of pilot land improvements in selected Project Irrigation Sites to demonstrate improved irrigation water use and crop choices.
- 1.3 *Improvement of Land Records and Practices:* (i) Renewal of cadastral maps, land records and land use right certificates in the Project Irrigation Sites; (ii) Piloting of inclusive approaches to land improvement and property valuation in the Project Irrigation Sites according to international best practices; (iii) Carrying out of community awareness raising activities to educate farmers in the Project Irrigation

Sites on land rights and transactions in the land market; and (iv) Carrying out of a study tour for MoAI officials to a country or countries with advanced land administration systems to inform the carrying out of activities under this Part 1.3.

## **Part 2: Farm Advisory and Technical Services**

- 2.1 *Crop Variety Development and Seed Multiplication:* (i) Carrying out of adaptive trials in the Project Irrigation Sites to evaluate the performance of various crop varieties; (ii) Production of breeder and foundation seeds for farmers in the Project Irrigation Sites; (iii) Multiplication of registered seeds for farmers in the Project Irrigation Sites; (iv) Multiplication of certified seeds for farmers in the Project Irrigation Sites; and (v) Provision of technical assistance to strengthen public seed inspection services to ensure the quality of seeds produced under the Project.
- 2.2 *Soil Management:* (i) Mapping of soil characteristics in the Project Irrigation Sites and development of fertilizer use recommendations for each of the soil types; (ii) Evaluation of the fertilizer recommendations for soils prevailing in the Project Irrigation Sites; (iii) Provision of Training and technical assistance to MoAI extension staff on soil nutrition and appropriate fertilizer application rates at the farm level; (iv) Development of extension materials and provision of Training and technical assistance to farmers in the Project Irrigation Sites on improved plant nutrition and soil conservation practices; and (v) Strengthening public fertilizer inspection services to ensure the quality of fertilizers used by farmers under the Project.
- 2.3 *Plant Protection:* (i) Carrying out of pest surveys in the Project Irrigation Sites; (ii) Establishment of mobile units for identifying pests and diseases in the Project Irrigation Sites; (iii) Upgrading of MoAI laboratory facilities for the identification of pests and diseases and testing of pesticides; (iv) Provision of Training and technical assistance to farmers in the Project Irrigation Sites on crop protection; (v) Provision of Training and technical assistance to MoAI staff and farmers in the Project Irrigation Sites on integrated pest management techniques; and (vi) Review of measures required to comply with sanitary and phytosanitary requirements for Myanmar agricultural exports.
- 2.4 *Extension of Modern Farming Practices:* (i) Carrying out of on-field demonstrations for testing of new crop varieties and extension of farm technologies in the Project Irrigation Sites; (ii) Monitoring of the multiplication of certified seeds under Part 2.1 of the Project; (iii) Rehabilitation and construction of small village extension education centers for holding farmer training courses under the Project; (iv) Carrying out of studies on post-harvest practices of crops and analysis of agriculture supply chains; (v) Carrying out of pilot activities to demonstrate post-harvest value adding food processing in the Project Irrigation Sites; and (vi) Training of farmers in the Project Irrigation Sites on modern farming practices

through on-farm demonstrations or farmer field schools and development of related educational materials.

- 2.5 *Farm Mechanization:* (i) Provision of technical assistance and modern farm machinery, equipment and education materials to the MoAI mechanization training center in Meikhtila, Mandalay region to develop modern training methodologies, materials, workshops and vocational training; and (ii) Provision of farm machinery, equipment, and other assistance for the operations of MoAI mechanization service stations in the Project regions to provide services to farmers in the Project Irrigation Sites.

**Part 3: Project Coordination and Management**

Provision of technical and operational assistance to the Project Management Unit for the carrying out of the day-to-day coordination, financial management, procurement, environmental and social management, communication and monitoring and evaluation of Project activities.

**Part 4: 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

##### 1. Project Steering Committee

The Recipient shall maintain, at all times during the implementation of the Project, a National Project Steering Committee (“NPSC”) with functions, composition and resources satisfactory to the Association, which shall meet periodically for the purposes of, *inter alia*: (a) reviewing the overall progress of the Project and providing strategic and policy guidance on all activities supported under the Project; and (b) facilitating the coordination of Project activities among the relevant ministries and the removal of any obstacles to the implementation of the Project; (c) endorsing the Annual Work Plans and Budgets; and (d) taking decisions on recommendations forwarded by the Project Management Unit.

##### 2. Project Management Unit

The Recipient shall maintain, at all times during the implementation of the Project, a Project Management Unit within the MoAI with functions, staffing and resources satisfactory to the Association, which shall be responsible for, *inter alia*: (a) consolidating the draft Annual Work Plans and Budgets prepared by the relevant technical departments of the MoAI for endorsement by the NPSC and approval by the Association; (b) coordinating the Project implementation activities of the relevant MoAI departments and handling the overall administration of financial management, procurement, environmental and social safeguards management, and communication of the Project; (c) monitoring, evaluating and reporting on Project activities; and (d) functioning as a secretariat to the NPSC and liaising with the Association on any matters related to the progress of the Project and the use of the proceeds of the Financing.

##### 3. Agricultural Coordination Committees

The Recipient shall maintain, at all times during the implementation of the Project, Agricultural Coordination Committees for each township and district participating in the Project, with functions, composition and resources satisfactory to the Association, which shall be responsible for, *inter alia*: (a) facilitating joint MoAI and WUGs planning, coordinating and monitoring of Project activities in the Project Irrigation Sites; and (b) maintaining a Project implementation sub-committee for the purpose of implementing Project activities at the township and district level in close coordination with the WUGs.



**B. Project Implementation Manual**

The Recipient shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in the Project Implementation Manual (provided, however, that in the case of any conflict between the arrangements and procedures set out in the said manual and the provisions of this Agreement, the provisions of this Agreement shall prevail) and, except as the Association shall otherwise agree, shall not amend, abrogate or waive any provision of the said manual.

**C. Annual Work Plans and Budgets**

1. The Recipient shall prepare and furnish to the Association for its approval not later than two (2) months before the beginning of each Fiscal Year during the implementation of the Project (or such later date as the Association may agree), commencing with Fiscal Year 2015-2016, an Annual Work Plan and Budget containing all eligible Project activities and expenditures proposed to be included in the Project for the Fiscal Year, including a specification of the source or 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 Annual Work Plans and Budgets approved by the Association for the respective Fiscal Year; provided, however, that in case of any conflict between the Annual Work Plans and Budgets 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 Annual Work Plans and Budgets without prior approval in writing by the Association.

**D. Anti-Corruption**

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

**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) prior to the commencement of such activity, such Safeguard Assessment and Plan is: (i) prepared and consulted upon in accordance with the

provisions of the ESMF; (ii) furnished to the Association for review and no-objection; and (iii) thereafter adopted and disclosed as accepted by the Association, 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. 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.
4. The Recipient shall ensure that:
  - (a) all terms of reference for any technical assistance or studies carried out under the Project are consistent with, and pay due attention to, the Association's environmental and social safeguards policies, as well as the Recipient's own laws relating to the environment and social aspects; and
  - (b) in drafting any regulations, guidelines or procedures and carrying out capacity building activities under the Project, due attention is given to said policies and laws.
5. Without limitation on its other reporting obligations under this Agreement, the Recipient shall collect, compile and submit to the Association on a six (6)-monthly 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 4 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.

**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 specified in the Project Implementation Manual. Each Project Report shall cover the period of one (1) calendar semester, 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) on or about forty (40) months after the Effective Date, 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 Part A, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objectives during the period following such date; and (b) review with the Association such mid-term report, on or about the date two (2) months after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objectives, 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 on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association, not later than forty-five (45) days after the end of each semester of the Fiscal Year, interim unaudited financial reports for the Project covering each such period, 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 (6) 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) Force Account; and (d) Direct Contracting.

#### **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 provision 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.
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 Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consultants' services (including audits), Training, Operating Costs and Resettlement Compensation under Parts 1, 2 and 3 of the Project	71,000,000	100%
(2) Emergency Expenditures under Part 4 of the Project	0	100%
<b>TOTAL AMOUNT</b>	<b>71,000,000</b>	

**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;
  - (b) for Emergency Expenditures under Category (2), 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.

2. The Closing Date is June 30, 2022.



## **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**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each June 15 and December 15, commencing June 15, 2021 to and including December 15, 2052	1.5625%

\* 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. “Agricultural Coordination Committees” means the township and district committees to be maintained by the Recipient at the township and district levels in accordance with the provisions of Section I.A.3 of Schedule 2 to this Agreement.
2. “Annual Work Plan and Budget” means each annual work plan, together with the related budget, for the Project approved by the Association pursuant to the provisions of Section I.C of Schedule 2 to this Agreement.
3. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “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 and revised in July 2014.
6. “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.
7. “Dam Safety Assessment” means: (a) the “Independent Safety Assessment of Male Nattaung Dam, Upper and Lower North Yamar Dams, Sinthe Dam and Swa Dam” dated September 19, 2014 in four (4) potential Project Irrigation Sites; and (b) any of the additional dam safety assessments to be prepared by the Recipient for dams in any additional Project Irrigation Sites 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, and defining details of dam safety risks and dam safety measures 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.
8. “Dam Safety Plan” means any plan to be prepared by the Recipient in accordance with the Dam Safety Assessments and 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*, remedial works construction supervision and quality assurance plan, instrumentation plan, emergency preparedness plan,

operation and maintenance plan and other dam safety measures to be implemented under the Project, 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.

9. “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.
10. “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.
11. “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.
12. “Emergency Response Part” means a specific activity or activities to be carried out in the event of an Eligible Crisis or Emergency under Part 4 of the Project.
13. “Environmental and Social Assessment” means any assessment to be prepared by the Recipient 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.
14. “Environmental and Social Management Framework” and the acronym “ESMF” each means the Recipient’s framework dated March 3, 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 guidelines, procedures and forms for preparing and implementing Environmental and Social Assessments and Environmental and Social Management Plans, the Environmental Code of Practice, the Land Acquisition and Resettlement Policy Framework and the Indigenous Peoples Planning Framework, and measures, guidelines and procedures applicable to natural habitats, cultural property, pest management, and safety of dams, 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.

15. “Environmental and Social Management Plan” means any plan to be prepared by the Recipient 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 and social risks and avoid, minimize and/or mitigate any adverse environmental and social 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.
16. “Environmental Code of Practice” means the code 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 the Project.
17. “Fiscal Year” means the Recipient’s fiscal year, which commences on April 1 and closes on March 31 of each year.
18. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
19. “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.
20. “Indigenous Peoples Plan” means any plan to be prepared by the Recipient in accordance with the Indigenous Peoples Planning 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 to ensure culturally appropriate social and economic benefits for the Indigenous Peoples affected by any Project activity, and to avoid, minimize, or mitigate or compensate for any potential adverse effects on the Indigenous Peoples associated with such activity, 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.

21. “Indigenous Peoples Planning 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.
22. “Integrated Pest Management Plan” means any plan to be prepared by the Recipient 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*, measures to develop and implement integrated pest management and safe handling of pesticides in the course of Project implementation, 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.
23. “Land Acquisition Action Plan” means any plan to be prepared by the Recipient in accordance with the Land Acquisition and 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.
24. “Land Acquisition and 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, 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.
25. “MoAI” means the Recipient’s Ministry of Agriculture and Irrigation or any successor thereto.

26. “National Project Steering Committee” and the acronym “NPSC” each 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.
27. “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, but excluding salaries, bonuses, fees and honoraria or equivalent payments of members of the Recipient’s civil service.
28. “Physical Cultural Resources Plan” means any plan to be prepared by the Recipient 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*, measures for avoiding or mitigating any adverse impacts on physical cultural resources and managing physical cultural resources encountered unexpectedly during Project implementation, 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.
29. “Procurement Guidelines” means 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 and revised in July 2014.
30. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated January 24, 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.
31. “Project Implementation Manual” means the Recipient’s manual referred to in Section I.B of Schedule 2 to this Agreement, in form and substance satisfactory to the Association, containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) disbursement and financial management; (c) procurement; (d) environmental and social safeguards management; (e) monitoring and evaluation, reporting and communication; and (f) 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 prior approval in writing of

the Association, and such term includes any schedules to the Project Implementation Manual.

32. "Project Irrigation Sites" means irrigation and drainage sites in the Recipient's Bago East, Nay Pyi Taw, Mandalay and Sagaing regions specified in the Project Implementation Manual, selected for the implementation of Project activities with the approval of the Association in accordance with the selection criteria set out in the Project Implementation Manual.
33. "Project Management Unit" means the unit to be maintained by the Recipient in accordance with the provisions of Section I.A.2 of Schedule 2 to this Agreement.
34. "Resettlement Compensation" means the costs of implementing the resettlement assistance and compensation measures required in accordance with the terms of the respective Land Acquisition Action Plan(s).
35. "Safeguard Assessment and Plan" means any Environmental and Social Assessment, Environmental and Social Management Plan, Dam Safety Assessment, Dam Safety Plan, Integrated Pest Management Plan, Indigenous Peoples Plan, Land Acquisition Action Plan and Physical Cultural Resources Plan to be prepared by the Recipient 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.
36. "Training" means the reasonable costs of goods and non-consulting services incurred for training, workshops and study tours under the Project, based on the Annual Work Plans and Budgets approved by the Association, and directly attributable to training and educational courses, workshops, and study tours, 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. "WUGs" means water user groups, to be established and operated for the purpose of participatory water management in the Project Irrigation Sites.