Financing Agreement

(Vietnam Emergency Natural Disaster Reconstruction Project)

between

SOCIALIST REPUBLIC OF VIETNAM

And

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 29, 2017
FINANCING AGREEMENT

AGREEMENT dated September 23, 2017, entered into between SOCIALIST REPUBLIC OF VIETNAM ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS (A) the Recipient, having satisfied itself as to the feasibility and priority of the Project described in Schedule 1 to this Agreement ("Project"), has requested the Association to extend a credit as provided in Section 2.01 of this Agreement, to assist in the financing of the Project;

(B) the Recipient has also requested the International Bank for Reconstruction and Development and the International Development Association ("World Bank"), acting as administrator of the Global Facility for Disaster Reduction and Recovery trust fund to assist in the financing of Part 2 of the Project and the World Bank, acting in such capacity, has agreed to make available a grant to the Recipient from the said trust fund to assist in the financing of the Project, pursuant to the grant agreement of even date herewith between the Recipient and the World Bank ("Grant Agreement"); and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend a credit to the Recipient upon the terms and conditions set forth in this Agreement.

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 eighty six million one hundred thousand Special Drawing Rights (SDR 86,100,000) ("Credit"), to assist in financing Project.
2.02. The Recipient may withdraw the proceeds of the Credit 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are May 1 and November 1 in each year.

2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out Parts 1 and 3 of the Project, through the Project Provinces, and Part 2 of the Project, through the Designated Agency, in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness is that the Grant Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

4.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is the Governor, or a Deputy Governor, of State Bank of Vietnam.

5.02. The Recipient’s Address is:

State Bank of Vietnam
49 Ly Thai To
Hanoi, Vietnam

Facsimile:

(84-4) 3825 0612

5.03. The Association’s Address is:

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

Facsimile:

1-202-477-6391
AGREED at Hanoi, Socialist Republic of Vietnam, as of the day and year first above written.

SOCIALIST REPUBLIC OF VIETNAM

By

Authorized Representative

Name: Le Minh Hung
Title: Governor

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Phuhi Hock
Title: Country Director (Acting)
SCHEDULE 1

Project Description

The objective of the Project is to reconstruct and rehabilitate infrastructure assets in the disaster affected Project Provinces and strengthen the capacity of the Recipient to effectively respond to future disaster events.

The Project consists of the following parts:

Part 1: Resilient Reconstruction of Damaged Public Use and Preventive Infrastructure at Provincial Level

1.1 Resilient Reconstruction in Binh Dinh Province. Supporting resilient reconstruction of damaged roads, bridges, irrigation systems and natural disaster prevention/control structures.

1.2 Resilient Reconstruction in Phu Yen Province. Supporting resilient reconstruction of damaged roads, bridges, irrigation systems and natural disaster prevention/control structures.

1.3 Resilient Reconstruction in Quang Ngai Province. Supporting resilient reconstruction of damaged roads, bridges, irrigation systems and natural disaster prevention/control structures.

1.4 Resilient Reconstruction in Ninh Thuan Province. Supporting resilient reconstruction of damaged roads, bridges, rural water supply system, irrigation systems and natural disaster prevention/control structures.

1.5 Resilient Reconstruction in Ha Tinh Province. Supporting resilient reconstruction of damaged roads, bridges, irrigation systems and natural disaster prevention/control structures.

Part 2: Disaster Recovery Capacity Enhancement

Providing analytical and technical support for institutional capacity strengthening at the central and provincial level on disaster recovery, through, inter alia: (a) the evaluation of the effectiveness of existing flood risk reduction efforts; (b) the capacity building of disaster risk management agencies on damage and loss assessment methodology; and (c) the development of emergency reconstruction and recovery procedures.
Part 3: Project Management Support

Provision of technical assistance for the overall Project implementation and management at the provincial level, including monitoring and evaluation, monitoring of environmental and social safeguards, independent financial audits, and construction supervision and management.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall, through the Project Provinces, throughout the period of implementation of each Project Province’s Respective Part of the Project, maintain the Provincial Project Management Unit with composition, powers, functions, staffing, facilities and other resources satisfactory to the Association, responsible for: (i) planning and managing the implementation of its Respective Part of the Project, including financial management and procurement; (ii) ensuring coordination among all relevant departments and agencies; and (iii) monitoring and reporting.

2. The Recipient shall, through the Designated Agency, throughout the period of implementation of its Respective Part of the Project, maintain implementation structures with composition, powers, functions, staffing, facilities and other resources satisfactory to the Association.

B. Anti-Corruption

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

C. Safeguards

1. The Recipient shall carry out the Project in accordance with the Safeguards Instruments in a manner and substance satisfactory to the Association.

2. The Recipient, through the Project Provinces, shall:

   (a) take all necessary actions to avoid or minimize to the extent possible any involuntary relocation of persons, or their loss of shelter, assets, or access to assets, or loss of income sources or means of livelihood, temporarily or permanently;

   (b) where the acquisition of land or assets or the displacement of people is unavoidable, before initiating the implementation of any works which would result in such acquisition or displacement, make available to such people compensation and, as applicable, relocate and rehabilitate the Displaced Persons in accordance with the Resettlement Policy Framework and the Resettlement Action Plans, and in a manner satisfactory to the Association; and
(c) whenever required in terms of the ESMF, the RPF or the EMPF, proceed to have ESMPs/ECOPs, RAPs or EMDPs, respectively: (i) prepared in form and substance satisfactory to the Association; (ii) except as otherwise agreed with the Association, furnished to the Association for review and approval; (iii) thereafter, adopted and publicly disclosed; and (iv) thereafter, to implement, or cause to be implemented, such plans in accordance with their terms and in a manner acceptable to the Association.

3. The Recipient shall ensure that all land acquisition required for the purposes of carrying out works under the Project are financed exclusively out of its own resources, and shall provide, promptly as needed, the resources needed for the purposes of implementing the Safeguards Instruments, including: (a) all land acquisition required for the purposes of carrying out the Project; (b) resettlement and rehabilitation payments to Displaced Persons; and (c) all other costs associated with environmental and/or social mitigation measures set forth in the Safeguard Instruments.

4. The Recipient, through the Project Provinces, shall:

(a) carry out the Project, in accordance with the ESMF and the Environmental and Social Management Plans, and ECOPs, acceptable to the Association; and

(b) ensure that each contract for works under the Project includes the obligations of the work contractors and any sub-contractor to comply with the relevant provisions of the Environmental and Social Management Plans, as the case may be.

5. The Recipient, through the Project Provinces and the Designated Agency, shall ensure, that all terms of reference for any technical assistance or studies carried out under the Project are consistent with, and pay due attention to, the Association’s Safeguards Policies.

6. The Recipient, through the Project Provinces, shall:

(a) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of the Safeguard Instruments or any provision of any one thereof, without the prior written agreement of the Association; and

(b) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of the Safeguard Instruments.
7. In case of any inconsistency between the provisions of any of the Safeguard Instruments and this Agreement, the provisions of this Agreement shall prevail.

8. Without limitation to the provisions of paragraph 1 of Section II.A of this Schedule 2, the Recipient, through the Project Provinces, shall take all measures necessary on its part to regularly collect, compile, and furnish to the Association, as part of the Project Reports, and promptly in a separate report whenever the circumstances warrant, information on the status of compliance with the Safeguards Instruments, giving details of:

(a) measures taken in furtherance of the Safeguards Instruments;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments; and

(c) remedial measures taken or required to be taken to address such conditions.


1. The Recipient, through the Project Provinces and the Designated Agency, shall:
   (a) prepare and furnish to the Association by November 30 in each year, beginning in 2017, a draft Annual Work Plan for review and comment, summarizing the implementation progress of the Project for the said year and the Project activities to be undertaken in the following calendar year, including the proposed annual budget for the Project; (b) taking into account the Association’s comments, finalize and furnish to the Association no later than December 31 in each year, beginning in 2017, the Annual Work Plan, satisfactory to the Association; and (c) thereafter ensure the implementation of the Project during the following calendar year in accordance with the Annual Work Plan agreed with the Association and in a manner satisfactory to the Association. The Recipient shall not amend, suspend, abrogate, or waive said Annual Work Plans or any provision thereof without the prior written agreement of the Association.

2. Throughout the implementation of the Project, the Recipient, through the Project Provinces, shall carry out their Respective Part of the Project, in accordance with the Project Operations Manual in a timely and efficient manner satisfactory to the Association. The Recipient, through the Project Provinces, shall not amend, suspend, or waive said Project Operations Manual or any provision or schedule thereof, without the prior written agreement of the Association. In the event of any inconsistency between the provisions of the Project Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.
Section II. **Project Monitoring, Reporting and Evaluation**

**A. Project Reports; Mid-term review**

1. The Recipient, through the Project Provinces and the Designated Agency, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association and set forth in the Project Operations Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient, through the Project Provinces and the Designated Agency, shall carry out jointly with the Association, not later than twenty-four (24) months after the Effective Date, or such other period as may be agreed by the Association, a midterm review to assess the status of Project implementation, as measures against the performance indicators set forth in the Project Operations Manual. Such review shall include an assessment of: (i) the progress in implementation; (ii) the results of monitoring and evaluation activities; (iii) the progress on procurement and disbursement; (iv) compliance with safeguard requirements; (v) adequacy of implementation arrangements; and (vi) the need to make any adjustments to the Project to improve performance.

**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, through the Project Provinces and the Designated Agency, shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.

3. The Recipient, through the Project Provinces and the Designated Agency, 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. 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**

All goods, works, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Credit shall be procured in accordance with the requirements set forth or referred to in the Procurement Regulations and the provisions of the Procurement Plan.

Section IV. **Withdrawal of the Proceeds of the Credit**

A. General

1. The Recipient may withdraw the proceeds of the Credit 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 “Disbursement Guidelines for Investment Project Financing” dated February 2017, 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 Credit (“Category”), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, and consulting services for Parts 1.1 and 3 of the Project</td>
<td>37,934,504</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, and consulting services for Parts 1.2 and 3 of the Project</td>
<td>11,676,682</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, works, and consulting services for Parts 1.3 and 3 of the Project</td>
<td>11,676,682</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, works, and consulting services for</td>
<td>11,676,682</td>
<td>100%</td>
</tr>
</tbody>
</table>
Parts 1.4 and 3 of the Project

| (5) Goods, works, and consulting services for Parts 1.5 and 3 of the Project | 13,135,450 | 100% |

TOTAL AMOUNT | 86,100,000 |

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, except that withdrawals up to an aggregate amount not to exceed SDR 29,200,000 may be made for payments made prior to this date but on or after June 15, 2017, for Eligible Expenditures under Categories (1) – (5); or
   (b) under each of the Categories (1) – (5), unless the Recipient has ensured that the First Batch of Safeguards Instruments has been prepared and disclosed, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in accordance with the provisions of Section I.D of this Schedule.

2. The Closing Date is December 31, 2021.
**SCHEDULE 3**

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 1 and November 1: commencing November 1, 2022 to and including May 1, 2032</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing November 1, 2032 to and including May 1, 2042</td>
<td>3.35%</td>
</tr>
</tbody>
</table>

*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. "Annual Work Plans" means each of the rolling plans for the Project to be prepared or updated by the Recipient, acceptable to the Association, on an annual basis as provided for in Section I.D of Schedule 2 to this Agreement.


4. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

5. "Designated Agency" means the government agency of the Recipient, to be responsible for the implementation of Part 2 of the Project, as such agency is specified in the Grant Agreement.

6. "Displaced Persons" means persons who, on account of implementation 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 person.

7. "Environmental Codes or Practices" or "ECOPs" means, the codes to be prepared in accordance with the ESMF; all setting out measures and procedures to avoid, minimize and/or mitigate any adverse environmental, social, health and safety impacts that may result from the implementation of the Project.

8. "Environmental and Social Management Framework" or "ESMF" means the environmental and social management framework for the Project, acceptable to the Associations, to be approved by the respective Provincial People' Committee in each Project Province, which sets out the policies and procedures for the
assessment of environmental and social impacts of, and for the preparation of
ESMPs/ECOPs and PMPs, as may be required for, Project activities, as said
framework may be revised from time to time with the prior written agreement of
the Association; and such term includes all schedules and annexes supplemental to
said framework.

9. “Environmental and Social Management Plans” or “ESMPs” means the Project
Provinces’ environmental and social plans acceptable to the Association, to be
prepared and approved in accordance with the ESMF, as referred in Section I.C of
Schedule 2 to this Agreement; which set forth the specific actions, measures and
policies designed to maximize the benefit of the respective activities under the
Project, as well as eliminate, offset or mitigate any adverse environmental and
social impacts, or reduce such impacts to acceptable levels, along with
administrative and monitoring arrangements to ensure the implementation of said
actions, measures and policies, as said ESMP may be revised from time to time
with the prior written agreement of the Association, and such term includes any
annexes or schedules to such plan.

10. “Ethnic Minority Planning Framework” or “EMPF” means the Project Provinces’
ethic minority planning framework, acceptable to the Association, referred to in
Section I.C of Schedule 2 to this Agreement, to be approved by the respective
Provincial People’ Committee in each Project Province, setting out the strategy to
be implemented in the carrying out of the Project in areas where ethnic minorities
are residing, cultivating, hunting and carrying out other similar social activities,
which strategy includes special planning measures or actions to be undertaken
aimed at ensuring that through informed consultation the ethnic minorities receive
the benefits from the Project in a culturally compatible manner acceptable to them,
and do not suffer adverse effects as a result of the implementation of the Project,
with related public consultation, disclosure, monitoring, reporting and grievance
redress procedures, as said framework may be revised from time to time with the
prior written agreement of the Association, and such term includes any annexes or
schedules to such framework.

11. “Ethnic Minority Development Plans” means the Project Provinces’ ethnic
minority development plans acceptable to the Association, to be prepared and
adopted in accordance with the EMDF; as referred to in Section I.C of Schedule 2
to this Agreement; which set forth the measures to be undertaken in accordance to
ensure culturally appropriate social and economic benefits for the ethnic minorities
affected by Project activities, and to avoid, minimize, mitigate and/or compensate
for any potential adverse effects on the ethnic minorities associated with such
activities; as said plan may be may be revised from time to time with the prior
written agreement of the Association, and such term includes any annexes or
schedules to such plan.
12. "First Batch of Safeguards Instruments" means, collectively: (i) the ESMF; (ii) the RPF; (iii) the EMDF; and (iv) the required ESMPs, ECOPs, PMPs, EMDPs, and RAPs for the implementation of the activities under Part 1 of the Project within the first eighteen (18) months after the date of this Agreement.

13. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

14. "Grant Agreement" means the grant agreement of even date herewith between the Recipient and the World Bank, acting as administrator of the Global Facility for Disaster Reduction and Recovery trust fund to provide additional assistance towards the financing of Part 2 of the Project.

15. "PMP" means any pest management plan, acceptable to the Association, to be prepared and adopted as part of the ESMPs or ECOPs, as the case may be, in accordance with the ESMF; setting out, among other things, the measures to promote and support safe, effective, and environmentally sound pest management under the Project; as said plan may be revised from time to time with the prior written agreement of the Association, and such term includes all schedules and annexes supplemental thereto.

16. "Procurement Plan" means the Recipient's procurement plan for the Project, dated May 5, 2017 and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Association.


18. "Project Operations Manual" or "POM" means, collectively, the project operations manuals, acceptable to the Association, dated May 4, 2017, and approved by the respective Provincial People' Committee in each Project Province, as referred to in Section I.A.2 of Schedule 2 to this Agreement, which sets forth detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) disbursement and financial management; (c) procurement; (d) environmental and social safeguards management; (e) monitoring and evaluation, reporting and communication; (f) an integrity action plan; (g) performance indicators and (h) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project; as the same may be amended from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules or amendments to such manual.

19. "Project Provinces" means the Recipient's provinces of Binh Dinh, Phu Yen, Quang Ngai, Ninh Thuan and Ha Tinh (affected by the 2016 natural disaster), or
such other province as agreed with the Association, as each of them is represented by
its respective Provincial People’s Committee; and “Project Province” means any of
such Project Provinces.

20. “Provincial People’s Committee” means, collectively, the local governments of the
Project Provinces at the Provincial level; and “Provincial People’s Committee”
means any one of the Provincial People’s Committees in the Project Provinces.

21. “Provincial Project Management Unit” means, collectively, the units established
and maintained by the Project Provinces in respect of their Respective Parts of the
Project, in accordance with Section I.A.1 of Schedule 2 to this Agreement, and any
successor thereto.

22. “Resettlement Action Plans” or “RAPs” means the Project Provinces’ resettlement
plans acceptable to the Association, to be prepared and adopted in accordance with
the RPF; as referred to in Section I.C of Schedule 2 to this Agreement; which set
forth principles and procedures governing the acquisition of land and related
assets, and the compensation, resettlement, and rehabilitation of Displaced Persons
in accordance with the guidelines and procedures set forth in the RPF, as said plans
may be revised from time to time with the prior written agreement of the
Association, and such term includes any annexes or schedules to such plan.

23. “Resettlement Policy Framework” or “RPF” means the Recipient’s resettlement
policy acceptable to the Association, referred to in Section I.C of Schedule 2 to
this Agreement, and to be approved by the Recipient; which sets forth principles
for formulating entitlements and/or support for affected households, mitigation
measures, grievance redress mechanisms, monitoring and evaluations of
resettlement activities, budget and implementation arrangements, including
capacity building through training, to carry out the acquisition of land and related
assets under the Project and compensation, resettlement, support and livelihoods
rehabilitation of Displaced Persons, and the preparation of additional RAPs during
the implementation of the Project, as said RPF may be revised from time to time
with the prior written agreement of the Association, and such term includes any
annexes or schedules to such framework.

24. “Respective Part of the Project” means: (a) in respect of each Project Province,
Part 1 and Part 3 of the Project; and (b) in respect of the Recipient, Part 2 of the
Project.

25. “Safeguards Instruments” means, collectively, the Environmental and Social
Management Framework, the Environmental and Social Management Plans, the
ECOPs, the Ethnic Minorities Planning Framework, the Ethnic Minorities
Development Plans, the Resettlement Policy Framework and the Resettlement
Action Plans.
Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 3.02 is modified to read as follows:

   "Section 3.02. Service Charge and Interest Charge

   (a) Service Charge. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

   (b) Interest Charge. The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.”

2. Paragraph 28 of the Appendix ("Financing Payment") is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”.

3. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the subsequent paragraphs accordingly:

   “32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02 (b).”

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix ("Payment Date") is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.

5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix ("Service Charge") is modified by replacing the reference to Section 3.02 with Section 3.02 (a).]