

CONFORMED COPY

CREDIT NUMBER 4442-KH

Financing Agreement

(Road Asset Management Project)

between

KINGDOM OF CAMBODIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 13, 2008



CREDIT NUMBER 4442-KH

FINANCING AGREEMENT

AGREEMENT dated June 13, 2008, entered into between KINGDOM OF CAMBODIA (“Recipient”) and 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 eighteen million three hundred thousand Special Drawing Rights (SDR 18,300,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 November 15 and May 15 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 in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV – EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) the Recipient has adopted a Project Implementation Plan pursuant to Paragraph A 2(a) of Section I of Schedule 2 to this Agreement;
 - (b) the Recipient has appointed a financial management advisor to the GDAP; and
 - (c) the Co-financing Agreement has been executed and delivered and all conditions precedent to its effectiveness (other than the effectiveness of the Financing Agreement) have been fulfilled.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.03. 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 the Minister of Economy and Finance.

5.02 The Recipient’s Address is:

Ministry of Economy and Finance
92 Street
Sangkat Wat Phnom, Khan Daun Penh
Phnom Penh
Kingdom of Cambodia

Facsimile:

(855-23) 427-798
(855-23) 430-224

5.03 The Association’s Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI)

1-202-477-6391

AGREED at Phnom Penh, Cambodia, as of the day and year first above written.

KINGDOM OF CAMBODIA

By: /s/ Keat Chhon
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Ian Porter
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to ensure the continued effective use of the rehabilitated national and provincial road networks to support economic development in Cambodia.

The Project consists of the following parts:

Part A: Road Asset Management

Support the preservation of the national and provincial road networks by carrying out the following:

1. Providing support for the implementation of annual workplans for periodic maintenance on about eight hundred (800) kilometers of MPWT's road network, including asphalt resurfacing, resealing, re-gravelling, minor drainage works, and repairs to small bridges.
2.
 - (a) Providing technical advisory services to MPWT for the implementation of the first year of the program, including the preparation of designs and bidding documents for works.
 - (b) Providing technical advisory services and other material support, to MPWT for the implementation of the project, for: (i) technical designs, cost estimates, bidding documents, contract management, and safeguard activities for works starting in the second year work plan of the Project; (ii) the operation of the Road Data Collection and Management Unit; and (iii) restoration of office space within the GDPW.
 - (c) Providing technical advisory services and material support to MPWT for construction supervision.
 - (d) Providing technical advisory services to carry out: (i) independent technical audits; and (ii) independent financial audits for the activities carried out under the Project.

Part B: Capacity Development

Strengthen the managerial and technical capacities of MPWT by carrying out the following:

1. Providing technical advisory services, training, and other material support to:
 - (a) MPWT to enhance capacity development in institutional and road management;
 - (b) improve information and communication technology hardware and software; and
 - (c) prepare a human resource development plan for training of MPWT staff.
2. Providing technical advisory services and other material support to MPWT to enhance the technical capacity development in asset management.
3. Providing technical advisory services to:
 - (a) strengthen private sector construction companies in procurement procedures, road maintenance techniques, construction management and governance; and
 - (b) initiate the process of divestiture of MPWT force accounts maintenance units to the private sector.
4. Providing technical advisory services, training and other material support to the Recipient to support the implementation of key activities of its National Road Safety Action Plan.
5. Providing technical advisory services and training to MPWT and MEF staff on the implementation of the Sub-Decree on Resettlement.
6. Providing technical advisory services for the development and delivery of HIV/AIDS awareness campaigns.
7. Providing technical advisory services for monitoring and evaluation of the Project related results.

Part C: Merit Based Performance Incentive

1. Supporting the MBPI through the provision of performance incentive payments allowances to selected MPWT staff.

SCHEDULE 2**Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements**

1. The Recipient shall:

- (a)
 - (i) maintain, throughout the period of implementation of the Project the ICRRM, which will act as the steering committee for the Project for the purposes of achieving the development objectives, mobilization of the required financial resources, including counterpart funding allocations, and support for donor coordination;
 - (ii) ensure that the ICRRM shall meet on a regular basis at least once every six (6) months during the term of the Project; and
 - (iii) ensure that the project director referred to in sub-paragraph (d) below participates in the ICRRM;
- (b) establish and maintain, throughout the period of implementation of the Project a Project Technical Committee, chaired by the director general of the GDPW, with the deputy director general of the GDAP as the Deputy chair and the project director as the permanent secretary, to be provided with sufficient resources and competent staff in adequate numbers with terms of reference satisfactory to the Association, which will be responsible for the overall coordination of the various project activities implemented by various MPWT departments;
- (c) maintain within the MPWT, throughout the period of implementation of the Project, the GDPW and the GDAP to be provided with sufficient resources and competent staff in adequate numbers with terms of reference satisfactory to the Association, which will be responsible for the day-to-day execution of the Project;
- (d) ensure that: (i) a deputy director general of GDPW be appointed as project director; and (ii) a project manager with skills and experience acceptable to the Association is appointed, both to be maintained throughout the period of implementation of the Project.

2. The Recipient shall:
- (a) adopt and thereafter carry out a Project Implementation Plan satisfactory to the Association, which plan shall include, *inter alia*: (i) a financial management manual incorporating policy and procedures satisfactory to the Association regarding accounting, reporting and internal control mechanisms and procedures in respect of the Project, including the management, control and auditing of the Designated Accounts; (ii) criteria for the selection of roads for inclusion in the maintenance program under the Project; (iii) all measures required under the Environmental Management Plan, the Environmental and Safeguards Policy, the Resettlement Policy Framework and the Indigenous Peoples Development Policy; (iv) procurement procedures, as set forth in Section III of this Schedule; and (v) monitoring requirements and processes, including those referred to in Section II of this Schedule;
 - (b) undertake not to amend, suspend, abrogate, repeal or waive any provisions of the Project Implementation Plan without the prior agreement of the Association;
 - (c) submit to the Association the annual work plan and training plan by the end of March of each year commencing in March 2009;
 - (d) ensure that the MPWT: (i) carries out the annual work plan for the first year of the Project; (ii) prepares and furnish an annual work plan acceptable to the Association not later than March 31, 2009; (iii) prepares and furnish an annual work plan acceptable to the Association not later than March 31 of each subsequent year of the Project; and (iv) carries out the works under Parts A of the Project in accordance with such work plans; not later than September 30, 2009 and subsequently each year;
 - (e) provide annual funding for periodic maintenance contracts of the annual work plans in an amount of no less than: (i) for 2009: US\$300,000; (ii) for 2010: US\$2,500,000; (iii) for 2011: US\$3,750,000; (iv) for 2012: US\$4,000,000; and (v) for 2013 US\$4,250,000;
 - (f) provide annual funding for routine maintenance, periodic maintenance and spot rehabilitation of MPWT road networks and ensure such funding is available for MPWT as follows: (i) for 2009: US\$30,000,000; (ii) for 2010: US\$35,000,000; (iii) for 2011: US\$40,000,000, (iv) for 2012: US\$40,000,000; and (v) for 2013: US\$40,000,000, to carry out the following:

- (i) routine maintenance on all the national roads and on at least thirty percent (30%) of the maintainable secondary and provincial road networks; and
- (ii) periodic maintenance on five percent (5%) percent of the national roads and on at least four percent (4%) of the secondary and provincial road networks;
- (g) have technical audits of the civil works, goods and services financed by the Project and on work referred to in sub-paragraph (f) of this paragraph undertaken annually by independent auditors acceptable to the Association and furnish the audit reports to the Association and the Co-financier not later than six (6) months after the end of each period;
- (h) submit annual evidence of the work referred to in sub-paragraph (f) of this paragraph through the provision of reports to the Association;
- (i) ensure that the technical auditors referred to in sub-paragraph (h) of this paragraph can access the roads where work was undertaken;
- (k) ensure that, by March 31, 2013, at least twenty five percent (25%) of routine maintenance and twenty five percent (25%) of periodic maintenance works, by value, is contracted to the private sector;
- (l) adopt and apply a Merit Based Performance Incentive Manual for the Project;
- (m) take such actions to establish a formal reporting relationship for the Road Data Collection and Management Unit which shall be fully operational by December 31, 2010;
- (n) by December 31, 2010, adopt a strategic plan for divestiture of force accounts units; and
- (o) by October 1, 2008, complete a financial management strengthening plan for GDAP.

B. Anti-Corruption

The Recipient shall carry out the Project in accordance with the provisions of the Good Governance Framework, and the Anti-Corruption Guidelines in a manner satisfactory to the Association.

C. Safeguards

1. The Recipient shall:
 - (a) ensure that all civil works to be financed through the Project are technically and economically viable, and have been designed and appraised, with due regard for public health, safety, social and environmental standards acceptable to the Association, and pursuant to the Environmental and Social Safeguards Framework;
 - (b) (i) ensure that an environmental screening of each civil works has been carried out and, if necessary on the basis of such screening, an appropriate environmental impact assessment has been carried out by the Recipient, in terms satisfactory to the Association, in order to determine any measures to be taken to prevent, minimize, mitigate or compensate any environmentally adverse effects; and (ii) in the event that any civil works would require any such mitigation measures, prior to commencing such civil works, ensure that an action plan for the implementation of the Environmental Management Plan is prepared by the Recipient, in accordance with the Environment and Social Safeguards Framework, and thereafter implement the said action plan, in a manner and substance satisfactory to the Association;
 - (c) (i) ensure that a social screening of each civil works has been carried out and, if necessary on the basis of such screening, all necessary actions have been taken in order to 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 (ii) in the event that the civil works would give rise to Displaced Persons ensure that a compensation and resettlement action plan has been prepared prior to commencing such civil works, in accordance with the Environment and Social Safeguards Framework, and thereafter implement the Compensation and Resettlement Action Plan in a manner and substance satisfactory to the Association;
 - (d) (i) ensure that a social screening of each civil works has been carried out; and (ii) if on the basis of such screening it is determined that Ethnic Groups reside, cultivate, hunt or undertake any other similar social activity within the proposed civil works area, ensure that an Indigenous People Development Plan has been prepared prior to commencing such civil works, in accordance with the Environment and Social Safeguards Framework and with full participation and informed consultation of the affected Ethnic Groups, and with due regard to their cultural preferences,

and thereafter implement the indigenous people development plan in a manner and substance satisfactory to the Association;

- (e) furnish to the Association for its prior approval any revisions proposed to be introduced into the Environment and Social Safeguards Framework and the Environmental Management Plan, Compensation and Resettlement Action Plan, and the Indigenous People Development Plan prepared pursuant thereof, in order to achieve their objectives; and thereafter introduce such revisions into and implement such Environment and Social Safeguards Framework, Environmental Management Plan, Compensation and Resettlement Action Plan and Indigenous People Development Plan in a manner and substance satisfactory to the Association; and
- (f) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of said Environment and Social Safeguards Framework, Environmental Management Plan, Compensation and Resettlement Action Plan and Indigenous People Development Plan, and the achievement of their objectives.

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 the indicators agreed with the Association. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.

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. The Recipient shall prepare and furnish to the Association as part of the Project Report, interim un-audited financial reports for the Project covering the quarter, 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 and Works.** All goods and works 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 and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method	
(a)	National Competitive Bidding subject to procedures listed in the Annex to this Schedule 2
(b)	Shopping

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 table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method	
(a)	Quality-Based Selection
(b)	Selection Based on Consultants’ Qualifications
(c)	Individual Consultants
(d)	Single-Source Selection
(e)	Least Cost Selection

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.

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 Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Works under Parts A(1) and A(2)(b) of the Project	14,630,000	100%
(2) Goods under Parts A(2)(b), B(1) and B(2) of the Project	300,000	100%
(3) Consultants' Services under Parts A(2)(b), A(2)(c), A(2)(d), B(1), B(2), B(3), and B(6) of the Project	2,430,000	100%
(4) Training under Part B(1), of the Project	70,000	100%
(5) Incremental Operating Costs under Part A(2)(b) of the Project	330,000	80%
(6) MBPI Payments under Part C of the Project	540,000	90% for 2008 85% for 2009 80% for 2010 75% for 2011 70% for 2012 65% for 2013
TOTAL	<u>18,300,000</u>	

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) under Category (6) until the Recipient has adopted the MBPI Manual referred to Paragraph A.2(1) of Section I of Schedule 2 to this

Agreement; and provided an agreement confirming financing the MBPI for this Project, satisfactory to the Association.

2. The Closing Date is September 30, 2013

Section V. Other Undertakings

1. Unless otherwise agreed to between the Recipient and the Association, and for the purposes of Section III of Schedule 2 to this Agreement, the Recipient shall use the services of a procurement agent engaged by the MEF under terms of reference satisfactory to the Association for all procurement to be undertaken under the Project.
2. For the purposes of Section III of Schedule 2 to this Agreement, 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.

ANNEX to SCHEDULE 2**National Competitive Bidding Procedures**

The procedure to be followed for National Competitive Bidding shall be those set forth in the *Sub-decree 14 on Promulgating of the Standard Procedure for Implementing the World Bank and the Asian Development Bank Assisted Projects* dated February 26, 2007, and relevant provisions of the *Royal Government of Cambodia Externally Assisted Project Procurement Manual for Goods, Works and Services* with modifications set forth below in order to ensure economy, efficiency and transparency and broad consistency with the provisions of Section I of the *Guidelines for Procurement under IBRD Loans and IDA Credits* published by the Bank/Association in May 2004 and revised in October 2006 (the Guidelines) as required by paragraph 3.3 and 3.4 of the Guidelines.

1. Eligibility

The eligibility of bidders shall be as defined under Section I of the Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the 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. Qualification Criteria

The assessment of the qualification of a bidder shall be conducted separately from the technical and commercial evaluation of the bid and in strict adherence to the qualification criteria that shall be clearly specified in the bidding documents. Such assessment shall only take into account a 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.

3. Bid Submission, Bid Opening and Bid Evaluation

- (a) 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.
- (b) 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.

- (c) 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.
- (d) Neither shall all bids be rejected nor shall new bids invited without the Association's prior written concurrence.

4. Complaints by Bidders and Handling of Complaints

The Recipient shall implement the complaint handling mechanism in accordance with Section 7 of the above mentioned Procurement Manual.

5. Fraud and Corruption

The Association shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Association, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the Association.

6. 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.

SCHEDULE 3**Repayment Schedule**

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 15 and November 15:	
commencing November 15, 2018 to and including May 15, 2028	1%
commencing November 15, 2028 to and including May 15, 2048	2%

*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 Grants”, dated October 15, 2006.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Co-financier” means the Asian Development Bank.
4. “Co-financing” means the amount to be provided by the Co-financier to assist in financing the Project.
5. “Co-financing Agreement” means the agreement to be entered into between the Recipient and the Co-financier providing for the Co-financing.
6. “Compensation and Resettlement Action Plan” means a plan referred to in Section 1.C.1 of Schedule 2 to the Project which sets out the principles and procedures governing the acquisition of land and other assets, and the resettlement, compensation and rehabilitation of Displaced Persons, as well as monitoring and reporting arrangements to ensure compliance with said plan, as said plan may be revised from time to time with the prior agreement of the Association.
7. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
8. “Displaced Person” means a person who, on account of the execution of the Project, 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 to access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person, and “Displaced Persons” means, collectively, the plural thereof.
9. “Environmental and Social Safeguards Framework” means the framework instrument, satisfactory to the Association, duly approved by the Recipient on April 4, 2008, and referred to in paragraph C1 of Section 1 of Schedule 2 to this Agreement which sets forth the principles and procedures, satisfactory to the Association, governing: (i) the environmental impact screening of civil works to

be carried out under Project be done prior to the commencement of such civil works, and the environmental protection measures, if any, required to be undertaken in order to avoid or mitigate potential adverse environmental impacts resulting from such civil works; (ii) land or other asset acquisition from, resettlement and rehabilitation of and compensation to, Displaced Persons, as well as reporting and monitoring arrangements to ensure compliance with said principles, and for the preparation of compensation and resettlement action plans whenever required in the carrying out of Project implementation activities; and (iii) the strategy to be implemented or cause to be implemented by the Recipient in the carrying out of the Project in areas where Ethnic Groups are residing, cultivating, hunting and carrying out other similar social activities which strategy includes special planning measures or actions to be undertaken aimed at ensuring that through informed consultation the Ethnic Groups receive the benefits from the Project in a culturally compatible manner acceptable to them, and do not suffer adverse effects as a result of the implementation of the Project; as said framework may be revised from time to time with the prior approval of the Association.

10. “Environmental Management Plan” means the plan referred to in Section 1.C.1 of Schedule 2 to the Project which sets out the environmental protection measures in respect of the Project, as well as administrative and monitoring arrangements to ensure the implementation of said plan, as said plan may be revised from time to time with the prior agreement of the Association.
11. “Ethnic Groups” mean those social groups in the Kingdom of Cambodia who have a distinct social and cultural identity, and are susceptible to being disadvantaged in the development process induced by the Project or any part thereof.
12. “Good Governance Framework” means the Good Governance Framework approved by the Recipient on April 4, 2008.
13. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
14. “General Department of Administration and Planning” and the acronym “GDAP” mean the Department of Administration and Planning in the MPWT and any successor thereto.
15. “General Department of Public Works” and the acronym “GDPW” mean the General Department of Public Works in the MPWT and any successor thereto.

16. “Indigenous People Development Plans” means a plan referred to in Section 1.C.1 of Schedule 2 to the Project which sets out the measures to ensure that the benefits under the Project are socially and culturally acceptable to such indigenous people and that Project activities are in harmony with their economic, social and cultural preferences and protect their customary user rights, as said plan may be revised from time to time with the prior agreement of the Association
17. “Incremental Operating Costs” means reasonable expenditures directly related to the Project incurred by the Recipient (which expenditures would not have been incurred absent the Project), including maintenance of vehicles, expenditures for Project staff travel and per diem, office supplies, communications services (including telephone and internet costs), publication services, translation services, and maintenance of office equipment, but excluding civil service salaries of officials of the Recipient’s civil service.
18. “Inter-ministerial Committee for Road Repairs and Maintenance” and the acronym “ICRRM” mean the committee established by the Prakas number 747-MEF/PK issued on September 8, 2006, whose functions include: coordinating road maintenance activities; defining road maintenance principles and policies, prepare road maintenance plans; ensuring consistency of MEF and MPWT policy directives and solving road maintenance problems; preparing policies and plans for monitoring and controlling road maintenance.
19. “Merit Based Performance Incentive” and the acronym “MBPI” mean the set of program arrangements for providing merit based pay, including the level of allowances to be provided to selected MPWT staff, the conditions under which they would be provided, and the financing shares of the Recipient.
20. “Merit Based Performance Incentive Manual” and the acronym “MBPI Manual” mean the manual adopted by the Recipient pursuant to Section IV B.1(b) of Schedule 2 to this Agreement, as such manual may be amended from time to time with the prior approval of the Association, setting forth the process, procedures and criteria for the implementation of the MBPI, including with respect to the selection of staff to be paid allowances, the criteria for performance evaluation, and the management arrangements for the MBPI.
21. “Ministry of Economy and Finance” and the acronym “MEF” mean the Recipient’s Ministry of Economy and Finance and any successor thereto.
22. “Ministry of Public Works and Transport” and the acronym “MPWT” mean the Recipient’s Ministry of Public Works and Transport and any successor thereto.

23. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
24. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 4, 2008, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
25. “Project Implementation Plan” means the manual referred to in Paragraph A.2(a) of Section I of Schedule 2 to this Agreement
26. “Road Data Collection and Management Unit” and the acronym “RDCMU” mean the Recipient’s unit which will contain the road management support system and its associated data and applications.
27. “Sub-Decree on Resettlement” means the Sub-Decree on Resettlement currently being developed.
28. “Sub-decree on the Implementation of Merit Based Performance Incentives” means the Recipient’s Sub-decree No. 29, dated April 2, 2008, on the implementation of a harmonized MBPI scheme for civil servants.
29. “Training” means training conducted in the territory of the Recipient and abroad, including purchase and publication of materials, rental of facilities, course fees, and travel, accommodation and subsistence of trainees.