OFFICIAL DOCUMENTS

CREDIT NUMBER 5804-UZ

Financing Agreement

(Modernizing Higher Education Project)

between

REPUBLIC OF UZBEKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 11, 2017
FINANCING AGREEMENT

AGREEMENT dated April 11, 2017, entered into between
REPUBLIC OF UZBEKISTAN ("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 the amount of forty-two million
two hundred thousand Dollars ($42,200,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to the greater of: (a) the sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment; and (b) zero percent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 February 15 and August 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 objectives of the Project. To this end, the Recipient shall carry out the Project through MHSSE 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 Management Team has been established by MHSSE pursuant to provisions set forth in paragraph 2 of Section I.A of Schedule 2 to this Agreement.

(b) The Recipient, through MHSSE, has adopted the Project Operations Manual, including the AIF Grants Manual, pursuant to provisions set forth in paragraph 4 of Section I.A of Schedule 2 to this Agreement, both in form and substance 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 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: Facsimile:
11 6360 IK BOL (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: Facsimile:
248423 (MCI) 1-202-477-6391
AGREED at Tashkent, Republic of Uzbekistan, as of the day and year first above written.

REPUBLIC OF UZBEKISTAN

By:

[Signature]

Authorized Representative

Name: **Batir Khodjaev**

Title: **Minister of Finance**

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

[Signature]

Authorized Representative

Name: **Lisa Bozanic**

Title: **Regional Director**
SCHEDULE 1

Project Description

The objectives of the Project are to strengthen the Recipient’s higher education system managerial capacity, and to improve both the labor market relevance and the learning environment of selected higher education institutions.

The Project consists of the following parts:

Part 1: Strengthening Higher Education Management

(a) Assistance with the development, operation and management of the Recipient’s Higher Education Management Information System through provision of equipment, software, technical assistance and training to MHSSE, including its Center for Implementation of e-Learning in Educational Institutions, and to higher education institutions.

(b) Improving the Recipient’s higher education quality assurance system through: (i) assisting its higher education institutions with establishment and enhancement of the capacity of Quality Enhancement Cells; (ii) strengthening MHSSE’s capacity to facilitate the establishment and operation of said Quality Enhancement Cells, to monitor and evaluate their activities, and to develop an internal quality assurance strategy in higher education; and (iii) strengthening the Recipient’s State Testing Center’s capacity to carry out external quality assurance function.

Part 2: Improving Learning Environment in Higher Education Institutions

(a) Modernization of basic teaching and advanced scientific research laboratories, as well as associated academic and research systems through provision of equipment, materials, software, technical assistance, training, and curriculum development.

(b) Establishment of a national electronic library (“E-Library”) for higher education institutions, including: (i) review of need for E-Library resources and development of the list of digital resources for subscription; (ii) review of current information technology network; (iii) establishment and testing of E-Library network; (iv) financing of subscription to digital E-Library resources for the first three years; (v) development and delivery of training to librarians, faculty and students; and (vi) provision of information technology equipment and software to MHSSE and higher education institutions as required.
**Part 3: Improving Relevance of Higher Education**

Provision of Academic Innovation Fund Grants ("AIF Grants") to selected higher education institutions to finance AIF Sub-projects aimed at: (i) strengthening university-industry linkages; or/and (ii) improving teaching and learning practices of higher education institutions.

**Part 4: Project Management, Monitoring and Evaluation**

(a) Strengthening the MHSSE’s capacity for Project management, monitoring and evaluation, through provision of goods, consultants’ services, Training, and financing of Operating Costs.

(b) Strengthen the capacity of the MHSSE and higher education institutions to review and improve their teaching, research and outreach practices through provision of consultants’ services and Training.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Minister of Higher and Specialized Secondary Education of the Recipient shall be responsible for overall Project supervision and policy guidance, and shall designate, and thereafter maintain throughout the implementation of the Project, one of its deputies as the Project Director responsible for overall Project implementation and coordination within MHSSE.

2. For the purposes of day-to-day Project management, monitoring and evaluation, the Recipient shall establish, within MHSSE, and thereafter maintain throughout the implementation of the Project, the Project Management Team with functions, terms of reference, resources and staff all satisfactory to the Association. The Project Management Team shall include a Project Coordinator, two Procurement Specialists, a Procurement Assistant, a Financial Management Specialist, and a Monitoring and Evaluation specialist.

3. Not later than ninety (90) days after the effectiveness of this Agreement, the Recipient shall establish, and thereafter maintain, throughout the implementation of the Project, an Expert Advisory Panel, consisting of four widely recognized higher education specialists, with at least two of them not being nationals of the Recipient, with terms of reference satisfactory to the Association, to provide Project related high level advice and guidance to MHSSE.

4. The Recipient, through MHSSE, shall:

   (a) (i) adopt the Project Operations Manual which shall include the AIF Grants Manual, both satisfactory to the Association and 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; the terms and conditions for selection, approval, financing and supervision of AIF Sub-projects; and (ii) 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 and AIF Grants Manual without the Association’s prior written approval.
5. Not later than ninety (90) days after the effectiveness of this Agreement, MHSSE shall acquire and install a fully functional automated accounting information system for keeping the Project records and generation of the Project Financial Statements.

B. **Third Party Monitoring and Feedback Mechanism**

1. The Recipient, through MHSSE, shall carry out the Project in accordance with this Agreement, appropriate social standards and practices and any applicable laws and regulations on child and forced labor.

2. The Recipient shall take all necessary actions, and ensure that necessary actions are taken, to enable the TPM Consultant to perform monitoring activities in accordance with the applicable terms of reference, including, but not limited to, allowing and facilitating for the TPM Consultant to visit sites where the Project is being carried out, collect relevant data and communicate with Project stakeholder and participants.

3. The Recipient shall: (a) review and discuss with the Association monitoring reports prepared by the TPM Consultant; and (b) promptly take any actions, as may be requested by the Association upon its review of said reports, with respect to compliance with the undertakings relating to child and/or forced labor as set forth in this Agreement and the Project Operations Manual.

4. The Recipient: (a) shall and shall cause respective local authorities to fully collaborate with the TPM Consultant in developing an effective grievance redress mechanism in connection with the Project activities, as set forth in the TPM Consultant’s terms of reference; (b) shall review biannual reports of the TPM Consultant on grievances received, redress mechanism and any feedback provided; and (c) shall promptly implement or cause relevant local authorities to implement the recommendations provided in said reports.

C. **AIF Grants**

1. The MHSSE shall make AIF Grants to Beneficiaries in accordance with eligibility criteria and procedures acceptable to the Association and set forth in the AIF Grants Manual.

2. The MHSSE shall make each AIF Grant under an AIF Grant Agreement with the respective Beneficiary on terms and conditions approved by the Association, which shall include the following:

   (a) The AIF Grant shall be provided in Dollars and/or in Sums depending on the requirements of the respective approved AIF Sub-project, and shall be used exclusively for the purposes of such AIF Sub-project.
(b) The MHSSE shall obtain rights adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the Beneficiary to use the proceeds of the AIF Grant, or obtain a refund of all or any part of the amount of the AIF Grant then withdrawn, upon the Beneficiary’s failure to perform any of its obligations under the AIF Grant Agreement; and (ii) require each Beneficiary to: (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of financing proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, and services to be financed out of the AIF Grant in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-project and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and (2) at the Association’s or the MHSSE’s request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the MHSSE and the Association; (F) enable the MHSSE and the Association to inspect the Sub-project, its operation and any relevant records and documents; and (G) prepare and furnish to the MHSSE and the Association all such information as the MHSSE or the Association shall reasonably request relating to the foregoing.

3. The MHSSE shall exercise its rights under each AIF Grant Agreement in such manner as to protect the interests of the MHSSE and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the MHSSE shall not assign, amend, abrogate or waive any AIF Grant Agreement or any of its provisions.

D. Safeguards

1. The Recipient, through MHSSE, shall carry out the Project in accordance with the EMF, and any EMP to be prepared in accordance with paragraph 2 below, in a manner satisfactory to the Association.

2. Whenever, in accordance with the provisions of the EMF, an EMP shall be required for carrying out any activities under the Project, including AIF Sub-
projects under Part 3 of the Project, the Recipient shall, and shall cause Beneficiaries to:

(a) prior to the commencement of such activities, proceed to have an EMP satisfactory to the Association: (i) prepared in accordance with the provisions of the EMF; and (ii) thereafter adopted and disclosed, in a manner acceptable to the Association;

(b) take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such EMP.

3. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived EMF and any EMP adopted in accordance with the provisions of paragraph 2 of this Part D, unless the Association has provided its prior approval thereof in writing, and the Recipient has complied with the same consultations and disclosure requirements as applicable to the original adoption of the said instruments.

E. 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

The Recipient, through MHSSE, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. 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, through MHSSE, 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 MHSSE, 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, through MHSSE, shall have Project Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Project Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Project Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period, and shall be made publicly available in a timely fashion and in a manner satisfactory to the Association.

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 2; (b) Shopping; (c) Direct Contracting; and (d) Well-established Private Sector Procurement Methods or Commercial Practices 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) Least Cost Selection; (b) Selection based on Consultants' Qualifications; (c) Single-source Selection of consulting firms; (d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (e) 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**

The Recipient may withdraw the proceeds of the Credit 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 100% (exclusive of Taxes other than Withheld Taxes) of Eligible Expenditures, consisting of goods, works, non-consulting services, consultants’ services, AIF Grants, Training, and Operating Costs for the Project.

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 $30,000 may be made for payments made prior to this date but on or after March 31, 2016, for Eligible Expenditures under the Project.

2. The Closing Date is February 28, 2023.
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

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 15 and August 15:</td>
<td></td>
</tr>
<tr>
<td>commencing August 15, 2021 to and including February 15, 2031</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing August 15, 2031 to and including February 15, 2041</td>
<td>3.35%</td>
</tr>
</tbody>
</table>

* 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.  “AIF Grant” means a grant provided or proposed to be provided to a Beneficiary on a competitive basis under Part 3 of the Project for the purposes of financing of an AIF Sub-project, and “AIF Grants” means the plural thereof.

2.  “AIF Grant Agreement” means an agreement executed or proposed to be executed between MHSSE and a Beneficiary for the purposes of financing of an AIF Sub-project pursuant to the provisions of Section I.C of Schedule 2 to this Agreement, and “AIF Grant Agreements” means the plural thereof.

3.  “AIF Grants Manual” means a manual to be adopted by the Recipient pursuant to Section 4.01(b) and paragraph 4 of Section I.A of Schedule 2 to this Agreement, which constitutes a part of the Project Operations Manual, and sets forth eligibility criteria and procedures for selection, implementation and monitoring of AIF Sub-projects, as well as terms and conditions of AIF Grant Agreements.

4.  “AIF Sub-project” means a set of activities selected or proposed to be selected in accordance with eligibility criteria and procedures acceptable to the Association and set forth in the AIF Grants Manual for financing by an AIF Grant under Part 3 of the Project, and “AIF Sub-projects” means the plural thereof.


6.  “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.

7.  “Beneficiary” means a higher education institution of the Recipient selected or proposed to be selected to receive a AIF Grant under Part 3 of the Project.


9.  “Environmental Management Framework” or “EMF” means the framework disclosed in the Recipient’s country and in the Association’s Infoshop on February 9, 2016, prepared by the Recipient and approved by the Association, setting forth: an environmental screening process that will enable the Recipient to identify and
assess potential adverse environmental impacts, and offset and reduce them to acceptable levels, or enhance positive impacts, and in accordance with which EMPs will be prepared and submitted to the Association for its approval, as the same may be amended from time to time with the prior written approval of the Association.

10. "Environment Management Plan” or “EMP” means the environmental management plans to be prepared by the Recipient in accordance with the principles and guidance set out in the EMF, and acceptable to the Association, setting forth a set of mitigation, monitoring, and institutional measures to be taken during the implementation and operation of the Project to eliminate adverse environmental impacts, offset them, or reduce them to acceptable levels, and including the actions needed to implement these measures.

11. "Expert Advisory Panel” means an advisory panel to be established by MHSSE for the purposes of the Project pursuant to paragraph 3 of Section I.A of Schedule 2 to this Agreement.

12. "Feedback Mechanism” or “FBM” means the system aimed to receive grievances on alleged child and forced labor occurrences that might be associated with the Project activities, to be carried out by the TPM Consultant in accordance with the relevant terms of reference approved by the Bank.

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.


15. “Operating Costs” means incremental costs incurred by MHSSE on account of the Project coordination, implementation and monitoring, including expenditures for vehicles operation and maintenance, office supplies and consumables, utilities, communication, translation and interpretation, bank charges, Project related travel, including per diem and accommodation, but excluding salaries of the Recipient’s civil servants, and other miscellaneous costs directly associated with the Project implementation, all based on periodic budgets acceptable to the Association.


17. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 25, 2016 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. "Project Management Team" or "PMT" means the team established by MHSSE
for the purposes of day to day Project management monitoring and evaluation
pursuant to Section 4.01(a) and paragraph 2 of Section I.A of Schedule 2 of this
Agreement.

19. "Project Operations Manual" means the manual, satisfactory to the Association, to
be adopted by the Recipient for the purposes of the Project pursuant to Section
4.01(b) and paragraph 4 of Section I.A of Schedule 2 to this Agreement; as such
manual may be revised from time to time with prior written agreement of the
Association.

20. "Sum" means the lawful currency of the Recipient, and "Sums" means the plural
thereof.

21. "TPM" or "Third Party Monitoring" means monitoring activity (including, inter
alta, periodic site visits; assessments of local context and conditions; interviews,
awareness raising and training preparation of report) to be carried out by the TPM
Consultant with the purpose of detecting any occurrence of child and forced labor
in connection with the Project activities, and confirming compliance with
applicable laws and regulations on child and forced labor, all in accordance with
the relevant terms of reference approved by the Bank.

22. "TPM Consultant" means an entity with internationally recognized expertise in
social audit and monitoring and evaluation of development projects, to be procured
by the Bank for carrying out the TPM and FBM in accordance with relevant terms
of reference approved by the Bank.

23. "Training" means Project related study tours, training courses, seminars,
workshops and other training activities, not included under service providers’
contracts, including costs of training materials, space and equipment rental, travel,
accommodation and per diem costs of trainees and trainers, trainers’ fees, and other
training related miscellaneous costs directly associated with the Project, all based
on periodic budgets acceptable to the Association.

24. "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).