

Public Disclosure Authorized

CONFIRMED COPY

CREDIT NUMBER 3746 KH
GRANT NUMBER H034 KH

Amended and Restated Project Agreement

(Provincial and Peri-Urban Water and Sanitation Project)

Public Disclosure Authorized

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PHNOM PENH WATER SUPPLY AUTHORITY

Dated June 15, 2010

CREDIT NUMBER 3746 KH
GRANT NUMBER H034 KH

AMENDED AND RESTATED PROJECT AGREEMENT

AGREEMENT dated June 15, 2010 entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and PHNOM PENH WATER SUPPLY AUTHORITY (“PPWSA”) in connection with the Amended and Restated Development Financing Agreement of the same date between the Kingdom of Cambodia (“Borrower”) and the Association. The Association and PPWSA hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Amended and Restated Development Financing Agreement, the Preamble to this Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. (a) PPWSA declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Amended and Restated Development Financing Agreement, and, to this end, shall carry out Part B of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, technical and public water supply utilities practices and sound environmental and social standards acceptable to the Association, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for such part of the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Association and PPWSA shall otherwise agree, PPWSA shall carry out Part B of the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement, the PPWSA Good Governance Framework and the Anti-Corruption Guidelines.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants’ services required for Part B of the Project and to be

financed out of the proceeds of the Financing shall be governed by the provisions of Schedule 1 to this Agreement.

Section 2.03. (a) PPWSA shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Amended and Restated Project Agreement and Part B of the Project.

(b) For the purposes of Section 9.06 of the General Conditions and without limitation thereto, PPWSA shall:

- (i) prepare, on the basis of guidelines acceptable to the Association and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Association and PPWSA, a plan for the future operation of Part B of the Project; and
- (ii) afford the Association a reasonable opportunity to exchange views with PPWSA on said plan.

Section 2.04. (a) For the purposes of carrying out Part B of the Project, PPWSA shall enter into a Subsidiary Financing Agreement with the Borrower, under terms and conditions acceptable to the Association and which shall include those set forth in Schedule 3 to this Agreement.

(b) PPWSA shall duly perform all its obligations under the Subsidiary Financing Agreement, and it shall exercise its rights under the Subsidiary Financing Agreement in such a manner so as to protect its interests and those of the Association, and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, PPWSA shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Financing Agreement or any provision thereof.

Section 2.05. (a) PPWSA shall, at the request of the Association, exchange views with the Association with regard to the progress of Part B of the Project, the performance of its obligations under this Agreement and under the Subsidiary Financing Agreement, and other matters relating to the purposes of the Financing.

(b) PPWSA shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of Part B of the Project, the accomplishment of the purposes of the Financing, or the performance by PPWSA of its obligations under this Agreement and under the Subsidiary Financing Agreement.

ARTICLE III

Management and Operations of PPWSA

Section 3.01. PPWSA shall carry on its operations and conduct its affairs in accordance with sound administrative, financial, engineering, technical and public water supply utilities practices and sound environmental and social standards under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. PPWSA shall at all times operate and maintain its plant, machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial, technical and public water supply utilities practices and sound environmental and social standards.

Section 3.03. PPWSA shall take out and maintain with responsible insurers, or make other provision satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

Section 3.04. Except in the ordinary course of business, PPWSA shall not, unless mutually agreed in advance between the Association and PPWSA, sell, lease, transfer or otherwise dispose of any of its property or assets which are required for the efficient conduct of its operations and the carrying out of Part B of the Project.

Section 3.05. PPWSA shall maintain its existence and right to carry on its operations, and it shall promptly take all measures necessary to acquire, maintain, renew and otherwise exercise any and all rights (including, without limitation, land rights), powers, privileges and franchises required for the proper conduct of its operations and the prompt carrying out of its obligations under this Agreement and the Subsidiary Financing Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) PPWSA shall maintain a financial management system, including records and accounts, and prepare financial statements, all in accordance with accounting standards acceptable to the Association, consistently applied, adequate to reflect its operations and financial condition and to register separately the operations, resources and expenditures related to Part B of the Project.

- (b) PPWSA shall:
- (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with auditing standards under terms of reference acceptable to the Association, consistently applied, by independent auditors acceptable to the Association;
 - (ii) furnish to the Association as soon as available, but in any case not later than six (6) months after the end of each such year, (A) certified copies of the financial statements referred to in paragraph (a) of this Section, for such year as so audited, (B) an opinion on such statements and report of such audit, by said auditors, of such scope and in such detail as the Association shall have reasonably requested, and (C) PPWSA's Management Letter recording the audit findings and recommendations of internal control; and
 - (iii) furnish to the Association such other information concerning such records, accounts and financial statements, and the audit thereof, and concerning said auditors, as the Association may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Financing Accounts were made on the basis of statements of expenditure, PPWSA shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and separate accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Financing Accounts was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section.

Section 4.02. (a) Without limitation upon its progress reporting obligations set out in the provisions of paragraph 4 of Schedule 2 to this Agreement, PPWSA shall prepare and furnish to the Association interim unaudited financial reports, in form and substance satisfactory to the Association, which:

- (i) sets forth sources and uses of funds for Part B of the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Financing, and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in implementation of Part B of the Project, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and
- (iii) sets forth the status of procurement under Part B of the Project, as at the end of the period covered by said report.

(b) The first interim unaudited financial report shall be furnished to the Association not later than 45 days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under Part B of the Project through the end of such first calendar quarter; thereafter, each interim unaudited financial report shall be furnished to the Association not later than 45 days after each subsequent calendar quarter, and shall cover such calendar quarter.

Section 4.03. (a) Except as the Association and PPWSA shall otherwise agree, PPWSA shall maintain, for each of its Fiscal Years, after its Fiscal Year ending on December 31, 2003, a ratio of total operating expenses to total operating revenues not higher than fifty percent (50%).

(b) Before November 30 in each of its Fiscal Years, PPWSA shall, on the basis of forecasts prepared by PPWSA and satisfactory to the Association, review whether it would meet the requirements set forth in paragraph (a) above in respect of such Fiscal Year and the next following Fiscal Year, and shall furnish to the Association the results of such review upon its completion.

(c) If any such review shows that PPWSA would not meet the requirements set forth in paragraph (a) above for PPWSA's Fiscal Years covered by such review, PPWSA shall promptly take all measures, if necessary, with the Borrower's assistance in

order to meet such requirements in accordance with paragraph 4 of Schedule 3 to the Amended and Restated Development Financing Agreement.

- (d) For the purposes of this Section:
- (i) The term "total operating expenses" means all expenses related to operations, including administration, adequate maintenance, taxes and payments in lieu of taxes, but excluding depreciation, interest and other charges on debt.
 - (ii) The term "total operating revenues" means revenues from all sources related to operations.
 - (iii) The average current gross value of PPWSA's fixed assets in operation shall be calculated as one half of the sum of the gross value of PPWSA's fixed assets in operation at the beginning and at the end of the Fiscal Year, as valued from time to time in accordance with sound and consistently maintained methods of valuation satisfactory to the Association.

Section 4.04. (a) Except as the Association shall otherwise agree, PPWSA shall not incur any debt, unless the net revenues of PPWSA for the Fiscal Year immediately preceding the date of such incurrence or for a later twelve (12) month period ended prior to the date of such incurrence, whichever is the greater, shall be at least 1.3 times the estimated maximum debt service requirements of PPWSA for any succeeding Fiscal Year on all debt of PPWSA, including the debt to be incurred.

- (b) For the purposes of this Section:
- (i) The term "debt" means any indebtedness of PPWSA maturing by its terms more than one (1) year after the date on which it is originally incurred.
 - (ii) Debt shall be deemed to be incurred: (A) under a loan, contract, or agreement or other instrument providing for such debt or for the modification of its terms of payment on the date of such contract, agreement or instrument; and (B) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.
 - (iii) The term "net revenues" means the difference between: (A) the sum of revenues from all sources related to operations adjusted to take account of PPWSA's tariff rates in effect at the time of the incurrence of debt even though they were not in effect during the twelve-month period to which such revenues relate and net non-operating income; and (B) the sum of all expenses related to operations including administration, adequate maintenance, taxes

and payments in lieu of taxes, but excluding provision for depreciation, other non-cash operating charges and interest and other charges on debt.

- (iv) The term "net non-operating income" means the difference between: (A) revenues from all sources other than those related to operations; and (B) expenses, including rates and payments in lieu of taxes, incurred in the generation of revenues in (A) above.
- (v) The term "debt service requirements" means the aggregate amount of repayments (including sinking fund payments, if any) of, and interest and other charges on debt.
- (vi) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Borrower, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to the Association.

Section 4.05. PPWSA shall maintain the structure and level of its water supply tariffs, in accordance with a sound and consistently applied methodology acceptable to the Association, so that under conditions of efficient operation at reasonable levels of capacity utilization PPWSA shall cover its operating costs (including taxes), earn an adequate return on funds invested, meet its financial obligations (including those provided in Sections 4.03 and 4.04 above), and otherwise make a reasonable contribution to future investment for expansion of capacity. The Association and PPWSA shall, from time to time at the request of either party, exchange views with respect to the adequacy of said tariffs, and PPWSA shall promptly thereafter take any and all action required consistent with the Association's recommendations pursuant to any of said exchange of views.

Section 4.06. PPWSA shall carry out, not later than September 30, 2005, a revaluation of its fixed assets in operation as of December 31, 2004, all in accordance with sound and consistently applied method of valuation acceptable to the Association.

Section 4.07. PPWSA shall ensure that, as of December 31, 2003, its average water billing collection period shall not exceed eighty (80) days, all in accordance with a sound and consistently applied methodology acceptable to the Association.

ARTICLE V

Effective Date; Termination; Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Amended and Restated Development Financing Agreement becomes effective.

Section 5.02. (a) This Agreement and all obligations of the Association and of PPWSA thereunder shall terminate on the earlier of the following two dates:

- (i) the date on which the Amended and Restated Development Financing Agreement shall terminate in accordance with its terms;
or
- (ii) the date twenty (20) years after the date of this Agreement.

(b) If the Amended and Restated Development Financing Agreement terminates in accordance with its terms before the date specified in paragraph (a)(ii) of this Section, the Association shall promptly notify PPWSA of this event.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE VI

Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telex or facsimile to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. Deliveries made by facsimile transmission shall also be confirmed by mail. The addresses so specified are:

For the Association:

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

Cable address:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	(202) 477-6391

For PPWSA:

Phnom Penh Water Supply Authority
North of Cambodia Railway Station
Phnom Penh
Kingdom of Cambodia

Facsimile:

(855- 23) 427-657

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of PPWSA may be taken or executed by the General Director of PPWSA or such other person or persons as said Director General shall designate in writing, and PPWSA shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Phnom Penh, Kingdom of Cambodia, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Annette Dixon

Authorized Representative

PHNOM PENH WATER SUPPLY AUTHORITY

By: /s/ Ek Sonn Chan

Authorized Representative

SCHEDULE 1

Procurement

Section I. Procurement Prior to the Effective Date of the Amended and Restated Development Financing Agreement. The procurement of goods and works and employment of consultants where the procurement process was initiated prior to the Effective Date of the Amended and Restated Development Financing Agreement shall be governed by this Section I.

Part A: Procurement of Goods and Works

1. General

Goods and works shall be procured in accordance with the provisions of Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the 1999 Procurement Guidelines) and the following provisions of this Part A.

2. International Competitive Bidding

- (a) Except as otherwise provided in paragraph 3 of this Part A, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the 1999 Procurement Guidelines and paragraph 5 of Appendix 1 thereto.
- (b) The following provisions shall apply to goods and works to be procured under contracts awarded in accordance with the provisions of subparagraph (a) of this paragraph 2.

- (i) Notification and Advertising

- The invitation to prequalify or bid for each contract estimated to cost \$600,000 equivalent or more shall be advertised in accordance with the procedures applicable to specialized contracts under paragraph 2.8 of the 1999 Procurement Guidelines.

3. Review by the Association of Procurement Decisions

- (a) Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the 1999 Procurement Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

(b) Prior Review

The procedures set forth in paragraphs 2 and 3 of Appendix 1 to the 1999 Procurement Guidelines shall apply with respect to: (i) each contract for works estimated to cost the equivalent of \$100,000 or more, and (ii) every contract for goods procured in accordance with the procedures set forth in paragraph 2 above.

(c) Post Review

With respect to each contract not governed by subparagraph (b) of this paragraph 3, the procedures set forth in paragraph 4 of Appendix 1 to the 1999 Procurement Guidelines shall apply.

Part B: Employment of Consultants

1. General

Consultants' services shall be procured in accordance with the provisions of Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997, January 1999 and May 2002 (the 2002 Consultant Guidelines), paragraph 1 of Appendix 1 thereto, Appendix 2 thereto and the following provisions of Section II of this Section.

2. Quality- and Cost-based Selection

Except as otherwise provided in paragraph 3 of this Part B, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the 2002 Consultant Guidelines, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

3. Other Procedures for the Selection of Consultants

(a) Individual Consultants

Services of individual consultants for tasks that meet the requirements set forth in paragraph 5.1 of the 2002 Consultant Guidelines shall be procured under contracts awarded in accordance with the provisions of paragraphs 5.1 through 5.3 of the 2002 Consultant Guidelines.

4. Review by the Association of the Selection of Consultants

(a) Selection Planning

A plan for the selection of consultants, which shall include contract cost estimates, contract packaging, and applicable selection criteria and procedures, shall be furnished to the Association for its review and approval prior to the issuance to consultants of any requests for proposals. Such plan shall be updated every twelve (12) months during the execution of the Project, and each such updating shall be furnished to the Association for its review and approval. Selection of all consultants' services shall be undertaken in accordance with such selection plan (as updated from time to time) as shall have been approved by the Association.

(b) Prior Review

With respect to each contract for the employment of individual consultants, the report on the comparison of the qualifications and experience of candidates, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given. The provisions of paragraph 3 of Appendix 1 to the 2002 Consultant Guidelines shall also apply to such contracts.

(c) Post Review

With respect to each contract not governed by subparagraph 2 of this paragraph 4, the procedures set forth in paragraph 4 of Appendix 1 to the 2002 Consultant Guidelines shall apply.

Section II. Procurement On or After the Effective Date of the Amended and Restated Development Financing Agreement. The procurement of goods where the procurement process was initiated on or after the Effective Date of the Amended and Restated Development Financing Agreement shall be governed by this Section II.

A. General

1. Goods. All goods 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 “Guidelines: Procurement under IBRD Loans and IDA Credits” dated May 2004 and revised in October 2006 (the Procurement Guidelines), and with the provisions of this Section II.

2. **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.
3. **Anti-Corruption.** PPWSA shall carry out the procurement under this Section II in accordance with the Anti-Corruption Guidelines.

B. Particular Methods of Procurement of Goods

1. **International Competitive Bidding.** Goods shall be procured under contracts awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Recipient.

C. Review by the Association of Procurement Decisions

The PPWSA 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.

D. Borrower’s Manual on Standard Operating Procedures for Externally Assisted Projects

1. For the purposes of this Section II, guidance for implementing the Procurement Guidelines and the Consultant Guidelines is provided in the Kingdom of Cambodia’s *Externally Assisted Project Procurement Manual: Goods, Works and Services*, issued under *Sub-Decree 14 dated February 26, 2007*, on Promulgating of the Standard Procedure for Implementing the World Bank and the Asian Development Bank Assisted Projects.

SCHEDULE 2

Implementation Program For Part B of the Project

1. PPWSA shall maintain, until completion of the Project, the PPWSA PMO, headed by a qualified and experienced officer, with such functions, responsibilities and funds, satisfactory to the Association, and with competent staff in adequate numbers, as shall be required for implementation of Part B of the Project, including: (i) engaging the services of contractors and consultants to carry out implementation of Part B of the Project; (ii) approval of payments from the PPWSA Special Account to contractors and consultants for expenditures incurred for carrying out Part B of the Project; and (iii) monitoring and evaluation of impacts under Part B of the Project, including its environmental and social impacts.

2. PPWSA shall:

(a) carry out Part B of the Project in accordance with the PPWSA Project Implementation Plan, satisfactory to the Association, which shall include: (i) implementation arrangements; (ii) the procurement procedures set forth in Schedule 1 to this Agreement and standard procurement documentation; (iii) reporting requirements, financial management procedures and audit procedures as set forth in Article IV of this Agreement; (iv) the project performance indicators set forth in a supplemental letter of even date herewith; (v) measures required under Guidelines on Resettlement and Compensation of Land and Other Assets, the Ethnic Minorities Development Strategy, and the Environmental Assessments; and (vi) procedures for monitoring and reporting of the progress of the Project; and

(b) shall not amend, waive or abrogate the provisions of the PPWSA Project Implementation Plan without the prior concurrence of the Association.

3. PPWSA shall: (a) design chart of accounts and install a specialized financial management software for the PPWSA PMO, (b) appoint a project accountant and an assistant accountant with terms of reference satisfactory to the Association for the PPWSA PMO, and (c) provide accounting and disbursement training to the staff of the PPWSA PMO; all in a manner and substance satisfactory to the Association.

4. PPWSA shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the

Association, the carrying out of Part B of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about December 31, 2005, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of Part B of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of Part B of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association, by February 28, 2006, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of Part B of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

5. (a) Not later than June 30, 2004, PPWSA shall furnish to the Association for its review its proposed Business Plan for the period 2004-2007.

(b) Promptly thereafter, PPWSA shall formally adopt and carry out said Business Plan with due diligence and efficiency, incorporating the Association's comments and recommendations thereon.

(c) The Association and PPWSA shall, from time to time at the request of either party, exchange views with respect to the progress achieved by PPWSA in implementing the Business Plan.

(d) PPWSA shall not amend the Business Plan, or otherwise abrogate, waive or suspend any part thereof, without the prior approval of the Association.

SCHEDULE 3

Terms and Conditions of the Subsidiary Financing Agreement

The Subsidiary Financing Agreement to be entered into between the Borrower and PPWSA, pursuant to the provisions of Section 3.02 of the Amended and Restated Development Financing Agreement and Section 2.04 of this Agreement, shall include, *inter alia*, the following principal terms and conditions:

1. PPWSA shall repay to the Borrower the aggregate amount of the proceeds of the Credit withdrawn from time to time from the Credit Account allocated to Categories set out in the table in Paragraph 1 of Schedule 1 to the Amended and Restated Development Financing Agreement and available to finance the carrying out of Part B of the Project (the "Subsidiary Loan") over a period not to exceed seventeen (17) years, including a grace period not to exceed five (5) years.

2. The Subsidiary Loan shall be denominated in United States dollars and repaid by PPWSA to the Borrower in Riels, at least semi-annually at the official rate of exchange as determined by NBC on the respective dates on which the proceeds of the Subsidiary Loan are withdrawn from the Credit Account.

3. PPWSA shall pay interest on the principal amount of the Subsidiary Loan, withdrawn and outstanding from time to time, at a fixed rate per annum equal to eight and one half percent (8 1/2%).

4. PPWSA shall pay to the Borrower the commitment charges payable under Section 2.06 of the Amended and Restated Development Financing Agreement, allocable to the part of the proceeds of the Credit lent but not withdrawn by PPWSA.