

CONFORMED COPY

CREDIT NUMBER 3179-1-KH
(Amendment)

Agreement Amending
Development Credit Agreement

(Second Social Fund Project:
Flood Rehabilitation Supplemental Credit)

between

KINGDOM OF CAMBODIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 25, 2001

CREDIT NUMBER 3179-1-KH

(Amendment)

AGREEMENT AMENDING DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 25, 2001 between KINGDOM OF CAMBODIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower and the Association have entered into a Development Credit Agreement (Second Social Fund Project Credit - 3179-KH) dated April 19, 1999 (the Development Credit Agreement), for the purpose of providing support for the execution of the Second Social Fund Project, as described in the Preamble and Schedule 1 to the Development Credit Agreement (the Project);

(B) pursuant to the Development Credit Agreement, the Association and Social Fund of Kingdom of Cambodia (SFKC) have entered into an agreement, also dated April 19, 1999 (the Project Agreement), under which SFKC has undertaken to carry out the Project in accordance with the terms set forth in the Project Agreement;

(C) the Borrower has requested the Association to provide further additional assistance in support of the Project to meet emergency needs in terms of rebuilding small-scale infrastructure damaged by floods during the 1999 - 2000 rainy season (the Floods), by increasing the amount made available under the Development Credit Agreement by an amount in various currencies equivalent to seven million nine hundred thousand Special Drawing Rights (SDR 7,900,000); and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to provide such additional assistance to the Borrower upon the terms and conditions set forth in this Agreement Amending Development Credit Agreement (this Agreement) and in the agreement of even date herewith between the Association and SFKC (Agreement Amending Project Agreement);

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Amendments to the Development Credit Agreement

Section 1.01. Section 1.02 of the Development Credit Agreement is amended by inserting in their proper alphabetical order the following new definitions, the existing definitions (c) and (d), (e) through (j), and (k) through (t) being renumbered accordingly as (d) and (e), (g) through (l), and (n) through (w), respectively:

(c) "Amending Agreement" means the agreement amending the Development Credit Agreement (Second Social Fund Project) between the Borrower and the Association, dated April 19, 1999;

(f) "Floods" means the flooding episodes which occurred in the Borrower's territory during the 1999 - 2000 rainy season;

(m) "Project Agreement" means the agreement between the Association and SFKC of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

Section 1.02. Section 2.01 of the Development Credit Agreement is amended to read as follows:

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to twenty-five million eight hundred thousand Special Drawing Rights (SDR 25,800,000) (the Credit), which includes: (a) an original amount in various currencies equivalent to seventeen million nine hundred thousand Special Drawing Rights (SDR 17,900,000) (the Initial Financing); and (b) an additional amount in various currencies equivalent to seven million nine hundred thousand Special Drawing Rights (SDR 7,900,000) (the Additional Financing).

Section 1.03. Section 2.03 of the Development Credit Agreement is amended to read as follows:

Section 2.03. The Closing Date shall be December 310, 2003 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date."

Section 1.04. Section 2.04 of the Development Credit Agreement is amended by deleting the full stop at the end of the first sentence of paragraph (b) thereof and replacing it with a semicolon, and adding immediately thereafter the following:

provided, however, that, in the case of the Additional Financing, the commitment charge shall accrue from a date sixty (60) days after the date of this Amending Agreement.

Section 1.05. Section 2.07 (a) of the Development Credit Agreement shall be amended to read as follows:

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit as follows: (A) in the case of the Initial Financing, in semiannual installments payable on each February 15 and August 15, commencing August 15, 2009 and ending February 15, 2039; and (B) in the case of the Additional Financing, in semiannual installments payable on each June 15 and December 15, commencing December 15, 2011, and ending June 15, 2041. Each installment to and including, in the case of the Initial Financing, the installment payable on February 15, 2019, and, in the case of the Additional Financing, the installment payable on June 15, 2021, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

Section 1.06. Schedule 1 to the Development Credit Agreement is revised by amending paragraph 1 thereof to read as shown in Annex 1 to this Amending Agreement.

Section 1.07. Schedule 2 to the Development Credit Agreement shall be amended to read as shown in Annex 2 to this Agreement.

ARTICLE II

Effective Date; Termination

Section 2.01. This Agreement shall not become effective until:

(a) evidence satisfactory to the Association shall have been furnished to the Association that the execution and delivery of this Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action;

(b) the Operational Manual as defined in Section 1.02 of the Development Credit Agreement has been duly revised so to take account of the increased likelihood of adverse environmental impacts involved in repair and rehabilitation works required as a result of Floods; and

(c) the Fund Agreement referred to in Section 3.02 of the Development Credit Agreement shall have been amended in form and substance satisfactory to the Association to take account of the additional assistance provided under this Agreement and provide for a corresponding increase in the Borrower's counterpart funding to the cost of the Project.

Section 2.02. As part of the evidence to be furnished pursuant to Section 2.01 (a) of this Agreement, there shall be furnished to the Association an opinion or opinions satisfactory to the Association of counsel acceptable to the Association showing: (a) on behalf of the Borrower, that this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and is legally binding upon the Borrower in accordance with its terms; (b) on behalf of SFKC, that the Agreement amending Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, SFKC, and is legally binding upon SFKC in accordance with its terms; and (c) on behalf of the Borrower and SFKC, that the Fund Agreement as amended pursuant to Section 2.01 (c) of this Agreement has been duly authorized or ratified by the Borrower and SFKC, and is legally binding upon the Borrower and SFKC in accordance with its terms.

Section 2.03. This Agreement shall come into force and effect on the date upon which the Association shall dispatch to the Borrower notice of its acceptance of the evidence required by Section 2.01 of this Agreement.

Section 2.04. If this Agreement shall not have come into force and effect by a date ninety (90) days after the date of this Agreement, this Agreement and all obligations of the parties hereunder shall terminate, unless the Association establishes a later date for the purposes of this Section. If this Agreement shall terminate under the provisions of this Section, the Development Credit Agreement shall continue in full force and effect, as if this Agreement had not been executed.

Section 2.05. Except as otherwise provided in this Agreement, all provisions of the Development Credit Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

KINGDOM OF CAMBODIA

By /s/ Roland Eng

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Tom Tsui

Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Supplemental Credit and the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

Amount of

Total Amount

Supplemental of Credit

Credit Allocated	Allocated	% of
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SDR Equivalent) (Expressed in (Expressed in Expenditures Category
SDR Equivalent) to be Financed

(1) Sub-grants 7,100,000 22,560,000 100% of amounts

disbursed

(2) Consultants' 480,000 1,870,000 100%

services

(3) Goods

120,000

310,000 100% of foreign

expenditures,

80% of local

				expenditures
(4)	Operating costs	200,000	480,000	80%
(5)	Works	---	70,000	90%
(6)	Refunding of Project Preparation Advance	---	290,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(7)	Unallocated	---	220,000	
	TOTAL	7,900,000	25,800,000	

ANNEX 2

SCHEDULE 2

Description of the Project

1. The objective of the Project is to support the Borrower's post-conflict reconstruction efforts through support for the rehabilitation and development of small scale, community based infrastructure, creation of short term employment opportunities in construction activities, and strengthening of the capacity of communities and local governments through a demand driven process of identification and preparation of investment activities.

2. The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A: Sub-projects

Financing of specific investment projects through provision of Sub-grants for the rehabilitation and development of social and economic infrastructure, including development of post conflict new settlement communities, and repair and rehabilitation of small scale infrastructure damaged by Floods, and for other socially productive activities throughout the territory of the Borrower.

Part B: Institutional Support to SFKC

(1) Provision of technical advisory services to strengthen SFKC's overall administrative, legal, managerial and operational capacities, as well as its ability to coordinate and monitor the overall implementation of the Project.

(2) Provision of technical advisory services to strengthen SFKC's capacity to, inter alia: (a) process, appraise, finance and supervise the implementation of Sub-projects; and (b) carry out Applicant, Sponsor and Sub-project Implementing Agencies assessments, financial planning and management, procurement, disbursement and promotional activities.

(3) Provision of technical advisory services to strengthen SFKC's capacity to establish cooperative operational arrangements with ministries and agencies of the Borrower and with bilateral and multilateral donor agencies.

(4) Provision of technical advisory services to strengthen SFKC's capacity to assess its performance in flood rehabilitation, develop data bases for transfer to national disaster coordination entities and projects, conduct beneficiary, technical and procurement assessments, and provide training in operational topics, including irrigation and appraisal procedures.

The Project is expected to be completed by June 30, 2003.

