Financing Agreement
(Second Private Sector Competitiveness and Economic Diversification Project)

between

KINGDOM OF LESOTHO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 21 November, 2013
FINANCING AGREEMENT

AGREEMENT dated 21 November, 2013, entered into between the KINGDOM OF LESOTHO ("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 eight million seven hundred thousand Special Drawing Rights (SDR 8,700,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).

2.05. The Payment Dates are June 1 and December 1 in each year.

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

2.07. The Payment Currency is Dollar.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the MTICM 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 — TERMINATION

4.01. 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.

4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is the Minister at the time responsible for finance.

5.02. The Recipient's Address is:
Ministry of Finance
P.O. Box 395
Maseru 100
Lesotho

Facsimile:
(266) 22 310 157
(266) 22 310 622

5.03. 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 Maputo, 21 November, as of the day and year first above written.

KINGDOM OF LESOTHO

By

[Signature]

Authorized Representative

Name: Mokhete B. Moho

Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Asad Alam

Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to contribute to the development of selected non-textile sectors resulting in increased private sector investment, firm growth and job creation.

The Project consists of the following parts:

Part 1: Improving the Business Environment

Carry out a program of activities with the aim to support policy measures intended to facilitate business operations and greater access to finance, including:

(A) Business Regulation, industrial licensing and construction permit reform. Provision of technical assistance to: (i) assist with the reduction of the time and cost for registering sole proprietors and partnerships and in obtaining construction permits; and (ii) support the implementation of the Recipient’s industrial licensing bill as well as the introduction of streamlined risk-based environmental and health inspection procedures to improve the process of business operations.

(B) Improving Access to Finance. (i) Provision of technical assistance to support the provision of movable assets as collateral and the design of a modern movable collateral registry; (ii) provision of technical assistance to support the finalization of the Recipient’s 2012 Credit Reporting Act implementation regulations and establishment of the Recipient’s Credit Information Bureau; (iii) provision of technical assistance to assist with the modernization of the Recipient’s insolvency legislation; and (iv) provision of hardware and associated software in support of such technical assistance.

Part 2: Supporting Economic Diversification

Carry out a program of activities to support policy measures intended to strengthen the competitiveness of new growth sectors with the aim of decreasing the Recipient’s reliance on textile exports as the main engine of growth; including:

(A) Supporting investment promotion and increasing linkages to the local economy. Provision of technical assistance to: (i) support a pilot commercialization of targeted factory shells; such support would include conducting technical evaluation (legal and regulatory assessment and site analysis) of options for the commercialization of sites, assisting with the design of a public-private-partnership to construct and manage the factory site as well as in depth analytical work in relation thereto; and (ii) support the implementation
of targeted governmental programs designed to facilitate linkages between foreign investors and domestic small and medium enterprises.

(B) **Supporting the Tourism Sector.** (1) Provision of technical assistance to: (i) develop an online tourism statistics database; (ii) conduct surveys in the tourism sector, including in relation to employment in the tourism sector and household surveys on domestic tourism and then build capacity to repeat such surveys as well as upgrading and improving of statistical collection systems to enable enhanced monitoring and evaluation of the sector; (iii) support the Recipient’s nation-wide implementation of the Star Grading System through training and workshops; (iv) develop a market based artisan enterprise training curriculum as well as support market interventions including showcasing products at retail and wholesale exhibitions; and (v) develop public-private-partnership model for the construction and operation of a centrally located handcraft marketplace in Maseru, including a tourism information hub. 

(2) Construction of such centrally located handcraft marketplace in Maseru, including a tourism information hub.

(C) **Expanding Commercial Horticulture.** Supporting a program of activities for the expansion of: (1) horticulture upstream activities, including seedling nursery development, expansion of commercial production of deciduous, and strengthen capacity of local on-farm technical support services; and (2) downstream horticulture activities, including development of local supply and value chains for deciduous fruit, farm certification (Global Gap) and expand marketing options for local products both within and outside the Recipient's territory; such activities will include: (i) supporting the operations of local nursery networks and the pilot farms as demonstration centers; (ii) provision of technical assistance to the local nursery network and the pilot farms as demonstration centers; and (iii) provision of technical assistance and operation support for improved farm management for the commercial orchard plots.

(D) **Lesotho Enterprise Assistance Program (LEAP)**

(i) Supporting the Recipient’s LEAP management unit responsible in its implementation of LEAP.

(ii) Provision of matching grants to eligible private firms for the carrying out of Sub-projects aimed at skills enhancement of firms and capacity building for private sector supporting institutions with a view to increase their membership penetration, self-regulation and advocacy.
Part 3: Project Implementation Support

Strengthening the capacity of the PMU in the areas of Project implementation, management, coordination, administration, monitoring and evaluation, and fiduciary safeguards through, inter alia, provision of technical assistance, hiring of requisite consultants, training, and acquisition of equipment and materials.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall maintain, throughout Project implementation, the following arrangements, in form and substance and with resource and functions satisfactory to the Association and as further detailed in the PIM:

   (a) the PSC, headed by the Principal Secretary of MTICM and comprising of principal secretaries from, *inter alia*, MTEC, MAFS, MFLR, MOF, MDP, the Recipient's Deputy Governor of the Central Bank, the Recipient's Town Clerk of the Maseru City Council, the Recipient's Parliamentary Counsel, the Recipient's Master of High Court and the chief executive officers from LNDC and LTDC. The PSC shall review and monitor the implementation progress of the Project and help resolve technical and implementation problems affecting the Project's progress; and

   (b) the PMU, headed by a Project manager and with qualified staff in adequate numbers, to discharge all functions and responsibilities as detailed in the PIM, including a financial manager and a procurement manager.

B. Project Implementation Manual

1. The Recipient shall carry out the Project in accordance with the Project Implementation Manual; provided, however, that, in the event of any conflict between the provisions of the Project Implementation Manual and those of this Agreement, this Agreement shall prevail.

2. Except as the Association shall otherwise agree, the Recipient shall not amend or waive any provision of the Project Implementation Manual if, in the opinion of the Association, such amendment or waiver could materially and adversely affect the implementation of the Project.

C. Anti-Corruption

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

1. The Recipient shall make LEAP Grants to Beneficiaries in accordance with eligibility criteria and procedures set forth in the LEAP Operational Manual and in the PIM acceptable to the Association.

2. The Recipient shall make each LEAP Grant under a LEAP Grant Agreement with the respective Beneficiary on terms and conditions approved by the Association, which shall include the following:

   (a) the LEAP Grant shall be made in Maloti on grant basis;

   (b) the Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to require each Beneficiary to:

      (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, and managerial practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient;

      (B) provide, promptly as needed, the resources required for the purpose;

      (C) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-project and the achievement of its objectives;

      (D) (1) 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 Sub-project; and (2) 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;

      (E) enable the Recipient and the Association to inspect the Sub-project, its operation and any relevant records and documents; and
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.

3. The Recipient shall exercise its rights under each LEAP Grant 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 any LEAP Grant Agreement or any of its provisions.

E. Environmental and Social Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the relevant Safeguard Documents.

2. The Recipient shall not amend, waive or otherwise modify any provision of the Safeguard Documents without the prior written consent of the Association (or permit them to be so amended, waived or otherwise modified).

3. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall regularly collect, compile and submit to the Association, in accordance with Section II of this Schedule 2 to this Agreement, reports on the status of compliance with the applicable Safeguard Documents, giving details of:

   (a) measures taken in furtherance of the Safeguard Documents;

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

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

F. Annual Work Plan and Mid-term review

1. The Recipient shall, in each Fiscal Year during the execution of the Project:

   (a) for the Association’s approval, a consolidated annual work plan and budget containing all eligible Project activities and expenditures proposed to be included in the Project for the following Fiscal Year, including: (i) environmental and social safeguard measures taken or planned to be taken in accordance with the provisions of Section I.E of this Schedule; and (ii) the amount, allocation and schedule of disbursement of Recipient’s counterpart funds required for the Project; and
(b) thereafter carry out the approved Annual Work Plan in such following year.

2. (a) The Recipient shall, no later than November 1, 2016, or any other date agreed with the Association, carry out jointly with the Association a mid-term review of the progress made in carrying out the Project. The mid-term review shall cover, among other things: (i) the progress made in meeting the objectives of the Project; and (ii) the overall performance of the Recipient under the Project.

(b) The Recipient shall, upon completion of the mid-term review referred to in sub-paragraph (a) above take such measures as necessary to implement the recommendations of the mid-term review in accordance with such time frames and other modalities as agreed with the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient 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 set forth in the PIM and acceptable to the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain 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 as part of the Project Report 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 Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one Fiscal Year, commencing with the Fiscal Year in which the first withdrawal was made under the Preparation Advance for the Project. The audited Financial Statements for each such period
shall be furnished to the Association not later than six (6) months after the end of such period.

Section III.  Procurement

A. General

1. Goods, 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 Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants' Services. All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in 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 paragraphs set forth 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.
Procurement Method

(a) National Competitive Bidding, subject to using National Standard Bidding Documents acceptable to the Association and complying with the provisions below in (*)

(b) Shopping

(c) Direct Contracting

(d) Prudent and established commercial practices acceptable to the World Bank

(*) National Competitive Bidding may be used subject to the following: (a) use of World Bank’s Standard Bidding Documents (SBDs); (b) registration and/or classification of bidders by the Procurement Policy Advisory Department within the Recipient’s Ministry of Finance, Ministry of Public Works and Transport or any other body shall not be used as a condition of bidding; (c) preferences shall not be granted based on citizen degree of ownership and local content; (d) bracketing to provide for the rejection of bids which are in excess of 15% of the cost estimate shall not be used; (e) award of contract must be made to the lowest evaluated tender; and (f) award of contracts shall be publicly disclosed in media of wide circulation.

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 paragraphs set forth 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.

<table>
<thead>
<tr>
<th>Procurement Method</th>
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<tbody>
<tr>
<td>(a) Quality Based Selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Least Cost Selection</td>
</tr>
<tr>
<td>(d) Single Source Selection</td>
</tr>
<tr>
<td>(e) Selection Based on Consultant’s Qualifications</td>
</tr>
<tr>
<td>(f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultants’ Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(g) Procedures set forth in paragraph 5.6 of the Consultants’ Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(h) Prudent and established commercial practices acceptable to the World Bank</td>
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</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 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, non-consulting services, and consultants' services, Training and Operating Costs for the Project (other than in respect of Part 2(D) (ii) of the Project).</td>
<td>8,080,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) LEAP Grants for consulting services and Training under Part 2(D) (ii) of the Project.</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Refund of Preparation Advance</td>
<td>620,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>8,700,000</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 April 30, 2019.
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>
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<tbody>
<tr>
<td>On each June 1 and December 1:</td>
<td></td>
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<tr>
<td>commencing December 1, 2023, to and including June 1, 2033</td>
<td>1%</td>
</tr>
<tr>
<td>commencing December 1, 2033, to and including June 1, 2053</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

1. “Annual Work Plan” means each annual work plan, together with the related budget, for the Project approved by the Association pursuant to the provisions of Section I.F.1 of Schedule 2 of this Agreement.


3. “Beneficiary” means an individual firm or an institution, a representative organization, a professional association or a commerce, trade or industry chamber qualified to receive a Matching Grant in accordance with the PIM.

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


6. “Environmental and Social Management Framework” or “ESMF” means the Recipient’s Environmental and Social Management Framework document, dated August 6, 2013, detailing: (a) the measures to be taken during the implementation and operation of the Project to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels; (b) the actions needed to implement these measures, including monitoring and institution strengthening; and (c) actions and policies required or appropriate to promote and support the safe, effective and environmentally sound pest management under the Project.

7. “Environmental and Social Management Plan” or “ESMP” means the Recipient’s document, acceptable to the Association, prepared and disclosed in accordance with the Environmental and Social Management Framework with respect to the Project, that details: (i) the measures to be taken during the implementation and operation of the Project to eliminate or offset adverse environmental or social impacts, or to reduce them to acceptable levels, and (ii) the actions needed to implement these measures.

8. “ESMP Tourism” means the Recipient’s document, acceptable to the Association, prepared and disclosed on August 6, 2013, with respect to the construction of the centrally located handcraft marketplace in Maseru under Part 2(B)(2) of the Project, that details: (i) the measures to be taken during the implementation and operation of the Project to eliminate or offset adverse
environmental or social impacts, or to reduce them to acceptable levels, and (ii) the actions needed to implement these measures.

9. “Fiscal Year” means the Recipient’s fiscal year from April 1 to March 31.


11. “LEAP” means the Lesotho Enterprise Assistance Program referred to under Part 2(D) of the Project.

12. “LEAP Grant” means a grant made or proposed to be made to a Beneficiary under Part 2(D) of the Project.

13. “LEAP Grant Agreement” means the agreement to be entered into between the Recipient (through its LEAP advisory unit) and a Beneficiary for the purpose of financing a Sub-project as referred to in Section I.D of Schedule 2 to this Agreement.

14. “LEAP Operational Manual” means the manual prescribing in detail the modalities, procedures and eligibility criteria to be followed to make any LEAP Grant.

15. “LNDC” means the Lesotho National Development Corporation, a parastatal entity established by the Recipient and operating pursuant to the LNDC Act No 13 of 1990 as amended to date.

16. “LTDC” means the Lesotho Tourism Development Corporation, a parastatal entity established by the Recipient and operating pursuant to the LTDC Act No 4 of 2002.

17. “MAFS” means the Recipient’s Ministry of Agriculture and Food Security.


20. “MFLR” means the Recipient’s Ministry of Forestry and Land Reclamation.


24. "Operating Costs" means the reasonable incremental operating expenses, based on annual budgets approved by the Association, incurred on account of operation and maintenance costs incurred in connection with the implementation of the Project, including costs related to office, vehicles and office equipment; water and electricity utilities, telephone, office supplies, bank charges, additional staff costs, travel and supervision costs, *per diem*, but excluding the salaries and indemnities of officials and public servants of the Recipient's civil service.

25. "PMU" means the Project Management Unit established under the First Private Sector Competitiveness and Economic Diversification Project (IDA Credit 4275-LS & Grant H281-LS) and responsible for day-to-day operations of the Project.

26. "PSC" means the Project Steering Committee established under the First Private Sector Competitiveness and Economic Diversification Project (IDA Credit 4275-LS & Grant H281-LS) in accordance with the provisions of Section 1.A of Schedule 2 to this Agreement.

27. "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 July 12, 2013, and on behalf of the Recipient on July 25, 2013.

28. "Project Implementation Manual" or "PIM" means the updated manual adopted by the Recipient under the First Private Sector Competitiveness and Economic Diversification Project (IDA Credit 4275-LS & Grant H281-LS), and setting out implementation, organizational, administrative, monitoring and evaluation, environmental and social monitoring and mitigation, financial management, disbursement and procurement arrangements, as shall have been agreed with the Association for purposes of Project implementation, as the same may be amended from time to time with the concurrence of the Association, and such term includes the LEAP Operational Manual.


30. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated September 17, 2013 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.

31. "Safeguard Documents" means collectively or individually the Environmental and Social Management Framework, the ESMP Tourism as well as the
Environmental and Social Management Plans prepared in connection with the Project, if any.

32. "Sub-project" means any and all Sub-projects referred to under Part 2.D(ii) of the Project.

33. "Training" means the reasonable costs, which shall have been agreed by the Association for the training and workshops, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consulting services).