

Public Disclosure Authorized

# OFFICIAL DOCUMENTS

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CREDIT NUMBER 5761-UZ

## Financing Agreement

(Modernization of Real Property Registration and Cadastre Project)

between

REPUBLIC OF UZBEKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 16, 2016

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**CREDIT NUMBER 5761-UZ**

**FINANCING AGREEMENT**

AGREEMENT dated September 16, 2016, entered into between the REPUBLIC OF UZBEKISTAN (“Recipient”) and the 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 the amount of twenty million Dollars (\$20,000,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment; and (b) 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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to the greater of: (a) the sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment; and (b) zero percent (0%) per annum.
- 2.06. The Payment Dates are May 15 and November 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 GKZGDK, 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 Additional Conditions of Effectiveness consist of the following:
  - (a) The Project Operations Manual has been adopted by the Recipient in a manner acceptable to the Association.
  - (b) The PIU has been established in accordance with paragraph 1 of Section I.A of Schedule 2 to this Agreement and key staff are in place including: (i) a Project Director; (ii) a financial management specialist; (iii) a procurement specialist; (iv) an information communication technology specialist; and (v) a registry/cadastre specialist.
  - (c) The Recipient has installed in the PIU an automated accounting system, with modifications for Project accounting and reporting, on terms and in a manner acceptable to the Association.
- 4.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.
- 4.03. 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 Minister of Finance.

5.02. The Recipient's Address is:

Ministry of Finance  
Mustakilik Square 5  
Tashkent 100008  
Republic of Uzbekistan

Telex:

11 6360 IK BOL

Facsimile:

(998-71) 233-7073  
(998-71) 239-1259

5.03. The Association's Address is:

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

Telex:

248423 (MCI)

Facsimile:

1-202-477-6391

AGREED at Tashkent, Republic of Uzbekistan, as of the day and year first above written.

REPUBLIC OF UZBEKISTAN

By:



Authorized Representative

Name: Rustam Azimov

Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:



Authorized Representative

Name: Lilia Burunciuc

Title: Regional Director

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to establish an efficient and accessible real property registration and cadastre system in the Republic of Uzbekistan as part of the national eGovernment structure and services.

The Project consists of the following parts:

#### **Part A. Real Property Registration and Cadastre System**

Development and roll-out of a new Integrated Information System for Real Property Registration and Cadastre (“IISRPRC”) by carrying out activities including:

1. Analyzing and re-defining the existing real property registry and cadastre business processes and modifying or replacing them to establish efficient customer service standards and to incorporate international best practices in real property registration.
2. Developing a modern web-based information communication technology solution for IISRPRC based on international best practices including, phased development of a unified and centralized system for integration with a new eGovernment one-stop shop network to be hosted by the Recipient’s Ministry of Justice.
3. Creating a modern data infrastructure for IISRPRC to accommodate the needs of a fully operational digital IISRPRC including, establishment of a main data centre with links to Oblast production offices with installation of engineering systems for uninterrupted and alternative power supplies, climate control, fire protection, and access security for said centre, as well as renovation of premises, if necessary, and equip the center with appropriate engineering systems.

#### **Part B. Real Property Registration and Cadastre Data Development**

Digitization of current manual property registration and cadastre records (including both attribute and geospatial data) for use in IISRPRC by carrying out the following activities:

1. Mass digitizing, on a selective basis, of essential registration and cadastre documents, and prioritizing current versus archive records.
2. Compiling uniform digital datasets for a base map, and incorporating property right units to a cadastre index map, as well as soil type maps (referred to as land-use cadastre) and harmonizing the datasets and populating the IISRPRC’s unified central database.

3. Enhancing the capacity of GKZGDK to plan, manage, monitor implementation, assure the quality in the carrying out of the above data development including, the design of a transitional data model, work processes and tools, quality control, and transitional storage and updating procedures prior to IISRPRC population and roll out.

#### Part C. Use of Real Property Registry and Cadastre Data

Enhance public on-line use of IISRPRC data, which will form the core dataset of the geospatial data framework and the geospatial base for a variety of public sector planning, monitoring, eGovernance, and fiscal purposes, as well as for property markets, and start-ups and corporations developing value added businesses, through carrying out of investments that enhance interoperability and efficient data sharing and exchange including:

1. (a) Developing a geospatial data framework strategy, which defines the infrastructure, data formats, standards and initial services that the geospatial data framework will provide to authorities, business entities, organizations and citizens; (b) establishing a technological framework for geospatial data framework implementation, which facilitates interoperability and efficient data sharing and exchange; and (c) establishing a web portal for use to find and access geographic information and associated geographic services (“Geoportal”), which will serve as a one-stop shop for all geospatial information and related online services.
2. Creation of a new open Coordinate Reference System which is accessible by the public and that can be applied to the real property registry, cadastre, topographic mapping and all other geospatial data sets, including exchanging and sharing capabilities and establishment of a control center for the Recipient’s Continuously Operating Reference Stations network, which will allow the application of a real time kinematic global navigation satellite system technology to field surveys in priority areas.
3. Piloting an IISRPRC-based prototype tool for mass valuation application for multiple uses in support of real property taxation, compensation definition, state land/asset management and state asset management using IISRPRC data.

#### Part D. Institutional Development and Project Management

Ensure effective management of the Project and sustainability by carrying out the following activities:

1. Improving customer services delivered by GKZGDK through, *inter alia*, development of service standards and codes of conduct, transparency initiatives (such as establishing a customer hotline), and on-line operations manuals.
2. Supporting institutional development of GKZGDK and its regional offices and develop means to ensure financial sustainability through, *inter alia*, enhancement of

business planning aimed at full cost recovery and/or self-financing, as well as accounting, and statistics collection and analysis.

3. (a) Improving the policy and regulatory environment to support more efficient and effective property registration and cadastre operations; (b) supporting agricultural modernization and farmland reform; and (c) developing an efficient and informed real property and land market through, *inter alia*, carrying out of studies to analyse key issues and developing recommendations and provision of support for legislative drafting.

4. Enhancing the capacity of GKZGDK and stakeholders to implement the new real property and cadastre system, through the development of curricula and education courses in relevant sectors (including, in law, surveying, cadastre, valuation, and land management), the provision of applicable training, the establishment of a training portal, and participation in study tours, as well as the PIU's capacity for Project management, monitoring and evaluation, including financing of Incremental Operating Costs.



## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. The Recipient shall establish, within the National Centre for Geodesy and Cartography of GKZGDK, and thereafter operate and maintain during Project implementation, a Project implementation unit (“PIU”), with functions and responsibilities (including responsibility for Project management and fiduciary functions and monitoring and evaluation), adequate funds, facilities, services and resources, and with competent staff, in adequate numbers, qualifications, and experience, all acceptable to the Association.

2. For the purposes of overall Project oversight and policy guidance, the Recipient shall maintain until completion of the Project, the Inter-Ministerial Coordination Council with the composition, terms of reference and resources adequate for the implementation of its functions.

3. The Recipient, through GKZGDK, shall:

- (a) (i) prepare and adopt a manual, satisfactory to the Association, (“Project Operations Manual”) setting out, *inter alia*, the institutional, disbursement, procurement and financial management (including Project-related internal control, budgeting, external auditing, financial reporting and accounting policies and procedures) arrangements for the implementation of the Project; and (ii) immediately thereafter, carry out the Project in accordance with the Project Operations Manual; and
- (b) not amend, suspend, repeal or waive any of the provisions of the Project Operations Manual without the Association’s prior written approval.

##### 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

1. The Recipient shall ensure that no works under the Project involve the involuntary taking of land resulting in relocation or loss of shelter, loss of assets or access to assets, loss of income sources or means of livelihood, or involving the involuntary restriction of access to legally designated parks and protected areas.

2. The Recipient shall ensure that the Project is carried out in accordance with the EMF and shall:

- (a) prepare and disclose, prior to the commencement of any works under the Project, EMPs, in accordance with the EMF and that are satisfactory to the Association;
- (b) carry out the EMPs, which have been accepted by the Association, in a manner satisfactory to the Association; and
- (c) not amend, suspend or abrogate any of the provisions of the EMF and said EMPs without the prior approval of the Association.

## **Section II. Project Monitoring, Reporting and Evaluation**

### **A. Project Reports**

1. The Recipient, through GKZGDK, 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 the indicators acceptable to the Association. Each Project Report shall cover the period of one 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. 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, through GKZGDK, shall prepare and furnish to the Association as part of the Project Report not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the pertinent quarter, in form and substance satisfactory to the Association.

3. The Recipient, through GKZGDK, shall have the Project 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:

<b>Procurement Method</b>	
(a)	National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule 2
(b)	Shopping
(c)	Direct Contracting
(d)	Force Account

**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:

<b>Procurement Method</b>
(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 5.1, 5.2, 5.3 and 5.4 of the Consultant Guidelines for the Selection of Individual Consultants
(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. Procurement of Incremental Operating Costs**

Expenditures included in the Operating Costs category may be procured in accordance with the established administrative procedures of the Recipient acceptable to 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:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (exclusive of Taxes other than Withheld Taxes)</b>
(1) Goods, works, non-consulting services, consultants' services, Training and Incremental Operating Costs	20,000,000	100%
<b>TOTAL AMOUNT</b>	<u>20,000,000</u>	

**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.
2. The Closing Date is September 30, 2021.

**Section V. Other Undertakings**

**A. Annual work program and budget**

1. The GKZGDK shall: (a) prepare a draft annual work program (including an annual training plan) and budget, in accordance with terms of reference satisfactory to the Association, and furnish said draft by September 30 each year during Project implementation, to the Association for review and comments; (b) after incorporating the Association's comments on the draft annual work program and budget, approve such annual work program and budget; and (c) upon approval, carry out the approved annual work program and budget in accordance with its terms and in a manner acceptable to the Association.

**B. New Open Coordinate Reference System**

1. The Recipient shall: (a) establish the legal basis for a new open Coordinate Reference System by December 31, 2017, unless otherwise agreed with the Association; and (b) ensure that all spatial data converted and/or produced under the Project is compatible with said CRS and accessible to public and private users.

## ANNEX TO SCHEDULE 2

The National Competitive bidding procedures of the Recipient may be used for procurement under the Project provided that the following provisions are complied with:

1.
  - (a) Bidding shall not be restricted to pre-registered firms.
  - (b) Where registration is required, bidders: (i) shall be allowed a reasonable time to complete the registration process; and (ii) shall not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.
  - (c) Foreign bidders shall not be precluded from bidding. If a registration process is required, a foreign bidder declared the lowest evaluated bidder shall be given a reasonable opportunity to register.
2. Invitations to bid shall be advertised in at least one widely circulated national daily newspaper allowing a minimum of thirty (30) days for the preparation and submission of bids.
3. When pre-qualification shall be required for large or complex works, invitations to pre-qualify for bidding shall be advertised in at least one widely circulated national daily newspaper a minimum of thirty (30) days prior to the deadline for the submission of pre-qualification applications. Minimum experience, technical and financial requirements shall be explicitly stated in the pre-qualification documents.
4. Government-owned enterprises in the Republic of Uzbekistan shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the contracting authority. Furthermore, they will be subject to the same bid performance security requirements as other bidders.
5. Bidders shall use the appropriate standard bidding documents for the procurement of goods, works non-consulting services or consultants' services, acceptable to the Association.
6.
  - (a) Bids shall be opened in public, immediately after the deadline for submission of bids.
  - (b) Evaluation of bids shall be made in strict adherence to the monetarily quantifiable criteria declared in the bidding documents.

- (c) Contracts shall be awarded to the qualified bidder having submitted the lowest evaluated substantially responsive bid and no negotiation shall take place.
  - (d) Price verification shall not be applied to Association-financed contracts.
- 7. Civil works contracts of long duration (e.g. more than eighteen (18) months) shall contain an appropriate price adjustment clause acceptable to the Association.
- 8.
  - (a) All bids shall not be rejected and new bids solicited without the Association's prior concurrence.
  - (b) When the number of bids received is less than three (3), re-bidding shall not be carried out without the Association's prior concurrence.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each May 15 and November 15:	
commencing November 15, 2021 to and including May 15, 2031	<b>1.65%</b>
commencing November 15, 2031 to and including May 15, 2041	<b>3.35%</b>

\* 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. “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. “Basis Adjustment” means the Association’s standard basis adjustment for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “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).
5. “CRS” and “Coordinate Reference System” mean a coordinate-based local, regional or global system used to uniquely define the location of a point.
6. “eGovernment” means electronic government, which is the use of digital information and communication technologies in public administrations to deliver services to the public and private sectors.
7. “Environmental Management Framework” or “EMF” means the Recipient’s Environmental Management Framework disclosed in GKZGDK’s website and in the Association’s Infoshop on October 9, 2015 and re-disclosed on both websites on October 16, 2015, describing the environmental mitigation, monitoring and institutional measures under the Project and referred to paragraph 2 of Section I.C of Schedule 2 to this Agreement and outlining the procedures for: (a) screening Project activities based on their expected impacts on the natural and social environment; (b) evaluating their risks; (c) defining a need for environmental assessment as part of procedure for preparing EMP(s); (d) disclosure; and (e) management- related to the selection and implementation of activities under the Project, as such EMF may be amended from time to time with the agreement of the Association.
8. “Environmental Management Plan” or “EMP” means the Recipient’s site-specific environmental management plan, acceptable to the Association to be prepared during the Project implementation in accordance with the EMF, and approved by the Association, describing environmental mitigation, monitoring and institutional

measures for any of the activities financed under the Project, as such EMP may be amended from time to time with the agreement of the Association; and “EMPs” means, collectively, all such Environmental Management Plans.

9. “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.
10. “GKZGDK” means Goskomzemgeodezcadastre, the State Committee on Land Resources, Geodesy, Cartography and State Cadastre, a public institution established by Decree of the President of the Republic of Uzbekistan No. VII-3502 dated October 15, 2004 and by the Resolution of the Recipient’s Cabinet of Ministers No. 483 dated October 19, 2004; and any legal successor thereto.
11. “IISRPRC” means the Integrated Information System for Real Property Registration and Cadastre to be developed under Part A of the Project.
12. ”Incremental Operating Costs” means incremental operating costs incurred by the PIU, on account of Project implementation, management, monitoring and coordination, including office equipment maintenance and repair, local travel, communication, translation and interpretation, bank charges, and other miscellaneous costs of similar nature directly associated with the Project, all based on periodic budgets acceptable to the Association.
13. “Inter-Ministerial Coordination Council” or “IMCC” means the council established to provide overall Project oversight and policy guidance pursuant to the Resolution of the Recipient’s Cabinet of Ministers No. 229, dated August 12, 2009, and referred to in paragraph 2 of Section I.A of Schedule 2 to this Agreement.
14. “PIU” means the Project implementation unit referred to in paragraph 1 of Section I.A of Schedule 2 to this Agreement; or any successor thereto acceptable to the Association.
15. “Project Operations Manual” means the Project Operations Manual referred to in paragraph 3 of Section I.A of Schedule 2 to this Agreement, as the same may be amended from time to time with the agreement of the Association.
16. “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).
17. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated November 8, 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.

18. "Training" means expenditures (other than those for consultant's services) for Project related training courses, seminars, workshops, study tours and other training activities as approved in the annual work program and budget plan (in accordance with paragraph 1 of Section V.A of Schedule 2 to this Agreement) for training of GKZGDK and other public and private sector personnel (selected in accordance with criteria acceptable to the Association) in real property registration, cadastre services and real property markets, including costs of training materials, space and equipment rental, training fees, travel and per diem costs of trainees and trainers.
19. "Withheld Taxes" means the following taxes withheld at source: taxes for social charges; income taxes for residents and non-residents; and custom registrations duties withheld at the source.

**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).