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**LOAN NUMBER 8096-AZ**

# **Loan Agreement**

**(IDP Living Standards and Livelihoods Project)**

**between**

**REPUBLIC OF AZERBAIJAN**

**and**

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

**Dated November 16, 2011**

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## **LOAN NUMBER 8096-AZ**

### **LOAN AGREEMENT**

Agreement dated November 16, 2011, between REPUBLIC OF AZERBAIJAN (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank 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 — LOAN**

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of fifty million United States dollars (US\$50,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

- 2.05. The Payment Dates are May 15 and November 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa, or from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article V 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 Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

- 3.03. Without limitation upon the provisions of Section 3.01 of this Agreement, the Borrower shall:
- (a) maintain, until the completion of the Project, a Project Account in Manat on terms and conditions acceptable to the Bank, to finance its counterpart contribution to the expenditures of the Project;
  - (b) deposit into the Project Account the amounts required to cover the Borrower's counterpart contributions as determined by the Borrower and the Bank; and
  - (c) ensure that the funds deposited into the Project Account shall be used exclusively to finance the Borrower's counterpart contributions to the Project.

#### **ARTICLE IV — REMEDIES OF THE BANK**

- 4.01. The Additional Event of Suspension consists of the following, namely that the Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its 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 sixty (60) days after notice of the event has been given by the Bank to the Borrower.

#### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Subsidiary Agreement has been executed on behalf of the Borrower and the Project Implementing Entity.
  - (b) The Project Implementing Entity has adopted the revised Operational Manual, satisfactory to the Bank.
- 5.02. The Additional Legal Matter consists of the following, namely that the Subsidiary Agreement has been duly authorized or ratified by the Borrower and the Project Implementing Entity and is legally binding upon the Borrower and the Project Implementing Entity in accordance with its terms.
- 5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.



**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Borrower's Representative is the Minister of Finance.

6.02. The Borrower's Address is:

Ministry of Finance  
83 Samed Vurgun Street  
Baku AZ1022  
Republic of Azerbaijan

Telex:

Facsimile:

142116 BNKSL

(944-12) 404-47-20

(944-12) 404-47-21

6.03. The Bank's Address is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:

Telex:

Facsimile:

INTBAFRAD  
Washington, D.C.

248423(MCI) or  
64145(MCI)

1-202-477-6391

AGREED at Baku, Republic of Azerbaijan, as of the day and year first above written.

REPUBLIC OF AZERBAIJAN

By /s/ Ali Shamil oglu Hasanov

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Saida Bagirli

Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to improve living conditions and increase the economic self-reliance of targeted internally displaced persons (IDP).

The Project consists of the following parts:

#### Part A: Micro-Projects

Provision of works, goods and services for: (1) community mobilization and outreach for micro-project proposal development; (2) repair or rehabilitation of basic infrastructure (e.g. water supply, power supply, access roads, drainage systems); and (3) repair or rehabilitation of social infrastructure such as schools and community centres.

#### Part B: Housing Renovation

Provision of works, goods and services for the rehabilitation and full scale repair of about 95 IDP collective accommodation centers including improvement of common space areas (bathrooms, corridors, kitchens, etc.), enhancement of structural features (such as sewerage, roofing and water systems) as well as improvement of conditions in individual apartments such as replacement of windows, doors, and electricity to improve the overall living conditions including safety and efficiency.

#### Part C: Livelihood Support

1. Provision of vocational training and financial and technical support for small business development to IDP youth.
2. Provision of: (a) technical support and mobilization in selected communities leading to the establishment of about 200 self-help groups and formulation by such self-help groups of proposals for income generating activities; and (b) Small Grants to eligible self-help groups with approved proposals for income generating activities to set up small businesses and micro-enterprises.
3. Financing of Micro-credits for IDPs through eligible credit unions.

#### Part D: Project Management and Capacity Building

Provision of goods, consultants' services and Training for the proper management, implementation, supervision and monitoring and evaluation of the Project and capacity building of the Project Implementing Entity.

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

The Borrower shall cause the Project Implementing Entity to carry out the Project in accordance with this Agreement, the Project Agreement, Subsidiary Agreement and the Operations Manual and shall not amend, suspend, abrogate, repeal or waive any provision of said Manual without the prior written approval of the Bank.

**B. Subsidiary Agreement**

1. To facilitate the carrying out of the Project, the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity under a subsidiary agreement between the Borrower and the Project Implementing Entity, under terms and conditions approved by the Bank (“Subsidiary Agreement”).
2. The Borrower shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

**C. Anti-Corruption**

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

**D. Safeguards**

1. The Borrower shall ensure that the Project is carried out by the Project Implementing Entity in accordance with the provisions of the EMPF. The Borrower shall not assign, amend, abrogate or waive the EMPF or any provision thereof, without the prior approval of the Bank.
2. Prior to the commencement of works for each proposed site, the Borrower shall cause the Project Implementing Entity to ensure that: (a) the related site-specific EMPs are prepared in accordance with the EMPF; (b) the proposed design and site for said works incorporate the provisions of site-specific EMPs; (c) the provisions of said site-specific EMPs are adequately included in the proposed contract for said works; and (d) such works are carried out in accordance with the

respective site-specific EMPs. The Bank shall conduct a post-review of the documentation related to the design, contracts and site-specific EMPs for selected works and field visits of such selected works as part of regular Project supervision.

## **Section II. Project Monitoring Reporting and Evaluation**

### **A. Project Reports**

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Bank not later than one month after the end of the period covered by such report.

### **B. Financial Management, Financial Reports and Audits**

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. The Borrower shall prepare and furnish to the Bank 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 Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

## **Section III. Procurement**

### **A. General**

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan 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 Loan 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 Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<b><u>Procurement Method</u></b>	
(a)	<p>National Competitive Bidding, subject to the following additional provisions:</p> <ul style="list-style-type: none"> <li>(i) there shall be no eligibility restrictions based on nationality of bidder;</li> <li>(ii) pre-qualification may be used for simple works procurement and shall be conducted for large works contracts;</li> <li>(iii) entities in which the State or a State official owns a shareholding of whatever size shall not be invited to participate in tenders for the Government unless they are and can be shown to be legally and financially autonomous and they operate under commercial law;</li> <li>(iv) no national preferences may be applied on the basis of the origin of products or labor;</li> <li>(v) joint venture partners shall be jointly and severally liable for their obligations;</li> <li>(vi) no “participation fee” shall be required of bidders for the purchase of bidding documents. The only charge shall be equivalent to the cost of producing (copying) the bidding documents;</li> <li>(vii) in the evaluation of bids, bids may not be rejected where they differ substantially from the estimated prices calculated by the procuring entity, except where the bid prices exceed the available budget;</li> <li>(viii) rebidding shall not be carried out without prior approval of the Bank;</li> <li>(ix) works contracts of more than eighteen (18) months’ duration shall include appropriate price adjustment provisions;</li> <li>(x) prior approval of the Bank shall be required for any modification in the contract scope and conditions during implementation; and</li> <li>(xi) standard bidding documents approved by the Bank shall be used.</li> </ul>
(b)	Shopping
(c)	Direct Contracting
(d)	Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Bank
(e)	Procedures set forth in paragraphs 3.19 of the Consultant Guidelines for Community Participation in Procurement for goods, works and non-consulting services under Part C of the Project

**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 the 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:

<u>Procurement Method</u>
(a) Selection Under a Fixed Budget
(b) Least-cost Selection
(c) Selection Based on Consultants’ Qualifications
(d) Single Source Selection
(e) Procedures set forth in paragraphs 5.1 through 5.6 of the Consultant Guidelines for the Selection of Individual Consultants

**D. Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank 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 Loan (“Category”), the allocation of the

amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (Net of VAT)
(1) Goods, works, non-consulting services, and consultants' services including audit, Small Grants, Micro-Credits Training and Operating Costs for the Project	49,875,000	75%
(2) Front-end Fee	125,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(3) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 2.07(c) of this Agreement
<b>TOTAL AMOUNT</b>	<u>50,000,000</u>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$800,000 equivalent may be made for payments made prior to this date but on or after October 15, 2011, for Eligible Expenditures.
2. The Closing Date is June 30, 2016.

**SCHEDULE 3****Amortization Schedule**

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
November 15, 2016	2.10%
May 15, 2017	2.16%
November 15, 2017	2.23%
May 15, 2018	2.29%
November 15, 2018	2.36%
May 15, 2019	2.43%
November 15, 2019	2.51%
May 15, 2020	2.58%
November 15, 2020	2.66%
May 15, 2021	2.74%
November 15, 2021	2.82%
May 15, 2022	2.91%
November 15, 2022	2.99%
May 15, 2023	3.08%
November 15, 2023	3.18%
May 15, 2024	3.27%
November 15, 2024	3.37%
May 15, 2025	3.47%
November 15, 2025	3.57%
May 15, 2026	3.68%
November 15, 2026	3.79%
May 15, 2027	3.91%
November 15, 2027	4.02%
May 15, 2028	4.14%
November 15, 2028	4.27%
May 15, 2029	4.40%

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
November 15, 2029	4.53%
May 15, 2030	4.66%
November 15, 2030	4.80%
May 15, 2031	5.08%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
  - (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
  - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3.
  - (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
  - (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an

Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

**APPENDIX****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 and revised in January 2011.
2. “Beneficiaries” means an eligible individual IDP which has met the eligibility criteria specified in the Operational Manual, and to which or for whose benefit a Micro-credit is made or proposed to be made; and the term “Beneficiaries” means, collectively, all such Beneficiaries.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
5. “Eligible Social Charges” mean the contribution of the Project Implementing Entity to social charges assessed by the Borrower on the consultant’s contracts with the Project Implementing Entity, and social charges for the Project Implementing Entity’s staff who are employed for the purpose of the Project.
6. “EMP(s)” means the Borrower’s site specific environmental management plan(s), acceptable to the Bank prepared or to be prepared by the Borrower during the Project implementation in accordance with the EMPF and approved by the Bank, describing environmental mitigation, monitoring and institutional measures under the Project.
7. “EMPF” means the Environmental Management Plan Framework, dated June 23, 2011, setting forth the framework of procedures and measures to mitigate any adverse impacts to the environment and incorporated into the Operational Manual.
8. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 31, 2010.
9. “Manat” means the currency of the Borrower.
10. “Micro-credit” means a micro-credit made or proposed to be made by the eligible credit unions to Beneficiaries for the purpose of financing expenditures incurred for goods, works and services for carrying out a Sub-project; and the term “Micro-credits” means, collectively, all such Micro-credits.

11. “Micro-credit Agreement” means the on-lending agreement referred to in Section I.A.7 of the Schedule to the Project Agreement pursuant to which the eligible credit unions shall make the proceeds of the Loan available to Beneficiaries.
12. “Operating Costs” means incremental operating and maintenance costs incurred by the Project Implementing Entity on account of management of Project implementation for communications, utilities including electricity, bank charges, printing and publications, office rent maintenance, repair and supplies, office security systems, vehicle operation, fuel and maintenance, salaries of the Project Implementing Entity’s staff employed for the purpose of the Project, excluding those who are civil servants, eligible social charges, transportation and field trip expenses, insurance for office equipment and vehicle, all for the purpose of Project management, as such other expenditures as may be agreed upon by the Bank.
13. “Operational Manual” means the manual adopted by the Project Implementing Entity, setting forth the procedures for the implementation of the Project, as the same may be amended from time to time with the approval of the Bank, and such term includes any schedules to the Operational Manual.
14. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
15. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated September 9, 2011, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
16. “Project Account” means the project account used for the Borrower’s counterpart financing for the Project, referred to in Section 3.03 of this Agreement.
17. “Project Implementing Entity” means the Republic of Azerbaijan Social Fund for Development of IDPS (SFDI), an autonomous public agency of the Borrower, established pursuant to its Charter, or any other successor thereto.
18. “Project Implementing Entity’s Legislation” means the Charter of the SFDI, dated December 6, 1999, as amended to the date of this Agreement.
19. “Selection Committee” means the committee to be established by the Project Implementing Entity in accordance with Section I.A.4 of the Project Agreement.

20. “Small Grants” means a grant made or proposed to be made by the Project Implementing Entity, out of the proceeds of the Loan, to finance eligible income generating activities under Part C.2 (b) of the Project in accordance with the Project’s Operational Manual.
21. “Sub-loan” a loan made or proposed to be made by the Project Implementing Entity to eligible credit unions for the purpose of on-lending to Beneficiaries for financing the expenditures incurred for goods, works and services for carrying out a Sub-project; and the term “Sub-loans” means, collectively, all such Sub-loans.
22. “Sub-loan Agreement” means the agreement referred to in Section I.A.6 of the Schedule to the Project Agreement pursuant to which the Project Implementing Entity shall make the proceeds of the Loan available to the eligible credit unions.
23. “Sub-project” means sub-projects for starting or scaling-up of small business to be carried out by Beneficiaries under Part C.3 of the Project, eligible for financing under a Sub-loan in accordance with the procedures and eligibility criteria referred to in Section I.A.7 of the Schedule to the Project Agreement as set forth in the Operations Manual; and the term “Sub-projects” means, collectively, all such Sub-projects.
24. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity.
25. “Training” means expenses incurred in connection with carrying out training activities under the Project, including course fees, the travel costs and per diem for local trainees and trainers, study tours and workshops, rental of facilities and equipment and training materials and related supplies.