

CONFORMED COPY

CREDIT NUMBER 4310 - ANG

Financing Agreement

(Emergency Multisector Recovery Program-Phase II)

between

REPUBLIC OF ANGOLA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 19, 2007

CREDIT NUMBER 4310 - ANG

FINANCING AGREEMENT

AGREEMENT dated December 19, 2007, entered into between REPUBLIC OF ANGOLA (“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

THE FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to sixty-seven million five hundred thousand Special Drawing Rights (SDR 67,500,000) (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. The Recipient’s Representative for purposes of taking any action or permitted to be taken pursuant to this Section is its Minister of Planning.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Recipient shall pay interest at a rate of four percent (4%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time which shall be computed on the basis of a three hundred sixty (360) day a year of twelve (12) thirty (30) day months. Interest shall accrue from the respective dates on which such amounts shall have been withdrawn, and shall be payable semi-annually in arrears on each Payment Date.
- 2.06. The Payment Dates are April 15 and October 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

THE PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall carry out the Project, through MOP, with the assistance of the Line Agencies and Line Ministries, 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 MOU.
- 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

REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension is that the Program, or a significant part thereof, has been amended, repealed, or suspended, at the instance of the Recipient, so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement.

- 4.02. The Additional Event of Acceleration is that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V

TERMINATION

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.02. 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 fifteen (15) years after the date of this Agreement.

ARTICLE VI

REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is the Minister of Planning.
- 6.02. The Recipient's Address is:

Ministério de Planeamento
Largo do Palácio
Cidade Alta
Caixa Postal 1205
Luanda
República de Angola

Facsimile:
244 233 9586

6.03. The Association's Address is:

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

AGREED at Luanda, Republic of Angola, as of the day and year first above written.

REPUBLIC OF ANGOLA

By /s/ Ana Dias Lourenço
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Alberto Chueca Mora
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient in its post-war recovery efforts to build foundations for long-term reconstruction, economic rehabilitation, and the reestablishment of state administration throughout its territory.

The Project constitutes the second phase of the Program, and consists of the following parts:

Part A: Rural Development and Delivery of Social Services

1. Rehabilitation of about three hundred (300) kilometers of rural roads in the *Bié* province.
2. Rehabilitation of about three hundred (300) kilometers of rural roads in the *Malanje* province.
3. Supervision activities for civil works under Part A of the Project.

Part B: Rehabilitation and Reconstruction of Critical Infrastructure

1. Roads Sector

Rehabilitation of about 150 kilometers of high traffic roads and bridges linking the cities of *Lucala* and *Negage*.

2. Electricity Sector

- (a) Reconstruction of medium and low-voltage power distribution systems in the provincial capitals of *Luena*, *Malanje*, *N'Dalantando*, *Kuito*, and *Uige*.
- (b) Reconstruction of about seventy (70) kilometers of power lines network in *Luanda*.

3. Water Sector

- (a) Repairs to water service systems in:
 - (i) the provincial capital of *N'Dalantando*, including:
 - (A) rehabilitation of about thirty five (35) kilometers of water distribution network; (B) connection to water services for about three thousand five hundred (3,500) households; and
 - (C) construction of about fifty (50) community standpipes; and
 - (ii) rural areas of the *Moxico* province, including: (A) construction of about seventy (70) boreholds with hand pumps; (B) rehabilitation of about five (5) small water distribution systems; and (C) renovation of about fifty (50) water points.
- (b) Restoration and expansion of water services in the provincial capitals of *Malanje, Kuito, and N'Dalantando*.

4. Urban Sanitation Sector

- (a) Carrying out of feasibility studies to determine the type of works needed on *Luanda's* drainage and sewerage collection systems to prevent sewage overflows.
- (b) Carrying out of a program, including, civil works and corresponding supervisory activities for the improvement of *Luanda's* drainage and sewerage collection systems, based on the recommendations of the feasibility studies referred to in Part B.4 (a) of the Project.
- (c) Carrying out of a program in the *Moxico* province, including, designs, civil works, supervisory activities, acquisition of equipment, and provision of consultant services to assist with erosion control measures in areas prone to natural disasters.

5. Supervision activities for civil works under Part B of the Project.

Part C: Sector Development Strategies and Strengthening of Human and Institutional Capacities

1. Design and implementation of strategies to develop key infrastructure areas, including electricity, transport and water services.
2. Provision of technical assistance and training to Line Ministries, Line Agencies, and MOP to strengthen their capacities in infrastructure development matters.
3. Provision of technical advisory services to both central and local governments to:
(a) develop fiscal transfer mechanisms with appropriate management and operating procedures; (b) design procedures for municipal-level strategic planning; and (c) monitor revenue generated by local governments.
4. Carrying out of an environmental and social assessment in connection with the implementation of the Project.
5. Provision of grants to finance goods, works, services, resettlement and compensations, as provided in the environmental and social mitigation system referred to in Paragraph 5 (b) of Section I of Schedule 2 to this Agreement.
6. Provision of grants to finance goods, works and services for Local Governments' decentralization and social development projects.

Part D: Management, Monitoring and Evaluation of Project Implementation

1. Provision of technical advisory services and goods for the purposes of supporting the management, monitoring and evaluation of the implementation of activities carried out under the Project.
2. Carrying out Project studies, including, *inter alia*, performance reviews and impact evaluations.

SCHEDULE 2

Project Execution

Section I. Implementation and Other Arrangements

1. The Steering Committee

The Recipient shall maintain, for the purposes of the Project, the Steering Committee, acceptable to the Association, throughout the period of implementation of the Project, with structure, functions and responsibilities, for the purpose of overseeing the execution of the Project. The Steering Committee shall be chaired by the Ministry of Planning and comprise of the vice-ministers from the Line Ministries or their representatives.

2. The PMIU

- (a) The Recipient shall maintain within MOP, at all times during Project implementation, a Project Management and Implementation Unit (the PMIU), with a structure, functions and responsibilities acceptable to the Association, including, *inter alia*, the responsibility of the PMIU to assist the Recipient and the Steering Committee in the coordination, implementation, monitoring and supervision of the Project.
- (b) The Recipient shall ensure that the PMIU is, at all times during Project implementation, headed by a Project coordinator and staffed with an accountant, an internal auditor, an international financial management specialist, an international procurement specialist and other professional and administrative staff, all hired through competitive processes, in accordance with the provisions of Paragraph C of Section III of this Schedule, in numbers and with qualifications and experience acceptable to the Association.
- (c) Except as the Recipient and the Association may otherwise agree in writing, the Recipient shall not introduce changes in the number of positions of the PMIU or in the professional skills required for occupying such positions, unless said changes have been previously agreed with the Association.

3. **The Operational Manual**

- (a) Without limitation upon the provisions of Section 4.01 of the General Conditions, the Recipient shall carry out the Project in accordance with a manual (the Operational Manual), acceptable to the Association, said manual to include, *inter alia*:
 - (i) an institutional implementation plan of MOP, the Line Agencies and the Line Ministries for the management of the Project (including, *inter alia*, allocation of responsibilities among staff, yearly planning of activities and budget and time allocation for those activities);
 - (ii) detailed arrangements for the overall carrying out of the Project including, *inter alia*, the procurement, financial management, environmental, and social guidelines to be followed during Project implementation by the Recipient;
 - (iii) the guidelines for the preparation of the Annual Action Plans;
 - (iv) the criteria and procedures for:
 - (A) the preparation, review and approval of Environmental and Social Mitigation Grants (including, *inter alia*, a list of possible activities to be financed under Environmental and Social Mitigation Grants and a negative list of activities that may not be financed under Environmental and Social Mitigation Grants);
 - (B) the preparation, review and approval of Decentralization Grants (including, *inter alia*, a list of possible activities to be financed under Decentralization Grants and a negative list of activities that may not be financed under Decentralization Grants); and
 - (C) training and technical assistance, environmental assessments, resettlement assessments, social assessments, and corresponding mitigation measures;

- (v) the guidelines for the implementation of the Environmental and Social Assessment for the Project;
 - (vi) the guidelines for Project monitoring and evaluation;
 - (vii) the guidelines for Project management and its corresponding administrative and financial matters; and
 - (viii) the Model Forms.
- (b) Except as the Recipient and the Association may otherwise agree in writing, the Recipient shall not abrogate, amend, repeal, suspend, waive or otherwise fail to enforce the Operational Manual or any provision thereof.
- (c) In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

4. The Annual Action Plan

- (a) The Recipient shall, not later than January 31 of each year during Project implementation, or such later date as the Association shall determine, starting in year 2008, furnish to the Association for approval, an annual action plan (the Annual Action Plan), each said plan to include, *inter alia*: (i) the Project activities to be carried out during the twelve months immediately following the presentation of each said plan; (ii) the procurement plan, and disbursement schedule for each said twelve month period; (iii) the amount of counterpart funds needed and to be provided by the Recipient to carry out the Project during said period; (iv) the annual budget for Operating Costs for the Project; and (v) the annual budget for Training under the Project.
- (b) The Recipient shall thereafter implement each said Annual Action Plan, approved by the Association, in accordance with its terms.
- (c) The Recipient shall carry out the Annual Action Plan for the year 2008, approved by the Association prior to the date of this Agreement.
- (d) Upon approval of the corresponding Annual Action Plan by the Association, the Recipient shall, through MOP:

- (i) enter into separate agreements or amend existing separate agreements (the Environmental and Social Mitigation Grant Agreements), on terms and conditions satisfactory to the Association, with each Line Agency and each Line Ministry, such agreements to include, *inter alia*: (A) the Recipient's obligation to transfer, on a grant basis, to each Line Agency and each Line Ministry the proceeds of the Financing allocated under Part C.5 of the Project; (B) the Line Agencies' and Line Ministries' obligations to carry out Part C.5 of the Project; (C) the Line Agencies' and Line Ministries' obligations to maintain records and accounts, in a manner acceptable to the Association (including any other information and/or documentation as the Association may request from time to time) regarding Part C.5 of the Project to enable the Recipient to comply with its obligations under Section 4.09 of the General Conditions; (D) the Line Agencies' and Line Ministries' obligations to procure the goods, works and services for the Project in accordance with the requirements of this Agreement; (E) the requirements for auditing the expenditures under part C.5 of the Project; and (F) the Recipient's right to suspend disbursements for Financing proceeds allocated to Part C.5 of the Project in the event of non-compliance by the Line Agencies and Line Ministries with the obligations set forth in the corresponding Environmental and Social Mitigation Grant Agreement, this Agreement, the Anticorruption Guidelines and/or those of the Operational Manual; and

- (ii) enter into separate agreements or amend existing separate agreements (the Decentralization Grant Agreements), on terms and conditions satisfactory to the Association, with the Local Governments, such agreements to include, *inter alia*: (A) the Recipient's obligation to transfer, on a grant basis, to each Local Government the proceeds of the Financing allocated under Part C.6 of the Project; (B) the Local Government's obligation to carry out Part C.6 of the Project; (C) the Local Government's obligation to maintain records and accounts, in a manner acceptable to the Association (including any other information and/or documentation as the Association may request from time to time) regarding Part C.6 of the Project to enable the Recipient to comply with its obligations under Section 4.09 of the General Conditions; (D) the Local Government's obligations to procure the goods, works and services for the Project in accordance with the requirements of this Agreement; (E) the requirements for auditing the expenditures under part C.6 of the Project; and (F) the Recipient's right to suspend disbursements for Financing

proceeds allocated to Part C.6 of the Project in the event of non-compliance by the Local Governments with the obligations set forth in the corresponding Decentralization Grant Agreement, this Agreement, the Anticorruption Guidelines and/or those of the Operational Manual.

- (e) Except as the Recipient and the Association may otherwise agree in writing, the Recipient shall not abrogate, amend, repeal, suspend, waive or otherwise fail to enforce the Environmental and Social Mitigation Grant Agreements and/or the Decentralization Agreements, or any provision thereof.
- (f) In case of any conflict between: (i) the terms of any Environmental and Social Mitigation Grant Agreement; the terms of any Decentralization Grant Agreement; and/or the terms of the Operational Manual; and (ii) the terms of this Agreement, the terms of this Agreement shall prevail.

5. Environmental and Social Assessment and Mitigation Measures

- (a) The Recipient shall, not later than six (6) months following the Effective Date, or such later date as the Association shall determine, carry out a comprehensive environmental and social assessment of the activities carried out or to be carried out under the Project, in form and substance acceptable to the Association, and shall furnish said assessment for review and comments to the Association no later than seven (7) months following the Effective Date.
- (b) The Recipient shall, not later than twelve (12) months following the Effective Date, or such later date as the Association shall determine, adopt and thereafter maintain, in form and substance satisfactory to the Association, an environmental and social mitigation system, for the implementation of the Project, comprising: (i) an environmental and social framework; (ii) a resettlement policy framework; (iii) a pest management plan; (iv) a forest protection plan; and (v) a natural habitats protection plan; all based on a plan recommended in the assessment study referred to in Paragraph 5 (a) of Section I of this Schedule and the views of the Association thereon.
- (c) The Recipient shall, thereafter implement the Project in compliance with the environmental and social mitigation system referred to in Paragraph 5 (b) of Section I of this Schedule.

- (d) Except as the Recipient and the Association may otherwise agree in writing, the Recipient shall not abrogate, amend, repeal, suspend, waive or otherwise fail to enforce the environmental and social mitigation system referred to in Paragraph 5 (b) of Section I of this Schedule or any provision thereof.

6. Participation of Line Ministries and Line Agencies

The Recipient shall, not later than thirty (30) days following the Effective Date, enter into a memorandum of understanding with the Line Ministries and Line Agencies, in form and substance satisfactory to the Association, including, *inter alia*, allocation of responsibilities for Project implementation, obligations to provide technical support for the Project, as well as obligations to monitor and evaluate the technical implementation of the Project.

Section II. Project Monitoring, Reporting, 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 quarter, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

I. Component A

Rural development

- A. About 600 km of feeder roads rehabilitated by mid 2011 in the *Malange* province (300 Km) and in the *Bié* province (300 Km).

II. Component B

Roads

- A. About 150 km of the national priority network rehabilitated and permanent connection between *Lucala* and *Negage* restored by end 2011.

Water

- A. About 8 liter per day per capita by end 2010.
- B. About 800,000 number people in the three provincial capitals that have access to water utility network distribution by end 2010.
- C. About 35 rural area water points rehabilitated in the *Moxico* province by end 2010.

Electricity

- A. About 20 MVA additional installed in the *Luanda* area by end 2010.
 - B. Medium and low-voltage distribution systems in *N'Dalantando*, *Uige*, *Malanje*, *Luena*, *Kuito* rehabilitated and operating continuously by December 2010.
 - C. Connection of about 15,000 new consumers by *Companhia de Eletrecidade de Luanda* by December 2010.
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 December 31, 2011.

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 shall prepare and furnish to the Association as part of the Project Report, not later than

one (1) month after the end of each calendar quarter, interim un-audited financial reports for the Project covering such 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 (1) 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 months (6) 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.
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 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 list 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 Methods
(a) Limited International Bidding.
(b) National Competitive Bidding.
(c) Shopping.
(d) Direct Contracting.
(e) Procurement from United Nations Agencies.

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 list 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 Methods
(a) Quality- Based Selection.
(b) Least Cost Selection.
(c) Selection Based on Consultants' Qualifications.
(d) Single- Source Selection.
(e) Procedures set forth in Paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants.

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Financing Allocated (Expressed in SDR)	Percentage of Expenditures To be Financed
(1) Works		
(a) For Parts A.1 and A.2 of the Project	5,300,000	70%
(b) For water supply works under Part B of the Project	15,600,000	100%
(c) For other works under Part B of the Project	31,700,000	70%
(2) Goods	700,000	70%
(3) Consultant's Services (including audits) and Training	8,000,000	70%
(4) Grants		
(a) Environmental and Social Mitigation Grants	700,000	100%
(b) Decentralization Grants	1,100,000	100%
(5) Operating Costs	700,000	100%
(6) Unallocated	3,700,000	
TOTAL	<hr style="width: 100px; margin: 0 auto;"/> 67,500,000 =====	

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 this Agreement.
2. Notwithstanding the provisions of Part A of this Section, no withdrawals shall be made in respect of Category 4 (a), until the provisions of Paragraphs 5(a) and 5 (b) of Section I of this Schedule have been complied with by the Recipient, in a manner acceptable to the Association.

3. The Closing Date is June 30, 2011.
4. Without limitation upon the provisions of Section 4.01 of the General Conditions, the Recipient shall:
 - (a) open and thereafter maintain, until completion of the Project, an account (the Project Account) in Kwanzas in a commercial bank, acceptable to the Association, and on terms and conditions acceptable to the Association;
 - (b) promptly thereafter, make an initial deposit of US\$2,000,000 equivalent into the Project Account to finance the Recipient's contributions to the cost of the Project;
 - (c) thereafter, on a monthly basis, during Project implementation, timely replenish the Project Account with such adequate amounts as shall be required to carry out the Project; and
 - (d) use the Project Account funds exclusively to finance expenditures under the project in addition to those financed from the proceeds of the Financing.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each October 15 and April 15:	
commencing October 15, 2017 to and including April 15, 2027	1.25 %
commencing October 15, 2027 to and including April 15, 2042	2.50 %

* 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. “Annual Action Plan” means any of the plans referred to in Paragraph 4 (a) and/or (c) of Section I of Schedule 2 to this Agreement.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
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. “Decentralization Grant” means investments to be carried out by Local Governments under a Decentralization Grant Agreement and included in Part C.6 of the Project.
5. “Decentralization Grant Agreement” means any of the agreements referred to in Paragraph 4 (d) (ii) of Section I of Schedule 2 to this Agreement.
6. “Environmental and Social Mitigation Grant” means the investments to be carried out by Line Agencies and Line Ministries and included in Part C.5 of the Project.
7. “Environmental and Social Mitigation Grant Agreement” means any of the agreements referred to in Paragraph 4 (d) (i) of Section I of Schedule 2 to this Agreement.
8. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005, (as amended through October 15, 2006).
9. “Kwanza” means the lawful currency of the Recipient.
10. “Line Agencies” means any one or all of the following independent or parastatal agencies: *Instituto Nacional de Estradas de Angola (INEA)*, *Empresa Pública de Águas de Luanda (EPAL)*, and *Empresa Nacional de Electricidade (ENE)*.
11. “Line Ministries” means any one or all of the following Ministries of the Recipient: *Ministério da Agricultura e do Desenvolvimento Rural*, *Ministério das Obras Públicas*, *Ministério dos Transportes*, and *Ministério da Energia e Águas*.
12. “Local Governments” means any of the Recipient’s Provinces or Municipalities.

13. “Memorandum of Understanding” or the acronym “MOU” mean the agreement referred to in Paragraph 6 of Section I of Schedule 2 to this Agreement.
14. “Model Forms” means the set of model draft agreements satisfactory to the Association, including standard drafts of Environmental and Social Mitigation Grant Agreements and Decentralization Grant Agreements, set forth in the Operational Manual (as hereinafter defined).
15. “MOP” means the Recipient’s Ministry of Planning.
16. “Operating Costs” means reasonable recurrent Project expenditures, based on an annual budget previously approved by the Association, that would not have been incurred by the Recipient absent the Project, including: (a) office equipment and supplies; (b) office utilities; (c) office rental expenses; (d) Project’s vehicles maintenance costs, fuel and spare parts; (e) travel expenses and per diems for official Project staff (excluding salaries of Recipient’s civil servants); and (f) operation and maintenance of office equipment, financed with the proceeds of the Financing, all needed for the supervision of the Project.
17. “Operational Manual” means the manual referred to in Paragraph 3 (a) of Section I of Schedule 2 to this Agreement.
18. “PMIU” means the Project Management and Implementation Unit referred to in Paragraph 2 (a) of Section I of Schedule 2 to this Agreement.
19. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004, and revised in October, 2006.
20. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 9, 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.
21. “Program” means the Recipient’s program of actions and strategies for post-war recovery designed to build a foundation for long-term reconstruction, economic rehabilitation, and the reestablishment of state administration throughout its territory and set forth in the letter dated September 3, 2003 from the Recipient to the Association.
22. “Project Account” means the account referred to in paragraph B.4 (a) of Section IV of Schedule 2 to this Agreement.
23. “Steering Committee” means the committee referred to in Paragraph 1 of Section I of Schedule 2 to this Agreement.

24. "Training" means reasonable non- consultant expenditures, based on an annual budget previously approved by the Association, and incurred by the Recipient to finance training activities including: (a) transportation costs of trainers and trainees; (b) trainer's fees; (c) rental of training facilities and equipment; and (d) acquisition of training equipment and material, all financed with the proceeds of the Credit.

Section II. Modifications to the General Conditions

The modifications to the International Development Association General Conditions for Credits and Grants, dated July 1, 2005 are as follows:

1. Paragraph 28 of the Appendix is amended in its entirety to read as follows:

"28. "Financing Payment" means any amount payable by the Recipient to the Association pursuant to the Financing Agreement or these General Conditions, including (but not limited to) any amount of the Withdrawn Credit Balance, the Service Charge, the Commitment Charge, interest and any refund of the Withdrawn Grant Amount payable by the Recipient."