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GRANT NUMBER H504 - LBR
GRANT NUMBER H327 - LBR

Financing Agreement

(Additional Financing for Agriculture and Infrastructure Development Project and
amended and restated Financing Agreement
for Grant number H327 - LBR)

between

REPUBLIC OF LIBERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 21, 2009

Public Disclosure Authorized



GRANT NUMBER H504 - LBR
GRANT NUMBER H327 – LBR

FINANCING AGREEMENT

AGREEMENT dated July 21, 2009, entered into between REPUBLIC OF LIBERIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for the Original Project and amending and restating the Original Financing Agreement (as these terms are defined in the Appendix to this Agreement).

WHEREAS (A) the Recipient and the Association entered into a financing agreement, dated August 21, 2007, as amended to the date of this Agreement, for the financing of the Agriculture and Infrastructure Development Project (Grant number Grant No. H327 - LBR);

- (B) the International Bank for Reconstruction and Development (“IBRD”) and the Association (collectively, the “World Bank”), pursuant to Resolution of the Executive Directors of the IBRD No. 2008-0004 of May 29, 2008, and Resolution of the Executive Directors of the Association No. 2008-0002 of May 29, 2008, established the Food Price Crisis Response Trust Fund (“FPCR TF”) to assist low income member countries of the Association in the carrying out of activities aimed at reducing the negative impact of high food prices on the lives of the poor in a timely way;
- (C) the Recipient requested the Association, acting as trustee of the FPCR TF, to provide additional assistance from the resources of the FPCR TF towards the financing of certain activities under Part B of the Project, which are aimed at providing technical assistance to farmer-based organizations and support for agricultural productivity investments that have a high potential for contributing to the Government’s strategy for alleviating the negative impact of high food prices, especially on the lives of the poor and by agreement, dated June 21, 2008, between the Recipient and the Association, acting as trustee of the FPCR TF (the “FPCR TF Grant Agreement”), the Association agreed to provide such assistance in an amount not to exceed three million United States Dollars (US\$3,000,000); and
- (D) the Recipient has requested the Association to provide further assistance for purposes of scaling up and modifying the activities financed under the Original Project by providing additional financing in an amount equivalent to ten million four hundred thousand Special Drawing Rights (SDR 10,400,000).

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 grant in an amount equivalent to thirty four million seven hundred thousand Special Drawing Rights (SDR 34,700,000) (“Financing”), which includes:
 - (a) an original amount equivalent to twenty four million three hundred thousand Special Drawing Rights (SDR 24,300,000 (“Original Financing”); and
 - (b) an additional amount equivalent to ten million four hundred thousand Special Drawing Rights (SDR 10,400,000) (“Additional 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 Payment Dates are March 15 and September 15 in each year.
- 2.05. The Payment Currency is United States Dollars.

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 its Ministry of Public Works, with the assistance of MOA, MOF, and MOT, in accordance with the provisions of: (a) Article IV of the General Conditions; (b) the provisions of this Agreement; and (c) the provisions of the Memorandum of Understanding.
- 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 years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is the Minister of Finance.
- 5.02. The Recipient's Address is:

Minister of Finance
Ministry of Finance
Broad Street
1000 Monrovia 10
Liberia
Facsimile:

011-2317-7812997

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 248423 (MCI) or 1-202-477-6391
Washington, D.C. 64145 (MCI)

AGREED at Monrovia, Republic of Liberia, as of the day and year first above written.

REPUBLIC OF LIBERIA

By /s/ Augustine K. Ngafuan

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Ohene Owusu Nyanin

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient's efforts to: (a) rehabilitate its basic infrastructure; and (b) revive its agriculture activities.

The Project is a modification of the Original Project and consists of the following parts:

Part A: Policy Reform and Institutional Support

1. Provision of technical assistance and Training to MPW's staff to enable a minimum of two (2) year management contract for the operation of the port of Monrovia.
2. Provision of technical assistance and Training to MPW's and MOT's staff to design a comprehensive national transport policy and strategy paper for the Recipient.
3. Provision of technical assistance and Training to MOA's staff to: (a) strengthen the Policy, Planning and Coordination Unit within MOA to develop policies to enhance the Recipient's agriculture sector; (b) establish a functioning monitoring, evaluation and statistical reporting unit, including a sector monitoring system in MOA; and (c) develop priority agriculture sector policies.

Part B: Agriculture and Infrastructure Investments

1. Supporting the rehabilitation of the Monrovia-Buchanan road through the provision of goods, works and consultants' services.
2. Rehabilitation and maintenance of the Recipient's rural roads through the provision of goods, works and consultants' services.
3. Design and construction of a bridge in Vai Town-Monrovia through the provision of goods, works and consultants' services.
4. Rehabilitation and construction of approximately ten (10) small bridges and thirty (30) river crossings on the Recipient's national road network, through the provision of goods, works and consultants' services.
5. Improving the Recipient's potable water supply to Monrovia, through the emergency rehabilitation of the White Plains surface water treatment plant and distribution network and provision of goods, works and consultants' services.

6. Provision of technical assistance and Training to MPW's staff to produce a feasibility study for the construction of a new landfill in the city of Monrovia.
7. Provision of technical assistance to farmer based organizations to support agricultural production of tree crops and food crops along value and marketing chains.
8. Supporting productive and marketing agriculture infrastructure including: (a) market places; (b) local agricultural distribution hubs; (c) agricultural storage facilities; and (d) post-harvest handling facilities through the provision of goods, works and consultants' services.
9. Rehabilitation and maintenance of Recipient's seed multiplication facilities to supply quality rice seed for rice farmers through the provision of goods, works and consultants' services.
10. Provision of technical assistance to MPW to support supervision of works under Part B of the Project.
11. Provision of technical assistance for road design for the Gate 15 to Ganta/Guinea border road.

Part C: Project Management and Capacity Building

Supporting the PFMU and the SIU in the management, monitoring and evaluation of the Project, through: (a) the provision of consultants' services; (b) Training; (c) goods; (d) civil works for office rehabilitation; and (e) the financing of Operating Costs.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Steering Committee

1. Composition

The Recipient shall maintain, at all times during Project implementation, a Steering Committee with not more than seven (7) members. Without limitation to the generality of the foregoing, the Steering Committee shall be chaired by the Recipient's Minister of Public Works, and have representatives from, *inter alia*, the Recipient's Ministry of Transport, Ministry of Agriculture, Ministry of Finance and Ministry of Planning.

2. Role

The Steering Committee shall be responsible for providing overall Project oversight and strategic policy guidance under terms of reference acceptable to the Association.

B. Special Implementation Unit

3. Composition

Except as otherwise provided in this Agreement, the Recipient shall maintain, at all times during Project implementation, the SIU adequately staffed with persons under terms of reference, and with qualifications and experience, that are satisfactory to the Association, including a Project coordinator, an agriculture specialist, a procurement specialist, road and water engineers, a transport economist, and an environmental specialist.

4. Role

The SIU shall be responsible for day-to-day implementation of the Project. Without limitation to the generality of the foregoing, the SIU shall carry out tasks that shall include: (a) preparation of Annual Work Plans; (b) providing the PFMU with such information as shall be required to enable the PFMU to carry out financial management under the Project; (c) preparation of consolidated Interim Un-audited Financial Reports incorporating financial management information submitted by the PFMU for this purpose; (d) carrying out of procurement; and (e) monitoring and evaluation of Project implementation.

C. Project Financial Management Unit5. Composition

Except as otherwise provided in this Agreement, the Recipient shall maintain, at all times during Project implementation, the PFMU adequately staffed with persons under terms of reference, and with qualifications and experience, that are satisfactory to the Association, including a manager, an accountant, and an internal auditor.

6. Role

The PFMU shall be responsible for carrying out the financial management under the Project in accordance with, *inter alia*, the Financial Management Manual. Without limitation to the generality of the foregoing, the PFMU shall carry out tasks that shall include: (a) maintenance of accounting records and preparation of financial statements; (b) preparation of the financial aspects of the Interim Un-audited Financial Reports for consolidation by the SIU; (c) processing payments on behalf of the SIU; and (d) facilitating the financial audits, pursuant to the provisions of paragraph B.3 of Section II of this Schedule 2.

D. Environmental and Social Safeguards

7. The Recipient shall carry out the Project in accordance with the provisions of the Environmental Management Plan (“EMP”) and the Resettlement Action Plan (“RAP”). Without limitation upon its other reporting obligations under this Agreement, the Recipient shall regularly collect, compile and submit to the Association on annual basis reports in form and substance satisfactory to the Association on the status of compliance with the EMP and the RAP giving details of: (a) measures taken in furtherance of such EMP and RAP; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such EMP and RAP; and (c) remedial measures taken or required to be taken to address such conditions.

E. Annual Work Plans

8. The Recipient shall ensure that: (a) the first Annual Work Plan plan is prepared within two (2) months of the Original Effective Date for the first year of the Project implementation, for the approval of the Association, and thereafter on or about the anniversary date of the submission of the said annual work plan for subsequent years of Project implementation, for the approval of the Association; and (b) the Project is implemented in accordance with the Annual Work Plans.

F. Anti-Corruption

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

G. Memorandum of Understanding

10. The Recipient shall ensure that the MOA, the MOF, the MOT, and the MPW shall carry out the Project in accordance with the provisions of the Memorandum of Understanding. In the event of any inconsistency between the provision of the Memorandum of Understanding and the provisions of this Agreement, the latter shall prevail.

Section II. Project Monitoring, Reporting and Evaluation**A. Project Reports**

1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) calendar year commencing from the Effective Date and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:
- (i) Port productivity increases from three (3) moves per hr/crane to ten (10) moves per hr/crane, by December 31, 2010.
 - (ii) At least two (2) agriculture sector policies complete with results framework submitted to Recipient's Minister of Agriculture, by December 31, 2010.
 - (iii) Draft national transport policy and strategy paper prepared for Recipient's Executive Power endorsement, by June 30, 2008.
 - (iv) Conclude institutional review of the Liberia Water and Sewer Corporation for Recipient's Minister of Land, Mines and Energy endorsement, by June 30, 2010.
 - (v) New bridge built in Vai Town-Monrovia, by December 31, 2010.
 - (vi) Thirty (30) minor river crossings improved, by June 30, 2010.

- (vii) White Plains water plant refurbished, by December 31, 2010.
 - (viii) Increase in the number of markets where seed rice is available from 3 to 10 markets, by December 31, 2010.
 - (ix) Increase of 30% from current levels of 3,000 metric tons to 4,000 metric tons of cocoa by December 31, 2010.
 - (c) Without limitation to the generality of sub-paragraph (a) above, the Recipient shall carry out jointly with the Association, on or about twenty-four (24) months after the Original Effective Date, a comprehensive mid-term review to assess the status of Project implementation. The Recipient shall, not later than one (1) month before such review, prepare and furnish to the Association a report that is satisfactory to the Association in scope and detail for purposes of such review.
2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than June 30, 2012.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall:
- (a) maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
 - (b) Without limitation to the generality of the foregoing, the Recipient shall:
 - (i) maintain an integrated accounting software system that is satisfactory to the Association; and
 - (ii) ensure that the Project coordinator, accountant, and procurement specialist work effectively together to ensure that all procurement and payments are effected in a timely manner and adequate records maintained to evidence such payments.
 - (c) maintain an independent auditor to carry out financial audits pursuant to Section 4.09 (b) of the General Conditions.
 - (d) ensure that the Project is implemented in accordance with the Financial Management Manual, and except as the Association shall otherwise agree, shall not amend or waive any provision of the said manual, if in

the opinion of the Association the said amendment or waiver could materially or adversely affect the implementation of the Project.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than one (1) month after the end of each quarter, Interim Un-audited 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, commencing with the fiscal year in which the first withdrawal under the Financing was made. 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 and Works.** All goods and works 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, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines.
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, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.24 of the Consultant Guidelines.
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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) National Competitive Bidding, subject to the provisions of paragraph B.3
(b) Shopping
(c) Direct Contracting
(d) Procurement from United Nations Agencies (including the United Nations Office for Project Services)

3. **Exceptions to National Competitive Bidding Procedures.** The following provisions shall apply to the procurement of goods and works under National Competitive Bidding procedures: (a) foreign bidders shall be allowed to participate in National Competitive Bidding procedures; (b) bidders shall be given at least one month to submit bids from the date of the invitation to bid or the date of availability of bidding documents, whichever is later; (c) no domestic preference shall be given for domestic bidders and for domestically manufactured goods; and (d) in accordance with paragraph 1.14(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (i) the bidders, suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Association; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.14(a)(v) of the Procurement Guidelines.

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. The short list of consultants for contracts estimated to cost less than \$100,000 per contract may comprise entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Guidelines.

2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) Single Source Selection
(b) Selection of Individual Consultants
(c) Selection Based on Consultant Qualifications
(d) Least Cost Selection
(e) Fixed Budget Selection

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 100% (inclusive of Taxes) of Eligible Expenditures, consisting of works, goods, consultant’s services (including audits), Training and Operating Costs.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawals shall be made in respect of payments for expenditures prior to the date of the Original Financing Agreement.
2. The Closing Date is December 31, 2011.

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.
2. “Annual Work Plan” means a plan describing the activities to be implemented by the Recipient under the Project, together with a timetable and budget for implementation of such activities, in accordance with paragraph E.8 of Section I of Schedule 2 to this Agreement, prepared by the SIU (as defined hereafter) pursuant to paragraph B.4 of Section I of Schedule 2 to this Agreement, and acceptable to the Association.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
4. “Co-financier” means the Association, acting as trustee of the FPCR TF.
5. “Co-financing” means an amount of three million United States Dollars (US\$3,000,000), provided by the Co-financier to assist in financing certain activities under Part B of the Project (as more particularly described in the FPCR TF Grant Agreement).
6. “Co-financing Grant Agreement” means the FPCR TF Grant Agreement, the agreement entered into between the Recipient and the Co-financier providing for the Co-financing.
7. “Environmental Management Plan” means the plan dated July 31, 2008, prepared by the Recipient and approved by the Association for Part B of the Project, providing appropriate mitigation, monitoring and institutional measures designed to mitigate potential adverse environmental and resettlement impacts, offset them, reduce them to acceptable levels or enhance positive impacts, as the same may be amended from time to time with the prior written agreement of the Association.
8. “Financial Management Manual” means the manual dated November 2007, acceptable to the Association and prepared by the Recipient, describing financial management arrangements, as such manual may be amended from time to time with the prior written agreement of the Association.

9. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
10. “Interim Un-audited Financial Report” means the report referred to in paragraph B.2 of Section II of Schedule 2 to this Agreement, and which: (i) sets forth the sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing funds provided under the Designated Account, and explains variances between the actual and planned uses of such funds; (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and (iii) sets forth the status of procurement under the Project, as at the end of the period covered by the said report.
11. “Liberia Water and Sewage Corporation” means the Recipient’s parastatal responsible for provision of water and sewage services.
12. “Memorandum of Understanding” means the agreement, dated January 21, 2008, between the MOA, the MOF, MOT, and the MPW setting out the respective obligations of the parties thereto with respect to Project implementation activities, including the financial management and procurement arrangements, as such agreement may be amended from time to time with the prior written agreement of the Association.
13. “Ministry of Agriculture” or “MOA” means the Recipient’s ministry responsible for agriculture and any successor thereto.
14. “Ministry of Finance” or “MOF” means the Recipient’s ministry responsible for finance and any successor thereto.
15. “Ministry of Planning” means the Recipient’s ministry responsible for planning and any successor thereto.
16. “Ministry of Public Works” or “MPW” means the Recipient’s ministry responsible for public works and any successor thereto.
17. “Ministry of Transport” or “MOT” means the Recipient’s ministry responsible for transport and any successor thereto.

18. “Operating Costs” means the incremental expenditures incurred by the SIU, PFMU, and MOA as a result of Project implementation, management and monitoring, including bank charges, communication costs, utilities, office equipment, travel costs and allowances, vehicle and office equipment maintenance, office supplies, and salaries of SIU, PFMU and MOA contractual staff, but excluding the salaries of the Recipient’s civil servants.
19. “Original Effective Date” means September 11, 2007, the date when the Original Financing Agreement became effective in accordance with Section 8.01 of the General Conditions.
20. “Original Financing Agreement” means the financing agreement for the Agriculture and Infrastructure Development Project between the Recipient and the Association, dated August 21, 2007, as amended to the date of this Agreement (Grant No. H327 - LBR).
21. “Original Project” means the Project described in the Original Financing Agreement.
22. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
23. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 15, 2007 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
24. “Project Financial Management Unit” or “PFMU” means the Project Financial Management Unit established within MOF, with a composition and role described in paragraphs C.5 and C.6 of Section I of Schedule 2 to this Agreement.
25. “Resettlement Action Plan” means the plan dated July 31, 2008, prepared by the Recipient and approved by the Association for Part B of the Project, for land acquisition, resettlement and compensation in connection with Part B of the Project, as the same may be amended from time to time with the prior written agreement of the Association.
26. “Special Implementation Unit” or “SIU” means the unit established by the Recipient within MPW, with a composition and role described in paragraphs B.3 and B.4 of Section I of Schedule 2 to this Agreement.

27. "Steering Committee" means the committee established by the Recipient, with a composition and role described in paragraphs A.1 and A.2 of Section I of Schedule 2 to this Agreement.
28. "Training" means the costs associated with the training and workshop participation under the Project, consisting of travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course or workshop preparation and implementation.

Section II. Modifications to the General Conditions

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Section 3.01 (b) of the General Conditions is amended to read as follows:

"The Commitment Charge shall accrue from a date sixty days after the date of the Original Financing Agreement, or the Financing Agreement, as the case may be, to the respective dates on which the Original Financing (as defined in the Financing Agreement) or the Additional Financing (as defined in the Financing Agreement), as the case may be, are withdrawn by the Recipient from the Financing Account or cancelled. The Commitment Charge shall accrue at the rate set as of the June 30 immediately preceding the accrual date and at such other rate as may be set from time to time pursuant to this Section. The rate set as of June 30 in each year shall be applied from the next Payment Date in that year. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date. The Commitment Charge shall be computed on the basis of a 360-day year of twelve 30-day months."