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**CREDIT NUMBER 3675-LA  
GRANT NUMBER H4180-LA**

# **Financing Agreement**

**(Amending and Restating Development Credit Agreement and Providing Additional  
Financing For the Poverty Reduction Fund Project)**

**between**

**LAO PEOPLE'S DEMOCRATIC REPUBLIC**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated July 25, 2008**

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**FINANCING AGREEMENT**  
**(Amending and Restating Development Credit Agreement)**

Agreement dated July 25, 2008, entered into between LAO PEOPLE'S DEMOCRATIC REPUBLIC ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS (A) under an agreement dated August 19, 2002, between the Association and the Recipient, as amended ("Development Credit Agreement"), the Association agreed to provide the Recipient with a credit in an amount equivalent to fifteen million three hundred thousand Special Drawing Rights (SDR 15,300,000) to assist in financing the Poverty Reduction Fund Project described in Schedule 2 to the Development Credit Agreement;

(B) the Recipient has requested the Association to provide additional financial assistance in support of the Poverty Reduction Fund Project by increasing the amount made available under the Development Credit Agreement with a grant in an amount in various currencies equivalent to nine million three hundred thousand Special Drawing Rights (SDR 9,300,000); and

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing to extend such additional assistance to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the Recipient and the Association hereby agree to amend and restate the Development Credit Agreement to read 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 and a grant (collectively, "Financing") in the following amounts to assist in financing the project described in Schedule 1 to this Agreement ("Project"):

- (a) an Original Credit in various currencies equivalent to fifteen million three hundred thousand Special Drawing Rights (SDR 15,300,000) (“Credit”); and
  - (b) an Additional Grant in various currencies equivalent to nine million three hundred thousand Special Drawing Rights (SDR 9,300,000) (“Grant”).
- 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 required or permitted to be taken pursuant to this Section is the Minister of Finance.
- 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 Payment Dates are June 15 and December 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollars.

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.
- 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 amended and restated Project Agreement has been duly authorized or ratified by the Project Implementing Entity;
  - (b) the Fund Grant Agreement has been executed between the Recipient and the Project Implementing Entity and is legally binding upon the parties thereto in accordance with its terms; and
  - (c) a revised Operations Manual and a revised Finance and Administration Manual, acceptable to the Association, have been duly adopted by the Project Implementing Entity.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.03. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

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

Ministry of Finance  
23 Singha Road  
Nongbone Village  
Saysettha District  
Vientiane  
Lao PDR

Facsimile: 856-21-412142

5.03. The Association's Address is:

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

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

AGREED at Vientiane, Lao's People Democratic Republic, as of the day and year first above written.

LAO PEOPLE'S DEMOCRATIC REPUBLIC

By /s/ Viengthong Siphandone

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Ian Porter

Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to assist the Recipient in its on-going efforts to alleviate poverty throughout its territory by, inter alia: (a) financing community infrastructure activities, and other community public capital investments endeavors and training activities at the village level; (b) building local capacity at the village level in poor districts to manage public investment planning and implementation; and (c) strengthening the capacity of local institutions to support participatory decision-making at the village, Kum Banh, and district levels.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Association may agree upon from time to time to achieve such objectives:

#### Part A: Village Sub-project Grants

Carrying out of Sub-projects through the provision of Sub-grants made available by the Poverty Reduction Fund out of the proceeds of the Grant to a village or group of villages to finance the carrying out of the corresponding Sub-project in accordance with the provisions of the relevant Sub-grant Agreement.

#### Part B: Capacity Building for Communities and Local Institutions

(a) Strengthening of Beneficiary capacity to implement Sub-projects under Part A of the Project, including Sub-project identification, planning and implementation, through the provision of technical assistance, training, and goods for provincial technical support teams, and district and Kum Banh facilitators; and

(b) strengthening the Recipient's institutional capacity at the district and provincial levels to improve quality of service delivery, promote participatory planning and facilitate dialogue between districts and communities, though the provision of training and technical assistance.

#### Part C: National Project Management

Supporting the management and operation of the Poverty Reduction Fund through the provision of technical assistance, vehicles and other goods.

**SCHEDULE 2****Project Execution****Section I. Implementation Arrangements****A. Subsidiary Arrangements**

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Credit and the Grant available to the Project Implementing Entity under a fund grant agreement between the Recipient and the Project Implementing Entity (“Fund Grant Agreement”), under terms and conditions approved by the Association, which shall include the following:
  - (a) The obligation of the Recipient to transfer the proceeds of the Credit and the Grant, required for the implementation of the Project, to the Project Implementing Entity on a non-reimbursable grant basis, and otherwise to take all action necessary to permit the Project Implementing Entity to carry out the Project and ensure the achievement of the objectives thereof.
  - (b) The obligation of the Project Implementing Entity to promptly inform the Recipient of any condition which obstructs or threatens to obstruct with the implementation of the Project and the achievement of the objectives thereof.
  - (c) The obligation of the Project Implementing Entity, at the request of the Recipient, to exchange views with the Recipient with regard to the progress of the Project and the achievement of the objectives thereof, and the Project Implementing Entity’s performance of its obligations under the Fund Grant Agreement.
  - (d) The obligation of the Project Implementing Entity to carry out the Project in accordance with this Agreement, the Project Agreement, the Fund Grant Agreement, the Operations Manual, and the Finance and Administration Manual, and at all times ensure that only Sub-projects that comply with the Fund Grant Agreement and said manuals will be financed from the proceeds of the Financing.
  - (e) The mutual obligation of the Recipient and the Project Implementing Entity to take steps to ensure that: (a) in the event of the existence of any potential adverse environmental effects arising from the implementation of any Sub-project, the Social and Environmental Guidelines shall be carried out in a manner acceptable to the Association and monitored on a regular basis by both the Recipient and the Project Implementing Entity; and (b) adequate operational procedures shall be maintained at all times to enable both the Recipient and the Project Implementing Entity to monitor and evaluate, on a regular basis and

based on indicators acceptable to the Association, the prompt carrying out of the foregoing.

(f) The obligation of the Project Implementing Entity to promptly refund to the Recipient any proceeds from the Financing not used for the purposes of carrying out the Project or for achieving the objectives thereof, or otherwise utilized in a manner in which does not comply with the provisions of this Agreement or the Project Agreement.

(g) A provision stipulating that, in case of conflict between any of the provisions contained in the Fund Grant Agreement, the Operations Manual or the Finance and Administration Manual, on the one hand, and those set forth in this Agreement and the Project Agreement, on the other, the provisions of this Agreement and the Project Agreement shall at all times prevail.

**B. Anti-Corruption**

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

**C. Safeguards**

The Recipient shall:

(a) cause the Project Implementing Entity to carry out the Project with due regard to health-safety, social, cultural and environmental principles, practices and standards as reflected in the Social and Environmental Guidelines; and

(b) furnish to, or cause the Project Implementing Entity to be furnished to, the Association for its prior approval any proposed revisions to be introduced to the Social and Environmental Guidelines, in order to achieve its objective and thereafter, introduce only such revisions into the guidelines, as shall have been agreed with the Association.

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

**A. Project Reports**

1. 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 agreed with the Association. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than two (2) months after the end of the period covered by such report.



2. Notwithstanding paragraph A.1 of this Section II, the Recipient, shall prepare or cause to be prepared, under terms of reference satisfactory to the Association, and, no later than March 31, 2009, furnish to the Association for review and comment, annual reports integrating results of the monitoring and evaluation activities performed under the Project including those performed under paragraph 1 of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, providing for a Procurement Plan for the next period and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date.
3. 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 six (6) month after the Closing Date.

**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, or cause to be prepared and furnished, to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) Fiscal Year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods 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 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:

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

**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 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.

<b>Procurement Method</b>
(a) Least-Cost Selection
(b) Selection Based on Consultants' Qualifications
(c) Single Source Selection
(d) Individual Consultants

**D. Review by the Association of Procurement Decisions**

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

**Section IV. Withdrawal of the Proceeds of the Financing**

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Credit and of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Amount of the Grant Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Sub-grants	11,532,000	6,187,900	100% until October 1, 2008 and 64% thereafter of amount of Sub-grant disbursed

(2) Consultants' services			100%
(a) Audit services	32,000	25,300	
(b) Others	1,997,000	1,768,900	
(3) Goods	264,000	242,100	100%
(4) Works	68,000	47,000	100%
(5) Incremental Operating Costs	922,595	927,300	100%
(6) Refund of Project Preparation Advance	195,405		Amount payable pursuant to Section 2.07 of the General Conditions
(7) Training	289,000	101,500	100%
<b>TOTAL AMOUNT</b>	<u>15,300,000</u>	<u>9,300,000</u>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, in respect of the Grant, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is September 30, 2011.

**Section V. Other Undertakings**

The Recipient and the Association intend, to the extent practicable, that the proceeds of the Credit be disbursed on account of expenditures for the Project before disbursements of the proceeds of the Grant.

**ANNEX**  
**to**  
**SCHEDULE 2**

**National Competitive Bidding Procedures**

1. Bidding documents and contracts under national competitive bidding procedures financed by the Association shall include a provision requiring suppliers contractors and their subcontractors to permit the Association to inspect their accounts and records relating to the bid submission and the performance of the supplier and/or contractor, as the case may be, and to have them audited by auditors appointed by the Association, if so required by the Association. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to obstructive practice.
2. Immediately after completion of the bid opening proceedings, a copy of the bid opening record shall be posted at a prominent location, accessible to the public, outside the office of the concerned procuring entity and shall be retained at the same location until the award of contract has been notified. A copy of the bid opening record shall be provided to all bidders who submitted bids.
3. The Recipient shall publish the following information on contract award on a free or open access website when it becomes operational or on another means of publication acceptable to the Association: (a) name of each bidder who submitted a bid; (b) bid prices as read out at bid opening; (c) name and evaluated price of each bid that was evaluated; (d) name of bidders whose bid were rejected and the reasons for rejection; (e) name of the winning bidder, contract price, explanation if it is different that bid price as well as the duration and summary scope of the contract awarded; and (f) contract variation orders. This publication shall be updated quarterly.
4. The eligibility of bidders shall be as defined under section I of the Bank's Guidelines for Procurement under IBRD Loans and IDA Credits, published by the Bank in October 2006; accordingly, a firm or individual previously declared ineligible by the Association based on determination by the Association that this firm or individual has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices shall be declared ineligible to be awarded a contract financed by Association.
5. The Association shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Association and the Recipient, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, an Association-financed contract.

**SCHEDULE 3****Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each December 15 and June 15:	
commencing December 15, 2012 to and including June 15, 2022	1%
commencing December 15, 2022 to and including June 15, 2042	2%

\* 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. “Additional Grant” means the additional financing in various currencies equivalent to nine million three hundred thousand Special Drawing Rights (SDR 9,300,000) provided to the Recipient, on the terms and conditions set forth or referred to in this Agreement.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
3. “Beneficiary” means a Project implementation team from a village or group of villages eligible to carry out a Sub-project under Part A of the Project.
4. “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.
5. “Ethnic Group” means, for purposes of the Project, the social groups residing or engaged in livelihood activities under the Project from time to time; each of which possesses a distinct social and cultural identity that makes it vulnerable to being disadvantaged in the development process, including the presence in varying degrees of the following characteristics: (i) close attachment to ancestral territories and to the natural resources in these areas; (ii) self-identification and identification by others as members of a distinct cultural group; (iii) a language, often different from the Lao language; (iv) presence of customary social and political institutions; and (v) primarily subsistence-oriented production; and “Ethnic Groups” means, collectively, all such Ethnic Groups.
6. “Finance and Administration Manual” means the manual, satisfactory to the Association, referred to in paragraphs B.3 and B.3(b) and of Section I of the Schedule to the Project Agreement, as the same may be amended from time to time with the agreement of the Association.
7. “Fund Grant Agreement” means the agreement entered into between the Recipient and the Poverty Reduction Fund, pursuant to the provisions of paragraph A.1 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), with the modifications set forth in Section II of this Appendix.

9. “Incremental Operating Costs” means reasonable expenditures directly related to the Project, incurred by the Project Implementing Entity (which expenditures would not have been incurred absent the Project), including expenditures for Project staff travel and per diem, office supplies, utilities, rent, internet fees, PRF staff insurance, maintenance of office equipment and operation and maintenance of vehicles but excluding salaries.
10. “Kum Banh” means a group of villages which acts as a coordinating level to facilitate interaction between the District and local communities.
11. “Ministry of Finance” means the Recipient’s Ministry of Finance, and any successor thereto.
12. “Operations Manual” means the manual, satisfactory to the Association, referred to in paragraphs B.3 and B.3 (a) and of Section I of the Schedule to the Project Agreement, as the same may be amended from time to time with the prior agreement of the Association.
13. “Original Credit” means the original financing in various currencies equivalent to fifteen million three hundred thousand Special Drawing Rights (SDR 15,300,000) provided to the Recipient, on the terms and conditions set forth or referred to in the Development Credit Agreement.
14. “Poverty Reduction Fund” or “PRF” means the entity established and operating pursuant to the Recipient’s Decree of the Prime Minister on the Establishment of the Poverty Reduction Fund, No.73/PM, dated May 31, 2002, as amended by Decree 222/PM dated September 29, 2006, and provided with legal personality distinct from that of the Recipient and possessing administrative, managerial, technical and financial autonomy under the Recipient’s laws and regulations, for purposes of supporting small-scale village investment and services and strengthening local capacity for village development, and any successor thereto.
15. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
16. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated June 4, 2008, 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.
17. “Project Agreement” means the agreement entered into between the Association and the Project Implementing Entity of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement.



18. “Project Implementing Entity” means the Poverty Reduction Fund.
19. “Project Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on June 26, 2002 and on behalf of the Recipient on July 18, 2002 (Q335-0-LA).
20. “Project Province” means the provinces of Champassak, Houaphan, Luan Namtha, Saravane, Savannakhet and Xiengkouang, in the territory of the Recipient and such other provinces selected by the Poverty Reduction Fund and approved by the Association.
21. “Social and Environmental Guidelines” means the guidelines, acceptable to be Association, dated April 2008, incorporated into the Operations Manual, and adopted by the Project Implementing Entity, which sets forth the principles and procedures, satisfactory to the Association, governing: (a) the environmental preliminary screening of proposed Sub-projects, and the preparation of environmental assessment and environment management plans during the implementation of the Project; and (b) meaningful consultation with, and the informed participation of Ethnic Groups who are affected, or may be affected by the Project, and socially and culturally acceptable mitigation measures to address impacts on such Ethnic Groups.
22. “Sub-grant” means a sub-grant in United States Dollars made or to be made available by the Project Implementing Entity out of the proceeds of the Grant to a village or group of villages to finance the carrying out of the corresponding Sub-project under Part A of the Project in accordance with the provisions of the relevant Sub-grant Agreement, and the term “Sub-grants” means, collectively, more than one Sub-grant.
23. “Sub-grant Agreement” means the agreement to be entered into between the Project Implementing Entity and a Beneficiary for purposes of providing a Sub-grant, as the same may be amended from time to time with the prior agreement of the Association, and the term “Sub-grants” means collectively all said Sub-grant Agreements.
24. “Sub-project” means a specific community training activity or community public capital investment or services project for improving economic or social services or for rehabilitating existing or developing new village-based community infrastructure, to be carried out by a Beneficiary utilizing the proceeds of a Sub-grant and its own resources and additional funding that could be provided by the Recipient, and the term “Sub-projects” means, collectively, more than one Sub-project.

**Section II. Modifications to the General Conditions**

Section 3.01 (b) of the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) is amended as follows:

“(b) The Commitment Charge shall accrue from a date sixty days after: (i) the date of the Development Credit Agreement with respect to the unwithdrawn balance of the Credit; and (ii) the date of the Financing Agreement with respect to the unwithdrawn balance of the Grant, to the respective dates on which amounts 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 thereafter 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.”