

**OFFICIAL
DOCUMENTS**

CREDIT NUMBER 5789-KH

Financing Agreement

(Road Asset Management Project II)

between

KINGDOM OF CAMBODIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated **JUNE 9 , 2016**

FINANCING AGREEMENT

AGREEMENT dated *JUNE 9*, 2016, entered into between the KINGDOM OF CAMBODIA (“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 forty-three million five hundred thousand Special Drawing Rights (SDR 43,500,000) (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 Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 April 1 and October 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 Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through its Ministry of Public Works and Transport (“MPWT”) 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 —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 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 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 Phnom Penh, Kingdom of Cambodia, as 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

By

A handwritten signature in black ink, appearing to read "Ulrich Zachau". The signature is written in a cursive style and is positioned above a horizontal line.

Authorized Representative

Ulrich Zachau

Name: _____

Title: COUNTRY DIRECTOR
SOUTH EAST ASIA

SCHEDULE 1

Project Description

The objective of the Project is to improve the condition, safety and climate resilience of selected national road corridors in Cambodia.

The Project consists of the following parts:

Part A: Road Asset Management

Carrying out of a program of activities to improve the road condition and safety along selected corridors of MPWT's road network through:

1. Carrying out of civil works for the strengthening, rehabilitation and routine and periodic maintenance of approximately 218 km of selected existing roads along the NR3 and NR7 national road corridors.
2. Provision of technical assistance to MPWT for the implementation of the civil works under Part A.1 of the Project and related technical capacity building support, including: (a) development and implementation of technical options and solutions, cost estimation, contract management and safeguard activities for the civil works; (b) construction supervision of the civil works; (c) supervision of road maintenance performance-based contracts for the civil works; and (d) development of technical capacities of MPWT staff on good practices and internationally accepted procedures, systems and standards for road construction, project management, contract management, outsourcing, performance-based contracting, social and environmental management, monitoring and evaluation, and financial and technical auditing.

Part B: System Upgrading and Capacity Development

Carrying out of a program of activities to strengthen the institutional, organizational and technical capacity of MPWT to perform its road asset management functions through:

1. Capacity development for road asset management of GDPW, including upgrading and operation of the road data collection and management system of MPWT's road asset management office.
2. Implementation of road safety audits on Project roads, and carrying out of community-based road safety campaigns.
3. Provision of technical assistance to enhance the financial management and internal audit capacity within MPWT.
4. Carrying out of Project technical and financial audits.

5. Provision of technical assistance to enhance the procurement capacity within MPWT.

6. Provision of operational support for the day-to-day management of the Project.

Part C: 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

The Recipient shall:

1. (a) Maintain the ICRRM, throughout the period of implementation of the Project, which shall act as the steering committee for the Project for the purposes of achieving its objectives and mobilizing the required financial resources, including counterpart funding allocations; and (b) to this end, ensure that the ICRRM shall meet at least once every six (6) months during the implementation of the Project, or more often as required.
2. Maintain the Technical Committee, throughout the period of implementation of the Project, to be provided with sufficient resources and staff in adequate numbers and with terms of reference and qualifications satisfactory to the Association, which shall be responsible for the overall coordination of the Project activities implemented by various MPWT departments.
3. Maintain the GDPW and GDAP within the MPWT, throughout the period of implementation of the Project, with sufficient resources and staff in adequate numbers and with qualifications and terms of reference satisfactory to the Association, which shall be responsible for the day-to-day execution of the Project.
4. Ensure that a Project director and a Project manager be appointed and maintained within MPWT, throughout the period of implementation of the Project, both with terms of reference and qualifications satisfactory to the Association.

B. Project Operation Manual

The Recipient shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in the Project Operation Manual (provided, however, that in the event of any conflict between the arrangements and procedures set out in the Project Operation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail) and shall not amend, abrogate or waive any provision of Project Operation Manual unless the Association has provided its prior approval thereof in writing.

C. Environmental and Social Safeguards

1. The Recipient shall implement the Safeguards Instruments in a manner and substance satisfactory to the Association.
2. Without limitation upon the foregoing, the Recipient shall:
 - (a) (i) screen and assess any potential negative environmental impacts of Project activities, and take all necessary actions to avoid, minimize, mitigate and/or compensate such impacts in accordance with the ESMF and the EMPs and in a manner satisfactory to the Association; and (ii) whenever required pursuant to the ESSF to prepare new or modify the existing EMPs, proceed to have such EMPs: (A) prepared in form and substance satisfactory to the Association; (B) except as otherwise agreed with the Association, submitted to the Association for review and approval; (C) adopted and publicly disclosed in a manner satisfactory to the Association; and (D) thereafter, implemented in accordance with their terms and in a manner satisfactory to the Association;
 - (b) (i) take all necessary actions to avoid or minimize to the extent possible any involuntary loss by persons of shelter, productive assets or access to productive assets or income or means of livelihood, temporarily or permanently, and the displacement of said people in the carrying out of the Project or any part thereof; (ii) where the acquisition of land or assets or the displacement of people is unavoidable, before initiating the implementation of any Project activities which would result in such acquisition or displacement, make available to such people compensation and, as applicable, relocate and rehabilitate the Displaced Persons in accordance with the CRPF and the RAPs and in a manner satisfactory to the Association; and (iii) whenever required pursuant to the RPF to prepare new or modify the existing RAPs, proceed to have such RAPs: (A) prepared in form and substance satisfactory to the Association; (B) except as otherwise agreed with the Association, submitted to the Association for review and approval; (C) adopted and publicly disclosed in a manner satisfactory to the Association; and (D) thereafter, implemented in accordance with their terms and in a manner satisfactory to the Association; and
 - (c) take all necessary actions to: (i) avoid adverse effects or when avoidance is not feasible, minimize, mitigate and/or compensate such effects on Indigenous Peoples caused or likely to be caused by the Project; (ii) apply the IPDF in a manner and substance satisfactory to the Association; (iii) through a process of informed participation, involve concerned Indigenous Peoples in the implementation of the Project so as to ensure that the benefits under the Project are socially and culturally acceptable to

such people and that Project activities are in harmony with their economic, social and cultural preferences and protect their customary user rights; and (iv) whenever required pursuant to the IPDF, proceed to have IPDPs: (A) prepared in form and substance satisfactory to the Association; (B) except as otherwise agreed with the Association, submitted to the Association for review and approval; (C) adopted and publicly disclosed in a manner satisfactory to the Association; and (D) thereafter, implemented in accordance with their terms and in a manner satisfactory to the Association.

3. Without limitation upon the foregoing, the Recipient shall ensure that each contract for civil works to be financed out of the proceeds of the Financing or by counterpart funds under the Project shall include the obligation of the relevant contractor to carry out such works in accordance with the Safeguards Instruments.
4. Except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate, waive, or permit to be assigned, amended, abrogated, or waived, any Safeguards Instrument, or any provision thereof.
5. The Recipient shall maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of the Safeguards Instruments.
6. The Recipient shall ensure that the terms of reference for any consultancies related to studies, assessments, regulations, technical guidelines, training and technical assistance activities under the Project shall be satisfactory to the Association and, to that end, such terms of reference shall, *inter alia*, duly incorporate the requirements of the Association's safeguard policies then in force, as applied to the advice conveyed through such studies, assessments, regulations, technical guidelines, training and technical assistance activities.
7. Without limitation upon its other reporting obligations under Section II.A of this Schedule 2, the Recipient shall take all measures necessary to regularly collect and compile, and submit to the Association, as part of the Project Reports, information on the status of compliance with the Safeguards Instruments, providing details of:
 - (a) the measures taken in furtherance of the Safeguards Instruments;
 - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments; and
 - (c) remedial measures taken or required to be taken to address such conditions.

8. In the event of a conflict between the provisions of any of the Safeguards Instruments and those of this Agreement, the provisions of this Agreement shall prevail.

D. Anti-Corruption

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

E. Contingent Emergency Response

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

- (a) prepare and furnish to the Association for its review and approval, an Emergency Response Manual (“ERM”) which shall set forth detailed implementation arrangements for the Emergency Response Part, including: (i) any special institutional structures or 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 the Emergency Response Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social safeguard management arrangements and instruments 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 ERM;
- (c) promptly adopt the ERM for the Emergency Response Part as accepted by the Association;
- (d) ensure that the Emergency Response Part is carried out in accordance with the ERM; provided, however, that in the event of any inconsistency between the provisions of the ERM and this Agreement, the provisions of this Agreement shall prevail; and
- (e) not amend, suspend, abrogate, repeal or waive any provision of the ERM without the prior written approval by the Association.

2. The Recipient shall, throughout the implementation of the Emergency Response Part, maintain the institutional structures and arrangements established in accordance with the ERM, with adequate staff and resources satisfactory to the Association.
3. 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 ERM, the Association has approved all said 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 set forth in the Results Framework. Each Project Report shall cover the period of one 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 the date thirty-six (36) 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 forty-five (45) days 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, as part of the Project Reports, not later than forty-five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, 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 of the Recipient. 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 the Procurement Guidelines, or 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. 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; and (c) 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) Least Cost Selection; (c) Selection based on Consultants' Qualifications; (d) Single-source Selection of consulting firms; (e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (f) 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. Additional Provisions

Unless otherwise agreed to between the Recipient and the Association, and for the purposes of this Section, guidance for implementing the Procurement Guidelines and the Consultant Guidelines is provided in the Kingdom of Cambodia's Updated Procurement Manual for all Externally Financed Projects/Programs, promulgated pursuant to Sub-Decree 74 on Promulgating the Updated Standard Procedures for Implementing All Externally Financed Projects/Programs, dated May 22, 2012. In case of inconsistency between the provision of these regulations and manual and the provisions of this Agreement (including the Procurement Guidelines and the Consultant Guidelines) the provisions of this Agreement (including the Procurement Guidelines and the Consultant Guidelines) shall prevail.

F. 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 ERM.

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

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Works under Part A.1 of the Project	36,100,000	92%
(2) Goods, non-consulting services, consultants' services, Training and Operating Costs under Parts A.2 and B of the Project	7,400,000	100%
(3) Emergency Expenditures under Part C of the Project	0	100%
TOTAL AMOUNT	43,500,000	

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; or
 - (b) for Emergency Expenditures under Category (3), unless and until the Association is satisfied, and notified the Recipient of its satisfaction, 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 the proposed 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 safeguard 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 Section I.C 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.E of this Schedule, for the purposes of said activities; and
 - (iv) the Recipient has adopted the ERM, in form and substance acceptable to the Association, and the provisions of the ERM remain - or have been updated in accordance with the provisions of Section I.E of this Schedule so as to be - appropriate for the inclusion and implementation of the Emergency Response Part.
2. The Closing Date is December 31, 2022.

ANNEX TO SCHEDULE 2

National Competitive Bidding Procedures

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

1. Eligibility

No bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than as provided in Section I of the Procurement Guidelines. Bidder registration shall not be used to determine eligibility under Section I of the Procurement Guidelines. Foreign bidders shall not be asked or required to form joint ventures with national bidders in order to submit a bid. Bidders located in the same province or city as the procuring entity shall not be given preference over bidders located outside that city or province.

2. Bid Submission, Bid Opening and Bid Evaluation

- (a) Prospective bidders shall be given at least thirty (30) days from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later, to prepare and submit bids;
- (b) The evaluation of a bid shall be made in strict adherence to the criteria that shall be clearly specified in the bidding documents and quantified in monetary terms for evaluation criteria other than price; merit points shall not be used in bid evaluation;
- (c) The lowest evaluated bidder shall be required to meet minimum qualification criteria which shall be determined based on the bidder's capacity and resources to perform the contract, specifically its experience and past performance on similar contracts, capabilities with respect to personnel, equipment and construction and manufacturing facilities, and financial capacity;

- (d) No bidder shall be rejected on the basis of a comparison with the Recipient's estimate and budget ceiling without the Association's prior concurrence;
- (e) A copy of the minutes of the public bid opening shall be promptly provided to all bidders and to the Association with respect to contracts subject to prior review; and
- (f) Neither shall all bids be rejected nor shall new bids invited without the Association's prior written concurrence.

3. Right to Inspect/Audit

Each bidding document and contract financed from the proceeds of the Financing shall include a provision requiring bidders, suppliers, contractors and subcontractors to permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract and to have said accounts and records audited by auditors appointed by the Association. The deliberate and material violation by a bidder, supplier, contractor or subcontractor of such provision may amount to obstructive practice.

4. Publication

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

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 1 and October 1, commencing October 1, 2022 to and including April 1, 2054.	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. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Community Grants”, dated October 15, 2006 and revised in January 2011.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “CRPF” means the Recipient’s Compensation and Resettlement Policy Framework included in the ESSF, 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, with related public consultation, disclosure, reporting and grievance redress procedures, as such 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.
4. “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.
5. “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.
6. “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.
7. “Emergency Expenditure” means any of the eligible expenditures set forth in the Emergency Response Manual in accordance with the provisions of Section I.E of Schedule 2 to this Agreement, and required for the Emergency Response Part.
8. “Emergency Response Manual” and the acronym “ERM” means the plan referred to in Section I.E 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. “Emergency Response Part” means a specific activity or activities to be carried out in the event of an Eligible Crisis or Emergency under Part C of the Project.
10. “ESSF” means the Recipient’s Environmental and Social Safeguards Framework, dated December 23, 2015, setting out, *inter alia*, the principles, standards, processes and tools to be applied to assess potential adverse social and environmental impacts associated with Project activities and the ways to avoid, minimize, mitigate and/or compensate them, with related public consultation, disclosure, reporting and grievance redress procedures, and including the CRPF and the IPDF, as such 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.
11. “EMPs” means, individually and collectively: (a) the Recipient’s Environmental Management Plan, dated December 23, 2015, for road rehabilitation, strengthening and maintenance works along: (i) 54.3 km of NR3 from KP147.1 to KP201.4; (ii) 50 km of NR7 from KP136 to KP186; (iii) 57 km of NR7 from KP186 to KP243; and (iv) 57 km of NR7 from KP243 to KP300; and (b) any additional site-specific environmental management plans, in form and substance satisfactory to the Association, as may be required to be prepared pursuant to Section I.C of Schedule 2 to this Agreement in accordance with the ESSF, all such plans defining details of measures to manage potential environmental risks and avoid, minimize, mitigate and/or compensate adverse environmental impacts associated with the implementation of activities under the Project, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with their terms, as such plans may be modified from time to time with the prior written approval of the World Bank.
12. “General Conditions” means the “International Development Association General Conditions for Credits and Community Grants”, dated July 31, 2010.
13. “GDAP” means the Department of Administration and Planning in the MPWT and any successor thereto.
14. “GDPW” means the General Department of Public Works in the MPWT and any successor thereto.
15. “ICRRM” means the Inter-ministerial Committee for Road Repairs and Maintenance established by the joint Prakas number 1154-MEF-MPWT issued on December 30, 2011.
16. “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.

17. “IPDF” means the Recipient’s Indigenous Peoples Development Framework included in the ESSF, 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 IPDPs, as such 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.
18. “IPDPs” means any Indigenous Peoples Development Plans to be prepared by the Recipient in accordance with the IPDF, pursuant to Section I.C of Schedule 2 to this Agreement, each such plan in form and substance satisfactory to the Association, setting out the measures to be undertaken in accordance with the IPDF to ensure culturally appropriate social and economic benefits for the Indigenous Peoples affected by Project activities, and to avoid, minimize and/or mitigate for any potential adverse effects on the Indigenous Peoples associated with such activities; as such plan 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 plan.
19. “KP” means kilometer point.
20. “MPWT” means the Recipient’s Ministry of Public Works and Transport, and any successor thereto.
21. “NR3” and “NR7” mean, respectively, National Road 3 and National Road 7 in the Recipient’s national road network.
22. “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), transportation, translation, printing and photocopying expenses, bank charges, publications and advertising expenses, insurance, Project-related meeting expenses, Project-related travel, subsistence and lodging expenses, contractual support staff 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.

23. “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.
24. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 10, 2016 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.
25. “Project Operation 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) disbursement and financial management; (c) procurement; (d) environmental and social safeguard implementation measures; (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 the prior written approval of the Association, and such term includes any schedules to such manual.
26. “RAPs” means, individually and collectively: (a) the Recipient’s Abbreviated Resettlement Action Plan, dated January 15, 2016, for the road works covering 54.3 km of NR3 from KP147.1 to KP201.4; (b) the Recipient’s Abbreviated Resettlement Action Plan, dated January 15, 2016, for the road works covering : (i) 50 km of NR7 from KP136 to KP186; (ii) 57 km of NR7 from KP186 to KP243; and (iii) 57 km of NR7 from KP243 to KP300; and (c) any additional site-specific resettlement action plans, in form and substance satisfactory to the Association, as may be required to be prepared pursuant to Section I.C of Schedule 2 to this Agreement in accordance with the CRPF, all such plans defining details of 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 their terms, as such plans 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 plans.
27. “Safeguard Instruments” means, collectively, the ESSF, the CRPF, the IPDF, the EMPs, the RAPs and the IPDPs.
28. “Training” means the reasonable costs of goods and services required for the participation of personnel involved in training activities, workshops and study tours under the Project, including travel and subsistence costs for training, workshop and study tour participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction

of training and workshop materials, and other costs directly related to training course, workshop or study tour preparation and implementation, but excluding consultants' fees and salaries, bonuses, fees and honoraria or equivalent payments of members of the Recipient's civil service.