
LOAN NUMBER 4013-CAM(COL)

LOAN AGREEMENT
(Ordinary Operations [Concessional])

(Agricultural Value Chain Competitiveness and Safety Enhancement Project)

between

KINGDOM OF CAMBODIA

and

ASIAN DEVELOPMENT BANK

DATED 07 DEC 2020

CAM 50264

LOAN AGREEMENT
(Ordinary Operations [Concessional])

LOAN AGREEMENT dated 07 DEC 2020 between KINGDOM OF CAMBODIA ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB")

WHEREAS

(A) The Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(B) The Borrower has also applied to ADB for a loan (the "B Loan") in the amount of five million Dollars (\$5,000,000) for the purposes of the Project to be funded by ADB entirely from a participation in the B Loan by ASEAN Infrastructure Fund ("AIF") under its Inclusive Finance Facility;

(C) The Borrower has applied to Agence Française de Développement ("AFD") for a loan ("AFD Loan") in Euros which is equivalent to twenty-five million Dollars (\$25,000,000) to assist in cofinancing a part of the Project, upon the terms and conditions set forth in a loan agreement between the Borrower and AFD ("AFD Loan Agreement");

(D) by an externally financed grant agreement of even date herewith between the Borrower and ADB ("JFPR Grant Agreement"), the Borrower has also applied to the Japan Fund for Poverty Reduction for a grant ("Grant") in the amount of three million Dollars (\$3,000,000) to be administered by ADB for the purpose of the Project;

(E) the Project will be carried out by Ministry of Economy and Finance ("MEF") with the Participating Financial Intermediaries ("PFIs") for Component 1, Ministry of Agriculture, Forestry and Fisheries ("MAFF") for Component 2 and Ministry of Rural Development ("MRD") for Component 3, and for this purpose the Borrower will make available to the PFIs, MAFF and MRD, the proceeds of the loan provided for herein upon terms and conditions satisfactory to ADB; and

(F) ADB has agreed to make a concessional loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein and in the Project Agreement between ADB and respective PFIs;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations, Definitions

Section 1.01. All the provisions of ADB's Ordinary Operations (Concessional) Loan Regulations, dated 1 January 2017 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

- (a) Section 2.01(w) is deleted and the following is substituted therefor:

"Project Agreement" means each Project Agreement of even date herewith between ADB and a PFI, as such agreement may be amended from time to time; and such Project Agreement includes all schedules to the project agreement;

- (b) The term "Project Executing Agency" appearing in Sections 8.01(a), 8.01(d), 8.01(f), 8.01(k), 9.01(c) and 9.02(c) of the Loan Regulations shall be substituted by the term "PFI".

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Loan Agreement have the following meanings:

- (a) "A Loan" means the loan provided under this Loan Agreement;
- (b) "AIF Eligible Activity" means a subset of Eligible Activity that satisfies the eligibility criteria set out in the PAM to be financed from the proceeds of B Loan, as described in the PAM and in paragraph 11 of Schedule 4 to this Loan Agreement;
- (c) "AIF Subloans" means a subset of Subloans (credit line) made, or proposed to be made, by the PFI out of the proceeds of the B Loan to an Eligible Sub-borrower for an AIF Eligible Activity, as described in the PAM and in paragraph 12 of Schedule 4 to this Loan Agreement;
- (d) "B Loan Agreement" means the agreement between ADB and the Borrower relating to the B Loan;
- (e) "Component" means each of Component 1, 2, and 3 of the Project as further described in paragraph 2 of Schedule 1 to this Loan Agreement;
- (f) "Consulting Services" means consulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the A Loan, B Loan and Grant;
- (g) "CPF" means the community participation framework for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (h) "Credit Guarantee" is a credit guarantee issued, or proposed to be issued, by the PFI out of the proceeds of the A Loan to an Eligible Sub-borrower for an Eligible Activity as described in paragraph 13 of Schedule 4 to this Loan Agreement;
- (i) "Eligible Activity" means an activity, which satisfies the eligibility criteria set out in the PAM and as described in paragraph 11 of Schedule 4 to this Loan Agreement;

- (j) "Eligible Sub-borrower" means a sub-borrower, which satisfies the eligibility criteria set out in PAM and as described in paragraph 10 of Schedule 4 to this Loan Agreement.
- (k) "Environmental Management Plan" or "EMP" means each environmental management plan for the Project or for an Eligible Activity, including any update thereto, incorporated in the IEE.
- (l) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS.
- (m) "Equity Capital Loan" means an equity capital loan made, or proposed to be made, by the PFI out of the proceeds of the A Loan to an Eligible Sub-borrower for an Eligible Activity as described in paragraph 14 of Schedule 4 to this Loan Agreement.
- (n) "ESMS" means an environmental and social management system for the Component 1, including any update thereto, prepared and submitted by Borrower and cleared by ADB.
- (o) "GAP" means the gender action plan prepared for the Project, including any update thereto, and agreed to between the Borrower and ADB.
- (p) "Goods" means equipment and materials as set out in the Procurement Plan and to be financed out of the proceeds of the A Loan, B Loan, and Grant, including any related Nonconsulting Services such as transportation, insurance, installation, commissioning, training, and initial maintenance.
- (q) "IBP" means the inclusive business partnership between the participating agricultural cooperatives and participating agro-enterprises.
- (r) "ICT" means information and communication technology.
- (s) "IEE" means each initial environmental examination for the Project or an Eligible Activity, including any update thereto, prepared and submitted by the Borrower and cleared by ADB.
- (t) "Indigenous Peoples Safeguards" means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS.
- (u) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS.
- (v) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time).
- (w) "MAFF" means the Borrower's Ministry of Agriculture, Forestry and Fisheries, or any successor thereto acceptable to ADB.

- (x) "MEF" means the Borrower's Ministry of Economy and Finance, or any successor thereto acceptable to ADB;
- (y) "MRD" means the Borrower's Ministry of Rural Development, or any successor thereto acceptable to ADB;
- (z) "Nonconsulting Services" means nonconsulting services as described in the Procurement Regulations (applicable for Components 2 and 3) and set out in the Procurement Plan, and to be financed out of the proceeds of the A Loan, B Loan and Grant;
- (aa) "O&M" means operation and maintenance;
- (bb) "PAM" means the project administration manual for the Project dated 12 October 2020 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower, PFI, and ADB;
- (cc) "PFI" means each participating financial intermediary, namely Sathapana Bank and Agricultural and Rural Development Bank, or any respective successor thereto acceptable to ADB;
- (dd) "Procurement Plan" means the procurement plan for the Project dated 12 October 2020 and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Policy, the Procurement Regulations, and other arrangements agreed with ADB, which include among others, the standard operating procedures of the Borrower (2 December 2019, as amended from time to time) providing procedures applicable to externally-financed projects and programs, and the procurement manual under the standard operating procedures (2 December 2019, as amended from time to time) prepared by the Borrower setting forth the procurement related policies and procedures for externally-financed projects and programs;
- (ee) "Procurement Policy" means ADB's Procurement Policy - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (ff) "Procurement Regulations" means ADB's Procurement Regulations for ADB Borrowers - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (gg) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means MAFF or any successor thereto acceptable to ADBs that is responsible for carrying out the Project;
- (hh) "Project Implementing Agencies" for the purposes of, and within the meaning of, the Loan Regulations means MEF for Component 1, MAFF for Component 2, and MRD for Component 3, or any respective successor thereto acceptable to ADB that is responsible for carrying out the Project;

- (h) "Project facilities" means the facilities to be constructed and the Goods to be provided under the Project.
- (i) "Recycled Funds" means funds repaid by PFIs to the Borrower as described in paragraph 26 of Schedule 4 to this Loan Agreement.
- (j) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower to ADB that describes progress with implementation of and compliance with the EMPs and PFI's performance with regards to the ESMS, including any corrective and preventative actions.
- (k) "Services" means Consulting Services and Nonconsulting Services.
- (l) "SPS" means ADB's Safeguard Policy Statement (2009).
- (m) "Subloan" means agricultural value chain loan made, or proposed to be made, by the PFI out of the proceeds of the A Loan and B Loan to an Eligible Sub-borrower for an Eligible Activity as described in the PAM and in paragraph 12 of Schedule 4 to this Loan Agreement.
- (n) "Subsidiary Loan Agreement" means the agreement between the Borrower and each PFI referred to in Section 3.01 of this Loan Agreement, and
- (o) "Works" means construction or civil works as set out in the Procurement Plan and to be financed out of the proceeds of the A Loan, B Loan, and Grant, including any related Nonconsulting Services, and project related services that are provided as part of a single responsibility or turnkey contract.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of seventy million Dollar (\$70,000,000).

(b) The A Loan has a principal repayment period of 24 years, and a grace period as defined in subsection (c) hereinafter.

(c) The term "grace period" as used in subsection (b) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB an interest charge at the rate of 1% per annum during the grace period, and 1.5% per annum thereafter, on the amount of the A Loan withdrawn from the Loan Account and outstanding from time to time.

Section 2.03. The interest charge and any other charge on the A Loan shall be payable semiannually on 15 May and 15 November in each year.

Section 2.04. The Borrower shall repay the principal amount of the A Loan withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall relend a portion of the proceeds of the A Loan to each of the PFIs under a separate Subsidiary Loan Agreement for purposes of the Component 1 for the Subloans, AIF Subloans, Credit Guarantees, and/or Equity Capital Loans. The Subsidiary Loan Agreement shall provide inter alia for the relending of the proceeds of the A Loan to each of the PFIs, the carrying out of the Project, and the rights of the Borrower and ADB with respect thereto. Such Subsidiary Loan Agreement shall be in form and on terms and conditions acceptable to ADB, and shall be without prejudice to, and without limitation on, the obligations of the Borrower under the Loan Agreement.

Section 3.02. (a) Except as ADB may otherwise agree, the proceeds of the A Loan made available to the PFIs shall be used only for making Subloans, Equity Capital Loans and Credit Guarantees to Eligible Sub-borrowers for Eligible Activity and shall be applied exclusively to the cost of Goods, Works and Services and other items of expenditure required to carry out such Eligible Activity.

(b) The Borrower shall cause the proceeds of the A Loan made available to the PFIs to be applied exclusively to the financing of expenditures on the Project, and specifically for purposes of the Eligible Activity by the Eligible Sub-borrowers, in accordance with the provisions of this Loan Agreement and the Project Agreement.

Section 3.03. The proceeds of the A Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.04. Except as ADB may otherwise agree, the Borrower shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the A Loan in accordance with the provisions of Schedule 4 to this Loan Agreement.

Section 3.05. (a) Withdrawals from the Loan Account in respect of Goods, Works, and Services shall be made only on account of expenditures relating to:

- (i) Goods which are produced in and supplied from and Works and Services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement; and

(ii) Goods, Works, and Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

(b) For purposes of subparagraph (a)(ii), Goods, Works and Services may also be procured under the Project from non-member countries of ADB.

Section 3.08. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 August 2027 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 4 to this Loan Agreement and the Project Agreement.

Section 4.02. In addition to the information and reports set forth in Sections 6.01 and 6.05 of the Loan Regulations, the Borrower shall furnish, or cause to be furnished, to ADB all such reports and information as ADB shall reasonably request concerning (a) the Eligible Sub-borrowers, the Eligible Activity and the Subloans, Equity Capital Loans and Credit Guarantees, and (b) the administration, operations and financial condition of each PFI.

Section 4.03. The Borrower shall enable ADB's representatives to inspect the Project, any Eligible Sub-borrower, any Eligible Activity, the Goods, Works and Services, and any relevant records and documents.

Section 4.04. (a) The Borrower shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with financial reporting standards acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the A Loan proceeds, and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

(c) The Borrower shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Borrower's financial affairs where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize

and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Borrower, unless the Borrower shall otherwise agree.

Section 4.05. The Borrower shall not take or permit any action which would interfere with the performance of PFT's obligations under this Loan Agreement or under the Project Agreement.

Section 4.06. (a) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the A Loan.

(b) No rights or obligations under the Subsidiary Loan Agreement shall be assigned, amended, abrogated or waived without the prior concurrence of ADB.

ARTICLE V

Suspension; Acceleration of Maturity

Section 5.01. The following are specified as additional events for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 8.01(m) of the Loan Regulations:

- (a) The Borrower shall have failed to perform any of its obligations under the B Loan and shall have become liable for suspension or cancellation or shall have become repayable prior to its agreed maturity date; and
- (b) The Borrower shall have failed to perform any of its obligations under the AFD Loan and shall have become liable for suspension or cancellation or shall have become repayable prior to its agreed maturity date.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 8.07(d) of the Loan Regulations: either of the events specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations: the B Loan agreement will have been duly executed and delivered on behalf of the Borrower, and all conditions precedent to its effectiveness, other than a condition requiring the effectiveness of this Loan Agreement, shall have been fulfilled.

Section 6.02. The following is specified as additional matters, for the purposes of Section 9.02(d) of the Loan Regulations, to be included in the opinion or opinions to be furnished to ADB: the 8 Loan Agreement has been duly authorized or approved by, and executed and delivered on behalf of, the Borrower and is legally binding upon the Borrower in accordance with its terms.

Section 6.03. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VII

Miscellaneous

Section 7.01. The Minister of Economy and Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Borrower

Ministry of Economy and Finance
St. 62, Sangkat Wat Phnom
Khan Daun Penh
Phnom Penh, Cambodia

Facsimile Numbers:

(855) 23 427-798
(855) 23 428-424

For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1560 Metro Manila
Philippines

Facsimile Numbers:

(632) 8636-2444
(632) 8636-2231

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

KINGDOM OF CAMBODIA

By 

H.E. DR. AUN PORNMONIROTH
Deputy Prime Minister
Minister of Economy and Finance

ASIAN DEVELOPMENT BANK

By 

SUNNIYA DURRANI-JAMAL
Country Director
Cambodia Resident Mission

SCHEDULE 1

Description of the Project

1. The objective of the Project is to increase the value addition of the selected competitive agricultural products in the project areas.

2. The Project shall comprise:

Component 1: Enhancing the agricultural value chain financing. This output includes provision of agricultural value chain loans, equity capital loans, and credit guarantee by the PFIs to promote investment of agricultural enterprises and agricultural cooperatives to strengthen value chains of competitive agricultural products.

Component 2: Strengthening agricultural value chain linkage and safety. This output includes establishment of BP between participating agricultural cooperatives and participating agro-enterprises; provision of support in connection with obtaining agro-product assurance certificates by participating agricultural cooperatives and participating agro-enterprises; support for relevant agriculture and poultry research and development; upgrading of agro-product safety testing laboratories for ISO accreditation and provision of related prerequisite strategic plan development and financial viability analyses; and enhancing digitalization of government services and information and communication system; and

Component 3: Enhancing agricultural value chain connectivity. This output will improve at least 110 km of rural roads to connect farm to market.

3. The Project is expected to be completed by 28 February 2027.

SCHEDULE 2

Amortization Schedule

Payment Due	Payment of Principal (expressed in USD)*
15 May 2029	1,458,333
15 November 2029	1,458,333
15 May 2030	1,458,333
15 November 2030	1,458,333
15 May 2031	1,458,333
15 November 2031	1,458,333
15 May 2032	1,458,333
15 November 2032	1,458,333
15 May 2033	1,458,333
15 November 2033	1,458,333
15 May 2034	1,458,333
15 November 2034	1,458,333
15 May 2035	1,458,333
15 November 2035	1,458,333
15 May 2036	1,458,333
15 November 2036	1,458,333
15 May 2037	1,458,333
15 November 2037	1,458,333
15 May 2038	1,458,333
15 November 2038	1,458,333
15 May 2039	1,458,333
15 November 2039	1,458,333
15 May 2040	1,458,333
15 November 2040	1,458,333
15 May 2041	1,458,333
15 November 2041	1,458,333
15 May 2042	1,458,333
15 November 2042	1,458,333
15 May 2043	1,458,333
15 November 2043	1,458,333
15 May 2044	1,458,333
15 November 2044	1,458,333
15 May 2045	1,458,333
15 November 2045	1,458,333
15 May 2046	1,458,333
15 November 2046	1,458,333

15 May 2047	1 458 333
15 November 2047	1 458 333
15 May 2048	1 458 333
15 November 2048	1 458 333
15 May 2049	1 458 333
15 November 2049	1 458 333
15 May 2050	1 458 333
15 November 2050	1 458 333
15 May 2051	1 458 333
15 November 2051	1 458 333
15 May 2052	1 458 333
15 November 2052	1 458 349
Total	70 000 000

* The arrangements for payment are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.

SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the A Loan and the allocation of the A Loan proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category of the Table.)

Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the A Loan shall be allocated to items of expenditure, and disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Reallocation

3. Notwithstanding the allocation of the A Loan proceeds and the withdrawal percentages set forth in the Table,

- (a) if the amount of the A Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the A Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and
- (b) if the amount of the A Loan allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

4. Except as ADB may otherwise agree, the A Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Condition for Withdrawals from Loan Account

5. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the Loan Account for [Financial services Category] until Subsidiary Loan Agreements with both PFIs, in form and substance satisfactory to ADB, shall have been duly executed and delivered on behalf of respective PFI, and shall have become fully effective and binding on the parties thereto in accordance with their terms.

TABLE

ALLOCATION AND WITHDRAWAL OF A LOAN PROCEEDS			
Number	Item	Total Amount Allocated for ADB Financing (\$)	Basis for Withdrawal from the Loan Account
		Category	
1	Goods, Services, and research and development	13,509,000	100% of total expenditure claimed*
2	Cooperative support	3,223,000	100% of total expenditure claimed
3	Financial services	49,000,000	100% of total expenditure claimed**
4	Incremental operating cost	1,586,000	100% of total expenditure claimed
5	Unallocated	2,682,000	
	TOTAL	70,000,000	

* Exclusive of taxes and duties imposed within the territory of the Borrower.

** Subject to the condition for withdrawal described in paragraph 5 of Schedule 3.

SCHEDULE 4

Execution of Project; Financial Matters

A. Project - General

Implementation Arrangements

1. The Borrower shall ensure, and cause the Project Implementing Agencies and PFIs to ensure, that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower, PFIs, and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

Counterpart Support

2. The Borrower shall ensure that funds necessary for the Project are provided, including without limitation, the financial charges during implementation and the exemption of taxes and duties. The Borrower shall ensure that additional counterpart funds are made available to cover any funding shortfalls that may occur under the Project.

3. The Borrower shall ensure that the Project Implementing Agencies provide counterpart funds necessary for the Project, including the amount sufficient to finance land acquisition costs. In addition to the foregoing, the Borrower shall ensure that (i) the Project Implementing Agencies have sufficient funds to satisfy its liabilities arising from any Works, Goods and/or Services contract, as well as additional funds to meet any shortfall or cost overruns in completing the Project; and (ii) PFIs make available funds to the Eligible Activity and the AIF Eligible Activity on a timely basis.

Gender and Development

4. The Borrower shall ensure, and cause each Project Implementing Agency and PFI to ensure, that (a) the GAP is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GAP; (c) adequate resources are allocated for implementation of the GAP; and (d) progress on implementation of the GAP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB

Prohibited List of Investments

5. The Borrower shall cause each Project Implementing Agency and each PFI to ensure that no proceeds of the A Loan and B Loan, and JFPR Grant are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Governance and Anticorruption

6. The Borrower, the Project Executing Agency, the Project Implementing Agencies, and the PFIs shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged

corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

7. The Borrower, the Project Executing Agency, the Project Implementing Agencies, and the PFIs shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

B. Component 1- Agricultural Value Chain Loan, Equity Capital Loan and Credit Guarantee

Eligible PFIs

8. The Borrower shall ensure that each PFI shall, at all times, fulfill the following eligibility criteria:

- (a) corporate, financial, management and governance practices acceptable to ADB and MEF;
- (b) satisfied ADB's financial, integrity, anti-money laundering and counter-financing of terrorism due diligence requirements;
- (c) satisfy the financial covenant set out in paragraph 9; and
- (d) comply with the terms and conditions of the Subsidiary Loan Agreement between MEF and each PFI.

Financial Covenant for PFIs

9. The Borrower shall ensure that each PFI complies with the following:

- (a) gross non-performing loan ratio of less than 5%;
- (b) capital adequacy ratio of 15% or as other ratio required by the National Bank of Cambodia;
- (c) liquidity coverage ratio as required by the National Bank of Cambodia; and
- (d) return on equity of at least 2%.

For purposes of this paragraph, the definitions for non-performing loans ratio, capital adequacy ratio, and liquidity coverage ratio, as adopted by the National Bank of Cambodia shall be applied. In the absence thereof, the Cambodia International Financial Reporting Standards and the PFI's operating and risk management framework and policies shall be used. The return on equity is expressed as a percentage of net income of the PFI before dividends over average shareholder's equity. The financial criteria shall be measured at the end of each year based on the annual audited entity financial statements of each PFI, with an auditor's opinion on the compliance of the financial covenants. The PFIs will furnish to the administrator (project

implementing unit) and ADB a copy of supplemental financial information showing compliance with National Bank of Cambodia's prudential regulations.

Eligible Sub-borrowers

10. The Borrower shall cause each PFI to ensure that Eligible Sub-borrowers are agricultural cooperatives, farmer groups and farmers engaged in value chains of the specified agricultural commodities, engaged in agricultural commodity value chain business activities taking place in the agreed provinces, and that meet such other additional criteria such as registration, ownership, as are specified in the PAM.

Eligible Activity

11. The Borrower shall cause each PFI to ensure that: (a) Eligible Activities are activities that: (i) involve the agreed eligible economic investment as set out in the PAM; (ii) comply with the environmental and social safeguard criterion set out in the PAM; and (iii) are not included in the list of prohibited investment activities provided in Appendix 5 of the SPS; and (b) otherwise comply with additional terms set out in the PAM. The Borrower shall further cause each PFI to ensure that AIF Eligible Activities are a subset of Eligible Activities that are economic investments in technologies, facilities or business operations that: (a) reduce greenhouse gases and other pollution; (b) improve energy efficiency; or (c) reduce resource-use, as further described in the PAM.

Agricultural Value Chain Subloans

12. The Borrower shall cause each PFI to ensure that each Subloan: (a) is denominated and withdrawn in Dollar and disbursed to Eligible Sub-borrowers in accordance with procedures specified in the PAM; (b) carries interest at an appropriate rate that takes into account the cost of funds, administrative costs, credit and other applicable risks associated with the Subloan and an adequate profit margin for the PFI charged on a declining balance basis; and otherwise aligned with the market rate; (c) has a repayment period as specified for the relevant type of Subloan as specified in the PAM; and (d) otherwise comply with the terms set out in the PAM for (i) the farm production loan, (ii) the short-to-medium term small business loan for working capital and equipment, (iii) the inventory procurement loan, and (iv) the term loan for fixed investment and working capital. The Borrower shall cause each PFI to ensure that each AIF Subloan satisfies the requirements of the Subloan and that AIF Subloans are offered for short-to-medium term small business loans for working capital and equipment or term loans for fixed capital investment and working capital, as further described in the PAM.

Credit Guarantees

13. The Borrower shall cause each PFI to ensure that each Credit Guarantee is extended to the Eligible Sub-borrowers in accordance with the terms and procedures specified in the PAM. Notwithstanding the foregoing, the Borrower shall ensure that the Credit Guarantee is offered only after appropriate governance structure and operational safeguards to address financial risks involved with Credit Guarantee, have been established by the Borrower to oversee the Credit Guarantee scheme, as reasonably agreed by ADB.

Equity Capital Loans

14. The Borrower shall cause each PFI to ensure that each Equity Capital Loan is extended to the Eligible Sub-borrowers in accordance with the terms and procedures specified in the PAM.

Procurement

15. The Borrower shall ensure, or shall cause each PFI to ensure, that:

- (a) the procurement of Goods, Works and Services is carried out in accordance with the Procurement Policy and the Procurement Regulations;
- (b) each Eligible Sub-borrower undertakes procurement of Goods, Works and Services with due attention to economy and efficiency and in accordance with established private sector or commercial practices, acceptable to ADB; and
- (c) (i) all Goods and Works procured and Services obtained (including all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party; and (ii) all contracts for the procurement of Goods, Works and Services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor, supplier, consultant or service provider with respect to the matters referred to in this subparagraph.

Safeguards

Screening, Categorization, and Environmental and Social Assessment and Planning

16. The Borrower shall cause each PFI to ensure that before any subproject is approved as an Eligible Activity or AIF Eligible Activity: (a) adopts the ESMS, (b) the PFI has appointed designated staff for implementation of safeguard under Component 1 of the Project; (c) the ESMS is used to screen and categorize the significance of potential environmental, involuntary resettlement or indigenous peoples impacts associated with such subproject; and (d) if such subproject is Category B for environment within the meaning of the SPS, the IEE and the EMP are prepared for each such subproject in accordance with ESMS.

17. Notwithstanding any other provision of this Loan Agreement or B Loan Agreement, no withdrawals shall be made from the A Loan Account or B Loan Account for the purpose of any Eligible Activity or AIF Eligible Activity until the Borrower has caused the PFIs to establish the ESMS in a manner satisfactory to ADB.

18. The Borrower shall cause each PFI to ensure that each Eligible Activity and AIF Eligible Activity involves no involuntary resettlement or indigenous peoples impacts, all within the meaning of the SPS.

19. Without limiting paragraph 18 of this Schedule: (a) in the event that any subproject that has been assessed as an Eligible Activity or AIF Eligible Activity does have an impact of the type described in paragraph 18 of this Schedule, the Borrower shall cause the applicable PFI to

promptly notify ADB and ensure that all steps are taken to ensure that the Eligible Activity and AIF Eligible Activity comply with the applicable laws and regulations of the Borrower and with the SPS; and (b) the Borrower shall cause each PFI to ensure that in respect of any proposed Eligible Activity and AIF Eligible Activity that involves the acquisition or transfer of any interest in land, such acquisition or transfer is between willing parties and not under eminent domain.

20. The Borrower shall cause each PFI to ensure that (a) Eligible Sub-borrower prepare, design, construct, implement, operate and decommission the Eligible Activity and AIF Eligible Activity in accordance with (i) all applicable laws and regulations of the Borrower relating to environment, health and safety; (ii) the Environmental Safeguards; (iii) the ESMS; (iv) all measures and requirements set forth in the respective IEE and EMP, where such measures are required for an Eligible Activity and AIF Eligible Activity with environmental safeguards category B under the ESMS; and (v) any corrective or preventative actions set forth in a Safeguards Monitoring Report; and (b) any adverse impact on the environment that may arise from Eligible Activity and AIF Eligible Activity implementation activities is promptly mitigated or minimized and reported to ADB in accordance with the ESMS.

21. The Borrower shall cause each PFI to ensure that (a) necessary budgetary and human resources are made available to fully implement the ESMS; and (b) each Eligible Sub-borrower under the Eligible Activity and AIF Eligible Activity makes necessary budget and human resources to fully implement the respective EMP.

ESMS Monitoring and Reporting

22. The Borrower shall cause each PFI to do the following: (a) submit semiannual reports about the PFI's implementation of its ESMS to the Borrower for compilation and timely submission by the Borrower to ADB; (b) inform ADB of the occurrence of any unanticipated environmental and/or social risks and impacts arise during Eligible Activity and AIF Eligible Activity implementation, with detailed description of the event and proposed corrective action plan; and (c) report to the Borrower and ADB any actual or potential breach of compliance with the measures and requirements set forth in the ESMS and any EMP promptly after becoming aware of the breach. The Borrower shall cause each PFI to review the effectiveness of its ESMS implementation after 12 months of Project implementation, and report to the Borrower as part of the semiannual report on ESMS implementation, and make any necessary changes as required by ADB and Borrower following such review.

Grievance Redress Mechanism

23. Each PFI to ensure that, grievance redress mechanism acceptable to ADB is established at the PMU under MAFF. In addition, each PFI to ensure that its respective existing customer service which includes letter boxes at branch offices, telephone hotline and on-line social media platform will be made available for Component 1.

Labor Standards

24. The Borrower shall cause each PFI to ensure that core labor standards and applicable laws and regulations of the Borrower, including workplace occupational safety requirements, are complied with during implementation of any Eligible Activity and AIF Eligible Activity.

Combating Money Laundering and Financing of Terrorism

25. The Borrower shall ensure that each PFI:
- (a) complies with applicable laws and regulations of the Borrower on combating money laundering and financing of terrorism and that A Loan, B Loan, and JFPR Grant proceeds are not used, directly or indirectly, in money laundering or financing of terrorism;
 - (b) formulates and implements internal control procedures, including customer due diligence procedures, to prevent violation of subparagraph (a) hereinabove; and
 - (c) promptly informs the Borrower and ADB if there is any violation or potential violation of subparagraph (a) hereinabove. In the event that ADB informs the relevant PFI of its concern that there has been such an alleged violation, the relevant PFI shall (i) cooperate in good faith with ADB and its representatives so that ADB can determine whether such a violation has occurred, (ii) respond promptly and in reasonable detail to any query from ADB, and (iii) furnish documentary support for such response upon ADB's request.

Post-Project Utilization

26. Following completion of the Project, the Borrower shall assess whether funds repaid by PFIs to the Borrower are to be recycled for further lending to financial intermediaries in accordance with the following: (a) selected in a manner consistent with the selection of the PFIs under Component 1 of the Project; and (b) for subloans, credit guarantees and/or Equity Capital Loans to sub-borrowers for subprojects, in each case similar in terms and nature to Subloans, Credit Guarantees, Equity Capital Loans, Eligible Sub-borrowers Eligible Activity and AIF Eligible Activity under Component 1 of the Project.

C. Component 2 and Component 3- Project

Procurement

27. The Borrower shall ensure, or cause the Project Implementing Agencies to ensure, that:
- (a) the procurement of Goods, Works and Services is carried out in accordance with the Procurement Policy and the Procurement Regulations;
 - (b) Goods, Works and Services shall be procured based on the detailed arrangements set forth in the Procurement Plan, including the procurement and selection methods, the type of bidding documents, and ADB's review requirements. The Borrower may modify the detailed arrangements set forth in the Procurement Plan only with the prior agreement of ADB, and such modifications must be set out in updates to the Procurement Plan; and

- (c) (i) all Goods and Works procured and Services obtained (including all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party; and (ii) all contracts for the procurement of Goods, Works and Services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor, supplier, consultant or service provider with respect to the matters referred to in this subparagraph.

28. The Borrower shall cause each Project Implementing Agency not to award any Works or Nonconsulting Services contracts which involves environmental impacts until such Project Implementing Agency has:

- (a) obtained the final approval of the applicable IEE from the Borrower's relevant authority; and
- (b) incorporated the relevant provisions from the EMP into the Works contract.

Safeguards

Environment

29. For Component 2, the Borrower shall cause MAFF to implement the rapid environmental assessment checklist for screening and assessing small infrastructure developments by agricultural cooperatives, as set out in the EMP, and ensure compliance with the terms and conditions of the IBP agreement, as applicable. For Component 3, the Borrower shall ensure or cause the MRD to ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to environment, health and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the IEE, the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Land Acquisition and Involuntary Resettlement

30. The Borrower shall ensure that the Project does not have any involuntary resettlement impacts, all within the meaning of the SPS. In the event that the Project does have any such impact, the Borrower shall take necessary steps to ensure that the Project complies with the applicable laws and regulations of the Borrower and with the SPS.

31. For Component 2, the Borrower shall ensure that the MAFF implements the safeguards criteria set out in PAM to screen and categorize small scale infrastructure projects, and ensure compliance with the terms and conditions of the IBP agreement. For Component 3, the Borrower shall ensure or cause MRD to ensure: (a) the due diligence report on the Project roads is updated upon completion of detailed engineering design on those Project roads to confirm that there is no involuntary resettlement or land acquisition impacts, and submitted, together with all the relevant supporting document, to ADB for review; and (b) no Works contract will commence until ADB has given its no-objection.

32. In the case of land donations for the Project, the Borrower shall ensure that: (a) eminent domain or other powers of the Borrower is not involved in the acquisition; (b) such donations are implemented in accordance with the CPF; (c) there was informed consent and power of choice of affected persons through a prior and informed consultation(s) with them; and (d) such donations do not severely affect the living standards of the affected persons but benefit them directly.

33. The Borrower shall ensure that all land and all rights-of-way required for the Project are made available to the Works contractor in accordance with the schedule agreed under the related Works contract.

Indigenous Peoples

34. The Borrower shall ensure or cause the Project Implementing Agencies to ensure that the Project does not have any indigenous peoples impacts within the meaning of the SPS. In the event that the Project does have any such impact, the Borrower shall carry out a social impact assessment and prepare an indigenous peoples plan for the Project to ensure that the Project complies with the applicable laws and regulations of the Borrower and with the SPS.

Human and Financial Resources to Implement Safeguards Requirements

35. The Borrower shall make available or cause the Project Implementing Agencies to make available necessary budgetary and human resources to fully implement the EMP, the IBP agreement, and the CPF.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

36. The Borrower shall ensure or cause the Project Implementing Agencies to ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures relevant to the contractor set forth in the IEE, the EMP, and the Screening Report prepared for Component 2 and CPF and Due Diligence Report prepared for Component 3, and any corrective or preventative actions set forth in a Safeguards Monitoring Report;
- (b) make available a budget for all such environmental and social measures;
- (c) provide the EA with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, the IBP agreement and the CPF;
- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (e) reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.

Safeguards Monitoring and Reporting

37. The Borrower shall do the following or cause the Project Implementing Agencies to do the following:

- (a) submit consolidated environment and social semi-annual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission;
- (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, the IBP agreement, and the CPF, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan;
- (c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP, the IBP agreement or the CPF promptly after becoming aware of the breach; and
- (d) prior to the commencement of the Works, prepare and submit to ADB a Due Diligence Report which certifies that all activities, measures and requirements set forth in the CPF are duly accomplished.

Grievance Redress Mechanism

38. The Borrower shall ensure that: (a) a separate local safeguards grievance redress mechanism, acceptable to ADB, that has been established for the Project in accordance with the provisions of the EMP, the CPF and the SPS, is maintained throughout the Project implementation, to consider any safeguards complaint; and (b) the local grievance redress mechanism is functioning effectively to (i) review and document eligible complaints of Project stakeholders; (ii) proactively address grievances; (iii) provide the complainants with notice of the chosen mechanism/action; (iv) prepare periodic reports to summarize the number of complaints received and resolved, chosen actions, and final outcomes/status of the grievances; and (v) make these reports available to ADB as part of the Safeguard Monitoring Report, including semiannual reports and reports upon request. Eligible complaints include those related to the Project, any of the service providers, any person responsible for carrying out the Project, complaints on misuse of funds and other irregularities, and gender-related grievances.

Labor Standards, Health and Safety

39. The Borrower shall cause the Project Implementing Agencies to ensure that the core labor standards and the Borrower's applicable laws and regulations are complied with during Project implementation. The Borrower shall include specific provisions in the bidding documents and contracts financed by ADB under the Project requiring that the contractors, among other things: (a) comply with the Borrower's applicable labor law and regulations and incorporate applicable workplace occupational safety norms; (b) do not use child labor; (c) do not discriminate workers in respect of employment and occupation; (d) do not use forced labor; (e) do not restrict the workers from developing a legally permissible means of expressing their grievances and protecting their rights regarding working conditions and terms of employment; and (f) disseminate, or engage appropriate service providers to disseminate, information on the risks of sexually

transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities surrounding the Project area, particularly women.

40. The Borrower shall strictly monitor compliance with the requirements set forth in paragraph 39 above and provide ADB with regular reports.

Support for Laboratory Investment

41. MAFF will ensure that before any works or goods contract is advertised for bidding for laboratory upgrading under Component 2, MAFF will: (a) prepare and adopt a ministerial strategic plan for laboratory upgrading, which will be in line with the requirements of international accreditation (ISO 17025 or the equivalent); and (b) prepare a business plan and financial viability analysis for such laboratory. Both (a) and (b) should be acceptable for the MEF and ADB.

Support for ICT Investment

42. MAFF will ensure that before any works or goods contract is advertised for bidding for any ICT under Component 2, MAFF will: (a) prepare and adopt a ministerial ICT development strategic plan; and (b) the proposed ICT investment has been reviewed, and endorsed by the inter-ministerial working group for ICT Project Review and Evaluation established under MEF Decision No. 050 MEF dated 29 July 2020, as amended from time to time.

O&M of Project Facilities

43. The Borrower shall cause the Project Implementing Agencies to ensure that the Project facilities are operated and maintained appropriately and in accordance with the standards and requirements prescribed by the applicable laws and regulations of the Borrower, and that adequate budgetary and other resources are promptly provided for such O&M. Further, Borrower shall cause the Project Implementing Agencies to monitor operation and maintenance of the Project facilities, and update the financial sustainability analysis at least once a year throughout the Project implementation. Each Project Implementing Agency shall consult with ADB if any key assumptions in the financial sustainability analysis cannot be realized and will require adjustment or corrective action.