
CREDIT NUMBER 7569-LS
CREDIT NUMBER 7570-LS

Financing Agreement

(Lesotho Integrated Transport Trade and Logistics Project)

between

KINGDOM OF LESOTHO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between KINGDOM OF LESOTHO (“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) apply to and form 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 credits, which are deemed as Concessional Financing for purposes of the General Conditions (collectively, “Financing”), in the following amounts to assist in financing the project described in Schedule 1 to this Agreement (“Project”):
 - (a) an amount of United States Dollars, fifty-seven million, three hundred thousand (\$57,300,000) (the “Credit (A)”); and
 - (b) an amount of United States Dollars, twenty-two million seven hundred thousand (\$22,700,000) (the “Credit (B)”).
- 2.02 The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.
- 2.03 The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Service Charge applicable only to Credit (A) is the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the Withdrawn Credit Balance, or such rate as may apply following a Currency Conversion.
- 2.05. The Interest Charge applicable only to Credit (A) and is the greater of: (a) the sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge; and (b) zero percent (0%) per annum, or such rate as may apply following a Currency Conversion; on the Withdrawn Credit Balance.

- 2.06. The Payment Dates are February 1 and August 1 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Parts 1 and 3 (a) of the Project through the Roads Directorate under “Ministry of Public Works and Transport” (MOPWT) and Part 2 and 3(b) of the Project through the CAFI Project PMU under the Ministry of Trade, Industry, and Business Development”(MTIBD) in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness are the following, the Recipient has :
 - (a) prepared and adopted the Project Implementation Manual, in form and substance acceptable to the Association; and
 - (b) entered into a Subsidiary Agreement with the Roads Directorate satisfactory to the Association.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 4.03. For purposes of Section 10.05(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 Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient’s Representative is its Minister of Finance and Development Planning.
- 5.02. For purposes of Section 11.01 of the General Conditions:
 - (a) the Recipient’s address is:
 - Ministry of Finance and Development Planning
 - P.O. Box 395
 - Maseru 100
 - Lesotho; and

(b) the Recipient's Electronic Address is:

Telephone: (266) 22 310 622

5.03. For purposes of Section 11.01 of the General Conditions:

(a) the Association's address is:

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

(b) the Association's Electronic Address is:

Telex:	Facsimile:
248423 (MCI)	1-202-477-6391

AGREED as of the Signature Date.

KINGDOM OF LESOTHO

By



Authorized Representative

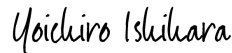
Name: Retselisitsoe Adelaide Matlanyane

Title: Minister of Finance and Development Planning

Date: 08-Jul-2024

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Yoichiro Ishihara

Title: Country Representative

Date: 28-Jun-2024

SCHEDULE 1

Project Description

The objectives of the Project are to:(a) improve climate resilient regional connectivity on the Katse to Thaba-Tseka road corridor; and (b) reduce the costs of trade at three of the Recipients Commercial Borders with the Republic of South Africa.

The Project consists of the following parts:

Part 1: Road Corridor Infrastructure Development (Roads Directorate)

1.1 Katse to Thaba-Tseka Road Corridor

Upgrading the Katse to Thaba-Tseka road corridor by:(a) carrying out construction works to upgrade the existing engineered gravel surfacing to climate resilient paved standards; (b) adding a number of road safety features such as road markings, hazard removal, adding footpaths and pedestrian crossings and widening the road width; and (c) supervising the works.

1.2 A1 Economic Corridor

Conducting spot improvements along the A1 Economic Corridor, including: (a) configuring and improving the main intersection on Sir Seretse Khama Road; (b) improving pavements of critical sections and damaged cross drainages; and (c) purchasing and erecting bailey bridges to address critical sections cut off by floods.

Part 2: Regional Trade, Integration, and Logistics Services

2.1 Smart One-Stop Border Post Facilities at Maseru Bridge and Maputsoe-Ficksburg and Facilities at Qacha's Nek Border

- (a) Establishing smart one-stop border post facilities at the Maseru Bridge and Maputsoe-Ficksburg border crossings.
- (b) Upgrading and reconfiguring the existing physical border infrastructure to modern standards, including installing smart border equipment and renovating customs and immigration agencies buildings, gates, and other basic border infrastructure.
- (c) Designing and installing an information desk at the smart one-stop border post facilities at Maseru Bridge and Maputsoe-Ficksburg border crossings and improving the Qacha's Nek border crossing; with information for the benefit of women including violence prevention.

- (d) Introducing a mechanism at the border to report sexual harassment, and adapt environmental design features, and occupational safety and health standards to prevent gender-based violence.
- (e) Providing training to officials on violence prevention, response to sexual harassment, and customer service with a gender perspective.

2.2 Inspection and Laboratory Testing Facilities

- (a) Constructing and equipping of the inspection and laboratory testing facilities, at the Maseru Bridge and Maputsoe-Ficksburg border crossings.
- (b) Configuring the inspection facilities for smooth and efficient inspection of passing trucks at the Maseru Bridge and Maputsoe-Ficksburg border crossings.
- (c) Installing modern inspection equipment to provide audio and video communications linkages to the border agencies to inform the inspection, and to report into the ASYCUDA World border processing system.

2.3 Climate Controlled Community-Level Sorting, Packing, and Storage Facilities (Cold Chain)

- (a) Purchasing and installing energy efficient and climate-controlled mobile containers with climate friendly refrigerants and solar roof for the storage of horticultural products ahead of transport to markets.

Part 3: Technical Assistance, Capacity Building, and Project Management

1. Supporting RD by:

- (a) strengthening its capacity to carry out Project management activities including, coordination, procurement and financial management, monitoring and evaluation, implementing environmental and social standards, communication, conducting independent audits, and carrying out citizen engagement activities.
- (b) providing RD technical assistance to carry out the following:
 - (i) conducting a gender assessment to identify barriers for women working in roads, women traders, and women farmers in communities along the improved roads and propose suitable interventions;

- (ii) enhancing climate resilience in planning and management of road infrastructure, including the development of standard operating procedures for climate disaster warning and response;
- (iii) developing community resilience committees led by women to support emergency disaster preparedness and response;
- (iv) promoting women's employment in the road sub-sector, and
- (v) assessing landscape restoration needs along the project corridor.

Supporting the CAFI Project PMU by:

- (a) Strengthening its capacity to carry out Project management activities including, coordination, financial and procurement management, monitoring and evaluation, implementing environmental and social standards, communication, conducting independent audits, and carrying out citizen engagement activities.
- (b) providing it technical assistance to carry out the following activities:
 - (i) carrying out a gender assessment on the challenges women traders face and develop a gender action plan to identify, implement, and monitor interventions for women traders, and women farmers in communities at the border,
 - (ii) establishing community resilience committees led by women to support emergency disaster preparedness and response;
 - (iii) developing a training program for officials and operators at the Maseru Bridge and Maputsoe-Ficksburg border crossings on sexual exploitation and abuse, sexual harassment and anti-corruption ,
 - (iv) providing business advisory services and training to women traders and women in agriculture along the economic corridor; and
 - (v) supporting registration and licensing of informal businesses for female traders.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. *Ministry of Public Works and Transport and Ministry of Trade, Industry, and Business Development*

The Ministry of Public Works and Transport (MOPWT) and the Ministry of Trade, Industry, and Business Development (MTIBD) shall be responsible for providing the overall policy direction and oversight of the Project.

2. *Roads Directorate*

To facilitate effective implementation of RD's Respective Part of the Project, the Recipient shall ensure that not later than four (4) months after the Effective Date, RD recruits a procurement officer, safeguards officers, and a monitoring and evaluation expert with training, experience and under Terms of Reference satisfactory to the Association.

3. *CAFI Project PMU*

To promote effective implementation of the CAFI Project PMU Respective Part of the Project, the Recipient shall ensure that throughout the implementation of the Project, the CAFI Project PMU has adequate staffing and resources satisfactory to the Association.

4. Project Steering Committee

(a) In order to ensure the proper Project oversight, the Recipient shall, no later than six (6) months after the Effective Date, establish and thereafter maintain during the Project implementation a Project Steering Committee with composition and terms of reference satisfactory to the Association, to be responsible for strategic decision making, overall monitoring, and oversight and coordination of activities towards the objectives of the Project; and

(b) Without limitation to the generality of the foregoing provisions of paragraph (a) immediately above, the Project Steering Committee shall: (i) include, *inter alia*, the Recipient's Key Implementing Ministries; Ministry of Agriculture, Food Security and Nutrition, Ministry of Finance and Development Planning, Revenue Services Lesotho and Ministry of Local Government, Ministry of Foreign Affairs and International Relations,

Ministry of Gender, Youth, and Social Development, RD and the CAFI Project PMU and (b) chaired by the Principal Secretary (PS) of MOPWT and co- chaired by PS MTIBD on a bi-annual basis.

B. Subsidiary Agreement.

1. To facilitate the carrying out of the RD's Respective Part of the Project, the Recipient shall make part of the proceeds of the Financing allocated from time to time to Categories 1 and 3 (a) of the table set forth in Section III.A of this Schedule] available to the RD under a subsidiary agreement between the Recipient and the RD, under terms and conditions approved by the Association ("Subsidiary Agreement").
2. Without limitation to the provision of Section I.B.1 of this Schedule, the terms and conditions of the Subsidiary Agreement shall include, *inter alia*, the following:
 - (a) the proceeds of the Financing shall be made available by the Recipient to the Roads Directorate or RD on a grant basis ("Subsidiary Financing");
 - (b) the principal amount of the Credit made available under the Subsidiary Agreement shall be denominated in Maloti and be non-repayable;
 - (c) the RD shall carry out its Respective Part of the Project in accordance with this Agreement, the Project Implementation Manual, the Environmental and Social Commitment Plan ("ESCP"), the Procurement Regulations, and the Anti-Corruption Guidelines;
 - (d) the RD shall: (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the RD, including the operations, resources and expenditures related to the Project; (ii) retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Project until at least the later of one (1) year after the Recipient and the Association have received the audited financial statements covering the period during which the last withdrawal from the Financing Account was made, and two (2) years after the Closing Date; (iii) prepare and furnish to the Recipient and the Association interim unaudited financial reports not later than forty-five (45) days after the end of each quarter covering the quarter; and (iv) have its records, accounts and financial statements audited annually by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association, but in any event not later than six (6) months after the end of the Recipient's Fiscal Year;

- (e) the RD shall enable the Recipient and the Association to inspect its Respective Part of the Project, its operation and any relevant records and documents;
 - (f) the RD shall permit the Association to make the Subsidiary Agreement and all financial statements audited pursuant to paragraph (d) above available to the public in accordance with the Association's policies on access to information;
 - (g) the RD shall maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association and set forth in the Project Implementation Manual, the progress of its Respective Part of the Project and the achievement of its objective;
 - (h) the RD shall prepare and furnish to the Recipient and the Association all such information as the Recipient, or the Association shall reasonably request relating to the foregoing; and
 - (i) the Recipient shall have the right to take remedial actions against the RD , in case the RD shall have failed to comply with any of its obligations under the Subsidiary Agreement, which actions may include, inter alia, the partial or total suspension and/or cancellation or refund of all or any part of the proceeds of the Subsidiary Financing transferred to the RD pursuant to the Subsidiary Agreement (as the case may be).
3. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Project Implementation Manual.

1. The Recipient shall prepare and thereafter adopt a Project Implementation Manual in form and substance satisfactory to the Association, containing detailed arrangements and procedures for implementation of the Project consistent with the provisions of this Agreement and with applicable laws and regulations and including *inter alia*: (i) timetables of actions required to be carried out under the Project; (ii) arrangements including financial management, procurement, and anti-corruption; (iii) environment and social management systems; (iv) monitoring and evaluation, reporting and communication; (v) comprehensive procedures for Project administration and accounting; and (vi) such other administrative,

financial, technical and organizational arrangements, procedures and necessary terms of reference as shall be required for the PIM.

2. The Recipient shall carry out the Project, in accordance with the PIM, and except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive the Project Implementation Manual, or any provision thereof.

D. Annual Work Plan and Budget.

1. The Recipient shall prepare and furnish to the Association, not later than January 31, of each year, a consolidated work plan and budget containing *inter alia*: (a) all activities proposed to be implemented under their Respective Parts of the Project during the following fiscal year; (b) a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing to be made available in that year and disbursement schedule; and (c) the training plan for such period.
2. The Recipient shall afford the Association a reasonable opportunity to exchange views on each such proposed annual work plan and budget and shall thereafter ensure that their Respective Parts of the Project are implemented with due diligence during the applicable fiscal year in accordance with such work plan and budget as shall have received the Association's non-objection ("Annual Work Plan and Budget" or "AWPB").
3. The Recipient shall not make, or allow to be made, any changes to the approved Annual Work Plan and Budget without prior non-objection in writing by the Association.

E. Environmental and Social Standards.

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall, carry out the Project in accordance with the ESCP, in a manner acceptable to the Association. To this end, the Recipient shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and

- (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
- 3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- 4. The Recipient shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- 5. The Recipient shall establish, publicize, maintain, and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
- 6. The Recipient shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than forty-five days after the end of each calendar quarter covering the calendar quarter.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Credit A Allocated (expressed in USD)	Amount of the Credit B Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
1.MOPWT/RD Goods, works, non-consulting services, consulting services, Operating Costs, and Training for Part 1 of the Project	57,300,000	2,700,000	100%
2.MTIBD/CAFI Project PMU Goods, works, non-consulting services, consulting services, Operating Costs, and Training for Part 2 of the Project		16,000,000	100%
3 MOPWT/RD Goods, works, non-consulting services, consulting services, Operating Costs, and Training for Part 3 (a) of the Project		2,500,000	100%
4. CAFI Project PMU/MTIBD Goods, works, non-consulting services, consulting		1,500,000	100%

services, Operating Costs, and Training for Part 3(b) of the Project			
TOTAL AMOUNT	57,300,000	22,700,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed: (a) \$11,460,000 under Category 1 under Credit A; and (b) \$4,540,000 under Categories 1-4 under Credit B on a pro-rata basis, may be made for payments made prior to this date but on or after January 1, 2024 for Eligible Expenditures.
2. The Closing Date is December 31, 2029.

SCHEDULE 3

A. Repayment Schedule for Credit A

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 1 and August 1	
commencing on August 1, 2029 to and including February 1 2049	1.65%
commencing August 1, 2049 to and including February 1, 2054.	3.40%

* 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 3.05(b) of the General Conditions.

Repayment Schedule for Credit B

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 1 and August 1:	
commencing August 1, 2030 to and including August 1, 2035	8.33334%
on February 1, 2036	8.33326%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to renumbered Section 3.03(b) (originally numbered Section 3.05(b) of the General Conditions.

APPENDIX

Section I Definitions

1. “A1 Economic Corridor” means the road corridor that connects Maseru and Butha Buthe and serves as the primary economic corridor linking the commercial borders of Maseru, Ficksburg and Caledonspoort.
2. “Annual Work Plan and Budget” or “AWPB” means the plan and budget which have received the Association’s no-objection in accordance with Section I.D of Schedule 2 to this Agreement as said plan and budget may be modified from time to time with the prior written no-objection of the Association.
3. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
4. “ASYCUDA World” means the Automated System for Customs Data.
5. “Basis Adjustment to the Interest Charge” means the Association’s standard basis adjustment to the Interest Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.]
6. “Basis Adjustment to the Service Charge” means the Association’s standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association and expressed as a percentage per annum.
7. “CAFI Project” means the *Competitiveness and Financial Inclusion Project* (Credit No 7169 -LS), an Association financed project.
8. “CAFI Project PMU” means the project management unit responsible for implementing the CAFI Project.
9. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
10. “Commercial Borders” means the following three Project border posts of Maseru Bridge Border, Maputsoe-Ficksburg Border and Qacha’s Nek Border in the Recipient’s territory.

11. “Credit (A)” means the credit in the amount referenced in Section 2.01(a) of this Agreement and the Credit for purposes of paragraph 3.05 of the General Conditions.
12. “Credit (B)” means the credit in the amount referenced in Section 2.01(b) of this Agreement and the Credit for purposes of paragraph 3.03(b) the General Conditions.
13. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated May 2, 2024, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
14. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.
15. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
16. “Key Implementing Agencies” means MOPWT/RD and MTIBD.
17. “Maloti” means the Recipient’s currency.
18. “Ministry of Agriculture, Food Security and Nutrition” means the Recipient’s ministry responsible for agriculture, food security and nutrition, or its successor.

19. “Ministry of Foreign Affairs and International Relations” means the Recipient’s ministry responsible for foreign affairs and internal relations or its successor.
20. “Ministry of Gender, Youth, and Social Development” means the Recipient Ministry responsible for gender, youth and social development or its successor.
21. “Ministry of Local Government” means the Recipient ministry responsible for local government, or its successor.
22. “Ministry of Public Works and Transport” or “MOPWT” means the Recipient’s responsible for public works and transport, or its successor.
23. “Ministry of Trade, Industry, and Business Development” or “MTIBD” means the Recipient’s Ministry responsible for trade industry and business development, or any successor thereto.
24. “Revenue Services Lesotho” means the Recipient’s entity responsible for the assessment and collection of specified revenue established and operating pursuant to the Revenue Services Lesotho Act No. 14 of 2001, or its successor.
25. “Operating Costs” means the reasonable incremental expenditures incurred by the Recipient on account of Project implementation, based on the Annual Work Plan and Budget approved by the Association, and consisting of expenditures for office supplies and stationary, communication and insurance charges, maintenance of office and information technology equipment, hazard payments, vehicle operations and maintenance costs, utilities, transportation in and between districts, handling and warehousing, *per diem* and travel allowances, and salaries of locally contracted employees, but excluding salaries of officials of the Recipient’s civil/public service.
26. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated September 2023.
27. “Project Implementation Manual” or “PIM” means the manual [to be] adopted by Recipient for the implementation of the Project containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) disbursement and financial management; (c) procurement; (d) environmental and social risks and impacts management; (e) monitoring and evaluation, reporting and communication; (f) detailed grievance redress mechanisms; and (g) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project; as said manual may be modified from time to time with the prior written no-objection of the Association, and such term includes any schedules to such manual.

28. "Project Steering Committee" means the committee referred to in Section 1.A.2 of Schedule 2 to the Agreement, as said committee's composition may be expanded from time to time.
29. "Respective Part of the Project" means (a) with respect to the MOPW/Roads Directorate, the activities under Parts 1 and 3(a) of the Project ("RD's Respective Part") and (b) with respect to the CAFI PMU/MTIBD, the activities under Part 2 and 3(b) of the Project ("the CAFI PMU Respective Part").
30. "Roads Directorate" means an entity responsible for the planning, development, maintenance, and quality assurance of roads in the Recipient's territory established and operating pursuant to the Roads Directorate Act No. 16 of 2010, or any successor thereto.
31. "Roads Directorate Act No. 16 of 2010" means the law which established the Roads Directorate, as such law may be amended from time to time.
32. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.
33. "Subsidiary Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to the Roads Directorate for implementation of the Roads Directorate Respective Part of the Project.
34. "Subsidiary Financing" means the financing provided under the Subsidiary Agreement, as referred to in Section I.B.2 of Schedule 2 to this Agreement.
35. "Training" means the reasonable costs for the following expenditures incurred in providing training (excluding consultants services) or workshops: travel by participants and presenters to the training or workshop site, *per diem* allowances of such persons during the training or workshop, honoraria for the presenters, rental of facilities, materials, supplies and translation and interpretation services.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified with respect to Credit B as follows:

1. Section 3.03 (Service Charge) and Section 3.04 (Interest Charge) are deleted in their entirety and the remaining Sections in Article III are renumbered accordingly, and all references to the Sections of Article III in any provision of the General Conditions are understood to be to such renumbered Sections.
2. Paragraph 66 (Interest Charge) in the Appendix is modified to read as follows:

“66. “Interest Charge” means the interest charge for the purpose of Section 3.07.

3. Paragraph 100 (Service Charge) in the Appendix is deleted in its entirety and the subsequent paragraphs are renumbered accordingly, and any reference to “Service Charge” or “Service Charges” in any provision of the General Conditions is deleted.