

CREDIT FACILITY AGREEMENT

dated as of 24th January 2018

between

AGENCE FRANÇAISE DE DEVELOPPEMENT

The Lender

and

THE KINGDOM OF CAMBODIA

The Borrower

En accord entre les parties, les présentes reliées par ASSEMBLACT empêchant toute substitution ou addition, sont seulement signées à la dernière page.

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CREDIT FACILITY AGREEMENT

BETWEEN:

(1) **THE KINGDOM OF CAMBODIA,**

represented by His Excellency VONGSEY Vissoth, in his capacity as Secretary of State, Ministry of Economy and Finance who is duly authorized to sign this credit facility agreement for the purposes hereof pursuant to Delegation of Full Powers No. 87 D.P.F. dated 7th November 2017 from Samdech Akka Moha Sena Padei Techo HUN SEN, Prime Minister of the Kingdom of Cambodia, and sub-delegation of full power n° 063 dated 19th December 2017 from Senior Minister, Minister of Economy and Finance.

(the "**Borrower**");

AND

(2) **AGENCE FRANCAISE DE DEVELOPPEMENT**, a French public entity governed by French law, with registered office at 5, Rue Roland Barthes, 75598 Paris Cedex 12, France, registered with the Trade and Companies Register of Paris under number 775 665 599, represented by Rémi GENEVEY, in his capacity as Director of the Asia Department, duly authorised to sign this Agreement,

("AFD" or the "**Lender**");

(hereinafter jointly referred to as the "**Parties**" and each a "**Party**");

WHEREAS:

- (A) The Borrower intends to finance the Provincial Water Supply and Sanitation Project (the "**Project**"), as described further in Schedule 2 (*Project Description*).
- (B) The Borrower has requested that the Lender makes a facility available for the purposes of financing the Project in part.
- (C) Pursuant to a resolution n° C20170569 of the Foreign States Committee dated 22 November 2017, the Lender has agreed to make the Facility available to the Borrower pursuant to the terms and conditions of this Agreement.

THEREFORE THE PARTIES HAVE AGREED AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Capitalised words and expressions used in this Agreement (including those appearing in the recitals above and in the Schedules) shall have the meaning given to them in Schedule 1A (*Definitions*), except as otherwise provided in this Agreement.

1.2 Interpretation

Words and expressions used in this Agreement shall be construed pursuant to the provisions of Schedule 1B (*Construction*), unless the contrary intention appears.

2. FACILITY, PURPOSE AND CONDITIONS OF UTILISATION

2.1 Facility

Subject to the terms of this Agreement, the Lender makes available to the Borrower a Facility in a maximum aggregate amount of the equivalent in Euros of forty-three million five hundred thirty-eight thousand six hundred forty-two US Dollars (USD 43,538,642) within the limit of forty million Euros (EUR 40,000,000).

2.2 Purpose

The Borrower shall apply all amounts borrowed by it under this Facility exclusively towards financing the Eligible Expenses, excluding Taxes, in accordance with the Project's description set out in Schedule 2 (*Project Description*) and the Financing Plan set out in Schedule 3 (*Financing Plan*).

2.3 Monitoring

The Lender shall not be held responsible for the use of any amount borrowed which is not in accordance with the provisions of this Agreement.

2.4 Conditions precedent

- (a) No later than the Signing Date, the Borrower shall provide to the Lender all of the documents set out in Part I of Schedule 4 (*Conditions Precedent*).
- (b) A Drawdown Request may not be delivered to the Lender unless:
 - (i) in the case of the sole Drawdown, the Lender has received all of documents listed in Part II of Schedule 4 (*Conditions Precedent*) and has notified the Borrower that such documents are satisfactory in form and substance;
 - (ii) on the date of the Drawdown Request and on the proposed Drawdown Date for the sole Drawdown, no Payment Systems Disruption Event has occurred and the conditions set out in this Agreement have been fulfilled, including:

- (1) no Event of Default is continuing or would result from the proposed Drawdown;
- (2) no Co-Financier has suspended its payments in relation to the Project;
- (3) the Drawdown Request has been made in accordance with the terms of Clause 3.2 (*Drawdown request*); and
- (4) each of the representations given by the Borrower in relation to Clause 10 (*Representations and warranties*) is true.

3. DRAWDOWN OF FUNDS

3.1 Drawdown amount

The Facility will be made available to the Borrower during the Availability Period, in one (1) sole Drawdown equal to the amount of the Facility in the conditions described in Clause 3.2 (*Drawdown request*).

3.2 Drawdown request

Provided that the conditions set out in Clause 2.4 (b) (ii) (*Conditions Precedent*) are satisfied, the Borrower may draw on the Facility by delivery to the Lender of a duly completed Drawdown Request. The Drawdown Request shall be delivered by the Borrower to the AFD office Director at the address specified in Clause 16.1 (*In writing and addresses*).

The Drawdown Request is irrevocable and will be regarded as having been duly completed if:

- (a) the Drawdown Request is substantially in the form set out in Schedule 5A (*Form of Drawdown Request*);
- (b) the Drawdown Request is received by the Lender at the latest fifteen (15) Business Days prior to the Deadline for Drawdown;
- (c) the proposed Drawdown Date is a Business Day falling within the Availability Period;
- (d) the amount of the Drawdown complies with Clause 3.1 (*Drawdown amount*); and
- (e) all of the documents set out in Part II of Schedule 4 (*Conditions Precedent*) for the purposes of the Drawdown are attached to the Drawdown Request, comply with the abovementioned Schedule and with the requirements of Clause 3.4 (*Payment mechanics*), and are in form and substance satisfactory to the Lender.

Any documentary evidence, such as bills or paid invoices, shall include the reference number and date of the relevant payment order. The Borrower undertakes to keep possession of the documentary evidence originals, to make

such evidence available to the Lender at any time and to provide the Lender with Certified copies or duplicates of such evidence as the Lender may request.

3.3 Payment completion

Subject to Clause 14.7 (*Payment Systems Disruption*), if each of the conditions set out in Clause 2.4 (b) (*Conditions Precedent*) of this Agreement has been met, the Lender shall make the requested Drawdown available to the Borrower not later than the Drawdown Date.

The Lender shall provide the Borrower with a letter of Drawdown confirmation substantially in the form set out in Schedule 5B (*Form of confirmation of drawdown and rate*).

3.4 Payment mechanics

A single and sole Drawdown will be made by the Lender to a bank account exclusively dedicated to the Project opened by the Borrower in the books of the National Bank of Cambodia (NBC) (the "**Project Account**"), provided that the NBC remains an acceptable bank to the Lender.

Each Implementing Agency will open an Advance Account in the books of the National Bank of Cambodia (NBC) (the "**Advance Accounts**") exclusively funded by the Borrower with available funds of the Project Account, provided that the NBC remains an acceptable bank to the Lender.

The Borrower and the Implementing Agencies jointly undertake that they (i) will not debit the Project Account without the Lender's prior no objection; (ii) will only debit from the Project Account and the Advance Accounts to pay the Eligible Expenses, and (iii) will maintain the Project Account and the Advance Accounts opened in the books of the National Bank of Cambodia so long as it remains an acceptable bank to the Lender.

The Borrower hereby undertakes to waive and procures that the National Bank of Cambodia waives any right of set off such party may have in respect of the Project Account and any other account opened in the name of the Borrower at the National Bank of Cambodia or against any other debt of the Borrower.

The Borrower hereby undertakes to waive and procures that the Implementing Agencies and the NBC waive any right of set off such parties may have in respect of the Advance Accounts and any other account opened in the name of each Implementing Agency at the National Bank of Cambodia or against any other debt of each Implementing Agency.

3.4.1 Applicable exchange rate

The Borrower may request that the funds are transferred in Euros or in US Dollars or in another convertible and transferable currency in accordance with Clause 14.6 (a). The invoice amount of the Eligible Expenses should be converted into the currency used for the transfer of funds.

If any Eligible Expenses are denominated in a currency other than Euro, the Borrower shall convert the invoice amount of the Eligible Expenses into the equivalent amount in Euros using the exchange rate for the relevant currency applied by the European Central Bank, or failing that, the central bank of the country of the relevant currency on the payment date of the relevant invoice.

3.4.2 Deadline for the use of funds

The Borrower agrees that all funds shall be used in full to pay the Eligible Expenses no later than sixty (60) months from the Drawdown Date and undertakes to provide the Lender with all documentary evidence corresponding to the use of one hundred per cent (100%) of the Drawdown.

In the event that the Project is fully implemented but the total amount of the Eligible Expenses is finally less than the amount of the funds disbursed, the Borrower shall prepay the part of the Facility corresponding to the unused funds in accordance with Clause 8.2 (d) (*Failure to justify use of funds*).

3.4.3 Project Account statements

The Borrower undertakes to provide the Lender with bank statements of the Project Account on a monthly basis specifying for each use of funds, the reference of the contract, the amount, the name of the Contractors and the relevant invoices. Such statements can be provided by the Borrower either directly to the Lender or through the Asian Development Bank.

3.4.4 Control – Audit

The Borrower agrees that, until the deadline for the use of funds as specified in Clause 3.4.2 (*Deadline for the use of funds*), the Project Account and the Advance Accounts shall be audited on an annual basis. These audits shall be carried out by an independent and reputable auditing firm acceptable to the Asian Development Bank (“ADB”). All audit costs shall be paid by the Borrower. The auditing firm shall verify that all amounts drawn under the Facility and paid into the Project Account and the Advance Accounts have been used in accordance with the terms of this Agreement.

Audit reports shall be made available no later than six (6) months after the last day of each fiscal year.

The last audit report shall be delivered within six (6) months after the deadline for the use of funds (as specified in Clause 3.4.2 (*Deadline for the use of funds*)) and shall confirm that one hundred per cent (100%) of the funds disbursed under the Facility have been properly used and justified.

In order to enable this audit, the Borrower undertakes to keep the originals of all the paid invoices.

3.4.5 Failure to justify the use of funds

The Lender will be entitled to request the Borrower to reimburse funds in respect of which utilisation has not been duly or sufficiently justified within the deadline for the use of funds as specified in Clause 3.4.2 (*Deadline for the use of funds*). The Borrower shall repay such amounts to the Lender within thirty (30) calendar days of receipt of such notification from the Lender. Any repayment by the Borrower under this Clause shall be treated as a mandatory prepayment in accordance with the provisions of Clause 8.2 (*Mandatory prepayment*).

3.4.6 Retention of documents

The Borrower shall retain documentary evidence and other documents in connection with the Project Account for a period of ten (10) years from the Drawdown Date.

The Borrower undertakes to deliver such documentary evidences and other documents to the Lender, or to any auditing firm appointed by the Lender, upon the Lender's request.

4. INTEREST

4.1 Interest Rate

4.1.1 Fixed Interest Rate

The Interest Rate applicable to the Facility shall be the Fixed Reference Rate increased or decreased by any fluctuation of the Index Rate for the period from the Signing Date until the relevant Rate Setting Date.

The Borrower may specify in each Drawdown Request a maximum rate for the fixed Interest Rate. If the fixed Interest Rate as calculated on the Rate Setting Date exceeds the maximum rate for the fixed Interest Rate specified by the Borrower in the relevant Drawdown Request, such Drawdown Request shall be cancelled and the amount contemplated to be drawn down specified in the cancelled Drawdown Request shall be credited to the Available Credit.

4.1.2 Minimum Interest Rate

The Interest Rate determined in accordance with Clause 4.1.1 (*Fixed Interest Rate*) shall not be less than zero point twenty-five per cent (0.25%) per annum, notwithstanding any decline in the Interest Rate.

4.2 Calculation and payment of interest

The Borrower shall pay accrued interest on Drawdown(s) on each Payment Date.

The amount of interest payable by the Borrower on a relevant Payment Date and for a relevant Interest Period shall be equal to the sum of any interest owed by the Borrower on the amount of the Outstanding Principal in respect of each

Drawdown. Interest owed by the Borrower in respect of each Drawdown shall be calculated on the basis of:

- (i) the Outstanding Principal owed by the Borrower in respect of the relevant Drawdown as at the immediately preceding Payment Date or, in the case of the first Interest Period, on the corresponding Drawdown Date;
- (ii) the exact number of days which have accrued during the relevant Interest Period on the basis of a three hundred and sixty (360) day year; and
- (iii) the applicable Interest Rate determined in accordance with the provisions of Clause 4.1 (*Interest Rate*).

4.3 Late payment and default interest

- (a) Late payment and default interest on all amounts due and unpaid (except for interest)

If the Borrower fails to pay any amount payable by it to the Lender under the Agreement (whether a payment of principal, a Prepayment Indemnity, any fees or incidental expenses of any kind except for any unpaid overdue interest) on its due date, interest shall accrue on the overdue amount, to the extent permitted by law, from the due date up to the date of actual payment (both before and after an arbitral award, if any) at the Interest Rate applicable to the current Interest Period (default interest) increased by three point five per cent (3.5%) (late-payment interest). No formal prior notice from the Lender shall be necessary.

- (b) Late payment and default interest on unpaid overdue interest

Interest which has not been paid on its due date shall bear interest, provided they have remained unpaid for one year and to the extent permitted by law, at the Interest Rate applicable to the ongoing Interest Period (default interest), increased by three point five per cent (3.5%) (late-payment interest), to the extent that such Interest has been due and payable for at least one (1) year. No formal prior notice from the Lender shall be necessary.

The Borrower shall pay any outstanding interest under this Clause 4.3 (*Late payment and default interest*) immediately on demand by the Lender or on each Payment Date following the due date for the outstanding payment.

- (c) Receipt of any payment of late payment interest or default interest by the Lender shall neither imply the grant of any payment extension to the Borrower, nor operate as a waiver of any of the Lender's rights hereunder.

4.4 Communication of Interest Rates

The Lender shall promptly notify the Borrower of the determination of each Interest Rate in accordance with this Agreement.

4.5 Effective Global Rate (*Taux Effectif Global*)

In order to comply with Articles L. 314-1, L.314-5 and R.314-1 *et seq.* of the French Consumer Code and L. 313-4 of the French Monetary and Financial Code, the Lender informs the Borrower, and the Borrower accepts, that the effective global rate (*taux effectif global*) applicable to the Facility may be valued at an annual rate of one point thirty-seven per cent (1.37%) on the basis of a three hundred and sixty-five (365) day year and an Interest Period of six (6) months, subject to the following:

- (a) the above rates are given for information purposes only;
- (b) the above rates are calculated on the basis that:
 - (i) drawdown of the Facility is in full on the Signing Date;
 - (ii) no Drawdown made available to the Borrower will bear interest on the floating rate; and
 - (iii) the fixed rate for the duration of the facility should be equal to one point thirty-five per cent (1.35%);
- (c) the above rates take into account the commissions and costs payable by the Borrower under this Agreement, assuming that such commissions and costs will remain fixed and will apply until the expiry of the term of this Agreement.

5. **MARKET DISRUPTION**

Not applicable under this Agreement.

6. **FEES**

6.1 Commitment fees

As an exception, no commitment fee is due under this Agreement.

6.2 Appraisal fee

As an exception, no appraisal fee is due under this Agreement.

7. **REPAYMENT**

Following expiry of the Grace Period, the Borrower shall repay the Lender the principal amount of the Facility in twenty-six (26) equal semi-annual instalments, due and payable on each Payment Date.

The first instalment shall be due and payable on 15th May 2025 and the last instalment shall be due and payable on 15th November 2037.

At the end of the Drawdown Period, the Lender shall deliver to the Borrower an amortisation schedule in respect of the Facility taking into account, if applicable, any potential cancellation of the Facility pursuant to Clauses 8.3 (*Cancellation by the Borrower*) and/or 8.4 (*Cancellation by the Lender*).

8. PREPAYMENT AND CANCELLATION

8.1 Voluntary prepayment

No prepayment of the whole or any part of the Facility is allowed during the Grace Period.

As from the date referred to in the previous paragraph, the Borrower may prepay the whole or any part of the Facility, subject to the following conditions:

- (a) the Borrower shall notify the Lender of its intention to prepay by not less than thirty (30) Business Days' written and irrevocable notice prior to the contemplated prepayment date;
- (b) the amount to be prepaid shall be equal to one or several instalment(s) in principal;
- (c) the contemplated prepayment date shall be a Payment Date;
- (d) all prepayments shall be made together with the payment of accrued interest, any fees, indemnities and related costs in connection with the prepaid amount as provided under this Agreement;
- (e) there is no outstanding amount; and
- (f) in case of a part prepayment, the Borrower shall have given evidence, satisfactory to the Lender, that it has sufficient committed funding available for the purpose of financing the Project as determined in the Financing Plan.

On the Payment Date on which the prepayment is made, the Borrower shall pay the full amount of the Prepayment Indemnities due and payable pursuant to Clause 9.3 (*Prepayment Indemnity*).

8.2 Mandatory prepayment

The Borrower shall immediately prepay the whole or part of the Facility upon receipt of a notice from the Lender informing the Borrower of any of the following events:

- (a) Illegality: it becomes unlawful for the Lender pursuant to its applicable law to perform any of its obligations as contemplated by this Agreement or to fund or maintain the Facility;
- (b) Additional Costs: the amount of any Additional Costs referred to in Clause 9.5 (*Additional Costs*) is significant and the Borrower has refused to pay such Additional Costs;
- (c) Default: the Lender declares an Event of Default in accordance with Clause 13 (*Events of Defaults*);
- (d) Failure to justify use of funds: the Borrower or the Implementing Agency fails to justify in a manner satisfactory to the Lender the use of funds by

the deadline for the use of funds as specified in Clause 3.4.2 (*Deadline for the use of funds*);

In the case of each of the events specified in paragraphs (a), (b) and (c), the Lender reserves the right, after having notified the Borrower in writing, to exercise its rights as a creditor in the manner specified in paragraph (b) of Clause 13.2 (*Acceleration*).

8.3 Cancellation by the Borrower

Prior to the Deadline for Drawdown, the Borrower may cancel the whole or any part of the Available Credit by giving the Lender a three (3) Business Days' prior notice.

Upon receipt of such notice of cancellation, the Lender shall cancel the amount notified by the Borrower, provided that the Eligible Expenses, as specified in the Financing Plan, are covered in a manner satisfactory to the Lender, except in the event that the Project is abandoned by the Borrower.

8.4 Cancellation by the Lender

The Available Credit shall be immediately cancelled upon delivery of a notice to the Borrower which shall be immediately effective, if:

- (a) the Available Credit is not equal to zero on the Deadline for Drawdown;
- (b) an Event of Default has occurred and is continuing; or
- (c) an event referred to in Clause 8.2 (*Mandatory prepayment*) has occurred;

except where, in the case of paragraph (a) of this Clause 8.4 (*Cancellation by the Lender*), the Lender has proposed to postpone the Deadline for Drawdown on the basis of new financial conditions which will apply to any Drawdowns under the Available Credit and the Borrower has agreed on the proposition.

8.5 Restrictions

- (a) Any notice of prepayment or cancellation given by a Party pursuant to this Clause 8 (*Prepayment and Cancellation*) shall be irrevocable, and, unless otherwise provided in this Agreement, any such notice shall specify the date or dates on which the relevant prepayment or cancellation is to be made and the amount of that prepayment or cancellation.
- (b) The Borrower shall not prepay or cancel all or any part of the Facility except at the times and in the manner expressly provided for in this Agreement.
- (c) Any prepayment under this Agreement shall be made together with payment of (i) accrued interest on the prepaid amount, (ii) outstanding fees, and (iii) the Prepayment Indemnity referred to in Clause 9.3 (*Prepayment Indemnity*).
- (d) Any prepayment amount will be applied against the remaining instalments in inverse order of maturity.

9. ADDITIONAL PAYMENT OBLIGATIONS

9.1 Costs and expenses

Each party will be responsible for its own costs incurred during the negotiation, preparation and signing of the Agreement or any document relating thereto (including the legal opinion) and any other financing documents signed after the Signing Date.

9.2 Cancellation Indemnity

If the Facility is cancelled in full or in part in accordance with the terms of Clauses 8.3 (*Cancellation by the Borrower*) and/or 8.4 (*Cancellation by the Lender*) paragraphs (a) and (b), the Borrower shall pay a cancellation indemnity computed at one point fifty per cent (1.50%) on the cancelled amount of the Facility.

Each cancellation indemnity shall be due and payable on the Payment Date immediately following a cancellation of all or part of the Facility.

9.3 Prepayment Indemnity

On account of any losses suffered by the Lender as a result of the prepayment of the whole or any part of the Facility in accordance with Clauses 8.1 (*Voluntary prepayment*) or 8.2 (*Mandatory prepayment*), the Borrower shall pay to the Lender an indemnity equal to the aggregate amount of:

- the Prepayment Compensatory Indemnity; and
- any costs arising out of the break of any interest rate hedging swap transactions put in place by the Lender in connection with the amount prepaid.

9.4 Taxes and duties

9.4.1 Registration costs

The Borrower shall pay directly, or, if applicable, reimburse the Lender in case of an advance made by the Lender, the costs of all stamp duty, registration and other similar taxes payable in respect of any Financing Document and any potential amendment thereto.

9.4.2 Withholding Tax

The Borrower undertakes that all payments made to the Lender under this Agreement shall be free of any Withholding Tax.

If a Withholding Tax is required by law, the Borrower undertakes to gross-up the amount of any such payment to such amount which leaves the Lender with an amount equal to the payment which would have been due if no payment of Withholding Tax had been required.

The Borrower shall reimburse to the Lender all expenses and/or Taxes for the Borrower's account which have been paid by the Lender (if applicable), with the exception of any Taxes due in France.

9.5 Additional Costs

The Borrower shall pay to the Lender, within thirty (30) Business Days of the Lender's request, all Additional Costs incurred by the Lender as a result of: (i) the coming into force of any new law or regulation, or any amendment to, or any change in the interpretation or application of any existing law or regulation; or (ii) compliance with any law or regulation made after the Signing Date.

In this Clause, "**Additional Costs**" means:

- (i) any cost arising after the Signing Date out of one of the event referred to in the first paragraph of this Clause and not taken into account by the Lender to compute the financial conditions of the Facility; or
- (ii) any reduction of any amount due and payable under any Financing Document,

which is incurred or suffered by the Lender as a result of (i) making the Facility available to the Borrower or (ii) entering into or performing its obligations under the Agreement.

9.6 Currency indemnity

If any sum due by the Borrower under the Agreement, or any order, judgment or award given or made in relation to such a sum, has to be converted from the currency in which that sum is payable into another currency, for the purpose of:

- (i) making or filing a claim or proof against the Borrower; or
- (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Borrower shall indemnify the Lender against and, within thirty (30) Business Days of the Lender's request and as permitted by law, pay to the Lender, the amount of any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between: (A) the exchange rate used to convert the relevant sum from the first currency to the second currency; and (B) the exchange rate or rate(s) available to the Lender at the time of its receipt of that sum. This obligation to indemnify the Lender is independent of any other obligation of the Borrower under the Agreement.

The Borrower waives any right it may have in any jurisdiction to pay any amount due under the Agreement in a currency or currency unit other than that in which it is expressed to be payable.

9.7 Due dates

Any indemnity or reimbursement payable by the Borrower to the Lender under this Clause 9 (*Additional Payment Obligations*) is due and payable on the

Payment Date immediately following the circumstances which have given rise to the relevant indemnity or reimbursement.

Notwithstanding the above, any indemnity to be paid in connection with a prepayment pursuant to Clause 9.3 (*Prepayment Indemnity*) is due and payable on the date of the relevant prepayment.

10. REPRESENTATIONS AND WARRANTIES

All the representations and warranties set out in this Clause 10 (*Representations and warranties*) are made by the Borrower for the benefit of the Lender on the Signing Date. All the representations and warranties in this Clause 10 (*Representations and warranties*) are also deemed to be made by the Borrower on the date on which all of the conditions precedent listed in Part II of Schedule 4 (*Conditions Precedent*) are satisfied, on the date of the Drawdown Request, on the Drawdown Date and on each Payment Date, except that the repeating representations contained in Clause 10.9 (*No misleading information*) are deemed to be made by the Borrower in relation to the information provided by the Borrower since the date on which the representation was last made.

10.1 Power and authority

The Borrower has the power to enter into, perform and deliver the Agreement and the Project Documents and to perform all contemplated obligations. The Borrower has taken all necessary action to authorise its entry into, performance and delivery of the Agreement, the Project Documents and the transactions contemplated by the Agreement.

10.2 Validity and admissibility in evidence

All Authorisations required:

- (a) to enable the Borrower to lawfully enter into, and exercise its rights and comply with its obligations under this Agreement and the Project Documents; and
- (b) to make the Agreement and the Project Documents admissible in evidence in the courts of the jurisdiction of the Borrower or in arbitration proceedings as defined under Clause 17 (*Governing Law, Enforcement and Choice of Domicile*),

have been obtained and are in full force and effect, and no circumstances exist which could result in the revocation, non-renewal or modification, in whole or in part, of any such Authorisations.

10.3 Binding obligations

The obligations expressed to be assumed by the Borrower under this Agreement and the Project Documents comply with all laws and regulations applicable to the Borrower in its jurisdiction and are legal, valid, binding and enforceable obligations which are effective in accordance with their written terms.

10.4 No filing or stamp taxes

Under the laws of the jurisdiction of incorporation of the Borrower, it is not necessary that this Agreement be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar taxes or fees be paid on or in relation to the Agreement or the transactions contemplated therein.

10.5 Transfer of funds

All amounts due by the Borrower to the Lender under this Agreement whether as principal or interest, late payment interest, Prepayment Indemnity, incidental costs and expenses or any other sum are freely convertible and transferable.

This representation shall remain in full force and effect until full repayment of all sums due to the Lender. In the event that the repayment dates of the Facility are extended by the Lender, no further confirmation of this representation shall be necessary.

The Borrower shall obtain Euros necessary for compliance with this representation in due course.

10.6 No conflict with other obligations

The entry into and performance by the Borrower of, and the transactions contemplated by, this Agreement and the Project Documents do not conflict with any domestic or foreign law or regulation applicable to it, its constitutional documents (or any similar documents) or any agreement or instrument binding upon the Borrower or affecting any of its assets.

10.7 Governing law and enforcement

- (a) The choice of French law as the governing law of this Agreement will be recognised and enforced by the courts and arbitration tribunals in the jurisdiction of the Borrower.
- (b) Any judgment obtained in relation to this Agreement in a French court or any award by an arbitration tribunal will be recognised and enforced in the jurisdiction of incorporation of the Borrower.

10.8 No default

No Event of Default is continuing or is reasonably likely to occur.

No breach of the Borrower is continuing in relation to any other agreement binding upon it, or affecting any of its assets, which has, or is reasonably likely to have, a Material Adverse Effect.

10.9 No misleading information

All information and documents supplied by the Borrower to the Lender were true, accurate and up-to-date as at the date they were provided or, if appropriate, as at the date at which they are stated to be given and have not been varied.

revoked, cancelled or renewed on revised terms, and are not misleading in any material respect as a result of an omission, the occurrence of new circumstances or the disclosure or non-disclosure of any information.

10.10 Project Documents

The Project Documents represent the entire agreement relating to the Project on the Signing Date and are valid, binding and enforceable against third parties. The Project Documents have not been amended, terminated or suspended without the prior approval of the Lender since the date on which they were delivered to the Lender and there is no current dispute in connection with the validity of the Project Documents.

10.11 Project Authorisations

All Project Authorisations have been obtained or effected and are in full force and effect and there are no circumstances which may result in any Project Authorisation being revoked, cancelled, not renewed or varied in whole or in part.

10.12 Procurement

The Borrower: (i) has received a copy of ADB's Procurement Guidelines (2015, as amended from time to time) and (ii) understands the terms of the Procurement Guidelines, in particular, those terms relating to any actions which ADB may take in the case of a breach of the Procurement Guidelines by the Borrower and (iii) has provided a copy of the Procurement Guidelines to the Implementing Agencies which have confirmed that they understand the terms of the Procurement Guidelines and in particular, those terms relating to any actions which ADB may take in the case of a breach of the Procurement Guidelines by any of the Implementing Agencies.

The Borrower is contractually bound by the Procurement Guidelines as if such Procurement Guidelines were incorporated by reference into this Agreement. The Borrower confirms that the procurement, allocation and performance of the contracts relating to the implementation of the Project comply with the Procurement Guidelines.

10.13 Pari passu ranking

The Borrower's payment obligations under the Agreement rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors.

10.14 Origin of funds, Acts of Corruption, Fraud and Anti-Competitive Practices

The Borrower represents and warrants that:

- (i) all the funds invested in the Project are from the State budget;
- (ii) the Project (in particular, the negotiation, award and performance of any contracts financed with the Facility) has not given rise to any Act of Corruption, Fraud or Anti-Competitive Practice.

10.15 No Material Adverse Effect

The Borrower represents and warrants that no event or circumstance which is likely to have a Material Adverse Effect has occurred or is likely to occur.

11. UNDERTAKINGS

The undertakings in this Clause 11 (*Undertakings*) take effect on the Signing Date and remain in full force and effect for as long as any amount is outstanding under the Financing Documents.

11.1 Compliance with Laws, Regulations and Obligations

The Borrower shall comply and procure that the Implementing Agencies comply:

- (a) in all respects with all laws and regulations to which it and/or the Project is subject, particularly in relation to all applicable environmental protection, safety and labour laws; and
- (b) with all of its obligations under the Project Documents.

11.2 Authorisations

The Borrower shall promptly obtain, comply with and do all that is necessary to maintain in full force and effect and procure that the Implementing Agencies promptly obtain, comply with and do all that is necessary to maintain in full force and effect any Authorisation required under any applicable law or regulation to enable them to perform their obligations under this Agreement and the Project Documents and to ensure the legality, validity, enforceability and admissibility in evidence of this Agreement or any Project Documents.

11.3 Project Documents

The Borrower shall provide itself or procure that the Implementing Agencies provide the Lender for no-objection or information, as the case may be, with a copy of any Project Documents or amendment thereto and shall not (and shall not agree to) make any material amendment to any Project Document without obtaining the Lender's prior no-objection.

11.4 Implementation and preservation of the Project

The Borrower procures that the Implementing Agencies shall:

- (i) implement the Project in accordance with the generally accepted safety principles and in accordance with technical standards in force; and
- (ii) maintain the Project assets in accordance with all applicable laws and regulations and in good operating and maintenance conditions, and use such assets in compliance with their purpose and all applicable laws and regulations.

11.5 Procurement

In relation to the procurement, award and performance of contracts entered into in connection with the implementation of the Project, the Borrower shall comply with, and implement, the provisions of the Procurement Guidelines and the Royal Government of Cambodia (RGC)'s Financial Management Manual (FMM) for Externally Financed Projects/Programs promulgated as part of the RGC's SOP. The Borrower guarantees that the Implementing Agencies will comply with and implement the Procurement Guidelines.

The Borrower shall take all actions and steps necessary for the effective implementation of the Procurement Guidelines.

11.6 Environmental and social responsibility

In order to promote sustainable development, the Parties agree that it is necessary to promote compliance with internationally recognised environmental and labour standards, including fundamental conventions of the International Labour Organization (“ILO”) and the international environmental laws and regulations applicable in the Borrower's jurisdiction. For such purpose, the Borrower shall and ensure that the Implementing Agencies shall:

with respect to their business activities:

- (a) comply with international standards for the protection of the environment and labour laws, particularly the fundamental conventions of the ILO and the international environmental conventions, in accordance with the applicable laws and regulations of the country in which the Project is being implemented.

with respect to the Project:

- (b) include in the procurement contracts, and, as the case may be, in the bidding documents, a clause whereby the contracting parties agree, and agree to procure that their subcontractors (if any) agree, to comply with such standards in accordance with the applicable laws and regulations of the country where the Project is being implemented. The Lender will be entitled to request that the Borrower deliver a report on environmental and social conditions of implementation of the Project;
- (c) put in place appropriate mitigation measures specific to the Project as defined within the context of the environmental and social risk management policy of the Project and described in the ESCP attached as Schedule 6;
- (d) require that the Contractors appointed for implementation of the Project, apply the mitigation measures set out in paragraph (c) and procure that their subcontractors (if any) comply with all such measures and take all appropriate steps in the event of a failure to put in place such mitigation measures; and
- (e) provide the Lender with quarterly follow-up reports in relation to the ESCP.

11.7 Additional financing

The Borrower procures that the Implementing Agencies shall not amend or alter the Financing Plan without obtaining the Lender's prior written consent and shall finance any additional costs not anticipated in the Financing Plan on terms which ensure that the Facility will be repaid.

11.8 Pari passu ranking

The Borrower undertakes (i) to ensure that its payment obligations under this Agreement rank at all times at least *pari passu* with its other present and future unsecured and unsubordinated payment obligations; (ii) not to grant prior ranking or guarantees to any other lenders except if the same ranking or guarantees are granted by the Borrower in favour of the Lender, if so requested by the Lender.

11.9 Assignment

Unless the Lender agrees otherwise in writing, the Borrower shall:

- (i) amend the Insurance Policies to include the Lender as sole beneficiary in respect of any insurance indemnity until all sums due under this Agreement have been re-paid in full; and
- (ii) assign to the Lender the benefit of the Contractor's Guarantees.

11.10 Project Account

The Borrower undertakes to:

- (i) open, maintain and fund the Project Account in accordance with the terms and conditions of this Agreement; and
- (ii) provide the Lender with bank statements of the Project Account on a monthly basis specifying for each use of funds, the reference of the contract, the amount, the name of the Contractors and the relevant invoices.

11.11 Inspections

The Borrower hereby authorizes the Lender and its representatives to carry out inspections the purpose of which will be to assess the implementation and operations of the Project as well as the impact and the achievement of the objectives of the Project, and the accounting and financial situation of the Implementing Agencies, the Contractors and subcontractors in charge of implementing the Project.

The Borrower shall co-operate and provide, and procures that the Implementing Agencies co-operate and provide, all reasonable assistance and information to the Lender and its representatives when carrying out such inspections, the timing and format of which shall be determined by the Lender following consultation with the Borrower and/or the Implementing Agencies.

If the inspection evidences an Irregularity in the implementation of the Project, the Borrower shall reimburse the Lender for any reasonable costs incurred by the Lender in respect of this inspection.

The Borrower shall retain and make available and procure that the Implementing Agencies retain and make available for inspection by the Lender, all documents relating to the Eligible Expenses for a period of ten (10) years from the Deadline for Drawdown.

11.12 Project evaluation

The Borrower acknowledges that the Lender may carry out, or procure that a third party carries out on its behalf, an evaluation of the Project. This evaluation will be used to produce a performance report containing information on the Project, such as: total amount and duration of the Facility, objectives of the Project, expected and actual performance of the Project, assessment of its relevance, efficiency, impact and viability/sustainability. The Borrower agrees on the publication of this performance report, in particular, on the Lender's Website.

11.13 Implementation of the Project

The Borrower shall:

- (i) ensure that any person, group or entity participating in the implementation of the Project is not listed on any Financial Sanctions List (including in particular the fight against terrorist financing); and
- (ii) not finance any supplies or sectors which are subject to an Embargo by the United Nations, the European Union or France.

11.14 Origin of funds, no Acts of Corruption, Fraud or Anti-Competitive Practices

The Borrower undertakes:

- (i) to ensure that the funds, other than those of State origin, invested in the Project will not be of an Illicit Origin;
- (ii) to ensure that the Project (in particular during the negotiation, entry into and performance of the contracts funded out of the Facility) shall not give rise to any Act of Corruption, Fraud or Anti-Competitive Practice;
- (iii) as soon as it becomes aware of, or suspects, any Act of Corruption, Fraud or Anti-Competitive Practice, to inform the Lender without any delay;
- (iv) in the event referred to in paragraph (iii), or at the Lender's request if the Lender suspects that the acts or practices referred to in paragraph (iii) have occurred, take all necessary actions to remedy the situation in a manner satisfactory to the Lender and within the time period determined by the Lender;

- (v) to notify the Lender without delay if it has knowledge of any information which leads it to suspect any Illicit Origin of any funds invested in the Project.

11.15 Approval of Environmental and Social Impact Assessments

The Borrower procures that the Implementing Agencies undertake to provide the Lender with copies of the Environmental and Social Impact Assessment of the Project approved by the Ministry of Environment prior to any construction works.

11.16 Monitoring of the Implementing Agencies

The Borrower procures that the Implementing Agencies, each in their respective area of authority, shall procure that:

- (i) In the sanitation sector:
 - (a) a licensing system for private vacuum trucks operators is set-up within the Provincial Departments of Public Works and Transport (DPWTs) of Battambang, Kampong Cham, Siem Reap and Sihanoukville, before the Technical Completion Date;
 - (b) a ring-fenced bank account exclusively dedicated to operation and maintenance expenditures and collecting sanitation fees and tariff from users is opened within the DPWTs of Battambang, Kampong Cham, Siem Reap and Sihanoukville, before the Technical Completion Date;
 - (c) it will balance the budget of each DPWT on an annual basis, shall revenues not be sufficient to cover for operation and maintenance expenditures of the service;
 - (d) the DPWTs of Battambang, Kampong Cham, Siem Reap and Sihanoukville, will finalize their respective Performance Improvement Plans before the Technical Completion Date.
- (ii) In the water supply sector
 - (a) the Ministry of Water Resources and Meteorology issues abstraction licences to Battambang and Kampong Cham Provincial Water Works (PWW), before the Technical Completion Date;
 - (b) a Memorandum of Understanding (MoU) between all stakeholders for a joint management of the Sangke river is signed, before the Technical Completion Date. Such MoU shall cover the regulation of offtake for irrigation water, guaranteeing both environmental flow and water for the city water supply during dry periods;
 - (c) a social connection policy approved by the Lender is defined, adopted and implemented by the PWWs of Battambang and Kampong Cham, before the Technical Completion Date;
 - (d) an on-granting agreement is signed between the Borrower and the PWWs of Battambang and Kampong Cham in case one or both of them become autonomous. Such agreement(s) shall receive the prior no-objection of the Lender.

12. INFORMATION UNDERTAKINGS

The undertakings in this Clause 12 (*Information Undertakings*) take effect on the Signing Date and remain in full force and effect for as long as any amount is outstanding under this Agreement.

12.1 Financial Information

The Borrower shall supply to the Lender any information that the Lender may reasonably require in relation to the Borrower's foreign and domestic debt as well as the status of any guaranteed loans.

12.2 Progress Report

(a) Until the Technical Completion Date, the Borrower procures that each Implementing Agency provides the Lender, via ADB, with a technical and financial progress report in relation to the implementation of the Project, including follow-up on the implementation of the Environmental and Social Management Plan. The report shall be on a quarterly basis. Each of these reports shall indicate the value of the following impact indicators in relation to the Project:

- (i) the additional drinking water production capacity financed by the Project (in cubic meter per day);
- (ii) the number of people gaining access to safely managed drinking water services thanks to the Project;
- (iii) the additional wastewater treatment capacity financed by the Project (in living equivalent);
- (iv) the number of people gaining access to safely managed sanitation services thanks to the Project;
- (v) the number of people reached by sanitation and hygiene promotion and awareness raising activities.

(b) Within three (3) months after the Technical Completion Date, the Borrower procures that each Implementing Agency provides the Lender with a general progress report.

12.3 Information - miscellaneous

The Borrower shall supply or procures that the Implementing Agencies supply to the Lender:

- (a) promptly upon becoming aware of them, details of any event or circumstance which is or may be an Event of Default or which has or may have a Material Adverse Effect, the nature of such an event and all the actions taken or to be taken to remedy it (if any);
- (b) promptly upon becoming aware of them, details of any incident or accident directly related to the implementation of the Project which might have a

significant impact on the Project site, the working conditions of its employees or Contractors' employees, the nature of such incident or accident, together with details of any action taken or proposed to be taken, as applicable, by the Borrower to remedy it;

- (c) promptly, details of any decision or event which might affect the organisation, completion or operation of the Project;
- (d) promptly but in any event within five (5) Business Days after becoming aware of them, details of any notification of default, termination, dispute or material claim made against it under a Project Document or affecting the Project, together with details of any action taken or proposed to be taken by the Borrower to remedy it;
- (e) during the completion of services (including but not limited to services related to studies and monitoring where the Project involves the provision of such services), the interim and final reports drafted by any service provider, and after full completion of such services an overall execution report;
- (f) promptly, any further information regarding its financial condition, assets and operations or any documents or other communications given or received by it under any Project Document that the Lender may reasonably request.

13. EVENTS OF DEFAULTS

13.1 Events of Default

Each of the events or circumstances set out in this Clause 13.1 (*Events of Default*) is an Event of Default.

(a) Payment Default

The Borrower does not pay on the due date any amount payable by it under this Agreement in the manner required under this Agreement. However, without prejudice to Clause 4.3 (*Late payment and default interest*), no Event of Default will occur under this paragraph (a) if such payment is made in full by the Borrower within ten (10) Business Days of the due date.

(b) Project Documents

Any Project Document, or any of the rights and obligations set out therein, ceases to be in full force and effect, is subject to a notice of termination or its validity, legality or enforceability is challenged.

No Event of Default will occur pursuant to this paragraph (b) if (i) the challenge or notice of termination is withdrawn within thirty (30) calendar days after the date on which the Lender informed the Borrower of such challenge or notice or the Borrower became aware of such challenge or notice; and (ii), according to the opinion of the Lender, such dispute or

request has not had a Material Adverse Effect during such thirty (30) day period.

(c) Undertakings and Obligations

The Borrower does not comply with any term of this Agreement, including, without limitation, any of the undertakings it has given pursuant to Clause 11 (*Undertakings*), Clause 12 (*Information Undertakings*) and Clause 3.4 (*Payment mechanics*).

Save for the undertakings given pursuant to Clause 11.6 (*Environmental and Social Liability*), Clauses 11.13 (*Implementation of the Project*) and 11.14 (*Origin of funds, no Acts of Corruption, Fraud or Anti-Competitive Practices*) in respect of which no grace period is permitted, no Event of Default will occur under this paragraph (c) if the non-compliance is capable of remedy and is remedied within five (5) Business Days of the earlier of (A) the date of the Lender' notice of failure to the Borrower; and (B) the Borrower becoming aware of the breach, or within the time limit determined by the Lender in the case referred to in subparagraph (iv) of Clause 11.14 (*Origin of funds, no Acts of Corruption, Fraud or Anti-Competitive Practices*).

(d) Misrepresentation

A representation or warranty made by the Borrower in this Agreement, including under Clause 10 (*Representations and warranties*), or in any document delivered by or on behalf of the Borrower under or in relation to this Agreement, is incorrect or misleading when made or deemed to be made.

(e) Cross Default

(i) Subject to paragraph (iii) any Financial Indebtedness of the Borrower is not paid on its due date or, if applicable, within any grace period granted pursuant to the relevant documentation.

(ii) A creditor has cancelled or suspended its commitment towards the Borrower pursuant to any Financial Indebtedness, or has declared the Financial Indebtedness due and payable prior to its specified maturity, or requested prepayment in full of the Financial Indebtedness, in each case, as a result of an event of default or any provision having a similar effect (howsoever described) pursuant to the relevant documentation.

(iii) No Event of Default will occur under this Clause 13.1 (e) if the relevant amount of Financial Indebtedness or the commitment for Financial Indebtedness falling within paragraphs (i) and (ii) is less than forty-five million Euros (EUR 45,000,000) (or its equivalent in any other currency(ies)).

(f) Unlawfulness

It is or becomes unlawful for the Borrower to perform any of its obligations under this Agreement.

(g) Material adverse change

Any event (including a change in the political situation of the country of the Borrower) or any measure which is likely, according to the Lender's opinion, to have a Material Adverse Effect occurs or is likely to occur.

(h) Withdrawal or suspension of the Project

Any of the following occurs:

(i) the implementation of the Project is suspended or postponed for a period exceeding six (6) months; or

(ii) the Project has not been completed in full by the Technical Completion Date; or

(iii) one or both of the Implementing Agencies withdraw partially or totally from, or cease to participate in, the Project.

(i) Authorisations

Any Authorisation required for the Borrower or the Implementing Agencies in order to perform or comply with its obligations under this Agreement or its other material obligations under any Project Documents or required in the ordinary course of the Project is not obtained within the required timeframe or is cancelled or becomes invalid or otherwise ceases to be in full force and effect.

(j) Judgments, rulings or decisions having a Material Adverse Effect

Any judgment or arbitral award or any judicial or administrative decision affecting the Borrower has or is reasonably likely, according to the opinion of the Lender, to have a Material Adverse Effect, occurs or is likely to occur.

(k) Suspension of free convertibility and free transfer

Free convertibility and free transfer of any of the amounts due by the Borrower under this Agreement, or any other facility provided by the Lender to the Borrower or any other borrower of the jurisdiction of the Borrower, is challenged.

13.2 Acceleration

On and at any time after the occurrence of an Event of Default, the Lender may, without providing any formal demand or commencing any judicial or extra-judicial proceedings, by written notice to the Borrower:

(a) cancel the Available Credit; and/or

- (b) declare that all or part of the Facility, together with any accrued or outstanding interest and all other amounts outstanding under this Agreement, are immediately due and payable.

Without prejudice to the above, in the event that an Event of Default occurs as set out in Clause 13.1 (*Events of Default*), the Lender reserves the right to, upon written notice to the Borrower, (i) suspend or postpone any Drawdowns under the Facility; and/or (ii) suspend the finalisation of any agreements relating to other possible financial offers which have been notified by the Lender to the Borrower; and/or (iii) suspend or postpone any drawdown under any loan agreement entered into between the Borrower and the Lender.

13.3 Notification of an Event of Default

In accordance with Clause 12.3 (*Information - Miscellaneous*), the Borrower shall promptly notify the Lender upon becoming aware of any event which is or is likely to be an Event of Default and inform the Lender of all the measures contemplated by the Borrower to remedy it.

14. ADMINISTRATION OF THE FACILITY

14.1 Payments

All payments received by the Lender under this Agreement shall be applied towards the payment of expenses, fees, interest, principal amounts or any other sum due under this Agreement in the following order:

- 1) incidental costs and expenses;
- 2) fees;
- 3) late-payment interest and default interest;
- 4) accrued interest;
- 5) principal repayments.

Any payments received from the Borrower shall be applied first in or towards payment of any sums due and payable under the Facility or under other loans extended by the Lender to the Borrower, should it be in the Lender's interest to apply these sums to such other loans, in the order set out above.

14.2 Set-off

Without prior approval of the Borrower, the Lender may, at any time, set-off due and payable obligations owed by the Borrower against any amounts held by the Lender on behalf of the Borrower or any due and payable obligations owed by the Lender to the Borrower. If the obligations are in different currencies, the Lender may convert either obligation at the prevailing currency exchange rate for the purpose of the set-off.

All payments made by the Borrower under the Financing Documents shall be calculated and made without set-off. The Borrower is prohibited from making any set-off.

14.3 Business Days

If a payment is due on a day which is not a Business Day, the due date for that payment shall be the next Business Day if the next Business Day is in the same calendar month, or the preceding Business Day if the next Business Day is not in the same calendar month.

During any extension of the Payment Date for a principal or unpaid amount under this Agreement, interest shall be payable on that amount during the extension period at the rate applicable on the original Payment Date.

14.4 Currency of payment

The currency of each amount payable under this Agreement is Euros, except as provided in Clause 14.6 (*Place of payment*).

14.5 Day count convention

Any interest, fee or expense accruing under this Agreement will be calculated on the basis of the actual number of days elapsed and a year of three hundred and sixty (360) days in accordance with European interbank market practice.

Should the European interbank market practice change for a calculation based on a year of three hundred and sixty five (365) days, the Lender undertakes to also align its day count convention practice on the basis of a three hundred and sixty five (365) days.

14.6 Place of payment

- (a) Any funds to be transferred by the Lender to the Borrower under the Facility will be paid to the bank account specifically designated for such purpose by the Borrower as specified in Clause 3.4 (*Payment mechanics*).

The Borrower may request that the funds are transferred in: (i) Euros to a bank account denominated in Euros; or (ii) the currency of legal tender in the jurisdiction of the Borrower, in the equivalent amount of the Drawdown at a market exchange rate on the day of the Drawdown and to a bank account denominated in that currency provided such currency is convertible and transferable; or (iii) any other convertible and transferable currency, in an equivalent amount of the Drawdown on the day of the Drawdown and to a bank account denominated in such currency.

- (b) Any payment to be made by the Borrower to the Lender shall be paid on the due date by no later than 11:00 am (Paris time) to the following bank account:

RIB Code: 30001 00064 00000040235 03

IBAN Code: FR76 3000 1000 6400 0000 4023 503

Banque de France SWIFT code (BIC): BDFEFRPPCCT

opened by the Lender at the Banque de France (head office/main branch) in Paris or any other account notified by the Lender to the Borrower.

- (c) The Borrower shall request from the bank responsible for transferring any amounts to the Lender that it provides the following information in any wire transfer messages in a comprehensive manner and in the order set out below:
- Principal: name, address, bank account number
 - Principal's bank: name and address
 - Reference: name of the Borrower, name of the Project, reference number of the Agreement
- (d) Applicable exchange rates will be the exchange rates obtained by the Lender through a Reference Financial Institution on the date of the Drawdown.
- (e) All payments made by the Borrower shall comply with this Clause 14.6 (*Place of payment*) in order for the relevant payment obligation to be deemed discharged in full.

14.7 Payment Systems Disruption

If the Lender determines (in its discretion) that a Payment Systems Disruption Event has occurred or the Borrower notifies the Lender that a Payment Systems Disruption Event has occurred, the Lender:

- (a) may, and shall if requested by the Borrower, enter into discussions with the Borrower with a view to agreeing any changes to the operation and administration of the Facility as the Lender may deem necessary in the circumstances;
- (b) shall not be obliged to enter into discussions with the Borrower in relation to any of the changes mentioned in paragraph (a) if, in its opinion, it is not practicable to do so in the circumstances and, in any event, it has no obligation to agree to such changes; and
- (c) shall not be liable for any cost, loss or liability arising as a result of its taking, or failing to take, any actions pursuant to this Clause 14.7 (*Payment Systems Disruption*).

15. MISCELLANEOUS

15.1 Language

The language of this Agreement is English. If this Agreement is translated into another language, the English version shall prevail in the event of any conflicting interpretation or in the event of a dispute between the Parties.

All notices given or documents provided under, or in connection with, this Agreement shall be in English.

The Lender may request that a notice or document provided under, or in connection with, this Agreement which is not in English is accompanied by a certified English translation, in which case, the English translation shall prevail unless the document is a statutory document of a company, legal text or other official document.

15.2 Certifications and determinations

In any litigation or arbitration arising out of or in connection with this Agreement, entries made in the accounts maintained by the Lender are *prima facie* evidence of the matters to which they relate.

Any certification or determination by the Lender of a rate or amount under this Agreement will be, in the absence of manifest error, conclusive evidence of the matters to which it relates.

15.3 Partial invalidity

If, at any time, a term of this Agreement is or becomes illegal, invalid or unenforceable, neither the validity, legality nor enforceability of the remaining provisions of this Agreement will in any way be affected or impaired.

15.4 No Waiver

Failure to exercise, or a delay in exercising, on the part of the Lender of any right under the Agreement shall not operate as a waiver of that right.

Partial exercise of any right shall not prevent any further exercise of such right or the exercise of any other right or remedy under the applicable law.

The rights and remedies of the Lender under this Agreement are cumulative and not exclusive of any rights and remedies under the applicable law.

15.5 Assignment

(a) The Borrower may not assign or transfer, in any manner whatsoever, all or any of its rights and obligations under this Agreement without the prior written consent of the Lender.

(b) The Lender may assign or transfer any of its rights or obligations under this Agreement to any other third party and may enter into any sub-participation agreement relating thereto.

The Borrower hereby gives its consent for the Lender (the “**Assignor**”) to assign and transfer any of the Lender’s rights and/or obligations under the Agreement to any third party (the “**Assignee**”). Such assignment or transfer shall be carried out by entry into force of an Assignment Agreement.

As from the Assignment Date:

(i) to the extent that in the Assignment Agreement the Assignor seeks to transfer its rights and/or obligations under this

Agreement, the Assignor shall be discharged, to the extent provided for in the Assignment Agreement, from further obligations towards the Borrower under this Agreement and the Borrower hereby consents to such discharge;

- (ii) the Assignor's rights and obligations under this Agreement shall be transferred to the Assignee, to the extent provided for in the Assignment Agreement; and
- (iii) the Borrower accepts that the Assignee becomes the Lender under this Agreement, provided that (a) the Assignment Agreement is duly entered into force; and (b) the Assignee has duly notified the Borrower of such assignment.

15.6 Legal effect

The Schedules annexed hereto, the Procurement Guidelines and the recitals hereof form part of this Agreement and have the same legal effect.

15.7 Entire agreement

As of the Signing Date, this Agreement represents the entire agreement between the Parties in relation to the matters set out herein, and supersedes and replaces all previous documents, agreements or understandings which may have been exchanged or communicated as part of the negotiations in connection with this Agreement.

15.8 Amendments

No amendment may be made to this Agreement unless expressly agreed in writing between the Parties.

15.9 Confidentiality - Disclosure of information

- (a) The Borrower shall not disclose the content of the Agreement to any third party without the prior written consent of the Lender except to any person to whom the Borrower has a disclosure obligation under any applicable law, regulation or judicial ruling.
- (b) Notwithstanding any existing confidentiality agreement, the Lender may disclose any information or documents in relation to the Project to: (i) its auditors, rating agencies, legal advisers, Co-Financiers or supervisory bodies; (ii) any person or entity to whom the Lender may assign or transfer all or part of its rights or obligations under this Agreement; and (iii) any person or entity for the purpose of taking any protective measures or preserving the rights of the Lender under the Financing Documents.
- (c) Furthermore, the Borrower hereby expressly authorizes the Lender:
 - (i) to exchange with the French Republic for publication on the French government website pursuant to any request from International Aid Transparency Initiative; and

(ii) to publish on the Lender's Website;

information relating to the Project and its financing as listed in Schedule 7 (*Information that may be published on the French Government Website and the Lender's Website*).

15.10 Limitation

The statute of limitations of any claims under this Agreement shall be ten (10) years, except for any claim of interest due under this Agreement.

15.11 No hardship

Each Party hereby acknowledges that the provisions of article 1195 of the French civil Code (*Code Civil*) do not apply regarding each Party's obligations under this Agreement. No Party shall be entitled to make any claim under article 1195 of the French civil Code (*Code Civil*).

16. NOTICES

16.1 In writing and addresses

Any notice, request or other communication to be given or made under or in connection with this Agreement shall be given or made in writing and, unless otherwise stated, may be given or made by fax or by letter sent by the post office to the address and number of the relevant Party set out below:

For the Borrower:

THE KINGDOM OF CAMBODIA

Address: Street 92, Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Cambodia

Telephone: + 855 23 724 664

Facsimile: + 855 23 427 498

Attention: His Excellency Dr. Aun Pornmoniroth

Minister of Economy and Finance

For the Lender:

AFD – PHNOM PENH OFFICE

Address: 5, street 106 BP 102, Phnom Penh, Cambodia

Telephone: + 855 23 426 360

Facsimile: + 855 23 426 036

Attention: Country Director

With a copy to:

AFD – PARIS HEAD OFFICE

Address: 5, rue Roland Barthes – 75598 Paris Cedex 12, France

Telephone: + 33 1 53 44 31 31

Facsimile: + 33 1 53 44 39 65

Attention: Director of the Asia Department

or such other address, fax number, department or officer as one Party notifies to the other Party.

16.2 Delivery

Any notice, request or communication made or any document sent by a Party to the other Party in connection with this Agreement will only be effective:

- (a) if by fax, when received in a legible form; and
- (b) if by letter sent through the post office, when delivered to the correct address,

and, where a particular person or a department is specified as part of the address details provided under Clause 16.1 (*In writing and addresses*), if such notice, request or communication has been addressed to that person or department.

16.3 Electronic communications

- (a) Any communication made by one person to another under or in connection with this Agreement may be made by electronic mail or other electronic means if the Parties:
 - (i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
 - (ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
 - (iii) notify each other of any change to their address or any other such information supplied by them.
- (b) Any electronic communication made between the Parties will be effective only when actually received in a readable form.

17. **GOVERNING LAW, ENFORCEMENT AND CHOICE OF DOMICILE**

17.1 Governing Law

This Agreement is governed by French law.

17.2 Arbitration

Any dispute arising out of or in connection with this Agreement shall be referred to and finally settled by arbitration under the Rules of Conciliation and Arbitration of the International Chamber of Commerce applicable on the date of commencement of arbitration proceedings, by one or more arbitrators to be appointed in accordance with such Rules.

The seat of arbitration shall be Paris and the language of arbitration shall be English.

This arbitration clause shall remain in full force and effect if this Agreement is declared void or is terminated or cancelled and following expiry of this Agreement. The Parties' contractual obligations under this Agreement are not suspended if a Party initiates legal proceedings against the other Party.

The Parties expressly agree that, by signing this Agreement, the Borrower irrevocably waives all rights of immunity in respect of jurisdiction or execution on which it could otherwise rely.

17.3 Service of process

Without prejudice to any applicable law, for the purposes of serving judicial and extrajudicial documents in connection with any action or proceedings referred to above, the Borrower irrevocably chooses its registered office as at the date of this Agreement at the address set out in Clause 16 (*Notices*) for service of process, and the Lender chooses the address "AFD – PARIS HEAD OFFICE" set out in Clause 16 (*Notices*) for service of process.

18. DURATION

This Agreement comes into force on the Signing Date and remains in full force and effect for as long as any amount is outstanding under the Financing Documents.

Notwithstanding the above, the obligations under Clauses 12.3 (f) (*Information - miscellaneous*) and 15.9 (*Confidentiality - Disclosure of information*) shall survive and remain in full force and effect for a period of five years after the last Payment Date.

Executed in two (2) originals, in Paris, on 24th January 2018

BORROWER


THE KINGDOM OF CAMBODIA



Represented by:

Name: His Excellency VONGSEY Vissoth

Capacity: Secretary of State, Ministry of Economy and Finance



En accord entre les parties, les présentes reliées par ASSEMBLACT empêchant toute substitution ou addition, sont seulement signées à la dernière page.

LENDER

AGENCE FRANÇAISE DE DÉVELOPPEMENT



Represented by:

Name: Rémi GENEVEY

Capacity: Director of the Asia Department



Cosignor: **H. E. Eva Nguyen Binh, Ambassador of France**

SCHEDULE 1A - DEFINITIONS

Act of Corruption	<p>means any of the following:</p> <p>(a) the act of promising, offering or giving, directly or indirectly, to a Public Official or to any person who directs or works, in any capacity, for a private sector entity, an undue advantage of any nature, for the relevant person himself or herself or for another person or entity, in order that this person acts or refrains from acting in breach of his or her legal, contractual or professional obligations and, having for effect to influence his or her own actions or those of another person or entity; or</p> <p>(b) the act of a Public Official or any person who directs or works, in any capacity, for a private sector entity, soliciting or accepting, directly or indirectly, an undue advantage of any nature, for the relevant person himself or herself or for another person or entity, in order that this person acts or refrains from acting in breach of his or her legal, contractual or professional obligations and, having for effect to influence his or her own actions or those of another person or entity.</p>
Advance Accounts	<p>means the accounts opened and managed by the Implementing Agencies, the funds of which will be exclusively used to pay the Project's Running Costs. Such advance accounts will be exclusively funded by the Borrower from the Project Account and will be audited annually in accordance with the provisions of this Agreement.</p>
Agreement	<p>means this credit facility agreement, including its recitals, Schedules and, if applicable, any amendments made in writing thereto.</p>
Anti-Competitive Practices	<p>means:</p> <p>(a) any concerted or implicit action having as its object and/or as its effects to impede, restrict or distort fair competition in a market, including without limitation when it tends to: (i) limit market access or the free exercise of competition by other companies; (ii) prevent price setting by the free play of markets by artificially favouring the increase or decrease of such prices; (iii) limit or control any production, markets, investment or technical progress; or (iv) share out markets or sources of supply;</p>

	<p>(b) any abuse by a company or group of companies of a dominant position within a domestic market or in a substantial part thereof; or</p> <p>(c) any bid or predatory pricing having as its object and/or its effect to eliminate from a market, or to prevent a company or one of its products from accessing the market.</p>
Applicable Accounting Principles	means either the Cambodian International Financing Standards (CIFRS) or the International Financial Reporting Standards (IFRS), together with their pronouncements thereon from time to time.
Assignee	has the meaning given to it in Clause 15.5 (<i>Assignment</i>).
Assignor	has the meaning given to it in Clause 15.5 (<i>Assignment</i>).
Assignment Agreement	means any agreement entered into between the Assignor and the Assignee as provided in Clause 15.5 (<i>Assignment</i>) and related to the transfer of any of the Lender's rights and/or obligations under this Agreement to the Assignee.
Assignment Date	means the date of execution of the Assignment Agreement by all the relevant parties.
Auditors	means the auditors of the Borrower.
Authorisation(s)	means any authorisation, consent, approval, resolution, permit, licence, exemption, filing, notarisation or registration, or any exemptions in respect thereof, obtained from or provided by an Authority, whether granted by means of an act, or deemed granted if no answer is received within a defined time limit, as well as any approval and consent given by the Borrower's creditors.
Authority(ies)	means any government or statutory entity, department or commission exercising a public prerogative, or any administration, court, agency or State or any governmental, administrative, tax or judicial entity.
Availability Period	means the period from and including the Signing Date up to the Deadline for Drawdown.
Available Credit	<p>means, at any given time, the maximum principal amount specified in Clause 2.1 (<i>Facility</i>) less:</p> <p>(i) the aggregate amount of any Drawdowns drawn by the</p>

	<p>Borrower;</p> <p>(ii) the amount of any Drawdown to be made pursuant to any pending Drawdown Request; and</p> <p>(iii) any portion of the Facility which has been cancelled pursuant to Clauses 8.3 (<i>Cancellation by the Borrower</i>) and/or 8.4 (<i>Cancellation by the Lender</i>).</p>
Business Day	means a day (other than Saturday or Sunday) on which banks are open for the entire day for general business in Paris, and which is a TARGET Day in the event that a Drawdown has to be done on such day.
Certified	means for any copy, photocopy or other duplicate of an original document, the certification by any duly authorised person, as to the conformity of the copy, photocopy or duplicate with the original document.
Co-Financier(s)	means the Asian Development Bank ("ADB"), the European Union, the Japan Fund for the Joint Crediting Mechanism or/and the Kingdom of Cambodia.
Contractor(s)	means third party contractor(s), selected in accordance with the provisions of Clause 11.5 (<i>Procurement</i>), in charge of implementing all or part of the Project pursuant to Project Documents.
Contractor's Guarantee(s)	means any guarantee provided to the Implementing Agencies directly or indirectly by any Contractor in charge of the completion of the Project or any part thereof, such as, for example, the completion guarantee or the advance payment guarantee.
Current Ratio	means the ratio of current assets (payable within less than one (1) year) to current liabilities (due within less than one (1) year).
Deadline for Drawdown	means 31 st December 2018, date after which no further Drawdown may occur.
Drawdown	means a drawdown of all or part of the Facility made, or to be made, available by the Lender to the Borrower pursuant to the terms and conditions set out in Clause 3 (<i>Drawdown of Funds</i>) or the principal amount outstanding of such Drawdown which remains due and payable at a given time.
Drawdown Date	means the date on which a Drawdown is made available by

	the Lender.
Drawdown Period	means the period starting on the first Drawdown Date up to and including the first of the following date: (i) the date on which the Available Credit is equal to zero; (ii) the Deadline for Drawdown.
Drawdown Request	means a request substantially in the form set out in Schedule 5A (<i>Form of Drawdown Request</i>).
Eligible Expense(s)	means the expense(s) relating to the component(s) of the Project as set out in Schedule 3 (<i>Financing Plan</i>).
Embargo	means any sanction of a commercial nature aiming at prohibiting any import and/or export (supply, sale or transfer) of one or several goods, products or services going to and/or coming from a country for a given period as published and amended from time to time by the United Nations, the European Union or France.
ESCP	means the environmental and social commitment plan attached hereafter as Schedule 6 (<i>Environmental and Social Commitment Plan</i>), setting out the Beneficiary's commitment to avoid, mitigate or compensate negative consequences of the Project, on human and natural environment and any planned monitoring, as well as the formal steps required in order to carry out such actions.
Euro(s) or EUR	means the single currency of the member states of the European Economic and Monetary Union, including France, and having legal tender in such Member States.
Event of Default	means any event or circumstance set out in Clause 13.1 (<i>Events of Default</i>).
Facility	means the credit facility made available by the Lender to the Borrower in accordance with this Agreement up to the maximum principal amount set out in Clause 2.1 (<i>Facility</i>).
Financial Sanctions List	means the list(s) of persons, groups or entities which are subject to financial sanctions by the United Nations, the European Union and/or France. For information purposes only and for the convenience of the Borrower, who may rely on, the following references or website addresses:

	<p>For the lists maintained by the United Nations, the following website may be consulted:</p> <p>http://www.un.org/sc/committees/list_compend.shtml</p> <p>For the lists maintained by the European Union, the following website may be consulted:</p> <p>http://eeas.europa.eu/cfsp/sanctions/consol-list_en.htm</p> <p>For the lists maintained by France, the following website may be consulted:</p> <p>http://www.tresor.economie.gouv.fr/4248_liste-nationale</p>
Financing Documents	means this Agreement, the On-lending Agreement and any other document in relation thereto.
Financing Plan	means the financing plan of the Project set out in Schedule 3 (<i>Financing Plan</i>).
Fixed Reference Rate	means one point thirty-five per cent (1.35%) per annum.
FMM	means the Financial Management Manual dated 22 May 2012 (as amended from time to time) under the Standard Operating Procedures prepared by the Borrower and endorsed by the Asian Development Bank and the World Bank, which sets forth the financial management-related policies and procedures for externally-financed projects and programs.
Fraud	means any unfair practice (acts or omissions) deliberately intended to mislead others, to intentionally conceal elements there from, or to betray or vitiate his/her consent, to circumvent any legal or regulatory requirements and/or to violate internal rules and procedures of the Borrower or a third party in order to obtain an illegitimate benefit.
Fraud against the Financial Interests of the European Community	means any intentional act or omission intended to damage the European Union budget and involving (i) the use or presentation of false, inaccurate or incomplete statements or documents, which has as effect the misappropriation or wrongful retention of funds or any illegal reduction in resources of the general budget of the European Union; (ii) the non-disclosure of information with the same effect; and (iii) misappropriation of such funds for purposes other than those for which such funds were originally granted.
Grace Period	means the period from the Signing Date up to and including the date falling eighty-one (81) months after such date, during which no principal repayment under the Facility is due and payable.

Illicit Origin	<p>means funds obtained through:</p> <p>(a) the commission of any predicate offence as designated in the FATF 40 recommendations Glossary under "<i>Designated categories of offences</i>" (http://www.fatf-gafi.org/pages/glossary/fatfrecommendations/d-i/);</p> <p>(b) any Act of Corruption; or</p> <p>(c) any Fraud against the Financial Interests of the European Community, if or when applicable.</p>
Implementing Agencies	<p>means the Ministry of Industry and Handicraft (MIH) and the Ministry of Public Works and Transport (MPWT), in charge of implementing the Project on behalf of the Borrower and duly authorised for such purpose.</p>
Index Rate	<p>means the TEC 10 daily index, the ten-year constant maturity rate displayed on a daily basis on the relevant quotation page of the Reference Financial Institution or any other index which may replace the TEC 10 daily index. On the Signing Date, the Index Rate on 19 January 2017 is zero point seventy-eight per cent (0.78%) per annum.</p>
Insurance Policies	<p>means the insurance policies that the Implementing Agencies and/or the Contractors are required to subscribe and maintain in connection with the implementation of the Project, in a form acceptable to the Lender.</p>
Interest Period(s)	<p>means each period from a Payment Date (exclusive) up to the next Payment Date (inclusive). For each Drawdown under the Facility, the first interest period shall start on the Drawdown Date (exclusive) and end on the next successive Payment Date (inclusive).</p>
Interest Rate	<p>means the interest rate expressed as a percentage and determined in accordance with Clause 4.1 (<i>Interest Rate</i>).</p>
Irregularity	<p>means misprocurement, mismanagement or misuse of funds in the implementation of the Project.</p>
Material Adverse Effect	<p>means a material and adverse effect on:</p> <p>(a) the Project, insofar as it would jeopardise the implementation and operation of the Project in accordance with the Financing Documents and the Project Documents;</p> <p>(b) the business, assets, financial condition of the Borrower or its ability to perform its obligations under</p>

	<p>the Financing Documents and the Project Documents;</p> <p>(c) the validity or enforceability of any Financing Document and any Project Documents; or</p> <p>(d) any right or remedy of the Lender under any Financing Document.</p>
Outstanding Principal	means, in respect of any Drawdown, the outstanding principal amount due in respect of such Drawdown, corresponding to the amount of the Drawdown paid by the Lender to the Borrower less the aggregate of instalments of principal repaid by the Borrower to the Lender in respect of such Drawdown.
Payment Dates	means 15 th May and 15 th November of each year.
Payment Systems Disruption Event	<p>means either or both of:</p> <p>(a) a material disruption to the payment or communication systems or to the financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Financing Documents to be carried out), provided that the disruption is not caused by, and is beyond the control of, any of the Parties; or</p> <p>(b) the occurrence of any other event which results in a disruption (of a technical or system-related nature) to the treasury or payment operations of a Party preventing that, or any other Party:</p> <p style="padding-left: 40px;">(i) from performing its payment obligations under the Financing Documents; or</p> <p style="padding-left: 40px;">(ii) from communicating with the other Parties in accordance with the terms of the Financing Documents,</p> <p>and which (in either case) is not caused by, and is beyond the control of, either Party.</p>
Prepayment Compensatory Indemnity	<p>means the indemnity calculated by applying the following percentage to the amount of the Facility which is repaid in advance:</p> <ul style="list-style-type: none"> - if the repayment occurs prior to the 7th anniversary (exclusive) of the Signing Date: three per cent (3%); - if the repayment occurs between the 7th anniversary (inclusive) and the 10th anniversary (exclusive) of the Signing Date: two point fifty per cent (2.50%);

	<ul style="list-style-type: none"> - if the repayment occurs between the 10th anniversary (inclusive) and the 13th anniversary (exclusive) of the Signing Date: two per cent (2%); - if the repayment occurs between the 13th anniversary (inclusive) and the 16th anniversary (exclusive) of the Signing Date: one point fifty per cent (1.50%); - if the repayment occurs after the 16th anniversary (inclusive): zero point seventy-five per cent (0.75%).
Procurement Guidelines	means, according to the cofinancing agreement entered into between the Borrower and ADB in relation to the financing of the Project, the contractual provisions contained in the guidelines relating to procurement financed by ADB in foreign countries dated April 2015, a copy of which has been delivered to the Borrower. The Procurement Guidelines are available on ADB's Website.
Project	means the Provincial Water Supply and Sanitation Project, the description and costs of which are described in Schedule 2 (<i>Project Description</i>) and Schedule 3 (<i>Financing Plan</i>).
Project Account	has the meaning given to that term in Clause 3.4 (<i>Payment mechanics</i>).
Project Authorisations	means the Authorisations necessary in order for (i) the Borrower or the Implementing Agencies to implement the Project and execute all Project Documents to which it is a party, and to exercise its rights and perform its obligations under the Project Documents to which it is a party; and (ii) the Project Documents to which the Borrower or the Implementing Agencies is a party, to be admissible as evidence before courts in the jurisdiction of the Borrower or before a competent arbitral tribunal.
Project Documents	means all documents, and in particular agreements, delivered or executed by the Implementing Agencies in relation to the implementation of the Project.
Public Official	means any holder of legislative, executive, administrative or judicial office whether appointed or elected, serving on permanent basis or otherwise, paid or unpaid, regardless of rank, or any other person defined as a public official under the domestic law of the Borrower's jurisdiction of incorporation, and any other person exercising a public function, including for a public agency or organisation, or providing a public service.

Rate Setting Date	<p>means, in relation to any Interest Period for which an Interest Rate is to be determined:</p> <ul style="list-style-type: none"> (i) the first Wednesday (or, if that date is not a Business Day, the immediately following Business Day) following the date of receipt by the Lender of the Drawdown Request, provided that the Drawdown Request is received by the Lender at least two (2) full Business Days prior to said Wednesday; (ii) the second Wednesday (or, if that date is not a Business Day, the immediately following Business Day) following the date of receipt by the Lender of the Drawdown Request, if the Drawdown Request was not received by the Lender at least two (2) full Business Days prior to the first Wednesday specified in paragraph (i) above.
Reference Financial Institution	<p>means a financial institution chosen as a suitable reference financial institution by the Lender and which regularly publishes quotations of financial instruments on one of the international financial information networks according to the practices recognised by the banking industry.</p>
Running Costs	<p>means office and vehicles running costs exclusively incurred for the purpose of implementing the Project. Salaries are specifically excluded from Running Costs.</p>
Schedule(s)	<p>means any schedule or schedules to this Agreement.</p>
Signing Date	<p>means the date of execution of this Agreement by all the Parties.</p>
SOP	<p>means the Standard Operating Procedures by the Sub-Decree No.74 ANK. BK dated 22 May 2012 which are the standard operating procedures of the Borrower, as amended from time to time, providing procedures applicable to all externally-financed projects and programs.</p>
TARGET Day	<p>means a day on which the Trans European Automated Real Time Gross Settlement Express Transfer 2 (TARGET2) system, or any successor thereto, is open for payment settlement in Euros.</p>
Tax(es)	<p>means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with a failure to pay or any delay in the payment of any such amounts).</p>

Technical Completion Date	means the date for the technical completion of the Project which is expected to be 31 December 2022.
Website	means the website of AFD (http://www.afd.fr/) or any other such replacement website.
Withholding Tax	means any deduction or retention in respect of a Tax on any payment made under or in connection with the Financing Documents.

SCHEDULE 1B - CONSTRUCTION

- (a) “**assets**” includes present and future properties, revenues and rights of every description;
- (b) any reference to the “**Borrower**”, a “**Party**” or a “**Lender**” includes its successors in title, permitted assigns and permitted transferees;
- (c) any reference to a Financing Document or other document is a reference to this Agreement or to such other document as amended, restated or supplemented and includes, if applicable, any document which replaces it through novation, in accordance with the Financing Documents;
- (d) a “**guarantee**” includes any *cautionnement*, *aval* and any *garantie* which is independent from the debt to which it relates;
- (e) “**indebtedness**” means any obligation of any person whatsoever (whether incurred as principal or as surety) for the payment or repayment of money, whether present, future, actual or contingent;
- (f) a “**person**” includes any person, company, corporation, partnership, trust, government, state or state agency or any association, or group of two or more of the foregoing (whether or not having separate legal personality);
- (g) a “**regulation**” includes any legislation, regulation, rule, decree, official directive, instruction, request, advice, recommendation, decision or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, supervisory authority, regulatory authority, independent administrative authority, agency, department or any division of any other authority or organisation (including any regulation issued by an industrial or commercial public entity) having an effect on any of the Financing Documents or on the rights and obligations of a Party;
- (h) a provision of law is a reference to that provision as amended;
- (i) unless otherwise provided, a time of day is a reference to Paris time;
- (j) The Section, Clause and Schedule headings are for ease of reference only and do not affect the interpretation of this Agreement;
- (k) unless otherwise provided, words and expressions used in any other document relating to this Agreement or in any notice given in connection with this Agreement have the same meaning in that document or notice as in this Agreement;
- (l) an Event of Default is “continuing” if it has not been remedied or if the Lender has not waived any of its rights relating thereto;
- (m) a reference to a Clause or Schedule shall be a reference to a Clause or Schedule of this Agreement; and
- (n) words importing the plural shall include the singular and vice-versa.

SCHEDULE 2 - PROJECT DESCRIPTION

1. The objective of the Project is to establish a sustainable piped water supply and sanitation service provision in the selected provincial cities/towns, namely Battambang, Kampong Cham, Sihanoukville and Siem Reap.
2. The Project shall comprise:

Output 1: Improved Piped Water Supply. This includes two water supply subprojects in Battambang and Kampong Cham to:

- (a) Construct new water treatment plants and new distribution networks;
- (b) Develop a subsidized connection policy (modeled on Phnom Penh Water Supply Authority's approach) for the poor and disadvantaged households; and
- (c) Provide new laboratory equipment for monitoring and water quality testing.

Output 2: Improved Sanitation. This includes four sanitation subprojects to:

- (a) Construct a new wastewater treatment plant and approximately 15 km of sewers in Battambang;
- (b) Expand capacity of the wastewater treatment plant in Sihanoukville and construct approximately 32 km of sewers;
- (c) Establish septage management facilities for collection, treatment and disposal in Kampong Cham; and
- (d) Construct approximately 4 km trenchless trunk sewer in Siem Reap.

Output 3: Improved Institutional Effectiveness. This includes:

- (a) Develop institutional capacity in project management, operation and maintenance of the urban water supply and sanitation projects, interagency coordination, and public consultation and communication on water supply and sanitation services; and
- (b) Support to PMUs in their relevant part of Project/subproject management, contract administration, safeguards implementation and monitoring, gender, and community social development, accounting and financial management, procurement, and disbursement.

3. The Project will include Consulting Services for procurement, contract administration, design and engineering review, construction management and supervision, monitoring and reporting, and audit.

4. The Project is expected to be completed by 31 December 2022.

SCHEDULE 3 - FINANCING PLAN

PART I - FINANCING PLAN

The total cost of the Project amounts to one hundred and nineteen point five million US Dollars (USD 119,500,000). The contribution of the Borrower will cover land acquisition, taxes and salaries of the personnel involved in the management of the Project.

<i>in Million USD</i>	Total	%
Component 1 – Water supply sub-projects	45.8	38.3%
Component 2 – Sanitation sub-projects	47.7	39.9%
Component 3 - Consultancy services and capacity building	8.5	7.1%
Project Implementation Management	2.9	2.4%
Physical and price contingencies	14.6	12.3%
Total	119.5	100.0%

<i>in Million USD</i>	Total	%
Asian Development Bank	50.0	41.8%
Agence Française de Développement	43.5	36.4%
European Union	5.4	4.5%
Japan Fund for the Joint Crediting Mechanism	10.0	8.4%
Royal Government of Cambodia	10.6	8.9%
Total	119.5	100.0%

PART II - ELIGIBLE EXPENSES

Eligible Expenses are related to the implementation of Components 1, 2 and 3, Project Implementation Management and contingencies as per the Financing Plan provided in Schedule 3 (*Financing Plan*) Part I and description provided in Schedule 2 (*Project Description*), excluding the followings: works, goods and services (e.g. free sewerage connections, supply and installation of solar mixers, institutional capacity building and support to the Institute of Technology of Cambodia) to be financed under a grant to be provided by the European Union. Eligible Expenses also cover Project's Running Costs.

PART III - NON-ELIGIBLE EXPENSES

All Audit costs and tax expenses to be incurred under the Project's implementation, such as import tax and withholding tax, are not Eligible Expenditures and will be fully covered by the Borrower's own budget.

SCHEDULE 4 - CONDITIONS PRECEDENT

The following applies to all documents delivered by the Borrower as a condition precedent:

- if the document which is delivered is not an original but a photocopy, the original Certified photocopy shall be delivered to the Lender;
- the final version of a document which draft was previously sent to, and agreed upon by the Lender, shall not materially differ from the agreed draft;
- documents not previously sent and agreed upon, shall be satisfactory to the Lender.

PART I – CONDITIONS PRECEDENT TO BE SATISFIED ON THE SIGNING DATE

Delivery by the Borrower to the Lender of a Certified copy of the relevant decision(s) in compliance with the legislation of the jurisdiction of the Borrower approving the terms and conditions of this Agreement and authorising a specified person or persons to execute the Agreement on its behalf.

PART II - CONDITIONS PRECEDENT TO THE DRAWDOWN

Delivery by the Borrower to the Lender of the following documents:

- (i) Original duly signed legal opinion of the Ministry of Justice both in the form and substance deemed satisfactory to the Lender confirming the validity and enforceability of the Agreement;
- (ii) A certificate issued by a duly authorised representative of the Borrower listing the person(s) authorised to sign, on behalf of the Borrower, the Drawdown Request and any certificate in connection with this Agreement and to take all other measures and/or sign all other necessary documents on behalf of the Borrower under this Agreement, as well as a specimen of the signature of each authorised person;
- (iii) A certificate of the National Bank of Cambodia certifying that the Project Account and the Advance Accounts have been opened in the name of the Project and providing account details for such accounts;
- (iv) Lender's no-objection on the Project Account into which the Facility will be disbursed according to Clause 3.4 (*Payment mechanics*), and on the Advance Accounts;
- (v) A side letter signed by the Borrower whereby the Borrower commits that its auditors will be authorized to directly communicate with the Lender.

SCHEDULE 5A - FORM OF DRAWDOWN REQUEST

[on the Borrower's letterhead]

To: AGENCE FRANÇAISE DE DÉVELOPPEMENT

On: [date]

Borrower's Name – Credit Facility Agreement n° 1188 01 V dated [●]

Drawdown Request n°[●]

Dear Sirs,

1. We refer to the Credit Facility Agreement n° 1188 01 V entered into between the Borrower and the Lender dated [●] (the “**Agreement**”). Capitalised words and expressions used but not defined herein have the meanings given to them in the Agreement.
2. This letter is a Drawdown Request.
3. We irrevocably request that the Lender makes a Drawdown available on the following terms:

Amount: EUR [●] or, if less, the Available Credit.

4. The Interest Rate will be determined in accordance with Clause 4 (*Interest*) of the Agreement. The Interest Rate applicable to the requested Drawdown will be provided to us in writing and we accept this Interest Rate (subject to the paragraph below, if applicable).

If the Interest Rate applicable to the requested Drawdown is greater than [●*insérer pourcentage en lettres*] ([●]%), we request that you cancel this Drawdown Request.

5. We confirm that each condition specified in Clause 2.4 (*Conditions precedent*) is satisfied on the date of this Drawdown Request and that no Event of Default is continuing or is likely to occur. We agree to notify the Lender immediately if any of the conditions referred to above is not satisfied on or before the Drawdown Date.
6. The proceeds of this Drawdown should be credited to the following bank account:
 - (a) Name [of the Borrower]: [●]
 - (b) Address [of the Borrower]: [●]
 - (c) IBAN Account Number: [●]
 - (d) SWIFT Number: [●]
 - (e) Bank and bank's address [of the Borrower]: [●]

(f) [if currency other than Euro]
correspondent bank and account
number of the Borrower's bank:

7. This Drawdown Request is irrevocable.
8. We have attached to this Drawdown Request all relevant supporting documents specified in Clause 2.4 (*Conditions precedent*) of the Agreement:

[List of supporting documents]

Yours sincerely,

.....

Authorised signatory of Borrower

To:
Date:
Ref:
Bor
Dra
Dea
1.
2.
3.
For
For
You
.....
Auth

SCHEDULE 5B - FORM OF CONFIRMATION OF DRAWDOWN AND RATE

[on Agence Française de Développement letterhead]

To: THE KINGDOM OF CAMBODIA

Date: [●]

Ref: Drawdown Request n° [●] dated [●]

Borrower's Name – Credit Facility Agreement n° 1188 01 V dated [●]

Drawdown Confirmation n°[●]

Dear Sirs,

1. We refer to the Credit Facility Agreement n° 1188 01 V entered into between the Borrower and the Lender dated [●] (the “**Agreement**”). Capitalised words and expressions used but not defined herein have the meanings given to them in the Agreement.
2. By a Drawdown Request Letter dated [●], the Borrower has requested that the Lender makes available a Drawdown in the amount of EUR [●], pursuant to the terms and conditions of the Agreement.
3. The Drawdown which has been made available according to your Drawdown Request is as follows:
 - Amount: [●*amount in words*] ([●])
 - Applicable interest rate: [●*percentage in words*] ([●]%) per annum
 - Effective global rate (per annum): [●*percentage in words*] ([●]%)
 - Drawdown Date: [●]

For fixed-Interest Rate loans only

For information purposes only:

- Rate Setting Date: [●]
- Fixed Reference Rate: [●*percentage in words*] ([●]%) per annum
- Index Rate: [●*percentage in words*] ([●]%)
- Index Rate on the Rate Setting Date: [●].

Yours sincerely,

.....

Authorised signatory of *Agence Française de Développement*

SCHEDULE 6 - ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

AFD's requirements regarding environmental and social risks management including reference standards can be found at:

- <http://www.afd.fr/lang/en/home/AFD/developpement-durable/DD-et-operations/maitrise-risques> (EN)
- <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/EXTPOLICIES/EXTOPMANUAL/0,,contentMDK:20403235~menuPK:4564185~pagePK:64709096~piPK:64709108~theSitePK:502184,00.html> (**World Bank Group Operational Policies regarding Environment and Social safeguards**)
- http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/our+approach/risk+management/ehsguidelines (**World Bank Group Environmental, Health, and Safety – EHS - Guidelines**)

The measures and actions to be put in place and followed-up by each Implementing Agency according to Clause 11.6 (*Environmental and social responsibility*), as well as the corresponding budget provisions, resources and responsibilities, deadlines and achievement indicators, are detailed in the following documents. These documents were produced by the Project Preparatory Technical Assistance under the Project and according to ADB's environmental and social standards, in compliance with AFD's requirements regarding environmental and social risks management:

- Gender Action Plan (November 2017, as amended from time to time);
- Resettlement Framework (July 2017, as amended from time to time);
- Battambang Water Supply Subproject Resettlement Plan (October 2017, as amended from time to time);
- Battambang Wastewater and Sanitation Subproject Resettlement Plan (October 2017, as amended from time to time);
- Water Supply Subprojects Initial Environmental Examination (June 2017, as amended from time to time);
- Wastewater and Sanitation Subprojects Initial Environmental Examination (June 2017, as amended from time to time).

SCHEDULE 7 - INFORMATION THAT MAY BE PUBLISHED ON THE FRENCH GOVERNMENT WEBSITE AND THE LENDER'S WEBSITE

1. Information regarding the Project

- Number and name in AFD's book;
- Description;
- Operating sector;
- Place of implementation;
- Expected starting date;
- Expected Technical Completion Date;
- Status of implementation updated on a semi-annual basis;

2. Information regarding the financing of the Project

- Kind of financing (loan, grant, co-financing, delegated funds);
- Principal amount of the Facility;
- Amount of the Facility which has been drawn down (updated as the implementation of the Project goes);

3. Other information

- Transaction information notice and/or sheet presenting the transaction attached to this Schedule.