

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 4629-PK

Financing Agreement

(Additional Financing for the Sindh On-Farm Water Management Project)

between

THE ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 15, 2009

Public Disclosure Authorized

FINANCING AGREEMENT

AGREEMENT dated September 15, 2009, entered into between the ISLAMIC REPUBLIC OF PAKISTAN (“Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for the activities described in Schedule 1 hereto. 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 thirty two million three hundred thousand Special Drawing Rights (SDR 32,300,000) (variously, “Credit” and “Financing”) to assist in financing the Project’s additional activities described in Schedule 1 to this Agreement (the “Additional Activities”).
- 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 January 1 and July 1 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 Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Additional Activities to be carried out by the Project Implementing Entity in accordance with the applicable provisions of Article IV of the General Conditions and the Project Agreement.
- 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 Additional Activities are 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, namely that the Ordinance shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity and/or the WCAs to perform any of their obligations under the Project Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of ninety (90) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is the Secretary of the Government of Pakistan, Economic Affairs Division, Ministry of Economic Affairs and Statistics, or any Additional Secretary, Joint Secretary, Deputy Secretary or Section Officer in that Division.

6.02. The Recipient's Address is:

The Secretary to the Government of Pakistan
Economic Affairs Division
Ministry of Economic Affairs and Statistics
Islamabad, Pakistan

Phone:

92-51-9203815

Facsimile:

92-51-9218976

6.03. The Association's Address is:

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

Cable:

INDEVAS
Washington, D.C.

Telex:

248423 (MCI)

Facsimile:

1-202-477-6391

AGREED at Islamabad, Islamic Republic of Pakistan, as of the day and year first above written.

ISLAMIC REPUBLIC OF PAKISTAN

By

/s/ Farrakh Qayyum
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

/s/ Said N. Al Habsy
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to enable farmers to better manage irrigation water and increase agricultural productivity by: (a) improving the efficiency, reliability and equity of irrigation water distribution; (b) supporting agricultural productivity enhancement measures to complement and enhance the benefits of improved water management; and (c) enhancing the long-term financial sustainability of the irrigation system by fostering the growth of self-sustaining watercourses associations (WCAs) and farmer organizations (FOs).

The Project consists of the Original Project and the following Additional Activities:

Part D: Additional Activities

1. Watercourses Improvements and WCA Mobilization

- (a) Improvement of approximately 3,000 additional watercourses within the geographical areas under the purview of the Nara, Left Bank and Ghotki Feeder AWBs, including earthen improvements, lining of selected sections, and installation of *pucca nuccas* (concrete turnouts), culverts, community structures, buffalo-baths and cattle-crossings.
- (b) Carrying out of social mobilization and support program to help:
 - (i) establish new WCAs and/or strengthen existing ones;
 - (ii) raise awareness among WCAs about the benefits of physical improvements and productivity enhancement activities planned under the Project; and
 - (iii) build capacity of WCAs to access resources for and carry out such improvements.

2. Productivity Enhancement

- (a) Provision of 150 precision land leveling (PLL) equipment for carrying out of land leveling activities using laser guided equipment.
- (b) Construction of approximately thirty (30) farming tunnels within the jurisdiction of thirty (30) different WCAs in the Nara, Left Bank and Ghotki Feeder AWBs, including: (i) the provision of equipment, seeds, fertilizers and pesticides; and (ii) the provision of training to, and implementation of capacity building activities for, farmers, FOs and WCAs for the planning and design thereof.

- (c) Establishment of about 300 farmer field schools; carrying out of awareness raising campaigns and information dissemination programs for farmer, FOs and WCAs on pest management techniques; provision of training to farmers on safe use of chemical pesticides and integrated pest management practices; provision of training to facilitators; augmentation of predators/parasites for fighting pests affecting sugarcane, cotton and vegetables crops in the Province of Sindh; promotion of *Neem* (tree) based bio-pesticides and bio-fertilizers; monitoring of pesticides residues and carrying out studies on impact evaluation and pesticides residue results.
- (d) Establishment of an additional information kiosk in Sanghar district, and operation and maintenance of the kiosks established under the Original Project, in order to collect, and make available to farmers, information on canal water availability, procurement of inputs and marketing of outputs, and prices.

3. **Project Management**

Strengthen the institutional capacity of the DGAEWM, DGAE and the WCAs in order to implement the Project including, *inter alia*: (i) the engineering and quality assurance control for the Project's Additional Activities; (ii) the environmental management of the Project; (iii) implementation of procurement activities and book keeping, auditing and financial management of Project accounts; (iv) the establishment and operation of a management information system and geographic information system database; and (v) the carrying out of monitoring and evaluation activities.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. On-lending Arrangements

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity in accordance with the provisions of this Agreement and the Recipient's on-lending policies and budgetary procedures, and under the same terms and conditions as shall have been received from the Association.
2. Notwithstanding paragraph (1) above, in the event that any of the provisions of this Agreement, including the instructions that the Association shall have specified by notice to the Recipient pursuant to Section IV.A.1 of this Schedule, were inconsistent with the budgetary procedures of the Recipient, the provisions of this Agreement and related instructions shall govern.

B. Anti-Corruption

The Recipient shall ensure, and cause the Project Implementing Entity to ensure, that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Safeguards

The Recipient shall ensure, and cause the Project Implementing Entity to ensure, that the activities under the Project: (i) are carried out in accordance with the Integrated Social and Environmental Assessment, the Environmental Guidelines and the Pest Management Plan; and (ii) do not involve land acquisition or involuntary resettlement of persons and/or businesses. In the event that any land is required for the Project, the Recipient, in consultation with the Association, shall cause the Project Implementing Entity to ensure that such land be obtained on a willing-buyer-willing-seller basis, or as a voluntary donation or bequest.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall cause the Project Implementing Entity 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 indicators agreed with the Association. 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.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain and cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall cause the Project Implementing Entity 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 Additional Activities under the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements, and cause the Project Implementing Entity 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 fiscal year of the Recipient and the Project Implementing Entity, 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 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 and National Competitive Bidding.** Except as otherwise provided in paragraph 2 below: (i) goods shall be procured under contracts awarded on the basis of International Competitive Bidding; and (ii) works shall be procured under contracts awarded on the basis of National Competitive bidding, in this latter case subject to the following additional provision, in order to comply with the Procurement Guidelines:
 - (i) Invitations to bid shall be advertised in at least one national newspaper with a wide circulation, at least thirty (30) days prior to the deadline for the submission of bids.
 - (ii) Bid documents shall be made available, by mail or in person, to all who are willing to pay the required fee.
 - (iii) Foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders in the bidding process.
 - (iv) Bidding shall not be restricted to pre-registered firms.
 - (v) Qualification criteria shall be stated in the bidding documents.
 - (vi) Bids shall be opened in public, immediately after the deadline for submission of bids.
 - (vii) Single bids shall also be considered for evaluation.
 - (viii) Bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the Association.
 - (ix) Before rejecting all bids and soliciting new bids, the Association's prior concurrence shall be obtained.
 - (x) Contracts shall not be awarded on the basis of nationally negotiated rates.
 - (xi) Contracts shall be awarded to the lowest evaluated and qualified bidder.
 - (xii) Post-bidding price negotiations shall not be allowed with the lowest evaluated or any other bidders.
 - (xiii) Bids shall be solicited and works contracts shall be awarded on the basis of unit prices and not on the basis of a composite schedule of rates.

- (xiv) Draft NCB contract would be reviewed by the Association in accordance with the prior review procedures.
- (xv) A firm declared ineligible by the Association, based on a determination by the Association that the firm has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for or in executing an Association-financed contract, shall be ineligible to be awarded an Association-financed contract during the period of time determined by the Association.
- (xvi) Each contract financed from the proceeds of a Credit shall provide that the suppliers, contractors and subcontractors shall permit the Association, at its request to inspect their account and records audited by auditors appointed by the Association. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to obstructive practice.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than the aforementioned International and National 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 <i>(for goods – subject to the additional provisions listed in paragraph 1 above)</i>
(b)	Community Participation
(c)	Shopping
(d)	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 under a Fixed Budget
(c)	Least-Cost Selection
(d)	Selection Based on the Consultant's Qualifications
(e)	Single-Source Selection
(f)	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) all contracts for goods procured on the basis of International Competitive bidding;
- (b) the first contract for goods and works to be procured on the basis of National Competitive Bidding as well as shopping, regardless its value;
- (c) all contracts for goods and works estimated to cost more than USD200,000 equivalent per contract;
- (d) the first Community Participation contract for works;
- (e) the first contract for laser land leveling equipment regardless its value;
- (f) the first consultancy service contract to be entered with a firm, regardless the awarding methodology and value;
- (g) each contract for consultancy services provided by a firm estimated to cost USD100,000 or more;
- (h) the first Individual Consultant contract regardless its value;
- (i) each contract for consultancy services provided by an Individual Consultant estimated to cost USD50,000 or more; and
- (j) all contracts awarded on the basis of single source selection or direct contracting.

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, Works (other than works under Part D.1(a) of the Project), Consultants’ Services, Training, payments under the Cost Sharing Agreements and Incremental Operating Costs under Part D of the Project	5,400,000	100%
(2) Standard Fixed Price per watercourse improvement under Part D.1(a) of the Project.	26,900,000	100%
TOTAL AMOUNT	32,300,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement; or

- (b) under Category (2) until and unless the Project Implementing Entity shall have: (i) developed a model form Community Participation Agreement in manner and substance satisfactory to the Association; and (ii) prepared Simplified Procurement Procedures to be applied by WCAs.

2. The Closing Date is July 31, 2012.

C. Additional Withdrawal Undertakings

1. The Recipient shall ensure that any withdrawal applications under Category (2) (other than the initial withdrawal application in an amount up to eight million two hundred fifty thousand United State Dollars (USD8,250,000) equivalent (authorized as initial working capital) shall only be made upon satisfactory completion of the respective watercourse renovation scheme agreed in a Community Participation Agreement and accounted for in such withdrawal application, as duly certified by the Supervision Consultant, in a manner and substance satisfactory to the Association.

2. In the event that the actual average cost of one watercourse improvement is considerably lower than the pre-agreed Unit Cost, on or about December 31, 2010:

- (a) the Association will be entitled to adjust Standard Fixed Price for any watercourses completed thereafter in order to compensate any amounts paid in excess;

- (b) in the event that the adjustments under subparagraph (a) above were not possible, or were insufficient to compensate the amounts paid in excess, the Recipient undertakes to refund, or cause the Project Implementing Entity to refund, to the Association any amounts withdrawn under Category (2) in excess of said average cost of watercourse improvement; and

- (c) the Association undertakes to, after considering the Recipient and Project Implementing Entity's preferences, either: (A) reallocate the amounts so refunded to any other Project activities and disbursement Categories; or (B) authorize the use of such savings for the financing of additional watercourse improvement schemes.

3. In the event that the actual average cost of one watercourse improvement is considerably higher than the pre-agreed Unit Cost, no later than December 31, 2010, the Association on the request of the Recipient and/or the Project Implementing Entity will review and, if justified, adjust (increase) the Standard Fixed Price accordingly for any watercourses completed thereafter.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each January 1 and July 1:	
commencing July 1, 2019, to and including January, 2029	1.25%
commencing July 1, 2029, to and including January 1, 2044	2.5%

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

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
2. “AWB” means an Area Water Board established at the level of a main canal under the Ordinance (as hereinafter defined); and the acronym “AWBs” means collectively two or more such Boards.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Community Development Department” means the Community Development Departments of each district government of the Project Implementing Entity.
5. “Community Organization” means a first tier organization representative of households eligible pursuant to the Project Implementation Plan for the provision of financing for the acquisition of PLL equipment.
6. “Community Participation Agreement” means the agreement to be entered into between the Project Implementing Entity, through its DGAEWM, and each eligible WCA pursuant to Section I.B paragraphs 1 and 3 of the Schedule to the Project Agreement, for purposes of financing watercourse renovation schemes.
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. “Cost Sharing Agreement” means the agreement to be entered into between the Project Implementing Entity, through its DGAEWM, and an individual farmer, an FO, WCA or Community Organization, for purposes of financing the purchase of precision land leveling equipment, in accordance with Section I.C. sub-paragraph (b) of the Schedule to the Project Agreement.
9. “DGAE” means the office of the Director General of Agricultural Extension of the Project Implementing Entity’s Agricultural Department.
10. “DGAEWM” means the office of the Director General of Agricultural Engineering and Water Management of the Project Implementing Entity’s Agriculture Department.

11. “Displaced Persons” means persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons; and a “Displaced Person” means any of such Displaced Persons.
12. “Environmental Guidelines” means the Project Implementing Entity’s guidelines, dated November 25, 2003, as amended with the concurrence of the Association, setting forth measures for mitigating the potential impact of activities to be carried out under the Project.
13. “FO” means a Farmer Organization formed or to be formed at the level of a distributary/minor canal and registered under the Ordinance; and the acronym “FOs” means two or more such organizations.
14. “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.
15. “Incremental Operating Costs” means the reasonable costs of salaries and allowances and other emoluments of DGAEWM and PCU staff recruited in accordance with the staffing plan acceptable to the Association for the purposes of the Project (but excluding salaries of civil servants), the operation and maintenance and/or rental costs of vehicles, the costs of equipment and office premises acquired under and/or used in carrying out the Project, bank charges, and the costs of advertising in the media; which costs would not have been incurred absent the Project.
16. “Integrated Social and Environmental Assessment” means the social and environmental assessment, dated July 2003, carried out by the Directorate General Agriculture Engineering & Water Management of the Government of Sindh for purposes of the Original Project.
17. “Ordinance” means the Sindh Water Management Ordinance, 2002 (No. XL of 2002), as amended up to the date of this Agreement, and as shall be amended with the concurrence of the Association.
18. “Original Financing Agreement” means the development credit agreement for the Sindh On-Farm Water Management Project between the Recipient and the Association, dated July 27, 2004, as amended to the date of this Agreement (Credit No 3905-PAK).

19. “Original Project” means the Project described in the Original Financing Agreement.
20. “Pest Management Plan” means the Project Implementing Entity’s pest management plan approved and adopted on October 27, 2003, setting forth, inter alia, the measures to promote and support safe, effective and environmentally sound pest management under the Project.
21. “PLL” means precision land leveling.
22. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
23. “Procurement Manual” means the manual, approved and adopted by the Project Implementing Entity, dated June 1, 2009, setting forth the guidelines and procedures, reporting arrangements and complaints redressal mechanisms, consistent with the Procurement Guidelines and the Consultants Guidelines, to be followed and applied in all procurement actions under the Project.
24. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated June 1, 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.
25. “Project Coordination Committee” and the acronym “PCC” mean the committee established by the Project Implementing Entity under the Original Project for purposes of coordinating activities of the different agencies of the Project Implementing Entity participating in the Project.
26. “Project Coordination Unit” and the acronym “PCU” mean the coordination unit established by the Project Implementing Entity under the Original Project for purposes of facilitating the work of, and serving as secretary to, the PCC.
27. “Project Implementation Plan” and the acronym “PIP” mean the implementation plan adopted by the Project Implementing Entity on January 5, 2004, as amended from time to time with the concurrence of the Association, setting forth or referring to the policies, principles and procedures for carrying out the Project, including performance indicators and monitoring and evaluation guidelines, administrative, accounting and financial procedures, disbursement guidelines, and an environmental framework, as such plan shall be further updated pursuant to Section I.A.3 of the Schedule to the Project Agreement. .
28. “Project Implementing Entity” means the Recipient’s Province of Sindh.

29. “Program Monitoring Unit” and the acronym “PMU” mean the unit established by the Project Implementation Entity under the Original Project for purposes of monitoring watercourse improvement activities and independently report to the Chief Minister’s office of the Project Implementing Entity.
30. “Project Steering Committee” and the acronym “PSC” mean the committee established by the Project Implementing Entity under the Original Project for purposes of providing policy guidance to the Project implementation agencies, and monitoring overall Project outcomes.
31. “Simplified Procurement Procedures” means the procurement procedures to be prepared by the Project Implementing Entity pursuant to Section III.4 of the Schedule to the Project Agreement, and to be followed by WCAs in the procurement of goods and services for the watercourse renovation schemes pursuant to the Community Participation Agreements.
32. “Standard Fixed Price” means the fixed price per watercourse (equivalent to eighty percent (80%) of the Unit Costs) to be disbursed to the Recipient on account of the amounts paid by the Project Implementing Entity to each WCA upon satisfactory completion of the renovation works of its respective watercourse under the relevant Community Participation Agreement.
33. “*taluka*” means an administrative subdivision of a district of the Project Implementing Entity.
34. “Training” means the reasonable costs of training, workshops and conferences conducted in the territory of the Recipient or attended, including the purchase and publication of materials, rental of facilities, course fees, and travel and subsistence of trainees.
35. “Unit Cost” means the average cost of an improvement/rehabilitation scheme for a watercourse, referred to in paragraph 5 of Section I.B of the Schedule to the Project Agreement, determined by the Project Implementing Entity and agreed to with the Recipient and the Association, as the same may be revised pursuant to sub-paragraph (b) thereof.
36. “WCA” means a Watercourse Association, established or to be established at the level of a watercourse, and registered under the Ordinance or with the Community Development Department of a district government of the Project Implementing Entity, if located in a canal command area; and the acronym “WCAs” means two or more such associations.

Section II. Modification to the General Conditions

The modification to the General Conditions for Credits and Grants of the Association, dated July 1, 2005, (as amended through October 15, 2006) is the following: namely, that paragraph (i) of Section 6.02 is modified to read:

“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.”