

CONFORMED COPY

**CREDIT NUMBER 4493-MN
GRANT NUMBER H413-MN**

Financing Agreement

(Enhanced Justice Sector Services Project)

between

MONGOLIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 7, 2008

**CREDIT NUMBER 4493-MN
GRANT NUMBER H413-MN**

FINANCING AGREEMENT

AGREEMENT dated October 7, 2008, 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 grant and a credit (collectively, “Financing”) in the following amounts to assist in financing the project described in Schedule 1 to this Agreement (“Project”):
 - (a) an amount equivalent to one million thirty three thousand Special Drawing Rights (SDR 1,033,000) (“Grant”); and
 - (b) an amount equivalent to two million sixty seven thousand Special Drawing Rights (SDR 2,067,000) (“Credit”).
- 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 April 15 and October 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 United States Dollars.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through MOJHA 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 Co-financing Deadline for the effectiveness of the Co-financing Agreement is January 31, 2009.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) the PIU has been established pursuant to the provisions of Section I.A.1(b) of Schedule 2 to this Agreement, and the Recipient has selected, and engaged the services of a Project coordinator, a procurement officer, and a financial management officer, under terms of reference satisfactory to the Association;
 - (b) the PIU's financial management officer and the procurement officer have completed a training course on financial management and procurement, respectively, in a manner and substance satisfactory to the Association;
 - (c) the PIU has updated the Project Manual and Financial Management Manual, in a manner acceptable to the Association, to ensure compliance

with the accounting, monitoring and reporting requirements under the Project; and

- (d) the Recipient has completed an initial baseline survey, under terms of reference satisfactory to the Association, on the existing relevant data on judicial cases and court enforcement activities which may contribute to the monitoring and evaluation of the Project.

- 5.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.
- 5.03. 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 VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient’s Representative is its Minister of Finance.

- 6.02. The Recipient’s Address is:

Government Building 2
United Nations’ Street 5/1
Ulaanbaatar, 210646
Mongolia

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. Bayartsogt

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Arshad Sayed

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to enhance the efficiency, transparency and accountability of the Recipient's justice sector institutions.

The Project consists of the following parts:

Part 1: Enhancing Public Legal Education in the Justice Sector

- (a) Development and implementation of comprehensive legal education reform in law schools, through: (i) improving their legal education syllabi, designing new elective courses and specialized clinics, and developing training materials for students and professors using modern teaching methodologies; and (ii) helping these institutions meet national and international education standards.
- (b) Development and implementation of a bilingual (Mongolian and Kazakh) national public information strategy focused on the provision of legal information to poor and vulnerable rural and urban population (including women and children) regarding the Recipient's legal system and ways to access justice, citizen rights, and legal standards and responsibilities.

Part 2: Increasing Transparency through Improved Access to Legal Information

- (a) Development and implementation of a national justice sector information networking strategy and system, linking justice sector institutions and MOJHA through improved IT fiber optic network connections, and defining the terms and procedures for the sharing of relevant legal information amongst justice sector institutions and the general public.
- (b) Development and implementation of a training program for the judiciary and MOJHA to better utilize new information technologies.

Part 3: Enhancing Judicial Operations, Enforcement and Monitoring of Court Decisions

- (a) Development of Supreme Court facilities, including a centralized judicial archive (including IT equipment, a public information system, and management capacity), a national judicial information network, and legal service/public information centers.
- (b) Strengthening the capacity of the General Council of Courts to improve the administration of the judiciary, including: (i) the use of management tools, new archival systems, data management and communication techniques improving access to information and transparency of the judiciary; (ii) the application of

analytical and case tracking databases; and (iii) the adoption of best practices at central and regional levels for strategic planning, budgeting and management.

- (c) Refurbishing of at least ten (10) court enforcement facilities to meet the minimum infrastructure standards required by the Court Enforcement Agency to carry out its duties, including public information facilities, confiscated supply and auction storage space, IT infrastructure capacity, and improved security for officers.

Part 4: Project Management

Strengthening the capacity of the Project Implementation Unit for the day-to-day implementation of the Project, including compliance with financial, environmental and procurement management, reporting requirements and monitoring and supervision activities.

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

1. The Recipient shall:
 - (a) establish by no later than January 31, 2009, and thereafter maintain throughout the period of implementation of the Project, a steering committee (Steering Committee) with representation from, *inter alia*, MOJHA, Ministry of Finance, the Supreme Court, the General Council of Courts, MECS, the Court Enforcement Agency and the National Legal Center, and assigned with such functions and responsibilities satisfactory to the Association, as shall be required for the overall guidance, support and oversight of Project implementation, including, but not limited to, the approval of the Annual Implementation Plans; and
 - (b) establish within MOJHA and maintain, throughout the period of implementation of the Project, a project implementation unit (PIU) headed by a qualified and experienced Project coordinator (who shall also serve as the Secretary to the Steering Committee), and provided with sufficient resources and competent staff in adequate numbers, under terms of reference satisfactory to the Association, comprising *inter alia* a procurement officer, a financial management officer and three additional technical officers (one of which shall be fluent in Kazakh); 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; and (ii) the preparation of the Annual Implementation Plans, updates of the Procurement Plans, and Project and Financial Reports.
2. For purposes of Section II.B.3 of this Schedule, by no later than March 31, 2009, the Recipient shall select and engage the services of an independent auditor acceptable to the Association, under terms of reference satisfactory to the Association.
3. The Recipient shall implement the Project in accordance with the Project Manual, the Financial Management Manual and the Procurement Plan, and except as the Association shall otherwise agree, shall not amend, abrogate, waive or suspend any provision thereof, whether in whole or in part, if in the opinion of

the Association, such amendment or waiver may materially and adversely affect the implementation of the Project

B. Anti-Corruption

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

C. Safeguards

1. The Recipient shall ensure that the construction and or refurbishing of buildings under the Project shall:
 - (a) be carried out pursuant to the guidelines for the environmental screening and mitigation measure contained in the Project Manual; and
 - (b) take place only on publicly owned property, which shall be free and clear of any encroachments or squatters, and that there shall be no acquisitions or takings of private land under the Project.
2. The Recipient shall take all actions necessary to prevent any involuntary loss by persons of shelter, productive assets, or access to productive assets or income or means of livelihood, temporarily or permanently due to works under the Project.

D. Additional Implementation Covenants

1. The Recipient undertakes to:
 - (a) prepare, by no later than August 15 each year, commencing on August 15, 2009, and furnish to the Steering Committee and the Association for review and concurrence, a draft Annual Implementation Plan for the following fiscal year, which plan shall identify Project activities by component and sub-component, and their related expenditures and financing sources; and
 - (b) thereafter, implement the Project activities during the respective fiscal year pursuant to such plan as so discussed with, and agreed by, the Steering Committee and the Association.
2. For purposes of carrying out Part 3(c) of the Project, the Recipient shall, by no later than February 28, 2009, adopt procedures and criteria, acceptable to the Association, for the selection of facilities of the Court Enforcement Agency to be refurbished, which criteria shall include, *inter alia*, geographical diversification, economic relevance and population, and case workload considerations.

3. The Recipient undertakes to regularly allocate and promptly transfer to MOJHA and/or the General Council of Courts, the necessary resources, in terms satisfactory to the Association, for the efficient operation and maintenance of the newly implemented IT solutions and improved infrastructure.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. 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 set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.
2. The performance indicators referred to above in sub-paragraph (a) consist of the following:
 - (i) seventeen (17) new law school syllabi completed by Closing Date;
 - (ii) twenty five percent (25%) increase in the total number of users accessing the public legal information systems by Closing Date;
 - (iii) ten (10) Court Enforcement Agency offices renovated;
 - (iv) one hundred percent (100%) increase in the number of courts and Court Enforcement Agency offices connected to national fiber optic network; and
 - (v) twenty percent (20%) improvement in the level of enforcement rates of judgments reaching the Court Enforcement Agency.
3. Notwithstanding the provisions of paragraphs (1) above, the Recipient undertakes to:
 - (a) carry out, by no later than September 30, 2009, a follow-up survey, under terms of reference satisfactory to the Association, on the data relevant to the monitoring framework agreed with the Association;
 - (b) within thirty (30) days after concluding the survey, submit the survey results for consideration by the Steering Committee and the Association; and
 - (c) thereafter, integrate those results in the design of Project monitoring and evaluation activities and the Project Reports.

4. Notwithstanding the provisions of paragraph (1) and (3) above, the Recipient shall:
 - (a) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, by no later than September 30, 2010, a mid-term review report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (1) and (3) above, on the progress achieved in the carrying out of the Project during the period preceding the date of such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and
 - (b) review with the Association, by August 31, 2010, or such later date as the Association shall request, the mid-term review report referred in subparagraph (a) above, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, base on the conclusions and recommendations of said report and the Association's views on the matter.

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 as part of the Project Report 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. 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 Works.** All goods and works 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 and Works

- 1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
- 2. **Other Methods of Procurement of Goods and Works.** 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) National Competitive Bidding (in accordance with the procedures acceptable to the Association as further elaborated in the Attachment to this Schedule)
(b) Shopping
(c) 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) Selection Based on Consultants Qualifications
(c) Single Source Selection
(d) Least Cost 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 civil works regardless of its value; (b) each contract for goods estimated to cost the equivalent of USD50,000 or more; (c) each contract procured on the basis of Direct Contracting regardless of its value; (d) each contract for consultants’ services provided by a firm estimated to cost the equivalent of USD100,000 or more; (e) each contract for consultants’ services procured on the basis of Single Source Selection; and (f) each contract for consultants’ services provided by individual consultants estimated to cost the equivalent of USD50,000 or more. 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 Credit and of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Credit Allocated (expressed in SDR)	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Civil Works:			
(a) under Part 3(a) of the Project	1,327,000		100%
(b) under Part 3(c) of the Project	740,000		
(2) Goods		799,000	100%
(3) Consultants' Services		206,000	100%
(4) Incremental Operating Costs		28,000	100%
TOTAL AMOUNT	<u>2,067,000</u>	<u>1,033,000</u>	

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, except that withdrawals up to an aggregate amount not to exceed SDR50,000 equivalent may be made for payments made prior to this date but on or after May 1, 2008, for Eligible Expenditures under Categories (2), (3) and (4); or
 - (b) under Category (1)(a) until the Recipient has furnished the Association with:
 - (i) the architectural design, construction drawings, and a detailed time-bound building plan (including construction costs, budget and sources of funds, and bidding documents), all on terms satisfactory to the Association;
 - (ii) evidence, satisfactory to the Association, of the allocation of a suitable tract of land by the relevant Recipient's authorities; and
 - (iii) all permits necessary for the commencement of construction works; or

(c) under Category (1)(b) until the Recipient has notified the Association, in terms satisfactory to the Association of its adoption of the procedures and selection criteria provided for in Section I.D.2 of this Schedule.

2. The Closing Date is December 31, 2012.

**ATTACHMENT
to
SCHEDULE 2**

National Competitive Bidding Procedures, Mongolia

The following provisions shall apply in respect of contracts for goods and works financed under the Project and procured according to National Competitive Bidding procedures.

Applicable Procurement Procedure

(i) Bidding shall be conducted in accordance with the Open Bidding Procedure, as defined in Chapter Two of the Public Procurement Law of Mongolia of December 1, 2005 (as amended through February 6, 2007), and related provisions.

Participation in Bidding and Preferences

(ii) Recipient-owned enterprises in Mongolia shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Recipient or the procuring entity.

(iii) Prospective bidders shall be permitted to request bidding documents either in person or by mail upon submission of a written application. Bidding documents shall be sold to anyone who is willing to pay the required fee for the bidding documents, and no other conditions shall be imposed on the sale of the bidding documents. The bidding documents shall be delivered, at the prospective bidders' preference, either by hand or by mail or courier, provided that the bidder is willing to pay the mail or courier delivery charges, which should be specified in the Invitation for Bids. Each bidder shall be allowed to purchase only one set of the bidding documents for a given NCB tender. No limitations shall be imposed on any bidder as to the number of NCB tenders in which he may participate during a given period of time.

(iv) Interested foreign bidders from eligible countries shall be allowed to participate without being required to associate or form joint ventures with local bidders. Foreign bidders shall be eligible to participate in bidding under the same conditions as local bidders. Mongolian bidders and goods of Mongolian origin shall be given no preference over foreign bidders, either in the bidding process or in the evaluation of bids.

(v) Prior registration shall not be a requirement for any bidder to participate in bidding.

(vi) Pre-qualification of contractors shall not be required, except in the case of large or complex works and with the prior written concurrence of the Association.

Advertising, Time for Bid Preparation

(vii) Invitations to bid shall be advertised in at least one widely circulated national newspaper. Potential bidders shall be allowed to purchase bidding documents up to 24 hours prior to the deadline for the submission of bids.

Standard Bidding Documents

(viii) Standard bidding documents, acceptable to Association, shall be used. The bidding documents shall provide clear instructions on how bids should be submitted, how prices should be offered, and the place and time for submission and opening of bids. Bidders shall be allowed to submit bids by hand, by mail or by courier.

Qualification Criteria and Evaluation Criteria

(ix) Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only criteria so specified, shall be used to determine whether a bidder is qualified. The evaluation of the bidder's qualifications should be conducted separately from the technical and commercial evaluation of the bid. When post qualification is applied, the assessment of bidders' qualifications shall be carried out only after the preliminary and detailed evaluation of bids has been completed by the Purchaser/Employer and, in doing so, the qualifications of the bidder who has submitted the lowest evaluated substantially responsive bid shall be assessed first. The evaluation of a bidder's qualifications shall only take into account the bidder's capacity and resources to perform the contract, in particular its experience and past performance on similar contracts, capabilities with respect to personnel, equipment and construction or manufacturing facilities and financial position. In carrying out the post-qualification assessment, the Employer/Purchaser shall exercise reasonable judgment in requesting, in writing, from a bidder only missing factual or historical supporting information related to the bidder's qualifications and shall provide a reasonable time period (that is, a minimum of 7 days) to the bidder to provide his response.

(x) Evaluation criteria to be used in the evaluation of bids shall be clearly specified in the bidding documents, and evaluation criteria other than price shall be quantified in monetary terms. All evaluation criteria so specified, and only the evaluation criteria so specified, shall be taken into account in bid evaluation. Merit points shall not be used in bid evaluation.

Bid Opening, Evaluation and Award of Contract

(xi) Bids shall be opened in public, immediately upon the stipulated deadline for submission of bids. Bidders' representatives and the project's beneficiaries from the concerned local community who choose to attend shall be allowed to attend. The name of the bidder and total amount of each bid, including discounts, shall be read aloud and recorded in the Bid Opening Record. Bids received after the deadline for bid submission shall be rejected and returned to the bidders unopened. Immediately after completion of

the bid opening proceedings, a copy of the Bid Opening Record shall be posted at a prominent location, accessible to the public, outside the office of the concerned procuring entity and shall be retained at the same location until the award of contract has been notified. A copy of the Bid Opening Record shall be promptly provided to all bidders who submitted bids.

(xii) All bids shall not be rejected or new bids invited without the Association's prior written concurrence.

(xiii) No bid shall be rejected merely on the basis of a comparison with the owner's estimated cost or budget ceiling without the Association's prior written concurrence.

(xiv) A bid containing material deviations from or reservations to the terms, conditions or specifications of the bidding documents shall be rejected as not substantially responsive. A bidder shall not be permitted to withdraw material deviations or reservations once bids have been opened. Bidders shall not be eliminated from detailed evaluation on the basis of non-material, minor deviations or reservations.

(xv) The evaluation of bids shall be done in strict adherence to the criteria specified in the bidding documents, and contracts shall be awarded to the qualified bidder offering the lowest evaluated and substantially responsive bid.

(xvi) Bidders shall be requested to extend the validity of their bids only under exceptional circumstances and, in all such cases, the Employer/Purchaser shall communicate such request in writing to all bidders before the date of expiry of their bids. Bidders shall have the right to refuse to grant such an extension of the validity of their bids without forfeiting their bid securities.

(xvii) In the case of contracts of more than 18 months' duration, the bidding documents and the resultant contract shall provide for price adjustment, based on a formula acceptable to the Bank, which shall be disclosed to the bidders in the bidding documents.

(xviii) A bidder which refuses to accept arithmetical corrections made by the Evaluation Committee during the evaluation of its bid shall not be allowed to withdraw its bid without forfeiting its bid security.

(xix) A bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify its bid as originally submitted.

(xx) There shall be no post-bidding negotiations with the lowest evaluated bidder or any other bidder. No bidder shall be required, as a condition for the award of contract, to change his bid price or otherwise materially alter his bid after it has been submitted.

(xxi) A bidder declared ineligible by the Bank, based on a determination by the Bank that the bidder has engaged in corrupt, fraudulent, collusive or coercive practices in competing for or in executing a Bank-financed contract, shall be ineligible to be awarded a Bank-financed contract during the period of time determined by the Bank.

Suppliers and Contractors

(xxii) Bidding documents and contracts under national competitive bidding procedures financed by the Association shall include a provision requiring suppliers and contractors to permit the Association to inspect their accounts and records relating to the bid submission and the performance of the contract by the supplier and/or contractor, as the case may be, and to have them audited by auditors appointed by the Association, if so required by the Association.

Complaints by Bidders and Handling of Complaints

(xxiii) The provisions of Chapter Seven of the Public Procurement Law of Mongolia on the settlement of disputes shall apply to all Bank-financed contracts awarded by National Competitive Bidding.

SCHEDULE 3**Repayment Schedule**

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 15 and October 15:	
commencing October 15, 2018 to and including April 15, 2028	1%
commencing October 15, 2028 to and including April 15, 2048	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**Definitions**

1. “Annual Implementation Plans” means the annual plans to be prepared by the Recipient through the PIU, pursuant to Section I.D.1 of Schedule 2 to this 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. “Co-financier” means the Association acting as administrator of Japan’s Policy and Human Resources Development Trust Fund, referred to in paragraph 10 of the Appendix to the General Conditions.
5. “Co-financing” means an amount of nine hundred fifty thousand United States Dollars (USD950,000), to be provided by the Co-financier to assist in financing the Project.
6. “Co-financing Agreement” means the agreement to be entered into between the Recipient and the Co-financier providing for the Co-financing.
7. “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.
8. “Court Enforcement Agency” means the agency established within MOJHA, pursuant to the Recipient’s Law on Court Decision Enforcement, dated January 10, 2002, and any successor thereto.
9. “Financial Management Manual” means the manual adopted by the Recipient on June 2002 for the financial management of the Project, as updated in a manner satisfactory to the Association pursuant to Section 5.01(c) of this Agreement; which manual shall set forth, *inter alia*, the policies and procedures for funds and assets management, withdrawal applications, and settlement of payments, accounting, maintenance of records, reporting, internal control and auditing requirements.
10. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).

11. “General Council of Courts” means the council established and operating pursuant to Article 49 of the constitution of Mongolia (1992) and the Recipient’s Law on Courts, dated February 4, 1993, as amended, and any successor thereto.
12. “Incremental Operating Costs” means the reasonable costs of the incremental expenditures incurred in relation to the Project, which expenditure would not have been incurred absent the Project, including, *inter alia*: office rental; vehicles rental, operations and maintenance; in-country travel allowances of PIU staff, banking services and insurance costs, communication and dissemination expenses, translation and printing costs, utilities fees and security costs; but excluding salaries or salary supplements of the Recipient’s civil servants.
13. “IT” means information technology.
14. “MECS” means the Recipient’s Ministry of Education, Culture and Science, and any successor thereto.
15. “MOJHA” means the Recipient’s Ministry of Justice and Home Affairs, and any successor thereto.
16. “National Legal Center” means the center established within MOJHA pursuant to MOJHA Minister’s Decree No. 222 of September 26, 2002, and any successor thereto.
17. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
18. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 15, 2008 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.
19. “Project Implementation Unit” and the acronym “PIU” mean the unit to be established within MOJHA, in accordance with Section I.A.1(b) of Schedule 2 to this Agreement.
20. “Project Manual” means the manual adopted by the Recipient on June 2002 for the implementation of the Project, as updated in a manner satisfactory to the Association pursuant to Section 5.01(c) of this Agreement; which manual shall set forth, *inter alia*, the guidelines for the environmental screening and mitigation measure for the Project’s civil works, procurement guidelines consistent with this Agreement, monitoring and evaluation protocols, and the general allocation of Project implementation responsibilities.

21. “Steering Committee” means the committee to be established pursuant to Section I.A.1(a) of the Schedule 2 to this Agreement.
22. “Supreme Court” means the Recipient’s Supreme Court established and operating in accordance with Article 48, Section 1, and Article 50, Section 1, of the Constitution of Mongolia (1992), and the Recipient’s Law on Courts dated February 4, 1993, as amended.