

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 4607-MN

Financing Agreement

(Strengthening the National Statistical System of Mongolia Project)

between

MONGOLIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 26, 2009

CREDIT NUMBER 4607-MN

FINANCING AGREEMENT

AGREEMENT dated June 26, 2009, entered into between MONGOLIA (“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 one million four hundred thousand Special Drawing Rights (SDR 1,400,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 Payment Dates are May 15 and November 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

- 2.07. The Payment Currency is the Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall cause the Project to be carried out by the NSO 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 — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following: the NSO's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the NSO to perform any of its obligations under the Subsidiary Agreement.
- 4.02. The Co-financing Deadline for the effectiveness of the Co-financing Agreements entered into with the Co-financiers is the date falling thirty (30) days after the Effective Date of this Agreement.
- 4.03. The Additional Event of Acceleration consists of the following, namely, the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Subsidiary Agreement has been executed on behalf of the Recipient and the NSO in form and substance satisfactory to the Association.
 - (b) The financial management officer and procurement officer of the PCT have completed their training in financial management and procurement respectively, in a manner acceptable to the Association, to ensure

compliance with the accounting, monitoring and reporting requirements under the Project.

- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.03. For the 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 VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is its Minister of Finance.
- 6.02. The Recipient's Address is:

Ministry of Finance
Government Building 2
United Nations' Street 5/1
Ulaanbaatar, 210646

Facsimile:

976-11-262272

- 6.03. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI)

1-202-477-6391

AGREED at Ulaanbaatar, Mongolia, as of the day and year first above written.

MONGOLIA

By /s/ S. Bayarsogt

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Arshad Sayed

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to improve the efficiency and effectiveness of the Recipient's national statistical system to enable it to provide relevant, timely and reliable data for evidence-based policy making in support of the Recipient's National Development Strategy.

The Project constitutes phase I-b of the Program, and consists of the following parts:

Part A: Improving Policy, Regulatory, and Institutional Framework and the Organizational Structure of the Statistical System

Carry out the following activities in order to improve the policy, regulatory and institutional framework and the organization structure of the Recipient's national statistical system:

1. Improve the Recipient's capacity to carry out the formulation, coordination and implementation of appropriate statistical policies and programs, through, *inter alia*: (i) the review of the existing statistical legislation; and (ii) the development of relevant terms of interaction among the Recipient's institutions and agencies for the production, use, exchange and disclosure of statistical information.
2. Improve the relationship between data users and producers, by, *inter alia*: (i) conducting an analysis on general user requirements; and (ii) designing and regularly conducting user satisfaction surveys.
3. Improve the data dissemination function and procedures to provide a wider range of users with easier access to statistics by improving the statistical publications and the NSO's website.
4. Strengthen human resource capacity, by, *inter alia*: (i) establishing a training unit within the NSO; and (ii) establishing a national statistical training center.
5. Review and improve the organizational structure of the Recipient's national statistical system, by, *inter alia*: (i) increasing the manpower in the divisions in the NSO responsible for producing/collecting data; and (ii) streamlining the existing geographically-based organizational structure for data collection at the regional levels.

Part B: Strengthening the Statistical Infrastructure

Carry out the activities in order to strengthen the statistical infrastructure including:

1. Improve and update the statistical registers.
2. Develop and improve national statistical classifications (e.g. classifications of economic activities, classification of products by activity, etc.) to be in line with international standards.
3. Develop and improve sampling methods and build institutional capacity in order to introduce sampling in place of full coverage surveys wherever feasible.
4. Develop indicators, questionnaires and techniques for seasonal adjustments and build institutional capacity therefor, in order to address seasonal variance of production and prices.
5. Improve evaluation skills and data quality by developing a quality model, policy, manual, and quality tools, and building institutional capacity therefor.
6. Improve questionnaire design procedures and develop a master questionnaire with modules for all relevant sectors.

Part C: Upgrading Statistical Operations

Carry out the activities in order to upgrade the statistical operations including, improving individual subject matter programs and methodologies, and existing data outputs, such as:

1. Implement fully the SNA to produce national accounts that are timely, reliable and in line with internationally acceptable methodologies.
2. Improve the calculation of price statistics (including PPI, CPI and other relevant indices).
3. Assist with the preparation phase of the Census Master Plan including: (i) census mapping; (ii) training of managers, supervisors and enumerators; and (iii) procurement of equipment including computer hardware and software required for the implementation of the Census Master Plan.

Part D: IT Infrastructure and Equipment

Carry out the activities in order to enhance the IT infrastructure and equipment including:

1. Prepare an IT plan for the Recipient's national statistical system to address upgrading of IT solutions and IT competencies in all data producing agencies including the NSO.

2. Establish an IT network for the Recipient's national statistical system to effectively link the central office with the regional offices and improve information flows through: (i) upgrading the existing IT infrastructure (i.e. hardware, software, networking and peripheral equipment); and (ii) providing hardware, software, network equipment and any other equipment essential for carrying out the Project activities.

Part E: Project Management

Strengthen the NSO's capacity for Project implementation, and monitoring and evaluation, including, *inter alia*, audit arrangements, reporting requirements, procurement, disbursement and financial management activities.

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

1. The Recipient shall maintain the NSC, throughout the period of implementation of the Project, headed by the chairman of the NSO, with representation from the Recipient's executive branch, the Parliament and scientific research institutions, and assigned with adequate staff and sufficient resources, and such functions and responsibilities, satisfactory to the Association, as shall be required for the NSC to, *inter alia*: (i) ensure efficient inter-departmental (inter-ministerial) coordination of Project activities; (ii) carry out the overall guidance, support and oversight of Project implementation; and (iii) serve as a complaint handling body in the event of a procurement dispute.
2. The Recipient shall cause the NSO to:
 - (a) maintain throughout the period of implementation of the Project, the PCT, headed by a qualified and experienced project coordinator, and provided with sufficient resources and competent staff in adequate numbers, under terms of reference satisfactory to the Association, comprising, *inter alia*, a financial management officer and a procurement officer; which unit shall be assigned with such functions and responsibilities, satisfactory to the Association, as shall be required for the day-to-day implementation of the Project, including: (i) the carrying out of the financial management, procurement, training and monitoring and evaluation of Project activities; (ii) the coordination of dialogue with the Association and other development partners; and (iii) the preparation of the Annual Plan, updates of the Procurement Plans, maintenance of websites, and compliance with Project reporting requirements; and
 - (b) establish within the NSO, by no later than one (1) month after the Effective Date, and thereafter maintain throughout the period of implementation of the Project, a review and monitoring committee, headed by the deputy chairman of the NSO, with representation from, *inter alia*, the three (3) department heads of the NSO, and staff of the PCT, and assigned with adequate staff and sufficient resources, and such functions and responsibilities, satisfactory to the Association, as shall be required for the monitoring and evaluation of outputs and outcomes of the Project.

3. For the purposes of Section II.B.3. of this Schedule, the Recipient shall cause the NSO to select and engage, by no later than December 31, 2009, the services of an independent auditor acceptable to the Association, under terms of reference satisfactory to the Association.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the NSO under the Subsidiary Agreement, under terms and conditions satisfactory to the Association, which shall include the following undertakings:
 - (a) the Recipient shall extend to the NSO the proceeds of the Financing for the sole purpose of carrying out the activities described in Schedule 1 to this Agreement;
 - (b) the NSO shall ensure that the activities to be implemented under the Project are technically and financially viable, environmentally sustainable and economically justifiable;
 - (c) the Recipient shall require the NSO, and the NSO shall undertake, to comply with the provisions of Sections I.A.2., I.A.3., I.C.2., I.D., and Sections II and III of this Schedule 2;
 - (d) the NSO shall undertake to abide by the Anti-Corruption Guidelines, the Procurement Guidelines, the Consultant Guidelines and the terms and conditions applicable to a Project Implementing Entity pursuant to the General Conditions; and
 - (e) the Recipient shall have the right to suspend or terminate the Subsidiary Agreement, and/or accelerate the recovery of any outstanding amounts withdrawn thereunder, upon: (A) the NSO's failure to perform any of its obligations under the Subsidiary Agreement; or (B) the Association's exercising any of the remedies under Article VI of the General Conditions.
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.
3. The terms and conditions of the General Conditions applicable to the Project Implementing Entity and the Project Agreement apply respectively to the NSO and the Subsidiary Agreement.

C. Anti-Corruption; Governance and Accountability

1. The Recipient shall ensure, and shall cause the NSO to ensure, that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
2. The Recipient shall cause the NSO to establish by no later than six (6) months after the Effective Date, and thereafter maintain throughout the period of implementation of the Project, in a manner and substance satisfactory to the Association, a publicly accessible website showing, *inter alia*: (i) the Procurement Plan and the updates thereto; (ii) the status of procurement of various contracts (the summary of bidding documents, pre-qualified contractors and suppliers, proposals received, bid evaluations and awards), their performance and payment delays; (iii) a list of procurement complaints and status thereof; (iv) the Financial Statements and annual audit reports (including qualification and responses); and (v) the Association's mid-term review report on the progress achieved by the Project.

D. Additional Implementation Covenants

1. The Recipient shall cause the NSO to apply in the implementation of the Project, the Project Operations Manual satisfactory to the Association, which shall set forth, *inter alia*:
 - (a) the institutional arrangements for the implementation of the Project other than the arrangements set forth in this Schedule (e.g. institutional organization of the PCT, roles and responsibilities of staff);
 - (b) the Financial Management Manual, satisfactory to the Association, providing the detailed guidelines on financial management, internal control, accounting procedures, funds flow arrangements, withdrawal application procedures, asset management, reporting and auditing arrangements;
 - (c) the procedural steps for the update of the Procurement Plan, and the preparation of the Annual Plan;
 - (d) an outline of the redressal mechanism and its procedural steps for the solution of any procurement controversy under the Project; and
 - (e) procedures for the disclosure of information and the maintenance of the Project's procurement/information website.
2. The Recipient shall not, and shall cause the NSO not to, amend, waive suspend or abrogate the Project Operations Manual, or any provision thereof without the prior concurrence of the Association.

3. The Recipient undertakes to cause the NSO to prepare, and regularly update, an Annual Plan for the Project identifying Project activities by component and sub-component, and their related expenditures and financing sources; which plan shall be submitted to the Association for review and comments.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Recipient shall cause the NSO to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:
 - (i) user satisfaction rates have increased by at least sixty percent (60%) by the Closing Date;
 - (ii) by the Closing Date, targeted statistical products are easily accessible in relevant media, with metadata and interpretation of findings;
 - (iii) by the Closing Date, internationally accepted statistical techniques in collection, compilation and authenticity verification are applied by the Recipient, and regular validations are carried out for data sources and statistical products; and
 - (iv) by the Closing Date, statistical outputs are released in a timely manner in accordance with internationally accepted frequency and timeframes.
2. For the purposes of Section 4.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six (6) months before the estimated final disbursement.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain, and cause the NSO to maintain, 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 cause the NSO to 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, and cause the NSO to 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 and/or the NSO, as the case may be, commencing with the fiscal year in which the first withdrawal was made. 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.** All goods required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) Shopping
(b) Direct Contracting

C. Particular Methods of Procurement of Consultants’ Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) Quality-Based Selection
(b) Least-Cost Selection
(c) Selection Based on the Consultants’ Qualifications
(d) Single-Source Selection
(e) Individual Consultants

D. Review by the Association of Procurement Decisions

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods estimated to cost more than the equivalent of \$100,000; (b) each contract for goods procured on the basis of Direct Contracting regardless of the contract value; (c) each contract for consultants’ services provided by a firm estimated to cost more than the equivalent of \$100,000; (d) each contract for consultants’ services awarded on Single-Source Selection regardless of the contract value; and (e) each contract for consultants’ services provided by individual consultants estimated to cost more than the equivalent of \$50,000. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

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

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods and consultants’ services for Parts A through D of the Project	1,270,000	100%
(2) Goods, consultants’ services and Incremental Operating Costs for Part E of the Project	70,000	100%
(3) Unallocated	60,000	
TOTAL AMOUNT	1,400,000	

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 date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$200,000 equivalent may be made for payments made prior to this date but on or after April 24, 2009, for Eligible Expenditures.

2. The Closing Date is December 31, 2014.

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, 2019 to and including May 15, 2029	1%
commencing November 15, 2029 to and including May 15, 2049	2%

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

APPENDIX**Section I. Definitions**

1. “Annual Plan” means the implementation plans covering the activities of each calendar year of Project implementation, to be prepared by the NSO pursuant to Section I.D.3. of Schedule 2 to the Agreement.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Census Master Plan” means the 2010 Census Master Plan that is formulated by the NSO to obtain an official enumeration of the population in Mongolia including the collection of related demographic information, and which consists of five (5) major phases, namely: (i) preparation; (ii) census operation (actual field work); (iii) data processing; (iv) data dissemination; and (v) post-census evaluation.
5. “Co-financier” means the Association, acting as administrator of (i) the funds provided by the Republic of Korea through the Korea Trust Fund; and (ii) the grant fund provided by the Trust Fund for Statistical Capacity Building, referred to in paragraph 10 of the Appendix to the General Conditions, and “Co-financiers” means any of the Co-financiers.
6. “Co-financing” means: (i) the aggregate amount of one million one hundred thousand United States Dollars (\$1,100,000), to be provided by the Co-financiers to assist in financing the Project; and (ii) any other funding that may be provided by other donor(s) for the purposes of co-financing this Project.
7. “Co-financing Agreements” means the agreements to be entered into between the Recipient and the Co-financiers providing for the Co-financing.
8. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
9. “CPI” means the Consumer Price Index.
10. “Financial Management Manual” means the section of the Project Operational Manual setting out the financial administration, book keeping, recording,

payment, and auditing procedures described in Section I.D.1(b) of Schedule 2 to this Agreement.

11. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
12. “Incremental Operating Costs” means the expenditures for office rentals, offices consumables, in-country travel costs, lodging and per-diems for Project staff, salaries of contractual staff (other than consultants), advertising expenses and banking charges, incurred by the NSO in connection with the management and coordination of Project activities, which expenditures would not have been incurred absent the Project, but excluding salaries of civil servants.
13. “IT” means information technology.
14. “National Development Strategy” means the long-term development vision approved by the Recipient’s Parliament in 2007.
15. “NSC” means the Recipient’s National Statistical Council, established pursuant to the Recipient’s Law on Statistics of 1994 as amended, and referred to in Section I.A.1. of Schedule 2 to this Agreement.
16. “NSO” means the Recipient’s National Statistical Office, an autonomous body established pursuant to the Recipient’s Law on Statistics of 1994 as amended.
17. “NSO’s Legislation” means the Law on Statistics of 1994 as amended.
18. “PCT” means the Project Coordination Team referred to in Section I.A.2(a) of Schedule 2 to this Agreement.
19. “PPI” means the Producer Price Index.
20. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
21. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 24, 2009, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
22. “Program” means the Statistical Capacity Building Program (STATCAP) designed to provide assistance to strengthen the national statistical systems and increase the capacity thereof, in order to produce more reliable, timely and

accurate data, and referenced in the letter dated November 11, 2007, from the Recipient to the Association.

23. “Project Operations Manual” means the manual to be adopted and applied by the NSO in the carrying out of the Project, setting out the implementation arrangements and administrative procedures provided in Section I.D.1. of Schedule 2 to this Agreement.
24. “SNA” means the System of National Accounts, a conceptual framework that sets the international statistical standard for the measurement of the market economy in a country.
25. “Subsidiary Agreement” means the agreement referred to in Section I.B.1. of Schedule 2 to this Agreement, signed between the Recipient and the NSO pursuant to which the Recipient shall make the proceeds of the Financing and the Co-financing available to the NSO.

Section II. Modifications to the General Conditions

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Paragraph (i) of Section 6.02 is modified to read as follows:

“Section 6.02. *Suspension by the Association*

... (1) *Ineligibility*. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank.”