
CREDIT NUMBER 75480-KH

Project Agreement

(Skills for Better Jobs Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

SKILLS DEVELOPMENT FUND

PROJECT AGREEMENT

AGREEMENT between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and SKILLS DEVELOPMENT FUND (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of the Signature Date between KINGDOM OF CAMBODIA (“Recipient”) and the Association, concerning Credit No. 75480-KH. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Financing Agreement) apply to and form 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 Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objective of the Project. To this end, the Project Implementing Entity shall carry out Parts 3 and 4.2 of the Project in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and shall provide promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Project.

ARTICLE III — TERMINATION

- 3.01. For purposes of Section 10.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the Signature Date.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

- 4.01. The Project Implementing Entity’s Representative is its Chief Executive Officer.
- 4.02. For purposes of Section 11.01 of the General Conditions:
 - (a) the Association’s address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America; and

(b) the Association's Electronic Address is:

Telex:	Facsimile:
248423(MCI) or	1-202-477-6391

4.03. For purposes of Section 11.01 of the General Conditions:

(a) the Project Implementing Entity's address is:

Skills Development Fund
10th Floor,
Business Development Center (BDC),
OCIC Blvd,
Chroy Changvar,
Phnom Penh; and

(b) the Project Implementing Entity's Electronic Address is:

Phone number:	E-mail
855-23-901583	info@sdfcambodia.org

AGREED as of the later of the two dates written below.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Maryam Salim

Authorized Representative

Name: Maryam Salim

Title: Country Manager

Date: 14-Jun-2024

SKILLS DEVELOPMENT FUND

By

Sokkim

Authorized Representative

Name: Ky Sokkim

Title: Chief Executive Officer

Date: 21-Jun-2024

SCHEDULE

Execution of the Project Implementing Entity's Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Project Implementing Entity shall be responsible for the carrying out of Parts 3 and 4.2 of the Project (its "Respective Part of the Project"), including technical supervision, monitoring and evaluation, financial management, procurement, and environmental and social safeguards related work.
2. Without limitation to the provisions of paragraph immediately above, the Project Implementing Entity shall be responsible for: (i) developing the annual work plans and budgets of its Respective Part of the Project, referenced in Section I.D of this Schedule of this Agreement; (ii) carrying out day-to-day activities for the management of its Respective Part of the Project, including technical implementation, financial management, procurement, and environmental and social safeguards management; and (iii) reporting to the Project Steering Committee and the Association on all matters pertaining to the implementation of the Project and the use of the proceeds of the Financing.
3. For the purposes of carrying out its Respective Part of the Project, the Project Implementing Entity shall establish and maintain, throughout the implementation of its Respective Part of the Project, a project implementation unit ("SDF-PIU"), with sufficient and qualified staff and with mandate, powers, functions and resources as set forth in the Project Operations Manual and the SDF Manual, all in a manner satisfactory to the Association, for the purpose of ensuring the efficient implementation of its Respective Part of the Project.

B. Subsidiary Agreement.

1. To facilitate the carrying out of its Respective Part of the Project, the Project Implementing Entity shall, prior to the Effective Date, enter into a subsidiary agreement with the Recipient through its Ministry of Finance, under terms and conditions approved by the Association ("Subsidiary Agreement"), which shall include, *inter alia*, the following:
 - (a) the Recipient shall make part of the proceeds of the Financing, allocated from time to time to Categories (3) and (4) of the table set forth in Section III.A of Schedule 2 to the Financing Agreement, available to the Project Implementing Entity under the Subsidiary Agreement ("Subsidiary Financing");

- (b) the proceeds of the Subsidiary Financing shall be made available by the Recipient to the Project Implementing Entity on a non-reimbursable grant basis;
 - (c) the principal amount of the Subsidiary Financing made available under the Subsidiary Agreement shall be denominated and non-repayable in United States Dollars;
 - (d) the Project Implementing Entity shall carry out Project activities under its responsibility in accordance with this Agreement, the Financing Agreement, the Project Operations Manual, the SDF Manual, the ESCP, the Procurement Regulations, and the Anti-Corruption Guidelines;
 - (e) the Project Implementing Entity shall comply with all its obligations to the Association under the Project Agreement; and
 - (f) the Recipient has the right to take remedial actions against the Project Implementing Entity, in case the Project Implementing Entity shall have failed to comply with any of its obligations under the Subsidiary Agreement, which actions may include, *inter alia*, the partial or total suspension and/or cancellation or refund of all or any part of the proceeds of the Subsidiary Financing transferred to the Project Implementing Entity pursuant to the Subsidiary Agreement (as the case may be).
2. The Project Implementing Entity shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions. In case of any conflict between the terms of the Subsidiary Agreement and those of this Agreement, the terms and conditions of this Agreement shall prevail.

C. Project Manuals.

1. Project Operations Manual

The Project Implementing Entity shall ensure that its Respective Part of the Project is carried out in accordance with the arrangements and procedures set out in the Project Operations Manual (“POM”).

2. SDF Manual

The Project Implementing Entity shall prepare, in accordance with terms of reference acceptable to the Association, and furnish to the Association for

approval, a manual covering the implementation of Parts 3 and 4.2 of the Project, in form and substance acceptable to the Association, containing, *inter alia*, detailed arrangements and procedures in connection to: financial management arrangements, procurement procedures and safeguards measures, Sub-projects selection and financing of SDF Training Financing to Eligible Training Providers (i.e, eligible criteria, application procedures, proposal evaluation and approval, terms and conditions, disbursement, monitoring and evaluation), and verification mechanism (“SDF Manual”). Thereafter, the Project Implementing Entity shall adopt said SDF Manual as shall have been approved by the Association.

3. The Project Implementing Entity shall: (a) ensure that its Respective Part of Project is carried out in accordance with the POM and the SDF Manual; and (b) not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, any provision of the POM and the SDF Manual, without the prior written agreement of the Association.
4. Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the Project Operations Manual, the SDF Manual and those of this Agreement, the provisions of this Agreement shall prevail.

D. Annual Work Plans and Budgets.

1. The Project Implementing Entity, shall prepare and furnish to the Association for its approval, not later than November 30 of each year, a consolidated annual program of activities (including Training and Operating Costs) proposed for implementation under their Respective Part of the Project for the following Fiscal Year, together with a proposed budget, in a manner and substance satisfactory to the Association, which shall include the source(s) of financing of such activities and expenditures, as well as counterpart funds and any other funds which may become available for the implementation of the Project (“Annual Work Plan and Budget” or “AWPB”); except for the Annual Work Plan and Budget for the first Fiscal Year which shall be furnished to the Association prior to the commencement of the relevant activities under its Respective Part of the Project.
2. Without limitation to the provision of Section I.D.1 of this Schedule, each Annual Work Plan and Budget prepared under Section I.D.1 of this Schedule shall set forth: (i) a detailed description of the planned activities, including any proposed conferences and training, under its Respective Part of the Project for the period covered by the plan; (ii) the sources and proposed use of funds therefore; and (iii) procurement and environmental and social safeguards arrangements therefor, as applicable.
3. The Project Implementing Entity shall implement the activities under its Respective Part of the Project during the relevant Fiscal Year in accordance with such plan and budget as approved by the Recipient and agreed with the Association

(provided, however, that in the event of any conflict between the AWPB and the provisions of this Agreement, the provisions of this Agreement shall prevail). Annual Work Plans and Budgets may be revised during the Fiscal Year to which they relate, with the prior written agreement of the Association.

4. Only those activities that are included in an Annual Work Plan and Budget shall be eligible for financing out of the proceeds of the Financing.
5. Training shall be carried out on the basis of Annual Work Plans and Budgets, which shall identify: (a) particulars of the training envisaged; (b) the personnel to be trained; (c) the selection methods and criteria of the institution or individuals conducting such training; (d) the institution conducting such training if identified; (e) the purpose and justification for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such training.
6. Except with the prior and written concurrence of the Association, the Annual Work Plan and Budget shall not be waived, amended, or otherwise revised to include new activities.

E. SDF Training Financing under Part 3.2 of the Project.

1. For purposes of carrying out Part 3.2 of the Project, the Project Implementing Entity shall make portions of the Financing available to Eligible Training Providers exclusively for the purpose of financing SDF Training Financing, in accordance with eligibility criteria, amounts, and procedures acceptable to the Association and further described in the SDF Manual.
2. The Project Implementing Entity shall, using the criteria to be agreed with the Association:
 - (a) develop and maintain a list of Eligible Training Providers;
 - (b) provide the list of Eligible Training Providers to the Association; and
 - (c) Eligible Training Providers shall be those who: (i) meet the guidelines, selection and prioritization criteria set out in the SDF Manual for financing of training proposals out of the proceeds of the Financing; and (ii) have entered into a Training Agreement.
3. The Project Implementing Entity shall provide SDF Training Financing to Eligible Training Providers to carry out Sub-projects in accordance with eligibility criteria and procedures acceptable to the Association and set forth in the SDF Manual.
4. The Project Implementing Entity shall enter into a Training Agreement with Eligible Training Providers to administer and implement the provision of SDF

Training Financing on terms and conditions approved by the Association, which shall include the following:

- (a) no SDF Training Financing shall be made unless the Project Implementing Entity has determined that: (i) the SDF Training Financing meets the Project's objective following the Eligible Training Provider's assessment of the relevant Sub-project; and (ii) the Eligible Training Provider is eligible and has been duly selected for a satisfactory training proposal and a satisfactory implementation plan for the proposed Sub-project;
 - (b) the Eligible Training Provider's voluntary participation in the Project and commitment to use the resources of the SDF Training Financing for the establishment and implementation of Sub-projects, as set out in the guidelines included in the SDF Manual and Training Agreement;
 - (c) the lump sum amount of any of SDF Training Financing per Sub-project (as set forth in the SDF Manual) and to be paid on a non-reimbursable basis to such Eligible Training Provider;
 - (d) the conditions for release of the SDF Training Financing to such Eligible Training Provider including the number and amounts of each individual thereof as provided for in the SDF Manual;
 - (e) the obligation and agreement of the Eligible Training Provider to accept random and/or unannounced physical inspection by the Project Implementing Entity, and/or the Recipient in relation to the selection and implementation of Sub-projects;
 - (f) the obligation of the Project Implementing Entity to oversee SDF Training Financing as well as monitor and evaluate the activities of the Eligible Training Provider to ensure that payments are made, and activities are carried out, in accordance with the terms, conditions and procedures contained in the SDF Manual and in a manner consistent with this Agreement; and
 - (g) the Project Implementing Entity's right to suspend or terminate the right of the Eligible Training Provider to use the proceeds of the SDF Training Financing, upon any failure of the Eligible Training Provider to perform its obligations under the Training Agreement.
5. Except as the Association shall otherwise agree, the Recipient shall cause the PIE not to assign, amend, abrogate, waive, terminate or fail to enforce any Training Agreement, or any of their provisions.

F. Environmental and Social Standards.

1. The Project Implementing Entity shall ensure that its Respective Part of the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Project Implementing Entity shall ensure that its Respective Part of the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Project Implementing Entity shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Project Implementing Entity shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Association is promptly notified of any incident or accident related to or having an impact on its Respective Part of the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the

environmental and social instruments referenced therein and the Environmental and Social Standards.

5. The Project Implementing Entity shall establish, publicize, maintain, and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports.

1. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of the indicators acceptable to the Association. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later than thirty (30) days after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.
2. The Project Implementing Entity shall provide to the Recipient not later than thirty (30) days after the Closing Date, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.