

CREDIT NUMBER 5678-LK

Financing Agreement

(Early Childhood Development Project)

between

THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 23, 2015

FINANCING AGREEMENT

AGREEMENT dated October 23, 2015, entered into between THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA ("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 thirty five million six hundred thousand Special Drawing Rights (SDR 35,600,000) (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 Unwithdrawn 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.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 June 15 and December 15 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 Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through its State Ministry of Child Affairs (“SMCA”) in accordance with the provisions of Article IV of the General Conditions.
- 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.
- 4.02. 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 its Secretary, Ministry of Finance.
- 5.02. The Recipient’s Address is:

Ministry of Finance
The Secretariat
Colombo 1, Sri Lanka

Telephone:	Facsimile:
94 11 2484693	94 11 2447633
	94 11 2449823

5.03. The Association's Address is:

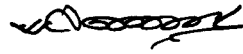
International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

AGREED at Colombo, Sri Lanka, as of the day and year first above written.

DEMOCRATIC SOCIALIST REPUBLIC
OF SRI LANKA

By



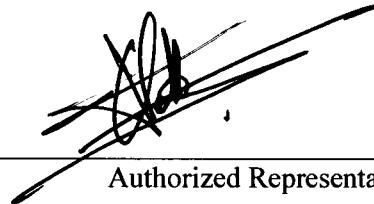
Authorized Representative

Name: Dr. R.H.S. Samarasinghe

Title: Secretary, Ministry of Finance

INTERNATIONAL DEVELOPMENT
ASSOCIATION

By



Authorized Representative

Name: Dr. Françoise Clottes

Title: Country Director for Sri Lanka and Maldives

SCHEDULE 1

Project Description

The objective of the Project is to enhance equitable access to and improve the quality of early childhood development services.

The Project consists of the following parts:

Part 1: Expanding and Strengthening the Delivery of Early Childhood Development Services

Improving the quality of early childhood development (“ECD”) services; and expanding equitable access to ECD services through:

(a) Quality Improvements to the Provision of ECD Services

Provision of support for improvement of ECD service quality, including:

- (i) revision of the national curriculum framework and child development standards for ECD Centers, development of teaching and learning materials, conducting annual child development assessments, establishment of a Registration System in each Province, and development of ECD Resource Centers;
- (ii) provision of Grants to selected ECD Centers for facility improvement, including minor civil works and upgrading of equipment and furniture;
- (iii) provision of teaching-learning materials to selected ECD Centers;
- (iv) training of selected ECD Teachers, including the preparation of a capacity development plan for ECD Teachers, supporting participation of ECD Teachers in one to two-year ECD education programs and standardized, short-term training;
- (v) training of trainers on delivering short-term training to ECD Teachers;
- (vi) organization of periodic interaction programs for selected ECD Teachers and orientation programs on child development for primary school teachers; and
- (vii) promotion of health and nutritional awareness, including development and implementation of health sub-modules as part of

the training for ECD Teachers, and organization of Parental Awareness Program sessions focusing on health awareness for parents.

(b) Expansion of Equitable Access to ECD Services

Provision of support for expanding access to ECD services, including:

- (i) development of standardized modules for, and delivery of, Parental Awareness Programs;
- (ii) increasing access to ECD Centers for poor and underprivileged children, including the provision of Tuition Fees to selected children and transportation to ECD Centers from nearby orphanages; and
- (iii) supporting the establishment and extension of ECD Centers in unserved and underserved areas as identified through the mapping exercise carried out under Part 2(a) below.

(c) Quality Improvements of ECD Services in the Plantation Sector

Provision of support for improvement of ECD services quality in the Plantation Sector, including:

- (i) construction or rehabilitation of selected ECD Centers;
- (ii) training of selected ECD Teachers, supporting participation of ECD Teachers in one to two-year ECD education programs, and standardized, short-term training;
- (iii) organization of periodic interaction programs for selected ECD Teachers; and
- (iv) review and delivery of Parental Awareness Programs.

Part 2: Project Management, Monitoring and Evaluation

Strengthening the capacity of the Recipient to carry out the Project, including:

- (a) carrying out a mapping exercise to identify the distribution of ECD Centers and gaps in the provision of ECD services;
- (b) provision of technical advisory services and implementation support in the areas of Project management, institutional analysis, preparation of

guidelines, development of information systems, monitoring and evaluation, planning, communication, procurement, financial management, and environmental and social safeguards;

- (c) development and implementation of the comprehensive capacity development plan for ECD Teachers prepared under Part 1(a)(iv) above;
- (d) training of ECD administrators;
- (e) provision of technical assistance for assessment studies, surveys and evaluations; and
- (f) financing of Incremental Operating Costs.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall establish, by no later than November 15, 2015, and maintain, throughout the implementation of the Project, a Steering Committee, with composition and terms of reference satisfactory to the Association. The Steering Committee shall be responsible for overall Project oversight and supervision.
2. The Recipient shall establish, by no later than January 15, 2016, or in any event prior to the commencement of any Project activities, and maintain, throughout the implementation of the Project, a PMU under the direction of qualified management provided with sufficient resources, and staffed with competent personnel in adequate numbers, with qualifications, experience and under terms of reference acceptable to the Association.
3. The PMU shall be responsible for implementation and coordination of the Project, including: (a) procurement, disbursement and fiduciary arrangements; (b) preparation and implementation of all the Safeguards Instruments; (c) public awareness and communications; (d) overall quality assurance; (e) monitoring and evaluation; and (f) consolidated Project reporting requirements.

B. Implementation Arrangements

1. The Recipient shall: (a) adopt the Project Operational Manual by no later than November 15, 2015, or in any event prior to the provision of any Grants under Part 1(a)(ii) of the Project, or Tuition Fees under Part (b)(ii) of the Project; (b) carry out the Project in accordance with the Project Operational Manual in a manner satisfactory to the Association; and (c) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of said Project Operational Manual or any part thereof without the prior written agreement of the Association.
2. In the event of any inconsistency between the Project Operational Manual and this Agreement, the provisions of this Agreement shall prevail.
3. The Recipient shall install an accounting system satisfactory to the Association by no later than December 31, 2015.

C. Implementation Agreement

1. To facilitate the carrying out of the Part 1(c) of the Project, the Recipient shall, by no later than November 15, 2015, enter into an Implementation Agreement with the PHDT to make part of the proceeds of the Financing available to the PHDT under terms and conditions approved by the Association, which shall include the obligation of PHDT to carry out Part 1(c) of the Project: (a) in accordance with the relevant provisions of this Schedule; and (b) in accordance with the Project Operational Manual.
2. The Recipient shall exercise its rights under the Implementation 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 the Implementation Agreement or any of its provisions.

D. Grants

1. The Recipient shall make Grants available to Beneficiaries in accordance with procedures acceptable to the Association and outlined in the Project Operational Manual for the purpose of carrying out activities under Part 1(a)(ii) of the Project.
2. The Recipient shall make each Grant pursuant to a Grant Agreement with the respective Beneficiary, on terms and conditions satisfactory to the Association, and shall obtain rights adequate to protect its interests and those of the Association, including the following:
 - (a) the Beneficiary's obligation to carry out the activities financed by the Grant in accordance with the applicable provisions of the Project Operational Manual, the Procurement Guidelines, the Consultant Guidelines, the Safeguard Instruments and the Anti-Corruption Guidelines;
 - (b) the Beneficiary's obligation to prepare and furnish to the Association and the Recipient all such information as the Recipient or the Association shall reasonably request in relation to the Grant;
 - (c) the Association's and the Recipient's right to require audits of the Beneficiary's records and accounts;
 - (d) the Association's and the Recipient's right to inspect the activities financed by the Grant, their operation and any relevant records and documents; and
 - (e) the Recipient's right to suspend, terminate, accelerate or seek refund of the Grant.

3. The Recipient shall exercise its rights under the 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 in writing, the Recipient shall not assign, amend, abrogate or waive any Grant Agreement or any of its provisions.

E. Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Safeguards Instruments.
2. Without limitation upon the provisions of the preceding paragraph, whenever an additional or revised Environmental Management Plan or Resettlement Action Plan shall be required for any proposed Project activity in accordance with the provisions of the Environmental Management Framework or Social Impact Management Framework, as the case may be, the Recipient shall, prior to the commencement of such activity, proceed to have such EMP or RAP: (a) prepared in accordance with the provisions of the EMF or SIMF, as applicable; (b) furnished to the Association for review and approval; and (c) thereafter adopted and disclosed as approved by the Association, in a manner acceptable to the Association.
3. 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.
4. Without limitation upon its other reporting obligations under Section II.A of this Agreement, 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:
 - (i) the measures taken in furtherance of the Safeguards Instruments;
 - (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments; and
 - (iii) remedial measures taken or required to be taken to address such conditions.
5. 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.

F. Anti-Corruption

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

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall cause the PMU 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 Project Operational Manual. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

B. Mid-Term Review Report

1. Without limitation to the provisions of paragraph A.1 above, the Recipient shall cause the PMU to prepare, under terms of reference satisfactory to the Association, and furnish to the Association no later than July 30, 2018, a consolidated mid-term review report for the Project, summarizing the results of the monitoring and evaluation activities carried out from the inception of the Project, and setting out the measures recommended to ensure the efficient completion of the Project and to further the objectives thereof.

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 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 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 fiscal 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.

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 additional procedures set forth in Attachment 1 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; and (e) 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.
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) Selection of Particular Types of Consultants – Selection of UN Agencies; (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

1. 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 Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consultants' services, and Training under Part 1 of the Project	11,200,000	100%
(2) Grants under Part 1(a)(ii) of the Project	19,050,000	100% of the amount disbursed
(3) Tuition Fees under Part 1(b)(ii) of the Project	1,800,000	100%
(4) Goods, non-consulting services, consultants' services, Incremental Operating Costs, and Training under Part 2 of the Project	3,550,000	100%
TOTAL AMOUNT	35,600,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 360,000 may be made for payments made prior to this date but on or after November 1, 2014, for Eligible Expenditures under Category (4); or
 - (b) under Category (2) or Category (3) until the Recipient has established adequate implementation arrangements, flow of funds, financial management and procurement system, in form and substance satisfactory to the Association as set forth in the Project Operational Manual, for implementing activities under Part 1(a)(ii) or Part 1(b)(ii) respectively of the Project.
2. The Closing Date is June 30, 2021.

ATTACHMENT 1 TO SCHEDULE 2

Requirements Under National Competitive Bidding

In order to ensure economy, efficiency, transparency, and broad consistency with the provisions of the Procurement Guidelines; goods, works and non-consulting services procured under National Competitive Bidding (NCB) method shall be subject to the following requirements:

1. Only the model bidding documents for NCB agreed with the Association shall be used for bidding.
2. Invitations for bids will be advertised in at least one widely circulated national daily newspaper, and bidding documents will be made available at least twenty one (21) days before, and issued up to, the deadline for submission of bids.
3. Qualification criteria will be stated in the bidding documents, and if a registration process is required, a foreign firm declared as the lowest evaluated responsive bidder shall be given a reasonable time for registering, without let or hindrance.
4. Bids will be opened in public in one location, immediately after the deadline for the submission of bids, as stipulated in the bidding document (the bidding document will indicate the date, time and place of bid opening).
5. Except in cases of *force majeure* or exceptional situations beyond the control of the implementing agency, the extension of bid validity will not be allowed.
6. Bids will not be rejected merely on the basis of a comparison with an official estimate.
7. Except with the prior concurrence of the Association, there will be no negotiation of price with bidders, even with the lowest evaluated bidder.
8. A bidder's bid security will apply only to the specific bid, and a contractor's performance security will apply only to the specific contract under which they are furnished.
9. Bids will not be invited on the basis of percentage premium or discount over the estimated cost, unless agreed with the Association.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit Repayable (expressed as a percentage)*
On each June 15 and December 15	
Commencing December 15, 2020 to and including June 15, 2030	1.65%
Commencing December 15, 2030 to and including June 15, 2040	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

Section I. Definitions

1. “Affected Persons” means persons who, on account of implementation of the Project, have experienced or would experience direct economic and social impacts caused by: (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 such persons 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 such person.
2. “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.
3. “Beneficiary” means an ECD Center that satisfies the requirements set out in the Project Operational Manual to carry out activities under Part 1(a)(ii) of the Project and to receive a Grant in accordance with a Grant Agreement with the Recipient.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “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 (revised July 2014).
6. “ECD” means early childhood development.
7. “ECD Center” means a center where ECD services are provided.
8. “ECD Resource Center” means a center at the Province level, where resources, including a library or workshop facilities, are provided for ECD Teachers and other ECD practitioners.
9. “ECD Teacher” means a teacher or teaching assistant at an ECD Center, or a child development officer in an ECD Center in the Plantation Sector.
10. “Environmental Management Framework” or “EMF” means the Recipient’s framework, dated April 1, 2015 and acceptable to the Association, for undertaking environmental analysis and developing mitigation measures for all Project activities, as said framework may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such framework.

11. “Environmental Management Plan” or “EMP” means, each plan to be prepared by the Recipient in accordance with the EMF, and pursuant to Section I.E.2 of Schedule 2 to this Agreement, each such plan in form and substance satisfactory to the Association, and setting forth the measures for mitigating the environmental risks and impacts associated with the implementation of Project activities, as well as the administrative and monitoring arrangements for ensuring the implementation of said plans, as said plans may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plans.
12. “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.
13. “Grant” means a grant made, or proposed to be made, by the Recipient, out of the proceeds of the Financing, to a Beneficiary to carry out activities under Part 1(a)(ii) of the Project in accordance with the relevant provisions of this Agreement and the POM.
14. “Grant Agreement” means an agreement entered into, or to be entered into, between the Recipient and a Beneficiary for the purpose of extending a Grant, and referred to in Section I.D.2 of Schedule 2 to this Agreement.
15. “Implementation Agreement” means the agreement referred to in Section I.C of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to the PHDT.
16. “Incremental Operating Costs” means the reasonable costs incurred by the PMU for purposes of the management and supervision of the Project, including costs of office utilities and supplies, communication, printing services, bank charges, advertising expenses, vehicle rental, operation and maintenance of vehicles, office equipment and facilities, travel, lodging, per diem expenses, and salaries of contractual staff, but excluding salaries and allowances of the Recipient’s civil servants or other regular government staff.
17. “Parental Awareness Program” means the Recipient’s and PHDT’s program for parents of children in the 0 to 5 age group, aimed at enhancing parents’ understanding of holistic childhood development, allowing guided interaction between parents and enhancing parenting practices and behavior.
18. “Plantation Sector” means the Recipient’s sector consisting of estates growing tea, rubber and coconuts, and comprising primarily resident workers and their families.
19. “PHDT” means the Plantation Human Development Trust or any successor thereto.

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 (revised July 2014).
21. "Procurement Plan" means the Recipient's procurement plan for the Project, dated May 14, 2015 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 Management Unit" or "PMU" means the unit to be established by the Recipient for purposes of Project implementation and coordination, and to be maintained as provided for in Section I.A.2 of Schedule 2 to this Agreement.
23. "Project Operational Manual" or "POM" means the manual, acceptable to the Association, to be adopted by the Recipient, setting forth implementation, organizational, administrative, monitoring and evaluation, financial management, disbursement, and procurement arrangements for purposes of implementation of the Project, as said manual may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such manual.
24. "Province" means a Province in the territory of the Recipient, as described in the 13th Amendment of the Constitution of the Recipient.
25. "Registration System" means a provincial level system for the registration of ECD Centers, which will allow for the grading of ECD Centers based on service quality.
26. "Resettlement Action Plan(s)" and "RAP(s)" mean, collectively, the plan(s) to be prepared by the Recipient in accordance with the SIMF, and pursuant to Section I.E.2 of Schedule 2 to this Agreement, each such plan in form and substance satisfactory to the Association, and setting forth the principles and procedures governing the acquisition of land and related assets, and the compensation, resettlement, and rehabilitation of Affected Persons, as said plans may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plans.
27. "Safeguards Instruments" means, collectively, the EMF, the SIMF, the EMP(s), and RAP(s).
28. "SMCA" means the Recipient's State Ministry of Child Affairs or any successor thereto.
29. "Social Impact Management Framework" or "SIMF" means the Recipient's framework, dated March 1, 2015 and acceptable to the Association, for undertaking social analysis and developing mitigation measures for all Project activities, as said

Framework may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such Framework.

30. "Steering Committee" means the committee established by the Recipient to oversee and supervise the Project, and to be maintained as provided for in Section I.A.1 of Schedule 2 to this Agreement.
31. "Training" means the reasonable costs of trainings, seminars, workshops, conferences, study tours, and tuition fees for teachers, conducted in the territory of the Recipient and/or overseas, including: (a) the fees of training institutions and courses; (b) domestic and international travel costs, lodging costs, and subsistence/per diem allowances for both trainers and trainees; (c) the rental of training facilities; and (d) preparation, purchase or reproduction of training materials; but excluding salaries and allowances of the Recipient's civil servants or other regular government staff.
32. "Tuition Fees" means the amount payable to ECD Centers under Part 1(b)(ii) of the Project as fees for ECD services or for covering transportation costs to ECD Centers for selected children, and as further detailed in the Project Operational Manual.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified 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 subsequent 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).