

ROYAL GOVERNMENT OF CAMBODIA

MINISTRY OF INTERIOR

**Livelihood Enhancement and
Association of the Poor Project (“LEAP”)**

Credit No. 5960 – KH

**Independent Assurance Report on Compliance
with the Financing Agreement
for the year ended 31 December 2019**



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Management assertion

I, on behalf of the Project's management of the Livelihood Enhancement and Association of the Poor Project ("the Project"), under the Financing Agreement Credit No. 5960 – KH, do hereby state that, in my opinion the Statement of Compliance with as set out on pages 5 to 19 is prepared, in all material respects, in accordance with the requirements of the Financing Agreement. In particular:

- (i) The Project has complied, in all material respects, with the covenants of the Financing Agreement.
- (ii) The Project has complied, in all material respects, with the Cambodian law and regulations that have direct and material effect on the financial statements. plus

H.E. Prak SamOeun
Project Director
Ministry of Interior

Phnom Penh, Kingdom of Cambodia

Date: June 30, 2020



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INDEPENDENT REASONABLE ASSURANCE REPORT

To the Ministry of Economy and Finance on the Statement of Compliance

We refer to the Financing Agreement Credit No. 5960 – KH (“the Financing Agreement”), which sets out the requirements determined by the International Development Association (“IDA”) for the Livelihood Enhancement and Association of the Poor Project (“the Project”) to comply with specified contractual terms and conditions (the “terms and conditions”).

Pursuant to the terms and condition of the Financing Agreement, the management of the Project has prepared a Statement of Compliance with the terms and conditions (the “Statement of Compliance”), a copy of which is attached to this independent assurance report.

We were engaged by the Ministry of Economy and Finance (“MEF”) to report on the Project’s Statement of Compliance with the Financing Agreement as set out on pages 5 to 19 for the year ended 31 December 2019, in the form of an independent reasonable assurance conclusion about whether the Statement of Compliance is prepared, in all material respect, in compliance with the requirements set out in the Financing Agreement.

Our report addresses whether the terms and conditions of Financing Agreement that has been complied with, in all material respects, by Project for the year ended 31 December 2019.

Management’s responsibilities

The management of the Project is responsible for preparing the Statement of Compliance that is free from material misstatement and in accordance with those requirements set out in the Financing Agreement and for the information contained therein on pages 5 to 19.

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the Statement of Compliance that is free from material misstatement, whether due to fraud or error. It also includes ensuring compliance with the terms and conditions of the Financing Agreement; selecting and applying policies; making judgements and estimates that are reasonable in the circumstances; and maintaining adequate records in relation to the Statement of Compliance.

The management of the Project also is responsible for preventing and detecting fraud and for identifying and ensuring that the Project complies with laws and regulations applicable to its activities.

The management also is responsible for ensuring that staff involved with the preparation of the Statement of Compliance are properly trained, information systems are properly updated and that any changes in reporting encompass all significant reporting units.

Our Responsibilities

Our responsibility is to examine the Statement of Compliance prepared by the management of the Project and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with Cambodian International Standard on Assurance Engagements (CISAE) 3000, *Assurance Engagement Other than Audits or Reviews of Historical Financial Information*. That standard requires that we comply with ethical requirements, including independence requirements, and plan and perform our procedures to obtain reasonable assurance about whether the Statement of Compliance is properly prepared in accordance with the relevant terms and conditions set out in the Financing Agreement, in all material respects.

We apply Cambodian International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants in Cambodia, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Procedures Performed

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the Statement of Compliance whether due to fraud or error.

In making those risk assessments, we have considered internal controls relevant to the preparation of the Statement of Compliance in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Project's internal control over the preparation of the Statement of Compliance.

Our engagement also included assessing the appropriateness of the Statement of Compliance, the suitability of the criteria being the terms and conditions specified by the Financing Agreement, used by the Project's management in preparing the Statement of Compliance in the circumstances of the engagement, obtaining an understanding of the compilation of the financial and non-financial information in the Statement of Compliance by enquiry of management, reference to the Financing Agreement, comparison of the financial and non-financial information in the Statement of Compliance to the sources from which it was obtained, performance of sample testing on the Project's management assertions on a sample basis.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the Statement of Compliance is, in all material respects, prepared in compliance with the requirements of the Financing Agreement. In particular, the Project has complied, in all material respects, with the covenants of the Financing Agreement.

Restriction on Use of Our Report

Our report should not be regarded as suitable to be used or relied on by any party other than the Project, MEF and IDA for any purpose or in any context. Any party other than the Project, MEF and IDA who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

We accept or assume no responsibility and deny any liability to any party other than the Project, MEF and IDA for our work, for this independent reasonable assurance report, or for the conclusions we have reached.

Our report is released to the Project, MEF and IDA on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent.

For KPMG Cambodia Ltd



Nge Huy
Partner

Phnom Penh, Kingdom of Cambodia

30 June 2020

Ministry of Interior

Livelihood Enhancement and Association of the Poor Project

Credit Number 5960 – KH

Statement of Compliance with the Financing Agreement for the year ended 31 December 2019

1. Criteria

This Statement of Compliance is prepared in accordance with the terms and conditions determined by IDA in accordance with the Financing Agreement Credit No. 5960 – KH (“the Financing Agreement”), which sets out the requirements for the Livelihood Enhancement and Association of the Poor Project (“the Project”) to comply with and is prepared by the Project’s management based on the key relevant provisions in which the management believes are important to report on and is not intended to cover the complete set of the Financing Agreement taken as a whole. These criteria are described below. The Project management has assessed its compliance with the relevant requirements and included the results of its assessment below.

Article No.	Description	Management’s assertion
2. Financing		
2.02	The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 of the loan agreement.	Yes, complied with.
2.03	The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.	Not applicable. According to the Financing Agreement, the commitment charge payment will be commencing from 2023 onward.
2.04	The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1 %) per annum.	Not applicable. According to the Financing Agreement, the service charge payment will be commencing from 2023 onward.
2.05	The Payment Dates are April 1 and October 1 in each year.	Not applicable. According to the Financing Agreement, payment will be commencing from 2023 onward.
2.06	The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.	Not applicable. According to the Financing Agreement, the principal payment will be commencing from 2023 onward.

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Statement of Compliance with the Financing Agreement (continued) for the year ended 31 December 2019

1. Criteria (continued)

Article No.	Description	Management's assertion
2. Financing (continued)		
2.07	The Payment Currency is Dollar.	Not applicable. According to the Financing Agreement, payment will be commencing from 2023 onward.
Schedule 2: Project execution		
Section I. Implementation arrangements		
B.	Project Implementation manual	
	The Recipient shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in the Project Implementation Manual (provided, however, that in the event of any conflict between the arrangements and procedures set out in the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail) and shall not amend, abrogate or waive any provision of Project Implementation Manual unless the Association has provided its prior no-objection thereof in writing.	Yes, complied with.
C.	Annual Work Plans and Budgets	
1.	The Recipient shall prepare and furnish to the Association for its no-objection not later than November 30 of each fiscal year during the implementation of the Project (or such later date as the Association may agree), a consolidated Annual Work Plan and Budget ("AWPB") as approved by the Ministry of Economy and Finance, containing all Project activities and Eligible Expenditures proposed to be included in the Project in the following Fiscal Year, including a specification of the sources of financing for all Eligible Expenditures, and environmental and social safeguard measures taken or planned to be taken in accordance with the provisions of Section I.E of this Schedule.	Yes, complied with.
2.	The Recipient shall ensure that the Project is implemented in accordance with the AWPB accepted by the Association for the Recipient's respective fiscal year (provided, however, that in the event of any conflict between the AWPB and the provisions of this Agreement, the provisions of this Agreement shall prevail).	Yes, complied with.

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Statement of Compliance with the Financing Agreement (continued) for the year ended 31 December 2019

1. Criteria (continued)

Article No.	Description	Management's assertion
Schedule 2: Project execution (continued)		
Section I. Implementation arrangements (continued)		
C.	Annual Work Plans and Budgets (continued)	
3.	The Recipient shall not make or allow to be made any change to the AWPB without prior no-objection in writing by the Association.	Yes, complied with.
D.	Sub-projects	
1.	No Sub-project shall be eligible for financing out of the proceeds of the Financing unless such Sub-project has been prepared, approved and implemented in accordance with the criteria, guidelines and procedures set forth in the Project Implementation Manual.	Yes, complied with.
2.	With respect to each eligible Sub-project for which the Recipient has decided to make available a Community Grant, the Recipient shall enter into or cause to be entered into a Community Grant Agreement with the proposed Beneficiary on terms and conditions acceptable to the Association, which shall include the following: (a) the amount of the Community Grant which shall be denominated in Dollars; (b) obligations of the Beneficiary to make the proceeds of the Community Grant available to members of the Beneficiary through loans for the financing of Sub-project activities, under terms and conditions set out or referred to in the Community Grant Agreement and consistent with the Project Implementation Manual and the Safeguard Instruments. (c) provisions to suspend or terminate the right of the Beneficiary to use the proceeds of the Community Grant, or obtain a refund of all or any part of the amount of the Community Grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Community Grant Agreement; and	Yes, complied with.

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Statement of Compliance with the Financing Agreement (continued) for the year ended 31 December 2019

1. Criteria (continued)

Article No.	Description	Management's assertion
Schedule 2: Project execution (continued)		
Section I. Implementation arrangements (continued)		
D.	Sub-projects (continued)	
2.	(d) obligations of the Beneficiary to: (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, in full compliance with the provisions of the Project Implementation Manual, the Safeguard Instruments and the Anti-Corruption Guidelines applicable to recipients of Community Grant and Credit proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the purpose of the Sub-project; (C) procure the goods, works and services to be financed out of the Community Grant in accordance with the provisions of this Agreement; (D) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditure relating to the Sub-project; (E) enable the Recipient and the Association to inspect the Sub-project, its operation and any relevant records and documents; and (F) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.	Yes, complied with.
3.	No Sub-project shall be eligible for financing unless a Community Grant Agreement has been concluded to this effect on terms and conditions set forth in this Section I.D and the Project Implementation Manual.	Yes, complied with.
4.	The Recipient shall exercise its rights under each Community Grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Community Grant Agreement or any of its provisions.	Yes, complied with.

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Statement of Compliance with the Financing Agreement (continued) for the year ended 31 December 2019

1. Criteria (continued)

Article No.	Description	Management's assertion
Schedule 2: Project execution (continued)		
Section I. Implementation arrangements (continued)		
E.	Safeguards	
1.	The Recipient shall implement the safeguard requirements for the Project in a manner and substance satisfactory to the Association in full compliance with the Safeguards Instruments.	Yes, complied with.
3.	Without limitation upon the foregoing, the Recipient shall ensure that each contract for civil works to be financed out of the proceeds of the Financing or by counterpart funds under the Project shall include the obligation of the relevant contractor to carry out such works in accordance with the Safeguards Instruments.	Yes, complied with.
4.	Except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate, waive, or permit to be assigned, amended, abrogated, or waived, any Safeguards Instrument, or any provision thereof.	Yes, complied with.
5.	The Recipient shall maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of the Safeguards Instruments.	Yes, complied with.
6.	The Recipient shall ensure that the terms of reference for any consultancies related to studies, assessments, regulations, technical guidelines, training and technical assistance activities under the Project shall be satisfactory to the Association and, to that end, such terms of reference shall, inter alia, duly incorporate the requirements of the Association's safeguard policies then in force, as applied to the advice conveyed through such studies, assessments, regulations, technical guidelines, training and technical assistance activities.	Yes, complied with.

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Statement of Compliance with the Financing Agreement (continued) for the year ended 31 December 2019

1. Criteria (continued)

Article No.	Description	Management's assertion
Schedule 2: Project execution (continued)		
Section I. Implementation arrangements (continued)		
E.	Safeguards (continued)	
7.	Without limitation upon its other reporting obligations under Section II.A of this Schedule 2, the Recipient shall take all measures necessary to regularly collect and compile, and submit to the Association, as part of the Project Reports, information on the status of compliance with the Safeguards Instruments, providing details of: (a) the measures taken in furtherance of the Safeguards Instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments; and (c) remedial measures taken or required to be taken to address such conditions.	Yes, complied with.
8.	In the event of a conflict between the provisions of any of the Safeguards Instruments and those of this Agreement, the provisions of this Agreement shall prevail.	Yes, complied with.
Section II. Project monitoring, reporting and evaluation		
A. Project reports		
1.	The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association and set forth in the Results Framework. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.	Yes, complied with.

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Statement of Compliance with the Financing Agreement (continued) for the year ended 31 December 2019

1. Criteria (continued)

Article No.	Description	Management's assertion
Schedule 2: Project execution (continued)		
Section II. Project monitoring, reporting and evaluation (continued)		
A. Project reports (continued)		
2.	The Recipient shall: (a) on or about the date thirty (30) months after the Effective Date, prepare and furnish to the Association a mid-term report, in such detail as the Association shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to paragraph I of this Part A, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objectives during the period following such date; and (b) review with the Association such mid-term report, on or about the date forty-five (45) days after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objectives, based on the conclusions and recommendations of the mid-term report and the Association's views on the matter.	Yes, complied with.
B. Financial management, financial reports and audits		
1.	The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.	Yes, complied with.
2.	Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.	Yes, complied with.
3.	The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.	Yes, complied with.

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Statement of Compliance with the Financing Agreement (continued) for the year ended 31 December 2019

1. Criteria (continued)

Article No.	Description	Management's assertion
Section III. Procurement		
A. General		
1.	Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section 1 of the Procurement Guidelines, and with the provisions of this Section.	Yes, complied with.
2.	Consultants' Services. All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.	Yes, complied with.

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Statement of Compliance with the Financing Agreement (continued) for the year ended 31 December 2019

2. Appendix to the Statement of Compliance

Schedule 2: Project execution	
Section I. Implementation arrangements	
A.	Institutional Arrangements
1.	For the purpose of ensuring the efficient and effective implementation of the Project, the Recipient shall maintain, throughout the period of implementation of the Project, Project implementation structures at the national and sub-national level, all with composition, functions, staffing and resources satisfactory to the Association and set out in the Project Implementation Manual.
2	<p>Without limitation to foregoing, the Recipient shall maintain:</p> <p>(a) A Steering Committee, chaired by the Mol and including as members relevant national ministries and institutions involved in the implementation of the Project, which shall be responsible, inter alia, for: (i) endorsing the Annual Work Plans and Budgets for the Project; (ii) reviewing the progress of the Project and providing strategic guidance on its implementation and the achievement of its objectives; and (iii) facilitating coordination of Project activities among the members of the committee and the removal of any obstacles to the timely and effective implementation of the Project.</p> <p>(b) A Project Coordination Office within the Mol, which shall be responsible, inter alia, for the overall Project coordination, management, procurement including support for procurement activities at the Commune/Sangkat level, financial management including support for financial management activities undertaken by the Sub-Management Teams, environmental and social safeguards management with the oversight of the IRC / Ministry of Economy and Finance on any resettlement matters and support to the relevant Sub-Management Teams, and overall monitoring and evaluation of the Project including support for monitoring and evaluation activities undertaken by the Sub-Management Teams.</p> <p>(c) Sub-Management Teams within each of the Siem Reap Provincial Administration and Phnom Penh Capital Administration, which shall be responsible, inter alia, for the day-to-day coordination and oversight of Project activities under, respectively, Part I and Part 2 of the Project, and providing administrative and management support for district level and commune level institutions and the mobilization of technical expertise from provincial or national level to support community level implementation activities.</p>

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Statement of Compliance with the Financing Agreement (continued) for the year ended 31 December 2019

2. Appendix to the Statement of Compliance (continued)

Schedule 2: Project execution (continued)	
Section I. Implementation arrangements (continued)	
E.	Safeguards
2.	<p>Without limitation upon the foregoing, the Recipient shall:</p> <p>(a) (i) screen and assess any potential negative environmental and social impacts of Project activities, and take all necessary actions to avoid, minimize, mitigate and/or compensate such impacts in a manner satisfactory to the Association in accordance with the ESMF; and (ii) whenever any EMPs shall be required pursuant to the ESMF, proceed to have such EMPs: (A) prepared in form and substance satisfactory to the Association in accordance with the ESMF; (B) if requested by the Association, submitted to the Association for review and no-objection; (C) adopted and disclosed in a manner satisfactory to the Association in accordance with the ESMF; and (D) thereafter, implemented in accordance with their terms and in a manner satisfactory to the Association, in full compliance with the ESMF; and</p> <p>(b) (i) take all necessary actions to avoid or minimize to the extent possible any involuntary loss by people of shelter, productive assets or access to productive assets or income or means of livelihood, temporarily or permanently, and the displacement of such people in the carrying out of the Project or any part thereof; (ii) where the acquisition of land or assets or the displacement of people is unavoidable, before initiating the implementation of any Project activities which would result in such acquisition or displacement, make available to such people compensation and, as applicable, relocate and rehabilitate the Displaced Persons in a manner satisfactory to the Association in accordance with the RPF and; and (iii) whenever required pursuant to the RPF, proceed to have RAPs: (A) prepared in form and substance satisfactory to the Association in accordance with the RPF; (B) except as otherwise agreed with the Association, submitted to the Association for review and no-objection; (C) adopted and disclosed in a manner satisfactory to the Association in accordance with the RPF; and (D) thereafter, implemented in accordance with their terms and in a manner satisfactory to the Association, in full compliance with the RPF.</p>
F.	Anti-Corruption
	<p>The Recipient shall ensure that the Project is carried out in accordance with the provisions the Anti-Corruption Guidelines.</p>

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Livelihood Enhancement and Association of the Poor Project

Credit Number 5960 – KH

Statement of Compliance with the Financing Agreement (continued) for the year ended 31 December 2019

2. Appendix to the Statement of Compliance (continued)

Schedule 2: Project execution (continued)	
Section I. Implementation arrangements (continued)	
G.	Contingent emergency response
1.	<p>In order to ensure the proper implementation of contingent emergency response activities under Part 4 of the Project ("Emergency Response Part"), the Recipient shall:</p> <ul style="list-style-type: none">(a) prepare and furnish to the Association for its review and no-objection, an Emergency Response Manual ("ERM") which shall set forth detailed implementation arrangements for the Emergency Response Part, including: (i) any special institutional structures or arrangements for coordinating and implementing the Emergency Response Part; (ii) specific activities which may be included in the Emergency Response Part, Eligible Expenditures required therefore ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for the Emergency Response Part; (iv) procurement methods and procedures for the Emergency Response Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social safeguard management arrangements and instruments the Emergency Response Part; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the Emergency Response Part(b) afford the Association a reasonable opportunity to review the proposed ERM.(c) promptly adopt the ERM for the Emergency Response Part as accepted by the Association;(d) ensure that the Emergency Response Part is carried out in accordance with the ERM; provided, however, that in the event of any inconsistency between the provisions of the ERM and this Agreement, the provisions of this Agreement shall prevail; and(e) not amend, suspend, abrogate, repeal or waive any provision of the ERM without the prior written no-objection by the Association.
2.	<p>The Recipient shall, throughout the implementation of the Emergency Response Part, maintain the institutional structures and arrangements established in accordance with the ERM, with adequate staff and resources satisfactory to the Association.</p>

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Statement of Compliance with the Financing Agreement (continued) for the year ended 31 December 2019

2. Appendix to the Statement of Compliance (continued)

Schedule 2: Project execution (continued)	
Section I. Implementation arrangements (continued)	
G.	Contingent emergency response (continued)
3.	<p>The Recipient shall undertake no activities under the Emergency Response Part unless and until the following conditions have been met in respect of said activities:</p> <p>(a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Emergency Response Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and</p> <p>(b) the Recipient has ensured the preparation and disclosure of all safeguard instruments as may be required for said activities in accordance with the ERM, the Association has provided its no-objection to all said instruments, and the Recipient has ensured the implementation of any actions which are required to be taken under said instruments.</p>
Section III. Procurement	
B. Particular methods of procurement of goods, works and non-consulting services	
1.	International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2.	The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule; (b) Shopping; (c) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association; (d) Direct Contracting; (e) Force Account; (f) Procurement from UN agencies; and (g) Community Participation procedures which have been found acceptable to the Association.
C. Particular methods of procurement of consultants' services	
1.	Quality and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

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Statement of Compliance with the Financing Agreement (continued) for the year ended 31 December 2019

2. Appendix to the Statement of Compliance (continued)

Schedule 2: Project execution (continued)	
Section III. Procurement (continued)	
C. Particular methods of procurement of consultants' services (continued)	
2.	Other Methods of Procurement of Consultants' Services. The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.
D. Review by the association of procurement decisions	
	The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.
E. Additional Provisions	
	Unless otherwise agreed to between the Recipient and the Association, and for the purposes of this Section, guidance for implementing the Procurement Guidelines and the Consultant Guidelines is provided in the Kingdom of Cambodia's Updated Procurement Manual for all Externally Financed Projects/Programs, promulgated pursuant to Sub-Decree 74 on Promulgating the Updated Standard Procedures for Implementing AI I Externally Financed Projects/Programs, dated May 22, 2012. In case of inconsistency between the provision of these regulations and manual and the provisions of this Agreement (including the Procurement Guidelines and the Consultant Guidelines) the provisions of this Agreement (including the Procurement Guidelines and the Consultant Guidelines) shall prevail.
F. Procurement of Emergency Expenditures under the Emergency Response Part	
	Notwithstanding any provision to the contrary in this Section, Emergency Expenditures required for activities included in the Emergency Response Part shall be procured in accordance with the procurement methods and procedures set forth in the ERM.

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Credit Number 5960 – KH

Statement of Compliance with the Financing Agreement (continued) for the year ended 31 December 2019

2. Appendix to the Statement of Compliance (continued)

Annex to Schedule 2	
National Competitive Bidding Procedures	
<p>The competitive bidding procedure to be followed for National Competitive Bidding shall be the public competitive methods set forth in the Kingdom of Cambodia's Updated Procurement Manual for All Externally Financed Projects/Programs ("Procurement Manual"), with the modifications set forth below in order to ensure broad consistency with the provisions of Section I of the Procurement Guidelines as required by paragraphs 3.3 and 3.4 of the Procurement Guidelines. The Procurement Manual elaborates detailed procedures for the procurement of goods, works and non-consulting services under projects financed by development partners in Cambodia, and is promulgated through the Sub-decree 74 on "Promulgating the Updated Standard Procedures for Implementing all Externally Financed Projects/Programs" dated May 22, 2012, which is issued pursuant to Article 3 of the Kingdom of Cambodia's Law on Public Procurement dated January 14, 2012.</p>	
1.	Eligibility
	<p>No bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than as provided in Section 1 of the Procurement Guidelines. Bidder registration shall not be used to determine eligibility under Section 1 of the Procurement Guidelines. Foreign bidders shall not be asked or required to form joint ventures with national bidders in order to submit a bid. Bidders located in the same province or city as the procuring entity shall not be given preference over bidders located outside that city or province.</p>
2.	Bid Submission, Bid Opening and Bid Evaluation
	<p>(a) Prospective bidders shall be given at least thirty (30) days from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later, to prepare and submit bids;</p> <p>(b) The evaluation of a bid shall be made in strict adherence to the criteria that shall be clearly specified in the bidding documents and quantified in monetary terms for evaluation criteria other than price; merit points shall not be used in bid evaluation;</p> <p>(c) The lowest evaluated bidder shall be required to meet minimum qualification criteria which shall be determined based on the bidder's capacity and resources to perform the contract, specifically its experience and past performance on similar contracts, capabilities with respect to personnel, equipment and construction and manufacturing facilities, and financial capacity;</p> <p>(d) No bidder shall be rejected on the basis of a comparison with the Recipient's estimate and budget ceiling without the Association's prior concurrence;</p> <p>(e) A copy of the minutes of the public bid opening shall be promptly provided to all bidders and to the Association with respect to contracts subject to prior review; and;</p> <p>(f) Neither shall all bids be rejected nor shall new bids invited without the Association's prior written concurrence.</p>

Ministry of Interior

Livelihood Enhancement and Association of the Poor Project

Credit Number 5960 – KH

Statement of Compliance with the Financing Agreement (continued) for the year ended 31 December 2019

2. Appendix to the Statement of Compliance (continued)

Annex to schedule 2 (continued)	
National Competitive Bidding Procedures (continued)	
3.	Right to Inspect/Audit
	Each bidding document and contract financed from the proceeds of the Financing shall include a provision requiring bidders, suppliers, contractors and subcontractors to permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract and to have said accounts and records audited by auditors appointed by the Association. The deliberate and material violation by a bidder, supplier, contractor or subcontractor of such provision may amount to obstructive practice.
4.	Publication
	Information on contract award shall be published at least in a national newspaper or in the official gazette of wide circulation, or on a widely used website with free national and international access within two (2) weeks of receiving the Association's no objection to the award recommendation for contracts subject to prior review, and within two (2) weeks from the award for contracts subject to post review. Publication shall include the following information: (a) the name of each bidder which submitted a bid; (b) bid prices as read out at bid opening; (c) evaluated prices of each bid that was evaluated; (d) the names of bidders whose bids were rejected and the reasons for their rejection, and (e) the name of the winning bidder, the final total contract price, and the duration and summary scope of the contract.