



CREDIT NUMBER 5820-LS

Financing Agreement

(Education Quality for Equality Project)

between

KINGDOM OF LESOTHO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated JUNE 10, 2016

CREDIT NUMBER 5820-LS

FINANCING AGREEMENT

AGREEMENT dated JUNE 10, 2016, entered into 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) 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 in an amount equivalent to eighteen million one hundred thousand Special Drawing Rights (SDR 18,100,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.
- 2.06. The Payment Dates are May 15 and November 15 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through MoET in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV —EFFECTIVENESS; TERMINATION

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.02. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE V— REPRESENTATIVE; ADDRESSES

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

Ministry of Finance
P.O. Box 395
Maseru 100, Lesotho

Facsimile:
(266) 2231 1041

- 5.03. The Association's Address is:

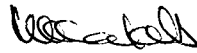
International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

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

AGREED at Maseru, JUNE 10, 2016, as of the day and year first above written.

KINGDOM OF LESOTHO

By



Authorized Representative

Name: MAMPOTO KHAKETLA

Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: JANET ENTWISTLE

Title: COUNTRY REPRESENTATIVE

SCHEDULE 1

Project Description

The objective of the Project is to improve basic education service delivery and student retention in targeted schools.

The Project consists of the following parts:

Part A: Improving the Teaching and Learning Environment in Targeted Primary and Junior Secondary Schools

Raising the quality of classroom service delivery at both the primary and junior secondary school levels to create a youth population with strong foundation in literacy, numeracy, and reasoning skills, in particular:

1. Strengthening primary school teaching and learning, including: (a) provision of training to Grades 1-4 teachers on content and pedagogical skills for teaching numeracy and literacy, core classroom teaching skills, and subject competency test; (b) provision of training to District resource teachers and other staff; and (c) provision of training to Grades 5-7 teachers in subject and pedagogical content based on the new curriculum, all through the provision of teaching and learning resources, acquisition of learning materials and other goods.
2. Implementing a new math and science curriculum and assessment support in junior secondary schools, including: (a) implementing the new junior secondary math and science curriculum; (b) provision of training to Grade 8-10 teachers; (c) developing new curriculum related assessment packages for junior secondary math and science; (d) strengthening the in-service support to teachers; and (e) provision of training to support officers, all through the provision of training, technical advisory services, acquisition of textbooks, other learning materials, supervision kits, and other goods.
3. Demonstrating the progressive mathematics initiative and progressive science initiative, and development of the new Lesotho model for teaching math and science at junior secondary school level, including: (a) improving the quality of math and science in targeted junior secondary schools; (b) provision of training to science and math teachers and subject advisors; (c) installing solar panels in three (3) selected schools; (d) strengthening the in-service support to teachers; and (e) implementing the new Lesotho model of teaching math and science at junior secondary for Grade 8 in targeted schools, all through the provision of training, technical advisory services, and acquisition of learning materials, interactive projectors, student polling devices and other equipment, and goods.

Part B: Strengthening School Accountability for Student Learning and Retention in Targeted Schools

Facilitating targeted primary and junior secondary schools to develop and implement a school improvement plan (School Improvement Plan), in particular:

1. Preparing the School Improvement Plan (SIP) through the provision of consultants' services and goods for the developing of a SIP Manual.
2. Carrying out a program of activities in targeted primary and junior secondary schools, including: (a) implementing of the SIP through the provision of consultants' services, goods and school grants (SIP Grants) to targeted schools; (b) provision of training and support to school board and school principals in developing and implementing the SIP; and (c) employment of an independent third party verification agent, through the provision of technical advisory services.
3. Strengthening the capacity for reporting, monitoring of results, and oversight mechanisms for implementation of the SIPs, including: (a) developing school report card format; (b) strengthening mechanisms at the school level to monitor school performance and SIP implementation; (c) training school boards, school principals, and other relevant staff on the use of the school report card; and (d) implementing school report card at school level, all through the provision of technical advisory services and training.

Part C: Strengthening Institutional Capacity and Project Management

1. Strengthening and developing the capacity of MoET to deliver their agenda and support to Project implementation and management, in particular:
 - (a) Carrying out studies, including studies and/or assessments on teacher supply, demand, and management, math and science teacher skills, dropouts in primary school, baseline study for Grade 9 assessments in lower secondary, review of the national assessment and curriculum audit in primary school, and studies on technical and vocational education and training (TVET).
 - (b) Facilitating the MoET to build consensus on a national TVET policy linked to a national qualifications framework.
 - (c) Carrying out a program of activities to support the Department of Planning to formulate and monitor implementation of education policies, including the education management information system.
 - (d) Strengthening efforts to combat HIV/AIDS, including: (i) facilitating the finalization and dissemination of a school health and nutrition policy; (ii) establishing an information, education and communication campaign

to improve HIV/AIDS awareness at the school level; and (iii) provision of training to teachers on effective strategies to deliver the curriculum on life skills and HIV/AIDS.

- (e) Strengthening the capacity of the relevant staff of MoET to implement the Project, through the provision of training, technical advisory services, conduction of approved study tours, and acquisition of learning materials, equipment and other goods.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Coordination Committee

- (a) The Recipient shall at all times during the implementation of the Project maintain the Coordination Committee, with a composition, mandate, functions and resources satisfactory to the Association, as set forth in the Project Implementation Manual.
- (b) Without limitation to sub-paragraph 1(a) immediately above, the Coordination Committee shall be responsible for, *inter alia*: (i) providing strategic guidance; (ii) taking key policy decisions to ensure smooth implementation of the Project and achievement of its objective; (iii) facilitating the coordination of Project activities, and making recommendations for removal of any obstacles to the implementation of the Project; and (iv) reviewing and approving the Project reports prepared by the Project Facilitation Unit.

2. MoET and Project Facilitation Unit

- (a) The Recipient shall at all times during the implementation of the Project, maintain the MoET with functions, staffing, resources and responsibilities satisfactory to the Association.
- (b) Without limitation upon the provisions of paragraph 2(a) immediately above, the MoET shall be responsible for management and implementation of the Project, including: (i) day-to-day administration of overall planning, coordination, monitoring, evaluation, reporting and communication of the activities under the Project; (ii) efficient communication and coordination of Project implementation with participating schools and relevant departments and agencies; (iii) fiduciary (*i.e.*, procurement, disbursement and financial management), environmental and social safeguards compliance and coordination under the Project; and (iv) monitoring overall progress of implementation on a monthly basis and evaluating Project performance.
- (c) Without limitation upon the provision of paragraph 2(b) immediately above, the Recipient shall maintain within the MoET a facilitation unit (Project Facilitation Unit) with functions, staffing, resources and terms of reference satisfactory to the Association, for the purpose of supporting the

MoET in the day-day management, coordination and implementation of the Project.

3. Inspectorate of Schools

- (a) Without limitation upon the provision of Section I.A.2 of this Schedule, the Recipient shall at all times during the implementation of the Project, maintain the Inspectorate of Schools with functions, staffing, resources and responsibilities satisfactory to the Association.
- (b) The Inspectorate of Schools shall be responsible for, *inter alia*: (i) reviewing and approving the SIP Grants, in accordance with the SIP Manual; and (ii) acting as the main focal point for communication with the schools, and relevant departments and agencies, all in accordance with the provisions of this Agreement and the Project Implementation Manual.

B. Implementation Arrangements

1. Project Implementation Manual and SIP Manual

- (a) The Recipient shall carry out the Project (except Part B.2 and B.3 of the Project) in accordance with the provisions of the Project Implementation Manual, containing, *inter alia*, detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of the Project; (ii) Project budgeting, disbursement and financial management; (iii) procurement; (iv) monitoring, evaluation, reporting and communication; and (v) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.
- (b) The Recipient shall carry out Part B.2 and B.3 of the Project in accordance with the provisions of the SIP Manual, containing, *inter alia*: (i) detailed arrangements and procedures for management, supervision, monitoring, evaluation and reporting of the respective SIPs; (ii) disbursement and funds flow arrangements; (iii) procedures for procurement and financial management setting forth, *inter alia*, the procurement and financial management responsibilities of the respective schools receiving the SIP Grant; and (iv) guidelines for the carrying out of the respective SIPs, including, the eligibility criteria for determining the schools receiving SIP Grants, and detailed procedures for the selection, approval and implementation of respective SIPs.
- (c) The Recipient shall not amend, abrogate, waive or fail to enforce any provision of the Project Implementation Manual, or the SIP Manual, without the prior written agreement of the Association; provided, however, that in case of any conflict between the arrangements and

procedures set out in any of said manuals and the provisions of this Agreement, the provisions of this Agreement shall prevail.

2. Annual Work Plans and Budgets

- (a) No later than May 1st in each Fiscal Year of the Recipient (or one month after the Effective date for the first year of Project implementation), the Recipient shall prepare and furnish to the Association a draft annual work plan and budget for the Project for the subsequent Fiscal Year of Project implementation, of such scope and detail as the Association shall have reasonably requested.
- (b) Each such proposed annual work plan and budget shall include a proposed budget and financing plan for respective SIPs.
- (c) The Recipient shall exchange views with the Association on each such proposed annual work plan, and shall thereafter adopt, and carry out such program of activities for such following Fiscal Year as shall have been agreed with the Association, as such plan may be subsequently revised during such following Fiscal Year with the prior written agreement of the Association (“Agreed Annual Work Plan”).

C. Anti-Corruption

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

D. SIP Grants

- 1. The Recipient shall appraise, approve and monitor SIPs and administer the SIP Grants in accordance with the provisions and procedures set forth or referred to in more detail in the SIP Manual.
- 2. The Recipient shall cause the Inspectorate of Schools to carry out an appraisal of the compatibility of the SIP in accordance with the eligibility criteria and the technical, financial and procurement guidelines and procedures set forth in the SIP Manual and, based on such appraisal, and approve the SIP in accordance with the SIP Manual.
- 3. A SIP shall be carried out pursuant to programmed activities agreed to between the MoET and respective schools, prior to commencement of any activity under such SIP, all under terms and conditions described or referred to in more detail in the SIP Manual and satisfactory to the Association, which, *inter alia*, shall include following:

- (a) the description of the activities to be implemented, including the outputs and performance targets to be achieved, and the arrangements for monitoring, evaluating and reporting on the implementation of the SIP;
- (b) the modalities for the transfer of funds by the MoET to the respective schools;
- (c) the obligation of the respective schools to: (i) carry out the SIP with due diligence and efficiency and in accordance with sound technical, engineering, environmental, financial, and managerial practices, and in accordance with the provisions of the Anti-corruption Guidelines and the pertinent provisions of this Agreement; and (ii) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the SIP;
- (d) the requirement that the goods and consultants' services to be financed from the proceeds of the SIP Grant shall be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Section III of this Schedule, and shall be used exclusively in the carrying out of the SIP; and
- (e) the right of the MoET, on behalf of the Recipient, to: (i) inspect by itself, or jointly with the Association, if the Association shall so request, the goods, included in the SIP, the operations thereof and any relevant records and documents; (ii) obtain all information as the Recipient, or the Association, shall reasonably request regarding the administration, operation and financial conditions of the respective SIP; and (iii) suspend or terminate the right of the pertinent school to use the proceeds of the SIP Grant upon failure by said school to perform any of its obligations under the SIP.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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 acceptable to the Association. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association 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, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. 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 Non-consulting Services.** All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Credit 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 Credit 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions provided in section 3 below; (b) Shopping; and (c) Direct Contracting.

3. **Additional Provisions for NCB.** The Additional Provisions for National Competitive Bidding are as follows:

- (a) Use of the Bank's Standard Bidding Documents;
- (b) Registration/classification of bidders by PPAD, Ministry of Public Works and Transport or any other body shall not be used as a condition of bidding;
- (c) Preferences will not be granted based on citizen degree of ownership and local content;
- (d) Bracketing to provide for the rejection of bids which are in excess of 15 percent of the cost estimate will not be used;
- (e) Award of contract must be made to the lowest evaluated tender; and
- (f) Award of contracts shall be publicly disclosed in the media for wide circulation.

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 methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Selection of Individual Consultants; and (g) Single-source procedures for the Selection of 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 Credit

A. General

- 1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including

the “World Bank Disbursement Guidelines for Projects”, dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

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

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services, consultants’ services, Training and Operating Costs for Parts A, B.1 and C of the Project	14,480,000	100%
(2) Goods, non-consulting services and consultants’ services, Training and Operating Costs required for SIPs under SIP Grants for Part B.2 and B.3 of the Project	3,255,000	100%
(3) Refund of Preparation Advance	365,000	Amount payable pursuant to Section 2.07 of the General Conditions
TOTAL AMOUNT	18,100,000	

For the purpose of the table set forth immediately above:

- (a) “Operating Costs” means the incremental expenses incurred on account of Project implementation, based on Annual Work Plans approved by the Association pursuant to Section I.B.2 of Schedule 2 to this Agreement, including office equipment and supplies, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, travel, per diem and supervision costs of locally contracted employees, excluding the salaries of the Recipient’s civil service.

- (b) “Training” means the cost associated with the training, workshops and study tours, based on Annual Work Plans approved by the Association pursuant to Section I.B.2 of Schedule 2 to this Agreement, for reasonable expenditures (other than expenditures for consultants’ services), including: (a) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses.

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 date of this Agreement; or
 - (b) in respect of any SIP Grant under Category (2), unless the Recipient has adopted the SIP Manual, in a manner acceptable to the Association.
2. The Closing Date is June 30, 2021.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 15 and November 15:	
commencing November 15, 2021 to and including May 15, 2031	1.65%
commencing November 15, 2031 to and including May 15, 2041	3.35%

* 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. “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, and revised in January 2011.
2. “Annual Work Plan and Budget” means a plan and budget referred to in Section I.B.2 of Schedule 2 to this Agreement.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
5. “Coordination Committee” means the committee referred to in Section I.A.1 of Schedule 2 to this Agreement.
6. “Fiscal Year” means the fiscal year of the Recipient commencing on April 1 of each year and ending on March 31.
7. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
8. “Inspectorate of Schools” means a department within the MoET, charged with the responsibilities for monitoring effective curriculum delivery and assessment and compliance to the MoET’s policies.
9. “MoET” means the Recipient’s Ministry of Education and Training, or any successor thereto.
10. “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 December 10, 2015, and on behalf of the Recipient on December 10, 2015.
11. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
12. “Project Implementation Manual” means the Recipient’s manual, referred to in Section I.B.1 of Schedule 2 to this Agreement, as the same may be amended from

time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such Manual.

13. "Procurement Plan" means the Recipient's procurement plan for the Project, dated March 31, 2016, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
14. "SIP Grant" means a grant made or proposed to be made out of the proceeds of the Financing by the Recipient to a selected school for the purpose of financing a School Improvement Plan in accordance with the provisions of Section I.D of Schedule 2 to this Agreement.
15. "SIP Manual" means the Recipient's manual, in form and substance satisfactory to the Association, and referred to in Section I.B.1 of Schedule 2 to this Agreement, as said manual may be amended from time to time with the agreement of the Association.
16. "School Improvement Plan" or "SIP" means a set of specific activities carried out or to be carried out by a selected school under Part B.2 of the Project, and financed or proposed to be financed out of the proceeds of the Financing through a SIP Grant.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 3.02 is modified to read as follows:

"Section 3.02. Service Charge and Interest Charge

 - (a) *Service Charge.* The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.
 - (b) *Interest Charge.* The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months."
2. Paragraph 28 of the Appendix ("Financing Payment") is modified by inserting the

words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”.

3. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the subsequent paragraphs accordingly:

“32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02 (b).”
4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.
5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02 (a).