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**IDA GRANT NUMBER H070 KG**

# **Development Grant Agreement**

**(Village Investment Project)**

**between**

**KYRGYZ REPUBLIC**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated December 23, 2003**

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**IDA GRANT NUMBER H070 KG**

**DEVELOPMENT GRANT AGREEMENT**

AGREEMENT, dated December 22, 2003, between the KYRGYZ REPUBLIC (the Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Recipient, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

(B) the Project will be carried out by the Community Development and Investment Agency (ARIS) with the Recipient's assistance and, as part of such assistance, the Recipient will make available to ARIS the proceeds of the grant as provided for in this Agreement; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Grant to the Recipient upon the terms and conditions set forth in this Agreement and in the agreement of even date herewith between the Association and ARIS (the Project Agreement);

NOW THEREFORE, the parties hereto hereby agree as follows:

**ARTICLE I**

**General Conditions; Definitions**

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through October 6, 1999), with the modifications set forth in Schedule 4 to this Agreement (the General Conditions), constitute an integral part of this Agreement.

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) “Beneficiary Community” means an eligible community which is a recipient or proposed to be a recipient of a Community Grant under Part B of the Project for the implementation of a Community Investment Plan;

(b) “Community Grant” means a grant provided or proposed to be provided to an eligible community from the proceeds of the Grant to finance expenditures in respect of goods, works and consultants’ services necessary for the implementation of a Community Investment Plan under Part B of the Project;

(c) “Community Grant Agreement” means an agreement between a respective local investment union executive committee, a respective village council and ARIS for the provision of a Community Grant to a Beneficiary Community;

(d) “Community Investment Plan” means an investment plan prepared by an eligible community in accordance with the principles and procedures and eligibility criteria set forth in the Operational Manual and financed or proposed to be financed by a Community Grant;

(e) “Financial Monitoring Report” means each report prepared in accordance with Section 4.02 of the Project Agreement;

(f) “Micro-project” means a micro-project included or proposed to be included in a Community Investment Plan under Part B of the Project and to be financed from proceeds of a Community Grant;

(g) “Operational Manual” means the operational manual referred to in Section 3.04 of this Agreement, as such operational manual may be amended from time to time;

(h) “Project Agreement” means the agreement of even date herewith between the Association and ARIS, as such agreement may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

(i) “Project Implementation Plan” or “PIP” means the project implementation plan for the carrying out of the Project prepared and adopted by ARIS, as the same may be amended from time to time with the agreement of the Association;

(j) “Special Account” means the account referred to in Section 2.02 (b) of this Agreement; and

(k) “Subsidiary Grant Agreement” means the agreement to be entered into between the Recipient and ARIS pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Grant Agreement.

Section 1.03. Each reference in the General Conditions to the Project implementation entity shall be deemed as a reference to ARIS.

## **ARTICLE II**

### **The Grant**

Section 2.01. The Association agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to ten million five hundred thousand Special Drawing Rights (SDR 10,500,000).

Section 2.02. (a) The amount of the Grant may be withdrawn from the Grant Account in accordance with the provisions of Schedule 1 to this Agreement for: (i) expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for carrying out the Project and to be financed out of the proceeds of the Grant; and (ii) amounts paid (or, if the Association shall so agree, amounts to be paid) on account of withdrawals made by a recipient of a Community Grant to meet the reasonable cost of goods, works and services required for implementation of a Community Investment Plan under Part B of the Project in respect of which the withdrawal from the Grant Account is requested.

(b) The Recipient may, for the purposes of the Project, open and maintain in Dollars, a special deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 3 to this Agreement.

Section 2.03. (a) The Recipient shall pay to the Association a commitment charge on the principal amount of the Grant not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Recipient from the Grant Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates

as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.04 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Recipient; and (iii) in Dollars or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of Section 4.02 of the General Conditions.

Section 2.04. Commitment charges shall be payable semiannually on May 15 and November 15 in each year.

Section 2.05. The Closing Date shall be August 31, 2008 or such later date as the Association shall establish. The Association shall promptly notify the Recipient of such later date.

### **ARTICLE III**

#### **Execution of the Project**

Section 3.01. (a) The Recipient declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, without any limitation or restriction upon any of its other obligations under this Agreement, shall cause ARIS to perform in accordance with the provisions of the Project Agreement all the obligations of ARIS therein set forth, shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable ARIS to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Recipient shall make the proceeds of the Grant available to ARIS under a subsidiary grant agreement to be entered into between the Recipient and ARIS, under terms and conditions which shall have been approved by the Association.

(c) The Recipient shall exercise its rights under the Subsidiary Grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Grant, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Grant Agreement or any provision thereof.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be governed by the provisions of Schedule 1 to the Project Agreement.

Section 3.03. The Recipient shall maintain ARIS until completion of the Project with staff, resources and terms of reference satisfactory to the Association, shall not amend and shall cause ARIS not to amend its Charter without prior approval by the Association and shall assign to ARIS the responsibility for overall Project management and coordination, including:

- (a) preparation of withdrawal applications under the Grant;
- (b) management of the Special Account referred to in Section 2.02 (b) of this Agreement;
- (c) maintenance of records and accounts related to the Project and arranging for the audit thereof;
- (d) participation in administration of bidding procedures and of contracts under the Project; and
- (e) preparation of quarterly progress reports and submission thereof to the Recipient and the Association not later than 45 days after the end of each quarter, the first such report to be furnished to the Association not later than 45 days after the end of the first full calendar quarter after the effectiveness of this Agreement.

Section 3.04. The Recipient shall cause ARIS to maintain the Operational Manual in form and content satisfactory to the Association and not to assign, amend, abrogate or waive the Operational Manual without obtaining the prior approval of the Association. The Operational Manual shall cover, inter alia, the following matters: (a) eligibility criteria for Community Grants and Micro-projects; (b) the principles and procedures to be followed for the approval of Community Grants and Micro-projects; (c) regional allocation of the Grant funds; (d) community contribution requirements for Micro-projects; and (e) the indicators to be utilized by the ARIS in monitoring the progress of the Project.

Section 3.05. The Recipient and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) shall be carried out by ARIS pursuant to Section 2.03 of the Project Agreement.

## ARTICLE IV

### Financial Covenants

Section 4.01. (a) The Borrower shall maintain a financial management system, including records and accounts, and prepare financial statements, all in accordance with consistently applied accounting standards acceptable to the Association, adequate to reflect its operations, resources and expenditures related to the Project.

(b) The Borrower shall:

- (i) have the respective financial statements referred to in paragraph (a) of this Section for each fiscal year (or other period agreed to by the Association) audited, in accordance with consistently applied auditing standards acceptable to the Association, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year (or such other period agreed to by the Association), (A) certified copies of the respective financial statements referred to in paragraph (a) of this Section for such year (or such other period agreed to by the Association), as so audited, and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Association; and
- (iii) furnish to the Association such other information concerning such records, accounts and the audit of such financial statements, and concerning said auditors, as the Association may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Grant Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained until at least one year after the Association has received the audit report for, or covering, the fiscal year in which the last withdrawal from the Grant Account was made;

- (ii) enable the Association's representatives to examine such records; and
- (iii) ensure that such statements of expenditure are included in any audit that the Association may have requested pursuant to paragraph (b) of this Section.

## **ARTICLE V**

### **Remedies of the Association**

Section 5.01. Pursuant to Section 6.02 (l) of the General Conditions, the following additional events are specified:

(a) ARIS shall have failed to perform any of its obligations under the Project Agreement.

(b) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that ARIS will be able to perform its obligations under the Project Agreement.

(c) The Edict of the President of the Kyrgyz Republic No. 330, dated October 15, 2003, shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of ARIS to perform any of its obligations under the Project Agreement.

## **ARTICLE VI**

### **Effectiveness; Termination**

Section 6.01. The following events are specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 12.01 (b) of the General Conditions, namely, that the Subsidiary Grant Agreement has been executed on behalf of the Recipient and ARIS.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:



(a) that the Project Agreement has been duly authorized or ratified by ARIS, and is legally binding upon ARIS in accordance with its terms; and

(b) that the Subsidiary Grant Agreement has been duly authorized or ratified by the Recipient and ARIS and is legally binding upon the Recipient and ARIS in accordance with its terms.

Section 6.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

## **ARTICLE VII**

### **Representative of the Recipient; Addresses**

Section 7.01. The Minister of Finance of the Recipient is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 7.02 The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

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

Telex:  
245-156NUR KH

Facsimile:  
(996 312) 61645

For the Association:

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

Cable address:

Telex:

Facsimile:

INDEVAS  
Washington, D.C.

248423 (MCI)  
64145 (MCI)

(202) 477-6391

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

KYRGYZ REPUBLIC

By: /s/ Baktybek Abdrisaev

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Dennis de Tray

Authorized Representative

## SCHEDULE 1

### Withdrawal of the Proceeds of the Grant

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Grant, the allocation of the amounts of the Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the Grant Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Community Grants under Part B of the Project	8,030,000	100% of the disbursed amounts
(2) Works	70,000	70% of foreign expenditures and 83% of local expenditures
(3) Goods	150,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 83% of local expenditures for other items procured locally

<u>Category</u>	<u>Amount of the Grant Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(4) Consultants' services, including audit	1,250,000	85% of expenditures for services of consultants domiciled within the territory of the Recipient, 100% of eligible social charges for such consultants and 72% of foreign expenditures for services of other consultants
(5) Training	580,000	100%
(6) Operating costs	380,000	100% of eligible social charges and 83% of other expenditures
(7) Unallocated	<u>40,000</u>	
TOTAL	<u>10,500,000</u>	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Recipient for goods or services supplied from the territory of any country other than that of the Recipient;

(b) the term "local expenditures" means expenditures in the currency of the Recipient or for goods or services supplied from the territory of the Recipient;

(c) the term “social charges” means any payments, premia, or contributions for, health benefits, unemployment benefits, disability insurance, workers’ compensation benefits, retirement (pension or social security) benefits, and life insurance, which constitute payment for the drawdown of future benefits to the staff concerned;

(d) the term “Training” means Project related study tours, training courses, seminars, workshops and other training activities not included under goods or service providers’ contracts, including travel and per diem costs of trainees and trainers; and

(e) the term “Operating costs” means incremental operating expenditures incurred by the ARIS on account of Project implementation, management and monitoring, including its staff salaries, social charges, office rent and maintenance, materials and supplies, communication costs, support for information systems, translation costs, bank charges and travel and per diem costs of the ARIS staff and other reasonable expenditures directly associated with implementation of Project activities, all based on an annual budget acceptable to the Association.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

4. The Association may require withdrawals from the Grant Account to be made on the basis of statements of expenditure for: (a) goods under contracts costing less than \$100,000 equivalent each, except the first two contracts for goods to be procured in accordance with the procedures referred to in Parts C.2 and C.3 of Section I of Schedule 1 to the Project Agreement; (b) works under contracts costing less than \$50,000 equivalent each, except the first three contracts for works to be procured in accordance with the procedures referred to in Part C.5 of Section I of Schedule 1 to the Project Agreement; (c) services under contracts costing less than \$50,000 equivalent each for consulting firms and less than \$10,000 equivalent each for individual consultants; and (d) Community Grants, operating costs and training, under such terms and conditions as the Association shall specify by notice to the Recipient.

5. If the Association shall have determined at any time that any amount of the Grant was used in a manner inconsistent with the provisions of this Agreement, the Recipient shall, promptly upon notice from the Association, refund to the Association for deposit into the Grant Account, an amount equivalent to the amount so used.

## **SCHEDULE 2**

### **Description of the Project**

The objectives of the Project are to assist the Recipient with: (a) improving governance and capacity at the local level; (b) strengthening the provision of, and access to, essential infrastructure services; and (c) supporting private small-scale enterprise development.

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

#### **Part A: Capacity Building and Empowerment**

1. Provision of technical assistance and training to participating communities, local self-government institutions, community-based organizations and local non-governmental organizations in community mobilization and capacity building, including social monitoring, communities' needs and resources assessment, and participatory planning.
2. Provision of technical assistance and training to local governments and community leaders to emphasize: (a) skills, mechanisms, processes and tools for good governance; (b) accountability and transparency in conducting public affairs; (c) awareness of local responsibilities and rights in fiscal relations with higher levels of government; and (d) strategic planning for community development.
3. Provision of technical assistance and training to participating communities and community-based organizations to build their skills and experience in business development, infrastructure planning and operation, good practices for avoiding or mitigating environmental impact of Micro-projects and in other areas of Community Investment Plans development and implementation.

#### **Part B: Village Investments**

Provision of Community Grants to eligible communities to assist with Community Investment Plans implementation.

Part C: Project Management

Provision of technical assistance, including audit and training to ARIS for project management and monitoring and financing its Operating costs under the Project.

\* \* \*

The Project is expected to be completed by February 29, 2008.

### **SCHEDULE 3**

#### **Special Account**

1. For the purposes of this Schedule:
  - (a) the term “eligible Categories means Categories (1), (2), (3), (4), (5) and (6) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;
  - (b) the term “eligible expenditures” means expenditures in respect of the reasonable cost of goods, works and services required for the Project and to be financed out of the proceeds of the Grant allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and
  - (c) the term “Authorized Allocation” means an amount equivalent to \$500,000 to be withdrawn from the Grant Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$250,000 until the aggregate amount of withdrawals from the Grant Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 1,400,000.
2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.
3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:
  - (a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Association a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Recipient, withdraw from the Grant Account and deposit into the Special Account such amount or amounts as the Recipient shall have requested.
  - (b) (i) For replenishment of the Special Account, the Recipient shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.



- (ii) Prior to or at the time of each such request, the Recipient shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Recipient, withdraw from the Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Grant Account under the respective eligible Categories and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the Special Account, the Recipient shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

- (a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Recipient directly from the Grant Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

- (b) if the Recipient shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

- (c) if, at any time, the Association shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the Grant Account pursuant to the provisions of Section 6.02 of the General Conditions; or

- (d) once the total unwithdrawn amount of the Grant allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Grant Account of the remaining unwithdrawn amount of the Grant allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Recipient shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Recipient may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Grant Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

## SCHEDULE 4

### Modifications to the General Conditions

For the purpose of this Agreement, the provisions of the General Conditions are modified as follows:

1. Sections 3.02, 3.03, 3.0 (a), 3.04 (b), 3.05, 6.05, Article VII, are deleted in their entirety.

2. Wherever used in the General Conditions, the following terms are modified to read as follows:

(a) The term “Borrower” is modified to read “Recipient”.

(b) The term “Credit” is modified to read “Grant”.

(c) The term “credit” is modified to read “grant”; except that where used in Sections 6.02 (a) (ii) and 6.02 (c) (i), as modified below, the term “credit” shall continue to read “credit”.

(d) The term “Credit Account” is modified to read “Grant Account”.

(e) The term “Development Credit Agreement” is modified to read “Development Grant Agreement”.

3. Article IV is modified as follows:

(a) Section 4.02 (a) and the heading of Section 4.02 are modified to read as follows:

*“Section 4.02 Currencies in which Commitment Charges are Payable*

(a) The Recipient shall pay the commitment charge on the Grant in the currency specified in the Development Grant Agreement or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to paragraph (c) or (e) of this Section.”

(b) Wherever used in Section 4.02 (c) and (e) of the General Conditions the words “principal and service charges” are modified to read “commitment charge”.

(c) Section 4.03 and its heading are modified to read as follows:

*“Section 4.03. Amount of the Grant*

The amount of the Grant withdrawn from time to time shall be the equivalent in terms of SDR (determined as of the date or respective dates of withdrawal from the Grant Account) of the value of the currency or currencies so withdrawn.”

4. Section 6.02 is modified as follows:

(a) The phrase “any other development credit agreement” in Section 6.02 (a) (ii) is modified to read: “any other development grant agreement or any development credit agreement or development financing agreement”.

(b) The phrase “any development credit agreement” in Section 6.02 (c) (i) is modified to read: “any development grant agreement, development credit agreement or development financing agreement”.

5. The words “The principal of, and any other charges on” in paragraph (a) of Section 8.01 are modified to read “The commitment charge on”.

6. Section 12.05 and its heading are modified to read as follows:

*“Section 12.05. Termination of Development Grant Agreement.*

The obligations of the Borrower under the Development Grant Agreement shall terminate on the date 20 years after the date of the Development Grant Agreement.”