
GPOBA GRANT NUMBER TF092630 - KH

Global Partnership on Output-based Aid Grant Agreement

(Improved Access to Communications in Rural Cambodia Project)

between

KINGDOM OF CAMBODIA

and

**INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as Administrator of the Global Partnership on Output-based Aid**

Dated

December 2, 2008

GPOBA GRANT NUMBER TF092630 - KH

**GLOBAL PARTNERSHIP ON OUTPUT-BASED AID
GRANT AGREEMENT**

AGREEMENT dated *December 2, 2008*, entered into between: KINGDOM OF CAMBODIA (“Recipient”); and INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting as administrator of the Global Partnership on Output-based Aid (“GPOBA”). The Recipient and the World Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 20, 2006 (“Standard Conditions”), 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 Standard Conditions or in this Agreement.

**Article II
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry the Project through its Ministry of Post and Telecommunications (MPT), in accordance with the provisions of Article II of the Standard Conditions.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III
The Grant**

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to two million five hundred thousand nine hundred and fifty seven United States Dollars (\$2,500,957) (“Grant”) to assist in financing the Project.

- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

**Article IV
Effectiveness; Termination**

- 4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the following condition has been satisfied: the Recipient has adopted the Operations Manual, acceptable to the World Bank including the procedures and guidelines set forth in paragraph 1 of Section I(B) of Schedule 2 to this Agreement.
- 4.02. As part of the evidence to be furnished pursuant to Section 4.01 (a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank, indicating on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.
- 4.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 6.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
- 4.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

**Article V
Recipient's Representative; Addresses**

- 5.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Economy and Finance.

- 5.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Economy and Finance
Street 92, Sang Kat Wat Phnom
Phnom Penh
Kingdom of Cambodia
Facsimile:

855-23-427798

- 5.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions 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 in Bangkok and Phnom Penh, December 2, 2008, as of the day and year first above written.



KEAT CHHON

Authorized Representative

INTERNATIONAL DEVELOPMENT
ASSOCIATION acting as administrator of
the Global Partnership on Output-based Aid

By:

A handwritten signature in black ink, appearing to read 'M. Verghis'.

Mathew Verghis
Acting Country Director, Cambodia
World Bank
Authorized Representative

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SCHEDULE 1

Project Description

The objective of the Project is to pilot an output based approach to provide basic voice telephony services to rural low income families in the Project Area in Cambodia.

The Project consists of the following parts:

Part 1. Basic Voice Telephony Service

Provision of coverage for voice telephony service for approximately 352 villages in the Project Area by competitively selected Service Provider.

Part 2. Basic Access to Services

Provision of Public Access Points for voice telephony to approximately 80% of the villages in the Project Area by competitively selected Service Provider.

Part 3: Project Management and Supervision Support

Provision of support for project administration, including financial management, technical supervision audits and monitoring and evaluation.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient shall establish and maintain, throughout the implementation of the Project, a project management team in the MPT in accordance with the Operations Manual, to coordinate and oversee implementation of the Project, including procurement practices, environment implementation, fiduciary management, monitoring of Project progress, and submission of Project Reports. The Recipient shall ensure that the project management team shall be staffed by qualified and experienced personnel in adequate numbers and with terms of reference satisfactory to the World Bank, as shall be necessary to carry out its responsibilities under the Operations Manual and this Agreement.
2. The Recipient shall, prior to commencing the competitive tenders for a Service Provider in accordance with paragraph 2 of Section I(B) of this Schedule, enter into a contract with an Independent Verification Agent, with experience, qualifications and under terms of reference acceptable to the World Bank, to undertake the verification of each Output and Invoice in accordance with the Operations Manual including the monitoring and evaluation of Project implementation.

B. Implementation Program

1. (a) The Recipient shall adopt and thereafter implement the Project in accordance with the Operations Manual acceptable to the World Bank, which shall include:
 - (i) the detailed description of project implementation and installation and operation plans for each Public Access Point, including equipment specifications for Public Access facilities;
 - (ii) geographical eligibility criteria;
 - (iii) the eligibility criteria for a Service Provider and the terms and conditions of the Service Agreement;
 - (iv) the mechanism for determining the Subsidy for the target locations receiving voice telephony service coverage and the establishment of Public Access Points;

- (v) the Project's administrative, accounting, financial, disbursement and procurement procedures;
 - (vi) the Environmental Management Plan setting forth the guidelines for mitigating potential harmful effects of Project implementation including a battery disposal plan;
 - (vii) the plan for the monitoring and supervision of the Project, including all environmental and social aspects in relation thereto;
 - (viii) the performance indicators for the Project;
 - (ix) the terms and conditions of the work to be performed by Independent Verification Agent and the auditor; and
 - (x) the Good Governance Framework.
- (b) In the event of any conflict between the Operations Manual and this Agreement, the terms of this Agreement shall prevail.
 - (c) The Recipient shall not amend, suspend, abrogate, repeal or waive any provisions of the Operations Manual without the prior agreement of the World Bank.
2. (a) The Recipient shall undertake competitive tenders to identify a Service Provider based on bidding procedures acceptable to the World Bank.
- (b) The Recipient shall within six months of the Effective Date, or such later date as may be agreed by the World Bank, enter into a Service Agreement acceptable to the World Bank with a Service Provider to implement Part 1 and Part 2 of the Project. Such Service Agreement shall require the Service Provider to implement the Project in accordance with the Operations Manual.
3. The Recipient shall ensure that the following Outputs shall be the basis for calculating Invoices for Subsidy withdrawals for the Project:
- (a) upon award of the Service Agreement contract to the Service Provider: 10% of the Service Agreement contract amount;
 - (b) upon provision of basic voice telephony service in 50% of the target locations in the Project Area and installation of Public Access Points in 40% in the target locations of the Project Area as verified by the Independent Verification Agent: 30% of the Service Agreement contract amount;

- (c) provision of basic voice telephony service coverage in all target locations and installation of Public Access Points in 80% of the target locations of the Project Area designated in the Service Agreement as verified by the Independent Verification Agent: 30% of the Service Agreement contract amount; and
 - (d) provision of continuous basic voice telephony service coverage for one (1) year in all the target locations and verification of the installation of Public Access Points, including network access, availability and quality of service, in all target locations designated in the Service Agreement and as verified by the Independent Verification Agent: 30% of the Service Agreement contract amount.
5. The Recipient shall carry out the Project in accordance with the provisions of the Good Governance Framework, in a manner satisfactory to the World Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

- 1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators agreed with the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.
- 2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date. In addition, the Recipient shall prepare two additional reports ("Post Project Reports"), each of such scope and in such detail as the World Bank shall reasonably request, on the execution of the plan set out in the Recipient's Completion Report, and setting out measures designed to ensure the continued efficient and effective achievement of the Project's objectives. The Recipient shall furnish the Post-Project Reports to the World Bank not later than one month after of the first and second anniversaries of the Closing Date, respectively

B. Financial Management; Financial Reports; Audits

- 1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
- 2. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions.

Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. **Procurement and Consultant Guidelines.** All goods and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:
 - (a) Section I (excluding paragraph 1.16) of the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the World Bank in May 2004 ("Procurement Guidelines") in the case of goods and works, and Sections I (excluding paragraph 1.24) and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the World Bank in May 2004 ("Consultant Guidelines") in the case of consultants' services; and
 - (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines ("Procurement Plan").
2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank 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 Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods.** The following methods, other than International Competitive Bidding, may be used for procurement of goods for those contracts which the Bank agrees meet the requirements set forth in the Procurement Guidelines for their use: (a) 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 methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those assignments which the Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Selection of Individual Consultants; and (f) Sole Source Procedures for the Selection of Individual Consultants.

D. Review by the World Bank of Procurement Decisions

1. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of (a) Article III of the Standard Conditions, (b) this Section, and (c) such additional instructions as the World Bank may 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 World Bank 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 Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Payments for voice-telephony services and basic access to services under Parts 1 and 2 of the Project	2,375,957	100%
(2) Consultants' Services under Part 3 of the Project	115,000	100%
(3) Incremental Operating Costs under Part 3 of the Project	10,000	100%
TOTAL AMOUNT	<u>2,500,957</u>	

For purposes of this Agreement, the term "Incremental Operating Costs" means expenditures for office supplies, office equipment, one computer, communications, office administration costs, utility charges, domestic travel and per diem in connection with the supervision of the Project, which expenditures would not have been incurred absent the Project, but excluding salaries of officials of the Recipient's civil service.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement
2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is September 30, 2011.

Section V. Other Undertakings

1. Unless otherwise agreed to between the Recipient and the World Bank, 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 World Bank for all procurement to be undertaken under the Project.

2. The Recipient shall establish, for each procurement package, a procurement review committee, within MPT, to review and approve documents prepared by a procurement agent including bidding documents, requests for proposals, draft contracts and lead contract negotiations with the assistance of the procurement agent, in accordance with the Operations Manual and satisfactory to the World Bank.

3. 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.

APPENDIX

Definitions

1. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
2. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the World Bank in May 2004.
3. "Environmental Management Plan" means the environmental management plan, included in the Operations Manual, setting forth measure to mitigate any adverse impacts of the Project.
4. "Good Governance Framework" means the Good Governance Framework approved by MTP on September 1, 2008.
5. "Independent Verification Agent" means the consultant, to be procured by the Recipient, with experience, qualifications and under terms of reference acceptable to the World Bank, to undertake verification of each Output and Invoice and the Project implementation, in accordance with the Operations Manual.
6. "Invoice" means the invoice prepared by the Recipient as part of an application for withdrawal against an Output, which invoice shall attach all supporting evidence required by the Operations Manual, and "Invoices" mean the plural thereof.
7. "MEF" means the Recipient's Ministry of Economy and Finance and any successor thereto.
8. "Ministry of Posts and Telecommunications" and "MPT" mean the Recipient's Ministry of Posts and Telecommunications and any successor thereto.
9. "Operations Manual" means the manual adopted and implemented by the Recipient setting forth the implementation rules and procedures for the Project as described in paragraph 1 of Section I(B) of Schedule 2 to this Agreement, as the same may be amended from time to time by agreement between the World Bank and the Recipient.
10. "Output" means, with respect to the Service Agreement, the outputs specified in paragraph 3 of Section I(B) of Schedule 2 to this Agreement.
11. "Project Area" means the Recipient's Provinces of Preah Vihear, Otdar Mean Chey, Banteay Mean Chey and Pursat.

12. "Public Access Point" means an access point phone that is connected with the p2rent network of the Service Provider for Part 2 of the Project.

13. "Service Agreement" means the agreement on terms and conditions acceptable to the World Bank to be entered into between the Recipient and a Service Provider in accordance with paragraph 2(b) of Section I(B) of Schedule 2 to this Agreement.

14. "Service Provider" means the entity with experience in telecommunications facilities engaged on terms and conditions acceptable to the World Bank pursuant to a competitive tender process described in paragraph 2 of Section I(B) of Schedule 2 to this Agreement.

15. "Subsidy" means the amount that a Service Provider will receive for implementing the Project, as set out in the Service Agreement between such Service Provider and the Recipient.