

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 4504-UG

Financing Agreement

**(Amending and Restating Development Credit Agreement)
(Second Environmental Management Capacity Building Project)**

between

THE REPUBLIC OF UGANDA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 10, 2008

Public Disclosure Authorized

CREDIT NUMBER 4504-UG

**FINANCING AGREEMENT
(Amending and Restating Development Credit Agreement)**

AGREEMENT dated October 10, 2008, entered into between THE REPUBLIC OF UGANDA (“Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”).

WHEREAS (A) under an agreement dated May 7, 2001, between the Recipient and the Association (“Development Credit Agreement”), the Association agreed to provide the Recipient with a credit in an amount equivalent to seventeen million one hundred thousand Special Drawing Rights (SDR 17,100,000) to assist in financing the Second Environmental Management and Capacity Building Project described in Schedule 2 to the Development Credit Agreement;

(B) the Recipient has requested the Association to provide additional financial assistance in support of the Second Environmental Management and Capacity Building Project by increasing the amount made available under the Development Credit Agreement by an amount in various currencies equivalent to nine million three hundred thousand Special Drawing Rights (SDR 9,300,000); and

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing to extend such additional assistance to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the Recipient and the Association hereby agree to amend and restate the Development Credit Agreement as of the Effective Date of this Agreement, to read 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 twenty six million four hundred thousand Special Drawing Rights (SDR 26,400,000) (variously, “Credit” and “Financing”) which consists of: (a) an Original Credit in various currencies equivalent to seventeen million one hundred thousand Special Drawing Rights (SDR 17,100,000); and (b) an Additional Credit in various currencies equivalent to nine million three hundred thousand Special Drawing Rights (SDR 9,300,000), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are August 1 and February 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 carry out Part B.5 of the Project through the NFA, and cause Parts A, B (1 through 4) and Part C of the Project to be carried out by the Authority in accordance with the 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 Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension shall be that the National Environment Act has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Authority to perform any of its obligations under the Project Agreement.

ARTICLE V — 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 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the Minister responsible for finance.

6.02. The Recipient's Address is:

Ministry of Finance, Planning
and Economic Development
P.O. Box 8147
Kampala
Republic of Uganda

Facsimile:

256 41 230163

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 in the District of Columbia, United States of America, as of the day and year first above written.

THE REPUBLIC OF UGANDA

By: */s/ Ezra Suruma*
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: */s/ John M. McIntire*
Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are to: (i) strengthen the capacity of the Authority and the Lead Agencies to carry out their environmental functions and responsibilities effectively; (ii) strengthen the capacity of local government institutions, including district and community levels; and (iii) assist communities to address environmental degradation problems and use natural resources in an environmentally sustainable and prudent manner.

The Project consists of the following parts:

Part A: Capacity Building at Local Government and Community Levels

1. Development of environmental management capacity in 31 districts and sub-counties, through:
 - (a) the carrying out of a training program for local government staff, educational institutions and NGOs; and
 - (b) the provision of logistical support and acquisition of office equipment for the DEO, DTPC and DEC in 15 new districts.

2. Assisting local governments and communities in 15 new districts to plan for, and incorporate, environmental concerns and programs as an integral part of their local level development plans, through:
 - (a) the provision of specially designed environmental planning training modules, to be carried out through workshops of personnel of local government sectoral departments, councilors, educational institutions and NGOs; and
 - (b) assisting districts to prepare and implement environmental plans through the provision of training, workshops and the identification and implementation of Microprojects.

3. Assisting local governments, NGOs and communities to undertake activities that can strengthen environmental management opportunities or reverse environmental degradation at the district and community levels through the provision of training, workshops and the acquisition of equipment.

4. Support to local governments, communities, educational institutions, CBOs, NGOs and TOTs to carry out their environmental management functions at the community level through the provision of technical advisory services.

5. Supporting rural towns generating up to 70 tons per day of organic waste to improve collection efficiency and process the wastes of their respective existing landfill sites, including piloting in one large town the design and implementation of investments to support community-based waste management and composting having potential long-term access to non-formal carbon markets.

Part B: Capacity Building in the Lead Agencies

1. Strengthening the partnership existing between the Authority and the Lead Agencies, including measures to seek the support of the heads of the Lead Agencies to engage in a constructive partnership with the Authority through the provision of training, workshops and the acquisition of equipment.

2. Carrying out of measures and policies that will facilitate the assumption by the Lead Agencies of responsibility for addressing environmental issues.

3. Strengthening capacity for selected Lead Agencies through the imparting of indepth environmental management skills in areas of: (a) environmental information collection and analysis; (b) environmental reporting; (c) sectoral environmental impact assessments; (d) strategic environmental assessment; (e) environmental audits and regulation; (f) environmental inspections; (g) environmental policy and law; (h) environmental planning; (i) training and awareness raising; and (j) environmental standards.

4. Strengthening the capacity of selected Lead Agencies involved in the oil and gas sector to support regulatory review, through the provision of training and workshops, and acquisition of equipment.

5. Supporting the planting of approximately 4000 hectares of forests on denuded lands in two forest reserves managed by NFA.

Part C: The Strengthening and Consolidation of the Institutional Capacity of the Authority

1. Strengthening the Authority as the principal agency responsible for environmental management through: (a) the renovation (including furnishing and

equipping) of the Authority's building in Kampala City; and (b) strengthening the capacity of the staff of the Authority through training.

2. Promoting compliance with environmental laws and regulations, through:
 - (a) the building of enforcement capacity within the Lead Agencies;
 - (b) assisting communities and regulated industries to comply with environmental laws and regulations;
 - (c) strengthening the enforcement capacity of the Authority;
 - (d) provision of training to key district and sub-county staff in the formulation and enforcement of their own by-laws; and
 - (e) completion of the regulatory framework established under the National Environmental Act.

3. Strengthening the environmental monitoring and reporting capacity of the Authority through:
 - (a) the preparation of environmental monitoring indicators;
 - (b) the building of the capacity of the Lead Agencies to monitor reporting on sectoral environmental performances; and
 - (c) the development of strategic and sectoral environmental impact assessment guidelines.

4. The strengthening of environmental education and public awareness, through:
 - (a) the review of the curricula and educational programs of secondary and tertiary institutions;
 - (b) the carrying out of a national environmental public awareness and mobilization program; and

(c) the training of a team of national trainers of trainers in non-formal environmental education to expedite the dissemination of environmental information knowledge, skills and practices among partners and communities.

5. Strengthening the capacity of the Authority as the principal agency responsible for environmental management including, *inter alia*: (a) the capacity for enforcement of regulations within the Authority's mandated sectors; and (b) providing environmental management skills and training to a selected number of the Authority's staff.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Authority

- (a) The Recipient shall ensure that: (i) the Authority is maintained at all times during the implementation of the Project with functions, staffing and resources satisfactory to the Association; and (ii) Parts A, B (1 through 4) and Part C of the Project are carried out by the Authority with the support of the Lead Agencies in accordance with the provisions of this Agreement and the Project Agreement, the guidelines, procedures, recommendations, and other specifications set forth in the Project Implementation Manual, and the Procurement Plan.
- (b) Without limitation upon the provisions of sub-paragraph (a) of this paragraph, the Authority shall be responsible for, *inter alia*: (i) management and oversight of Parts A, B (1 through 4), and Part C of the Project; (ii) procurement; (iii) financial management; (iv) monitoring, evaluation, reporting and communication; and (vi) such other administrative, financial, technical and organizational arrangements and procedures set forth in the Project Implementation Manual.

2. NFA

The Recipient shall: (a) ensure that NFA is maintained at all times during the implementation of the Project with functions, staffing and resources satisfactory to the Association; and (b) carry out Part B.5 of the Project through NFA in accordance with the provisions of this Agreement, the guidelines, procedures, recommendations, and other specifications set forth in the Project Implementation Manual, and the Procurement Plan.

B. Subsidiary Agreement

- 1. To facilitate the carrying out of Parts A, B (1 through 4), and Part C of the Project the Recipient shall make part of the proceeds of the Financing available to the Authority under a subsidiary agreement (“Subsidiary Agreement”)

between the Recipient and the Authority, under terms and conditions approved by the Association.

3. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Anti-Corruption

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

D. Project Implementation Manual

The Recipient shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in the Project Implementation Manual (provided, however, that in case of any conflict between the arrangements and procedures of the PIM and the provisions of this Agreement, the provisions of this Agreement shall prevail) and, except as the Association shall otherwise agree, shall not amend, abrogate or waive any provision of the PIM, if such amendment, abrogation or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Recipient shall monitor and evaluate the progress of Part B.5 of the Project, and cause the Authority to monitor and evaluate the progress of Parts A, B (1 through 4), and Part C of the Project, and prepare the Project Reports for the respective Parts of the Project 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 six months, and shall be furnished to the Association not later than one month after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

- (i) Environmental priorities are reflected in the DDP.
- (ii) Environmental issues mainstreamed into Lead Agency operations.
- (iii) The Authority own revenues as proportion of recurrent costs.
- (iv) DECs functioning.
- (v) Key policies reviewed with recommendations regarding environment.
- (vi) Budget line for environment evident in sectoral budget framework papers.
- (vii) Environmentally sensitive curriculum adopted in primary, secondary and tertiary institutions.
- (ix) Number of inspectors gazetted.
- (x) Environmental impact assessment frameworks developed.
- (xi) Complete environmental guidelines and regulations.
- (xii) Priority environmental interventions in the SDP/DDP implemented in focal districts.
- (xiii) Priority aspects of the national public awareness, and non-formal and environment education and community training strategy implemented at national and local level.
- (xiv) Environmental regulations relating to oil and gas policy promulgated.
- (xv) Number of tons compost produced annually from municipal solid waste.
- (xvi) Number of hectares planted.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than 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 fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Project Preparation Advances was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six 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 methods of procurement, other than International Competitive Bidding, may be used for goods and works in the circumstances specified in the Procurement Plan: (a) National Competitive Bidding; (b) Shopping; and (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 methods of procurement, other than Quality- and Cost-based Selection, may be used for consultants' services under the circumstances specified in the Procurement Plan for each such method: (a) Least Cost Selection; (b) Selection Based on Consultants' Qualifications; (c) Quality Based Selection; (d) Selection under Fixed Budget; (e) Single-source Selection; and (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of 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 works estimated to cost the equivalent of \$500,000 or more; (b) each contract for goods estimated to cost the equivalent of \$200,000 or more; and (c) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more.

2. In addition, the following prior review procedures shall apply to each contract for the employment of individual consultants (other than consultants to be selected on a Single-source Selection basis) estimated to cost the equivalent of \$50,000 or more: (a) the report on the comparison of the qualifications and experience of candidates, terms of reference and conditions of employment of the consultant shall be furnished to the Association for its prior review and approval; (b) the

contract shall be awarded only after the Association's approval shall have been given; and (c) the provisions of paragraphs 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply to the contract.

3. The following prior review procedures shall apply to each contract for the employment of individual consultants to be selected on a Single-source Selection basis: (a) the qualifications, experience, terms of reference and conditions of employment of the consultants shall be furnished to the Association for its prior review and approval; (b) the contract shall be awarded only after the Association's approval shall have been given; and (c) the provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall apply to the contract.
4. 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, 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 Original Credit Allocated (Expressed in SDR Equivalent)	Amount of the Additional Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed (inclusive of Taxes)
(1) Vehicles, equipment and supplies	1,523,000	3,800,000	100%
(2) Civil works	1,416,000	1,300,000	100%
(3) Consultants' services including audits, studies, Training and Workshops	3,161,000	1,100,000	100%
(4) Goods, works and services for Microprojects	567,000	0	100%
(5) Operating Costs	8,908,000	2,200,000	100%
(6) Unallocated	1,525,000	900,000	
TOTAL	17,100,000	9,300,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that:
 - (a) withdrawals up to an aggregate amount not to exceed \$750,000 equivalent may be made out of the proceeds of the Additional Credit for payments related to Eligible Expenditures made prior to this date but on or after May 15, 2008.
2. The Closing Date is November 30, 2011.

SCHEDULE 3**Repayment Schedule****I. Repayment of the Original Credit**

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each August 1 and February 1:	
commencing August 1, 2011, to and including February 1, 2021.	1%
commencing August 1, 2021, to and including February 1, 2041.	2%

II. Repayment of the Additional Credit

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 1 and August 1:	
commencing February 1, 2019, to and including August 1, 2028.	1%
commencing February 1, 2029, to and including August 1, 2048.	2%

APPENDIX**Section I. Definitions**

1. “Additional Credit” means the additional financing in various currencies equivalent to nine million three hundred thousand Special Drawing Rights (SDR 9,300,000) provided to the Recipient, on the terms and conditions set forth or referred to in 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. “Authority” means the National Environment Management Authority, a body corporate established and operating pursuant to the National Environment Act (as hereinafter defined), the Project Implementing Entity.
4. “CBOs” means Community-Based Organizations registered and operating under the laws of the Recipient.
5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
6. “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.
7. “DDP” means the Recipient’s district development plan, a tool for planning and budgeting process for the local districts.
8. “DEC” means a District Environment Committee established pursuant to Section 14 of the National Environment Act.
9. “DEO” means a District Environment Officer.
10. “DTPC” means a District Technical Planning Committee established pursuant to the Recipient’s Local Governments Act (CAP 243) of Laws of the Recipient.
11. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended

through October 15, 2006), with the modifications set forth in Section II of this Appendix.

12. “Lead Agency” means any ministry, department, parastatal agency, local government system or public officer in which, or in whom any law of the Recipient vests functions of control or management over any segment of the environment, as defined in the National Environment Act.
13. “Microprojects” means small-scale activities, to be carried out under Part A.2(ii) of the Project, which are developed by communities, through an interactive planning process, to address natural resources management problems, including agro-forestry promotion, parish-level nurseries, streams protection, water harvesting and valley dams.
14. “National Environment Act” means the Recipient’s National Environment Act (CAP 153), as amended to the date of this Agreement.
15. “NFA” means the National Forests Authority, an entity established and operating pursuant to the National forestry Act, 2003 of the Laws of the Recipient.
16. “NGO” means a non-profit and privately owned and controlled legal entity, determined by the Recipient and the Association as capable of assisting in the fulfillment of the objectives of the Project.
17. “Operating Costs” means incremental costs incurred by the Authority, Lead Agencies, and NFA on account of implementation of the Project on the basis of an annual budget and work plans acceptable to the Association, including for fuel, maintenance of vehicles, office supplies, utilities, consumables, bank charges, communication expenses, travel per diems, accommodation and subsistence allowances for authorized travel, but excluding salaries of the Recipient’s civil servants.
18. “Original Credit” means the original financing in various currencies equivalent to seventeen million one hundred thousand Special Drawing Rights (SDR 17,100,000) provided to the Recipient, on the terms and conditions set forth or referred to in the Development Credit Agreement.
19. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.

20. "Procurement Plan" means the Recipient's procurement plan for the Project, dated June 5, 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.
21. "Procurement Unit" means the unit referred to Section 1.B.1 of the Schedule to the Project Agreement.
22. "Project Implementation Manual" or "PIM" means the manual of the Recipient containing, *inter alia*, work programs, training programs, monitoring and performance indicators and arrangements, administrative, financial and organizational arrangements and procedures to be used for the purposes of implementation of the Project, as the same may be amended from time to time, in consultation with, and with the approval of, the Association, and such term includes any schedules to the Project Implementation Manual.
23. "SDP" means the Recipient's sub-county development plan.
24. "Subsidiary Agreement" means the agreement entered into between the Recipient and the Authority pursuant to Section I.B of Schedule 2 to this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Agreement.
25. "TOT" means training of trainers.
26. "Training and Workshops" means costs incurred by the Authority and NFA, on account of approved workshops, and training of the Authority, Lead Agencies, and NFA personnel involved in implementation of the Project, on the basis of an annual budget and training plan acceptable to the Association, including study tours, travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course preparation and implementation.

Section II. Modifications to the General Conditions

Section 3.01 (b) of the General Conditions is modified to read as follows:

“(b) The Commitment Charge shall accrue from a date sixty days after: (i) the date of the Development Credit Agreement with respect to the unwithdrawn balance of the Original Credit; and (ii) the date of the Financing Agreement

(Amending and Restating Development Credit Agreement) with respect to the unwithdrawn balance of the Additional Credit, to the respective dates on which amounts are withdrawn by the Recipient from the Financing Account or cancelled. The Commitment Charge shall accrue at the rate set as of the June 30 immediately preceding the accrual date and at such other rate as may be set from time to time thereafter pursuant to this Section. The rate set as of June 30 in each year shall be applied from the next Payment Date in that year. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date. The Commitment Charge shall be computed on the basis of a 360-day year of twelve 30-day months.”