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**CREDIT NUMBER 7610-KG**

# **Financing Agreement**

**(National Community Initiatives Project)**

**between**

**KYRGYZ REPUBLIC**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

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## **FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between KYRGYZ REPUBLIC (“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 a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to twenty-five million Dollars (US\$ 25,000,000) (variously, “Credit” and “Financing”), to assist in financing the Project.
- 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 Payment Dates are February 15 and August 15 in each year.
- 2.05. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.06. 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, through MoEC, shall cause ARIS to carry out the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

**ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Event of Suspension consists of the following, namely that the PIE Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Association, the ability of the Recipient to perform any of its obligations under this Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in paragraph (a) 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 — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) ARIS has adopted the POM, in form and substance satisfactory to the Association;
  - (b) the Subsidiary Agreement has been entered into by the Recipient and ARIS in form and substance satisfactory to the Association; and
  - (c) the Grant Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
- 5.02. The Effectiveness Deadline is the date one hundred fifty (150) days after the Signature Date.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient's Representative is its Minister of Finance.
- 6.02. For purposes of Section 11.01 of the General Conditions:
- (a) the Recipient's address is:

Ministry of Finance  
58 Erkindik Blvd.  
Bishkek City, 720040  
Kyrgyz Republic; and

(b) the Recipient's Electronic Address is:

Telex:	Facsimile:
245-156 NUR KH	(996-312) 661645

6.03. 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.

**KYRGYZ REPUBLIC**

**By**

*Almaz Baketaev*

\_\_\_\_\_  
**Authorized Representative**

**Name:** Almaz Baketaev

**Title:** Minister of Finance of the Kyrgyz Republic

**Date:** 26-Nov-2024

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By**

*Hugh Riddell*

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**Authorized Representative**

**Name:** Hugh Riddell

**Title:** Country Manager

**Date:** 26-Nov-2024

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to improve access to climate-resilient socio-economic infrastructure and increase economic opportunities for women and youth in target communities.

The Project consists of the following parts:

#### **Part 1: Village infrastructure investments and institution strengthening**

- (a) Provision of Sub-Grants to selected *Ayil Okmotus* to carry out (i) Social Infrastructure Investment Sub-projects; and (ii) ECD Investment Sub-projects;
- (b) A program of capacity building activities (i) aimed at social mobilization of communities, with a special focus on women, youth, and vulnerable groups, to participate in planning, prioritization, implementation, and monitoring of local development projects; and (ii) for community members and relevant local institutions on early childhood development; and
- (c) A program of capacity building activities for selected local self-government bodies to strengthen their institutional capacity for preparing and implementing the SEDP and to conduct inclusive, transparent, and participatory planning, management and maintenance of local development projects, and taking into consideration climate related risks.

#### **Part 2: Local economic development and livelihood opportunities for women and youth**

Provision of (i) Sub-Grants to selected *Ayil Okmotus* to carry out Livelihood Sub-projects; (ii) technical assistance to selected community livelihood business partners and other value chain actors to enhance their business and technical skills and climate awareness; and to women to develop their business skills, including to open private kindergartens; and (iii) Incentives to beneficiaries to operate private kindergartens.

#### **Part 3: Project Management**

Supporting Project management and implementation, including procurement, financial management, coordination, reporting, monitoring and evaluation, compliance with the Environmental and Social Standards and audits.

#### **Part 4: Contingent Emergency Response Component**

Provision of immediate response to an Eligible Crisis or Emergency, as needed.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. Ministry of Economy and Commerce
  - (a) The Recipient, through MoEC, shall establish a Project Coordination Committee to be responsible for coordination between ministries and agencies and strategic aspects of the Project, with composition and responsibilities as further described in the POM and acceptable to the Association.
  - (b) The Recipient shall designate, at all times during the implementation of the Project, the MoEC to be responsible for overall project coordination including reviewing and endorsing the Annual Work Plans prepared by the ARIS and providing technical inputs to the ARIS.
2. Project Implementing Entity
  - (a) Without limitation upon the provision of paragraph 1 above, the Recipient, through MoEC, shall designate ARIS to be responsible for day-to-day implementation of activities under the Project, and shall cause ARIS to maintain throughout the implementation of the Project, adequate staff with experience, qualifications, responsibilities and resources acceptable to the Association.
  - (b) The Recipient, though MoEC, shall cause ARIS to (i) establish and thereafter maintain throughout Project implementation, a Project implementation unit (“PIU”) to be responsible for performing key management functions of the Project, including coordination, financial management, procurement, monitoring and evaluation, social and environmental standards management and reporting functions, with mandates, functions, responsibilities, structures, resources and staff, all as further described in the POM and acceptable to the Association; and (ii) no later than forty-five (45) days from the Effective Date, hire a disbursement specialist, an environmental specialist, and a social specialist for the PIU with qualifications, experience, and terms of reference acceptable to the Association, and thereafter maintain such specialists throughout Project implementation.

##### B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make part of the proceeds of the Credit available to ARIS under a subsidiary agreement between the Recipient and ARIS, under terms and conditions approved by the Association (“Subsidiary Agreement”).
2. 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. Sub-grants**

1. For the implementation of Part 1(a) and 2(i) of the Project, the Recipient shall cause ARIS to make Sub-grants to selected AOs to carry out Sub-projects, in accordance with the selection and eligibility criteria and procedures and under terms and conditions acceptable to the Association and set forth in the Sub-grants Manual.
2. The Recipient shall cause ARIS to make each Sub-grant under a Sub-grant Agreement with the respective AO on terms and conditions set out in the POM and approved by the Association, including *inter alia* the following:
  - (a) the Sub-grant shall not be used to finance any item on the exclusion list set forth in the Sub-grants Manual, as defined in the Appendix to this Agreement (“Excluded Activities”);
  - (b) ARIS shall obtain rights adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the AO to use the proceeds of the Sub-grant and/or obtain a refund of all or any part of the amount of the Sub-grant then withdrawn, upon the AO’s failure to perform any of its obligations under the Sub-grant Agreement; and (ii) require each AO to: (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of grant proceeds other than the Recipient and the Environmental and Social Standards; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services for the Sub-projects to be financed out of the Sub-grant in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-project and the achievement of its objectives; (E) maintain financial management (and when applicable in



accordance with the POM, audit) arrangements in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project, as more fully described in the POM; (F) enable the Recipient and the Association to inspect the Sub-project, its operation and any relevant records and documents; and (G) 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.

3. The Recipient shall cause ARIS to exercise its rights under each Sub-grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.
4. Except as the Association shall otherwise agree, the Recipient shall cause ARIS to not assign, amend, abrogate or waive any Sub-grant Agreement or any of its provisions.

**D. Incentives**

For the implementation of Part 2(iii) of the Project, the Recipient shall cause ARIS to provide Incentives to eligible beneficiaries, in accordance with the selection and eligibility criteria and procedures and under terms and conditions acceptable to the Association and set forth in the Incentive Manual. Such terms and conditions shall include *inter alia* that the amount of the Incentive shall not exceed \$10,000 and that each beneficiary shall only be eligible to receive one Incentive.

**E. Project Operations Manual**

1. The Recipient shall cause ARIS to prepare and adopt the POM in accordance with this Agreement and in a manner satisfactory to the Association, and shall ensure that the Project is carried out in accordance with the POM, setting forth rules, methods, guidelines, and procedures for the carrying out of the Project, including, *inter alia*:
  - (a) detailed description of Project and institutional arrangements for implementing the Project, including a clear description of the decision-making authority between the involved entities;
  - (b) monitoring, evaluation, reporting, and governance procedures for the Project;
  - (c) overall disbursement, financial management and auditing procedures for the Project;
  - (d) procurement procedures for the Project; and

- (e) an Incentive Manual, which shall include detailed eligibility and selection criteria and procedures and terms and conditions for Incentives and beneficiaries under Part 2 (iii) of the Project, as a separate annex; and
  - (f) a Sub-grant Manual, which shall include detailed eligibility and selection criteria and procedures and terms and conditions for selected AOs, Sub-projects and Sub-grants under Parts 1(a) and 2(i) of the Project, as a separate annex. Such terms and conditions shall include, without limitation, maximum amounts for the Sub-grants under Part 1(a) and Part 2(i) of the Project, respectively.
3. In the event that any provision of the POM conflicts with any provision of this Agreement, the provisions of this Agreement shall prevail.
  4. The Recipient shall ensure that the POM is not amended without the prior written agreement of the Association.

**F. Contingent Emergency Response**

1. In order to ensure the proper implementation of contingent emergency response activities under Part 4 of the Project (“Contingent Emergency Response Part”), the Recipient shall ensure that:
  - (a) a manual (“CERC Manual”) is prepared and adopted in form and substance acceptable to the Association, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;
  - (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Association;
  - (c) the Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and

- (d) neither the CERC Manual nor the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Association.
- 2. The Recipient shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to Association.
- 3. The Recipient shall ensure that:
  - (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Association; and
  - (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Association.
- 4. Activities under the Contingency Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.

**G. Environmental and Social Standards**

- 1. The Recipient shall, and shall cause ARIS to, 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, and shall cause ARIS to, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Recipient shall, and shall cause ARIS to, 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, and shall cause ARIS to, 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, and shall cause ARIS to, 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, and shall cause ARIS to, ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and/or 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 one month after the end of each calendar semester, covering the calendar semester.

**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:

<b>Category</b>	<b>Amount of the Credit (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Sub-grants, Training, and Incentives under Part 1(a)(ii), 1(b)(ii) and 2(iii) of the Project	0	0
(2) Goods, consulting services, non-consulting services, Training, Operating Cost and Sub-grants under Parts 1(a)(i), 1(b)(i), 1(c), 2(i), 2(ii) and 3 of the Project	25,000,000	100%
(3) Emergency Expenditures	0	100%
<b>TOTAL AMOUNT</b>	25,000,000	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) for payments made prior to the Signature Date;
  - (b) for Emergency Expenditures under Category (3), unless and until all of the following conditions have been met in respect of said expenditures:
    - (i) (A) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Association a request to withdraw Financing amounts under Category (3); and (B) the Association has agreed

with such determination, accepted said request and notified the Recipient thereof; and

(ii) the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Association.

2. The Closing Date is July 31, 2029.

**Section IV. Other Undertakings**

The Recipient shall, no later than one (1) month from the Effective Date, cause ARIS to install, and thereafter maintain throughout Project implementation, accounting software for the Project acceptable to the Association.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each February 15 and August 15:	
commencing August 15, 2034 to and including February 15, 2074	<b>1.25%</b>

\* 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. “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.
2. “ARIS” means the Community Development and Investment Agency of the Kyrgyz Republic established as a legal entity under the PIE Legislation.
3. “*Ayil Okmotus*” or “AO” means an executive local self-government body established and operating pursuant to the Recipient’s Law “On Local State Administration and Local Self-government” No.123 of October 20, 2021.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “CERC Manual” means the manual referred to in Section I.F of Schedule 2 to this Agreement, as such manual may be updated from time to time with the agreement of the Association, and which is an integral part of the Operational Manual.
6. “Contingent Emergency Response Part” means any activity or activities to be carried out under Part 4 of the Project to respond to an Eligible Crisis or Emergency.
7. “Early Childhood Development Infrastructure Sub-project” or “ECD Investment Project” means an investment in early childhood development infrastructure, including construction or rehabilitation of kindergartens and childcare facilities, eligible for financing through a Sub-grant under Part 1(a)(ii) of the Project in accordance with the selection and eligibility criteria and procedures set forth in the Sub-grant Manual.
8. “Emergency Action Plan” means the plan referred to in Section I.F of Schedule 2 to this Agreement, detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.
9. “Emergency Expenditures” means any of the eligible expenditures set forth in the CERC Manual referred to in Section I.F of Schedule 2 to this Agreement and required for the Contingent Emergency Response Part.



10. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.
11. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated May 29, 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.
12. “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.
13. “Excluded Activities” means the activities set forth in the Sub-grants Manual and which may not be financed by the Sub-grants.
14. “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), with the modifications set forth in Section II of this Appendix.
15. “Grant Agreement” means the agreement between the Recipient and the Association, acting as administrator of the Early Learning Partnership Multi-Donor Trust Fund, providing for a grant from such trust fund to assist in the financing of the Project.
16. “Incentive” means an incentive to be provided to an eligible beneficiary for operating a private kindergarten to finance furniture, equipment, minor repairs, and

refurbishment under Part 2(iii) of the Project, according to the eligibility criteria and procedures and under terms and conditions set forth in the Incentive Manual.

17. “Incentive Manual” means the manual setting out the selection and eligibility criteria, procedures and terms and conditions for the Incentives under Part 2(iii) of the Project, satisfactory to the Association, described in Section I.E of Schedule 2 to this Agreement, and to be included in the POM as an annex.
18. “Livelihood Sub-project” means an investment or activity, aimed at improving economic opportunities, creating conditions for businesses to launch or expand and generating new jobs for women, youth and vulnerable groups, within the following sectors: (i) agricultural production and processing; (ii) handicrafts and garment production; (iii) digital solutions; (iv) services dedicated to reducing GHG emissions; and (v) eco-tourism promoting conservation and efficient use of resources, eligible for financing through a Sub-grant under Part 2(i) of the Project according to the selection and eligibility criteria and procedures set out in the Sub-grant Manual.
19. “Ministry of Economy and Commerce” or “MoEC” means the Recipient’s Ministry of Economy and Commerce, or any legal successor thereto acceptable to the Association.
20. “Ministry of Finance” or “MoF” means the Recipient’s Ministry of Finance, or any legal successor thereto acceptable to the Association.
21. “Operating Costs” means incremental operating expenditures incurred by the PIU on account of the Project implementation, management, monitoring and evaluation, including salaries of contractual staff (but excluding consultants’ services and salaries of officials of the Recipient’s civil service) and the associated Social Charges, office rent, minor office repair works, office materials and supplies, utilities, communication costs, transport and vehicle maintenance costs, support for information systems, translation costs, bank charges and travel and per diem costs and other reasonable expenditures directly associated with implementation of the Project activities, all based on an annual budget acceptable to the Association.
22. “PIE Legislation” means the Decree of the President of the Recipient No. 330, dated October 15, 2003, establishing ARIS, including any amendments thereto or any succeeding legislation.
23. “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.
24. “Project Implementing Entity” or “PIE” means ARIS.

25. “Project Implementation Unit” or “PIU” means the unit within ARIS to be responsible for performing key management functions of the Project as set forth in Section I.A.2.(b) of Schedule 2 to this Agreement.
26. “Project Operations Manual” or “POM” means the Recipient’s operations manual acceptable to the Association and adopted by the Recipient pursuant to Section I.E of Schedule 2 of the Financing Agreement.
27. “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.
28. “Social Economic Development Program” or “SEDP” means the program for local social economic development and for local planning of local-self-governments approved by a joint decree of the MoEC (No 32) and the State Agency for Civil Service and Local Self-government Affairs (01-25/114) on April 9, 2024.
29. “Social Infrastructure Investment Sub-project” means an investment in social infrastructure, such as construction or rehabilitation of schools, kindergartens and other education facilities, investments which integrate renewable energy sources and energy efficiency, health facilities, village level water supply, sewer and on-farm irrigation systems, road drainage and strengthening flood resilience, street lighting upgrading, eligible for financing through a Sub-grant under Part 1(a)(i) of the Project according to the selection and eligibility criteria and procedures set out in the Sub-grant Manual.
30. “Sub-grant” means a grant to a selected AO to carry out a Sub-project according to a Sub-grant Agreement.
31. “Sub-grant Agreement” means the agreement between the ARIS and a selected AO setting out the terms and condition for the provision of a Sub-grant, as set forth in Section I.C of Schedule 2 to this Agreement.
32. “Sub-grant Manual” means the manual setting out the selection and eligibility criteria, procedures and terms and conditions for the Sub-grants under Part 1(a) and 2(i) of the Project, satisfactory to the Association, described in Section I.E of Schedule 2 to this Agreement, to be included in the POM as an annex.
33. “Sub-project” means a Social Infrastructure Investment Sub-project under Part 1(a)(i) of the Project, a ECD Investment Sub-project under Part 1(a)(ii) of the Project or a Livelihood Sub-project under Part 2(i) of the Project.
34. “Subsidiary Agreement” means the agreement between the Recipient and the ARIS described in Section I.B of Schedule 2 to this Agreement.

35. "Training" means expenditures (other than those for consulting services) incurred in connection with study tours, training courses, seminars, workshops and other training activities, not included under goods or service providers' contracts, including costs of training materials, space and equipment rental, travel, per diem costs for trainees and trainers and trainers' fees (as applicable), all based on an annual budget satisfactory to the Association.

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

The General Conditions are hereby modified 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.