Financing Agreement

(Lagos Eko Secondary Education Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 20, 2009
FINANCING AGREEMENT

AGREEMENT dated July 20, 2009, entered into between the FEDERAL REPUBLIC OF NIGERIA (“Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to sixty three million and six hundred thousand Special Drawing Rights (SDR 63,600,000) (variously, “Credit” and “Financing”) 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 March 1 and September 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 as set forth in Schedule 1 to this Agreement. To this end, the Recipient shall: (a) carry out Part D of the Project through FMOE; and (b) cause the Project Implementing Entity to carry out Parts A, B and C of the Project, 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 consists 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.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely that the Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.

5.02. The Additional Legal Matter consists that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

5.03. The Effectiveness Deadline is the date one hundred and eighty (180) days after the date of this Agreement.

5.04. 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 years after the date of this Agreement.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is the Federal Minister of Finance.

6.02. The Recipient’s Address is:

The Honorable Minister
Federal Ministry of Finance
Ahmadu Bello Way
Central Business District
Abuja, Nigeria

Facsimile:

234 9 6273609

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 248423 (MCI) 1-202-477-6391
AGREED at Abuja, Federal Republic of Nigeria, as of the day and year first above written.

FEDERAL REPUBLIC OF NIGERIA

By /s/ Onnu Ruhl

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Mansur Muhtar

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to improve the quality of public junior and senior secondary education in Lagos State.

The Project consists of the following Parts:


1. Provision of SSDGs on an annual basis to 632 public schools and 5 technical colleges to support the acquisition of materials and equipment required to improve learning outcomes and to improve selected school facilities on the basis of their school improvement plans to improve learning outcomes and performance at the level of each Beneficiary.

2. Provision of SSPAs to selected qualified public secondary schools, to support their progress in improving learning outcomes through effective utilization of their SSDGs.

3. Provision of PPPGs to 5 technical colleges to foster twinning arrangements between the said technical colleges and the private sector, so as to strengthen linkages between the skills to be acquired by students at the technical colleges and the actual skills demanded by the labor market.

**Part B: Enhancing Quality Assurance for Junior and Senior Secondary Schools**

1. Development and establishment of a standardized system for measuring learning achievements in public junior and senior secondary schools.

2. Provision of technical advisory services and acquisition of equipment, materials and supplies needed to implement the said standardized quality assurance system.

3. Provision of training courses and carrying out of in-service training activities for: (a) 5,385 teachers with a view to upgrade their teaching skills in core subjects including English, mathematics and science; and (b) 1,700 principals and vice-principals with a view to upgrade their skills as competent and efficient school administrators.
Part C: Project Coordination and Management

1. Provision of logistical support and technical advisory services required to strengthen the coordination of Project implementation activities, the monitoring and evaluation of progress achieved in the execution of the Project, and the formulation and implementation of an adequate communication strategy to disseminate information pertaining to the Project in a timely manner within the jurisdiction of the Project Implementing Entity.

2. Strengthening the capacity of the relevant staff involved in the execution of the Project.

Part D: Strengthening of the Federal Post-Basic Education Strategy

Provision of technical advisory services and logistical support needed to strengthen capacity in the FMOE to formulate and carry out appropriate reforms aimed at enhancing the national strategy for post-basic education through the conduct of a series of activities including inter alia: (a) a national dialogue on post-basic education, policy research studies and forums; (b) assistance to 3 selected pilot States to empower them to formulate post-basic education strategies; and (c), training, study tours, visits and exchange programs.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall: (a) carry out Part D of the Project through FMOE under the overall strategic guidance provided by the NESSC; and (b) cause the Project Implementing Entity to carry out Parts A, B and C of the Project through the SPAC; all in accordance with the provisions of the PIM, the ESMF and the EMP; and except as the Association shall otherwise agree, the Recipient shall not amend or waive any provision of any of these documents.

2. The Recipient shall cause the Project Implementing Entity to establish and thereafter maintain the SPAC throughout the implementation of the Project with membership, functions and responsibilities satisfactory to the Association and with staff in adequate numbers with qualifications and experience satisfactory to the Association. The SPAC shall be assisted by the PSU; and it shall, *inter alia*, review and approve the following documents and reports prior to their submission to the Association for its approval: (i) annual work programs and the budgets related thereto prepared for the Project; and (ii) all periodic reports documenting the progress achieved during implementation of the Project.

3. The Recipient shall cause the Project Implementing Entity to maintain at all times during the implementation of the Project, its PFMU, in form and with mandates, resources, and qualified and experienced staff in adequate numbers, all satisfactory to the Association, so as to ensure prompt and efficient implementation of the Project.

4. Work Plans and Budgets

   (a) The Recipient shall prepare and furnish to the Association for its approval, not later than June 30 in each year during the implementation of the Project or such later date as the Association may agree, annual work plans and budgets containing all activities to be carried out in the following calendar year.

   (b) The Recipient shall cause the Project Implementing Entity to implement, monitor and evaluate its annual work plan and budget in accordance with the provisions set forth in this Agreement and in more detail in the PIM and the Subsidiary Agreement as they shall have been approved by the Association pursuant to the provisions of paragraph (a) above.
B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make a portion of the proceeds of the Financing available to the Project Implementing Entity under a Subsidiary Agreement entered into between the Recipient and the Project Implementing Entity, under terms and conditions which shall have been approved by the Association.

2. 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. Subprojects and Grants

1. Subprojects shall be selected in accordance with the procedures, guidelines, eligibility criteria and other provisions set forth in detail in the PIM and outlined hereunder. The SPAC shall submit summaries of all subprojects to the Association. Subprojects shall be implemented with due diligence and efficiency and in accordance with sound administrative, educational, financial, technical, environmental and social practices.

2. The Project Implementing Entity shall cause the SPAC to provide Grants to Beneficiaries in accordance with the eligibility criteria and the terms and conditions set forth in the PIM which shall include the following:

   (a) the SPAC shall obtain rights adequate to protect its interests and the interests of the Project Implementing Entity and those of the Recipient and the Association, including the right to suspend or terminate the right of the Beneficiary to use the proceeds of the Grant and obtain a refund of all or any part of the amount of the Grant then withdrawn, upon the Beneficiary’s failure to perform any of its obligations under the Grant Agreement;

   (b) the SPAC shall require each Beneficiary to: (i) carry out Subproject activities with due diligence and efficiency and in accordance with sound administrative, economic, financial, educational, technical, environmental and social standards and practices, satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of the proceeds of the Credit other than the Recipient; (ii) provide, promptly as needed, the resources required for the purpose; (iii) procure the goods, works
and services to be financed out of the Grant in accordance with the provisions of this Agreement; and (iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Subproject activities and the achievement of its objectives; and

(c) the SPAC shall require each Beneficiary to: (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Subproject activities; (ii) at the Association’s or the Recipient’s request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (iii) enable the Recipient and the Association to inspect the Subproject activities, its operation and any relevant records and documents; and (iv) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

D. Anti-Corruption

The Recipient shall cause the Project Implementing Entity to carry out the Project within its jurisdiction in accordance with the provisions of the Anti-Corruption Guidelines.

E. Safeguards

1. The Recipient shall cause the Project Implementing Entity to carry out the Project within its jurisdiction in accordance with the provisions of the ESMF and EMP.

2. Except as the Recipient and the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESMF or EMP or any provision thereof.
Section II. **Project Monitoring, Reporting and Evaluation**

A. **Project Reports**

1. The Recipient shall cause the Project Implementing Entity to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth in paragraph 2 below. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than 45 days after the end of the period covered by such report.

2. The performance indicators referred to in paragraph 1 above consist of the following:

   (i) Increase in the percentage of public junior secondary students obtaining results “at and above credit” in the junior secondary certificate examination disaggregated by individual subjects i.e. English, mathematics, and integrated science by one percentage point per year.

   (ii) Increase in the percentage of public senior secondary students obtaining “pass grade” results in the West African senior secondary certificate examination disaggregated by individual subjects i.e. English, mathematics, and biology by one percentage point per year.

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

1. For the purposes of Part D of the Project, 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 60 days after the end of each calendar semester interim unaudited financial reports for Part D of the Project covering the semester, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements for Part D of the Project 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 Preparation Advance 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 method 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. **Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
<tr>
<td>(d) Community Participation in Procurement</td>
</tr>
</tbody>
</table>

**C. Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-Based Selection</td>
</tr>
<tr>
<td>(b) Single Source Selection</td>
</tr>
<tr>
<td>(c) Selection Based on the Consultants’ Qualifications</td>
</tr>
<tr>
<td>(d) Individual Consultants</td>
</tr>
<tr>
<td>(e) Least-Cost Selection</td>
</tr>
</tbody>
</table>

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

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

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

A. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Grants under Part A of the Project</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) SSDGs</td>
<td>25,700,000</td>
<td></td>
</tr>
<tr>
<td>(b) SSPAs</td>
<td>6,900,000</td>
<td></td>
</tr>
<tr>
<td>(c) PPPGs</td>
<td>2,700,000</td>
<td></td>
</tr>
<tr>
<td>(2) Goods, Training, Consultant Services under Part A of the Project</td>
<td>5,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, Training, Consultant Services under Part B of the Project</td>
<td>8,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, Training, Consultant Services under Part C of the Project</td>
<td>1,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Goods, Training, Consultant Services under Part D of the Project</td>
<td>3,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(1) Grants under Part A of the Project</td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>
### Category

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR) (currently in US$)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(6) Operating Costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) for Parts A, B and C of the Project</td>
<td>3,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) for Part D of the Project</td>
<td>300,000</td>
<td></td>
</tr>
<tr>
<td>(7) Refund of Project Preparation Advance</td>
<td>1,300,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>(8) Unallocated</td>
<td>4,800,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Amount</strong></td>
<td><strong>63,600,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

**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.

2. The Closing Date is December 31, 2013.
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 March 1 and September 1</td>
<td></td>
</tr>
<tr>
<td>commencing September 1, 2019 to and including March 1, 2029</td>
<td>1%</td>
</tr>
<tr>
<td>Commencing September 1, 2029 to and including March 1, 2049</td>
<td>2%</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


2. “Beneficiary” means any public secondary school or any technical college established by the Project Implementing Entity which has met the Grant eligibility criteria as set out in the PIM and as a result, has received, or is entitled to receive a Grant, as hereinafter defined.

3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


5. “EMP” means the Environmental Management Plan adopted by the Recipient and dated December 15, 2008, as such Plan may be amended by the Recipient from time to time, with the prior written agreement of the Association.

6. “ESMF” means the Environmental and Social Management Framework prepared and adopted by the Recipient, dated December 15, 2008, defining the set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Project to eliminate any adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts of the Project activities, as such framework may be amended by the Recipient from time to time, with the prior written agreement of the Association.


8. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).

9. “Grant” means a grant to be made out of the proceeds of the Financing to a Beneficiary.

10. “NESSC” means the National Education Sector Steering Committee referred to in Section I.A.1 of Schedule 2 to this Agreement.
11. “Operating Costs” means the incremental expenses incurred by the Recipient and the Implementing Entity, based on amounts and budgets approved by the Association, on account of Project implementation, management, and monitoring, including office space rental and utilities, office supplies and equipment, bank charges, communications, vehicle operation, maintenance, insurance cost, building and equipment maintenance, travel, supervision and advertising.

12. “PIM” means the Project Implementation Manual adopted by the Recipient and dated May 31, 2009, outlining the institutional and operational arrangements for implementation of the Project including, inter alia, procurement procedures, disbursement arrangements, performance indicators, environmental safeguards, monitoring and evaluation arrangements, terms of reference of staff and other administrative, financial and organizational arrangements, and the school development grants manual setting forth the Grant eligibility criteria for the Subprojects, as hereinafter defined, including any schedules to the manual, as such manual may be amended by the Recipient from time to time, with the prior written agreement of the Association.

13. “PFMU” means the Project Financial Management Unit established by the Project Implementing Entity in its Office of the State Accountant General and further referred to in paragraph 3 of Section I.A of Schedule 2 to this Agreement.

14. “PPPG” means Public-Private Partnership Grants referred to under Part A.3 of Schedule 1 to this Agreement.

15. “Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on January 26, 2009 and on behalf of the Recipient on February 12, 2009.

16. “Project Implementing Entity” means the Recipient’s State of Lagos which has entered into a Subsidiary Agreement, with the Recipient, in accordance with Section I.B of Schedule 2 to this Agreement.

17. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.

18. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated June 16, 2009 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of the said paragraphs.
19. “PSU” means the Project Support Unit referred to in Section I.A.2 of Schedule 2 to this Agreement.

20. “SPAC” means the State Project Advisory Committee referred to under Section I A of Schedule 2 to this Agreement.

21. “SSDG” means the Secondary School Development Grant referred to under Part A.1 of Schedule 1 to this Agreement.

22. “SSPA” means the Secondary School Performance Award referred to under Part A.2 of Schedule 1 to this Agreement.

23. “Subproject” means any Subproject to be carried out by any Beneficiary under Part A of the Project in accordance with eligibility criteria set out in the PIM.

24. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to the Project Implementing Entity.

25. “Training” means incremental reasonable expenditures approved by the Association on the basis of budgets acceptable to the Association to finance the cost of training activities, workshops and seminars related to the Project including inter alia expenses for rental of conference rooms, acquisition of materials and supplies and required office equipment.

Section II. Modifications to the General Conditions

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

“Section 2.07. Refinancing Preparation Advance

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. Paragraph (i) of Section 6.02 is modified to read as follows:
“Section 6.02. Suspension by the Association

... (I) Ineligibility. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank.”

3. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

(a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”