



CREDIT NUMBER 5494 -PK

Financing Agreement

(Sindh Agricultural Growth Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated *August 25*, 2014

CREDIT NUMBER 5494 -PK

FINANCING AGREEMENT

AGREEMENT dated August 25, 2014, entered into between ISLAMIC REPUBLIC OF PAKISTAN ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to forty nine million four hundred thousand Special Drawing Rights (SDR 49,400,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Un-withdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).
- 2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.
- 2.06. The Payment Dates are April 1 and October 1 in each year.

- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.08. The Payment Currency is the Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.04. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is the Secretary, Additional Secretary, Joint Secretary, Deputy Secretary or Section Officer of the Economic Affairs Division of the Ministry of Finance, Economic Affairs, Revenue, Statistics, and Privatization, each such person acting individually.

5.02. The Recipient's Address is:

Economic Affairs Division
Ministry of Finance, Economic Affairs, Revenue,
Statistics and Privatization
Islamabad
Pakistan

Facsimile:

92-51-921-8976

5.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

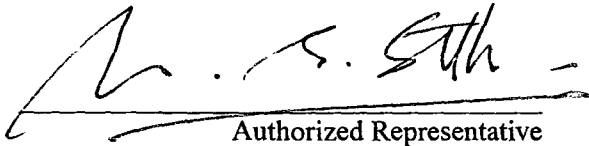
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AGREED at Islamabad, Pakistan, as of the day and year first above written.

ISLAMIC REPUBLIC OF PAKISTAN

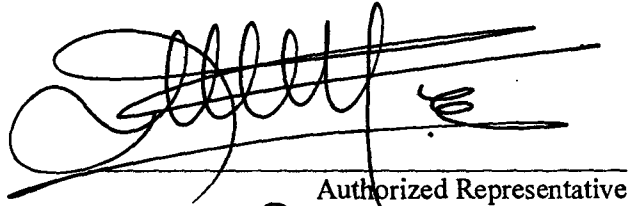
By


Authorized Representative

Name: Muhammad Saleem Sethi
Title: Secretary - EAD - Gov Pakistan

INTERNATIONAL DEVELOPMENT ASSOCIATION

By


Authorized Representative

Name: Rachid Benmessagel
Title: Country Director - Pakistan

SCHEDULE 1

Project Description

The objective of the Project is to improve the productivity and market access of small and medium producers in important commodity value chains.

The Project consists of the following parts:

A. Capacity Building and Institutional Development

1. Capacity Building of Producers

Carrying out of training needs assessment of farmers and provision of training to farmers further to such assessment, including through use of demonstration plots, public information campaigns, face-to-face training, farmer-to-farmer study tours, and domestic and international exposure visits, in areas such as good agricultural practices, agribusiness management, market negotiations, basic accounting, and recordkeeping.

2. Modernization of Extension Services and Agricultural Research

- (a) Technical assistance to and capacity building of relevant government departments in relation to Part B of the Project, general strategic planning and management, and design and delivery of capacity building activities;
- (b) rehabilitation and modernization of systems and facilities of relevant government departments;
- (c) modernization of extension services through introduction of information and communication technology-based technologies, with a focus on commodities and groups targeted under Part B of the Project; and
- (d) provision of Research Grants to Research Grant Beneficiaries to support research in relation to, among other things, crop agriculture, livestock, and fisheries.

3. Strategic Planning for Agricultural Sector

- (a) Development of an agricultural sector development strategy for Project Implementing Entity; and

- (b) Preparation of feasibility studies for future investment plans, including in relation to crop and livestock value chains additional to those targeted under the Project.

B. Investment for Agricultural Growth

Carrying out of investments, including in relation to implements, equipment, and infrastructure support, and provision of extension services, through Investment Subprojects in:

1. horticulture value chains, namely, date, onion, and chili crops, for adoption of good agricultural practices for production and post-harvest handling;
2. rice value chain for post-harvest loss management;
3. dairy value chain; and
4. selected value chains for technological innovation for improved productivity and market access.

C. Project Management and Monitoring and Evaluation

Project management and monitoring and evaluation, including development and implementation of communications strategy and establishment of management information system and grievance redress mechanism.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. On-lending

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity under the same terms and conditions under which they are made available to the Recipient and in accordance with the Recipient's on-lending and budgetary policies and procedures.
2. In the event of a conflict between the on-lending and budgetary policies and procedures of the Recipient and the provisions of this Agreement, including such additional instructions as the Association shall have specified by notice to the Recipient pursuant to Section IV.A.1 of this Schedule, the provisions of this Agreement, including said additional instructions, shall govern.
3. The Recipient shall exercise its rights under the on-lending arrangements referred to in paragraph 1 of this Part A 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 its rights or obligations under said arrangements.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Safeguards

The Recipient shall ensure, and cause the Project Implementing Entity to ensure, that the activities under the Project: (i) are carried out in accordance with the Environmental and Social Management Framework, each Environmental and Social Management Plan and the Integrated Pest Management Plan; and (ii) do not involve land acquisition or Involuntary Resettlement of persons and/or businesses. In the event that any land is required for the Project, the Recipient, in consultation with the Association, shall cause the Project Implementing Entity to ensure that such land be obtained on a willing-buyer-willing-seller basis, or as a voluntary donation or bequest, in each case in conformity with the requirements of the Environmental and Social Management Framework.

D. Annual Work Plans and Budgets

The Recipient shall cause the Project Implementing Entity to:

1. throughout Project implementation, furnish to the Association for approval as soon as available, but in any case not later than April 30 of each year, the annual work plan and budget for the Project for each subsequent fiscal year, of such scope and detail as the Association shall have reasonably requested, except for the annual work plan and budget for the first fiscal year which shall be furnished no later than one (1) month after the Effective Date; and
2. no later than three (3) months after furnishing the annual work plan and budget referred to in the preceding paragraph to the Association, finalize and adopt, and thereafter ensure that the Project is carried out in accordance with, such plan and budget as agreed with the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall cause the Project Implementing Entity to 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 the indicators set forth in the Operations Manual. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.

B. Midterm Review

The Recipient shall:

3. carry out jointly with the Association and the Project Implementing Entity, not later than thirty (30) months, or such other period as may be agreed with the Association, after the Effective Date, a midterm review to assess the status of Project implementation, as measured against the indicators set forth in the Operations Manual. Such review shall include an assessment of the following: (a) overall progress in implementation; (b) results of monitoring and evaluation activities; (c) progress on procurement and disbursement; (d) progress on implementation of safeguards measures; (e) implementation arrangements; and (f) the need to make any adjustments to the Project and reallocate funds to improve performance;

2. to this end, cause the Project Implementing Entity to prepare and furnish to the Recipient and the Association, at least one (1) month before such review, a report, in scope and detail satisfactory to the Association and integrating the results of the monitoring and evaluation activities performed pursuant to Section II.A.1 of the Schedule to the Project Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the period following such date; and
3. review jointly with the Association and the Project Implementing Entity the report referred to in the preceding paragraph and thereafter cause the Project Implementing Entity to take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of such report and the Association's views on the matter.

C. 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.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall cause the Project Implementing Entity to prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall cause the Project Implementing Entity to have the 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) fiscal year of the Project Implementing Entity. 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.

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 I of the Procurement Guidelines, and with the provisions of this Section.

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.
 3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.
- 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. **Other Methods of Procurement of Goods, Works, and Non-consulting Services.** 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) Direct Contracting; and (d) 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.
 4. **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.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance hundred percent (100%) (inclusive of Taxes) of Eligible Expenditures, consisting of goods, works, non-consulting services, consultants' services (including audit), Research Grants, Training, and Operating Costs.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed six hundred and fifty thousand Special Drawing Rights (SDR 650,000) may be made for payments made prior to this date but on or after August 1, 2013, for Eligible Expenditures.
2. The Closing Date is June 30, 2019.

ANNEX TO SCHEDULE 2

National Competitive Bidding: Additional Provisions

The procedures applicable to the procurement of goods, works, and non-consulting services under contracts awarded on the basis of National Competitive Bidding shall be those set out in Rules 4 to 15, 17, 20 to 26, 29, 30, and 41 to 45 of the Project Implementing Entity's Public Procurement Rules (2010) (SROI (SGA&CD) 2-30/2010), with the additional provisions set forth below in order to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines, pursuant to paragraph 3.3 of said Guidelines. In the event of a conflict between the Recipient's procedures and the additional provisions set forth below, the latter shall govern.

- (i) Invitations to bid shall be advertised in at least one (1) national newspaper with a wide circulation, at least thirty (30) days prior to the deadline for the submission of bids.
- (ii) Bid documents shall be made available, by mail or in person, to all who are willing to pay the required fee.
- (iii) Foreign bidders shall not be precluded from bidding, and no preference of any kind shall be given to national bidders in the bidding process.
- (iv) Bidding shall not be restricted to pre-registered firms.
- (v) Qualification criteria shall be stated in the bidding documents.
- (vi) Bids shall be opened in public, immediately after the deadline for the submission of bids.
- (vii) Single bids shall also be evaluated.
- (viii) Bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior written agreement of the Association.
- (ix) Before rejecting all bids and soliciting new bids, the Association's prior written agreement shall be obtained.
- (x) Contracts shall not be awarded on the basis of nationally negotiated rates.
- (xi) Bids shall be solicited and works contracts awarded on the basis of unit prices.
- (xii) Contracts shall be awarded to the lowest evaluated and qualified bidder.

- (xiii) Post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidder.
- (xiv) Draft contracts shall be reviewed by the Association in accordance with Prior Review procedures.
- (xv) A firm declared ineligible by the Association, based on a determination by the Association that the firm has engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for or executing an Association-financed contract, shall be ineligible to be awarded an Association-financed contract during the period of time determined by the Association.
- (xvi) Each contract financed from the proceeds of the Financing shall provide that the suppliers, contractors, and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the performance of the contract and to have said accounts and records audited by auditors appointed by the Association. The deliberate and material violation by the supplier, contractor, or subcontractor of such provision may amount to an obstructive practice.
- (xvii) Recipient-owned enterprises shall be eligible to bid only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Recipient.
- (xviii) The Association shall declare a firm ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Association if it at any time determines that the firm has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for or executing a contract financed by the Association.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 1 and October 1:	
commencing October 1, 2019 to and including April 1, 2029	1.65%
commencing October 1, 2029 to and including April 1, 2039	3.35%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.

APPENDIX

Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
2. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
3. “Department of Agriculture” or “DoA” means the Project Implementing Entity’s government department in charge of agriculture or any successor thereto.
4. “Department of Planning and Development” means the Project Implementing Entity’s government department in charge of planning and development, or any successor thereto.
5. “DoA Project Management Unit” or “DoA PMU” means the unit established by the Project Implementing Entity within its Department of Agriculture for purposes of implementing DoA’s Respective Part of the Project and referred to in Section I.A.3 of the Schedule to the Project Agreement.
6. “DoA’s Respective Part of the Project” means Project activities to be implemented by the Project Implementing Entity through its Department of Agriculture.
7. “Department of Livestock and Fisheries” or “DoLF” means the Project Implementing Entity’s government department in charge of livestock and fisheries or any successor thereto.
8. “DoLF Project Management Unit” or “DoLF PMU” means the unit established by the Project Implementing Entity within its Department of Livestock and Fisheries for purposes of implementing DoLF’s Respective Part of the Project and referred to in Section I.A.4 of the Schedule to the Project Agreement.
9. “DoLF’s Respective Part of the Project” means Project activities to be implemented by the Project Implementing Entity through its Department of Livestock and Fisheries.
10. “District” means an administrative district established in accordance with the Recipient’s law in the Project Implementing Entity, or any successor thereto, and “Districts” refers to all “Districts” in the Project Implementing Entity.

11. “Environmental and Social Management Framework” means the Project Implementing Entity’s plan, dated September 18, 2013, agreed with the Association and setting forth mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to eliminate any adverse environmental and social impacts of activities to be implemented under the Project, offset them, or reduce them to acceptable levels, or enhance positive impacts, and guidelines and procedures for the screening of Investment Subprojects and the preparation of Environmental and Social Management Plans, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes, appendices, or schedules to such framework.
12. “Environmental and Social Management Plan” means each of the Project Implementing Entity’s plans, prepared pursuant to the Environmental and Social Management Framework and agreed with the Association, setting forth mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to eliminate any adverse environmental and social impacts of activities to be implemented under an Investment Subproject, offset them, or reduce them to acceptable levels, or enhance positive impacts, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes, appendices, or schedules to such plan.
13. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
14. “Integrated Pest Management Plan” means the Project Implementing Entity’s plan, dated September 18, 2013, agreed with the Association and setting forth mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, for integrated pest management and the safe handling of pesticides under activities to be implemented under the Project, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes, appendices, or schedules to such plan.
15. “Investment Subproject” means a specific investment activity to be supported under Part B of the Project in accordance with the criteria set forth in Section I.F of the Schedule to the Project Agreement and in further detail in the Operations Manual, and “Investment Subprojects” means two or more of such Investment Subprojects.
16. “Investment Subproject Beneficiary” means a farmer or a group of farmers meeting specific criteria set forth in the Operations Manual to receive support for

an Investment Subproject under Part B of the Project, and Investment Subproject Beneficiaries means two or more of such Investment Subproject Beneficiaries.

17. “Involuntary Resettlement” means the following caused on account of Project implementation: (a) the involuntary taking of land, resulting in (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihood of the affected person.
18. “Operating Costs” means the incremental operating costs of the Project incurred by the Recipient or the Project Implementing Entity for purposes of Project management, implementation, and monitoring and evaluation on account of office supplies and consumables, utilities, bank charges, communications, mass media and printing services, vehicle rental, operation, maintenance, and insurance, office space rental, building and equipment maintenance, domestic and international travel, lodging, and subsistence allowances, and salaries and salary supplements of contractual and temporary staff, but excluding salaries and salary supplements of members of the Recipient’s or the Project Implementing Entity’s civil service.
19. “Operations Manual” means the Project Implementing Entity’s manual, dated October 2, 2013 and agreed with the Association, setting forth implementation, organizational, administrative, monitoring and evaluation, financial management, disbursement, and procurement arrangements for purposes of implementation of the Project, including criteria, procedures, and terms for Investment Subprojects, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes, appendices, or schedules to such manual.
20. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
21. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated December 17, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
22. “Project Coordination Unit” or “PCU” means the unit established by the Project Implementing Entity within its Department of Planning and Development for purposes of coordinating Project implementation and referred to in Section I.A.2 of the Schedule to the Project Agreement.

23. "Project Implementing Entity" means Province of Sindh.
24. "Project Implementation Unit" or "PIU" means a unit established by the Project Implementing Entity in a District for purposes of implementing the Project in such District and referred to Section I.A.5 of the Schedule to the Project Agreement.
25. "Project Management Units" means the DoA Project Management Unit and the DoLF Project Management Unit.
26. "Project Steering Committee" or "PSC" means the committee established by the Project Implementing Entity and responsible for providing overall strategic guidance for Project implementation and referred to in Section I.A.1 of the Schedule to the Project Agreement.
27. "Province of Sindh" means the Recipient's administrative subdivision of such name in the southeast of its territory, or a successor thereto.
28. "Research Grant" means a grant to be provided under Part A.2 (d) of the Project, and in accordance with the provisions set forth in Section I.G of the Schedule to the Project Agreement and in further detail in the Operations Manual.
29. "Research Grant Agreement" means an agreement, referred to in Section I.G of the Schedule to the Project Agreement, to be entered to between the Project Implementing Entity and a Research Grant Beneficiary, setting forth the terms and conditions governing a Research Grant.
30. "Research Grant Beneficiary" means a researcher, group of researchers, a research institution, or group of researching intuitions to receive a Research Grant under Part A.2 (d) of the Project.
31. "Training" means the cost of training under the Project, on the basis of the annual work plans and budgets referred to in Section I.D of the Schedule to the Project Agreement, attributable to courses, seminars, study tours, and workshops, along with the cost of domestic and international travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to training preparation and implementation.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

“Section 3.02. *Service Charge and Interest Charge*

- (a) *Service Charge*. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.
 - (b) *Interest Charge*. The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.”
2. Paragraph 28 of the Appendix (“Financing Payment”) is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”.
3. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the remaining paragraphs accordingly:

“32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b).”
4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.
5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02 (a).