Financing Agreement

(Additional Financing For Flood Protection And Emergency Reconstruction Project)

between

REPUBLIC OF YEMEN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 20, 2009
CREDIT NUMBER 3575-1 YEM  
GRANT NUMBER H459 RY  

FINANCING AGREEMENT

Agreement dated April 20, 2009, entered into between REPUBLIC OF YEMEN (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement).

WHEREAS (A) by the Development Credit Agreement dated November 26, 2001, between the Association and the Recipient, as amended to the date of this Agreement (the Development Credit Agreement), the Association has agreed to lend to the Recipient an amount in various currencies equivalent to thirty five million six hundred thousand Special Drawing Rights (SDR 35,600,000) to finance the Taiz Municipal Development and Flood Protection Project on the terms and conditions set forth or referred to in the Development Credit Agreement (Credit Number 3575-YEM) (the “Original Project”);

WHEREAS (B) by the Financing Agreement dated February 25, 2008, between the Association and the Recipient, as amended to the date of this Agreement (the Financing Agreement), the Association has agreed to extend to the Recipient a credit in an amount equivalent to twelve million six hundred thousand Special Drawing Rights (SDR 12,600,000) (variously, “Credit” and “Financing”) as additional financing for activities related to the Original Project on the terms and conditions set forth or referred to in the Financing Agreement (Credit Number 3575-1-YEM) (the “Additional Financing”);

WHEREAS (C) The Recipient has recognized the necessity of undertaking certain additional activities related to the Original Project which, in conjunction with the activities being undertaken under the Original Project, constitute collectively the Project described in Schedule 1 to this Agreement (the Project);

WHEREAS (D) the Recipient has in its letters dated October 27, 2008, and January 27, 2009, made a request to the Association for the purpose of providing additional financing to assist the Recipient in emergency reconstruction of the flood-affected areas in Hadramout and Al-Mahara and restructuring the Original Project, by modifying the name of the Original Project, the objectives thereof, the description of the activities financed thereunder, and the related implementation arrangements; and

WHEREAS (E) the Association, after due consideration, has acceded to the above request.
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 grant in an amount equivalent to twenty three million and two hundred thousand Special Drawing Rights (SDR 23,200,000) (“Financing”) to assist in financing Parts A.3, A.4, C.3 and C.4 of the Project as described in Schedule 1 to this Agreement.

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. The Recipient’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the Minister of Planning and International Cooperation.

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 Payment Dates are April 15 and October 15 in each year.

2.05. The Payment Currency is the United States dollars.

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 MOPWH 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 VI - TERMINATION

4.01. The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.

ARTICLE V - REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is Minister of Planning and International Cooperation.

5.02. The Recipient’s Address is:

Ministry of Planning and International Cooperation
P.O. Box 175
Sana’a
Republic of Yemen

Facsimile:
9671 250 665
9671 250 605

5.03. The Association’s Address is:

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

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391
Washington, D.C.
AGREED at Washington, District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF YEMEN

By /s/ Abdulwahab Abdulla Al-Hajri

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Daniela Gressani

Authorized Representative
SCHEDULE 1

Project Description

The objectives of the Project are to assist the Recipient in: (a) protecting residents, economic activities and infrastructure from the destructive effects of seasonal flooding in Taiz, Hadramout and Al-Mahara; (b) restoring access to critical road infrastructure damaged by the floods and; (c) strengthening the capacity of local governments and support decentralization.

The Project consists of the following parts:

**Part A: Flood Protection Structures and Infrastructure Rehabilitation**

1. Construction of flood structures measuring about 5.1 kilometers in length.

2. Carrying out works for: (a) 22 kilometers of street paving in tributary areas to the flood damage protection structures to improve rainfall surface drainage and prevent soil erosion to minimize maintenance of flood structures while improving pedestrian and vehicular access; (b) 1.5 kilometers of retaining walls to protect built-up areas and nearby flood and road infrastructure assets from potential risk of landslides; (c) 2.4 kilometers of footpaths in steep walkways to control erosion while providing safe pedestrian access; and (d) 13.8 kilometers of sewage collector pipes and about 2,000 connections to reduce water pollution caused by sewage discharges into the flood channels.

3. Carrying out works for rehabilitating and reconstructing selected priority regional roads where critical segments have been destroyed by the flooding to adequate flood-proof standards, and retrofitting with adequate storm water drainage systems.

4. Carrying out works for rehabilitating and constructing selected priority components of the flood protection system in the affected areas of Wadi Hadramout, Hadramout Sahel and Al-Mahara which were damaged or affected by the storm and floods, and which served to protect human settlements and agricultural lands, including: (a) stone works; (b) flood protection works using gabions; (c) dredging and filling works; (d) rehabilitation of Wadi beds; and (e) removal of the Sayssaban trees that block the flow of flood and storm water in Wadi beds.

**Part B: Resettlement of Affected Persons**

No activities will be undertaken within this component under the Additional Financing.
Part C: Capacity Building

1. Carrying out a capacity building program for local government and local councils established under the Local Authorities Law, consisting of the provision of works, goods, experts’ services and training, whose objective is to: (a) enable MOPWH and MOLA to implement the Recipient’s decentralization policies espoused by the Local Authorities Law; (b) enable local councils to operate within facilities that will enhance service provision to citizens; (c) enable the city of Taiz to develop improved systems for the collection of local revenue; (d) enable the city of Taiz to strengthen the provision of local services, including traffic management, urban planning, and solid waste management; and (e) enable national and local authorities to improve public land management.

2. Provision of support to the PCU and the PIU in Taiz, through the provision of consultants’ services, goods and training, to strengthen its Project implementation capabilities for Parts A.1, A.2 and C.1 of the Project.

3. Strengthening the capacity of local governments in disaster risk management and reduction including the preparation of a flood protection plan for Wadi Hadramout and a storm water drainage master plan for Mukalla city and setting up local government capacity in disaster preparedness, mitigation and response, through the provision of goods and consultants’ services.

4. Provision of support to the PCU and the PIU in Hadramout, through the provision of consultants’ services and goods to strengthen its Project implementation capabilities for Parts A.3, A.4 and C.3 of the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall vest responsibility for the implementation of the Project in MOPWH. For purposes of assisting MOPWH in the implementation of the Project, the Recipient shall establish no later than May 30, 2009, and thereafter maintain a PCU located in Sana’a and a PIU located in Hadramout, and shall maintain a PIU located in Taiz, with professional staff in adequate numbers whose qualifications, experience and terms of reference shall be acceptable to the Association.

2. The functions of the PCU shall include, inter alia, responsibility for: (i) overall project management and coordination; (ii) procurement and financial management under the Project; (iii) monitoring, in accordance with indicators agreed upon with the Association, progress in the implementation of the Project; (iv) preparation, for submission to the Association, of annual work programs and updated procurement plans relating to the Project; and (v) preparation, for submission to the Association, of the reports referred to under Section II of this Schedule. Key staff of the PCU shall consist of a director, two procurement officers, a financial management specialist, a monitoring and evaluation specialist, and an executive secretary.

3. The functions of the PIUs in Taiz and Hadramout shall include, inter alia, responsibility for: (i) implementation and supervision of project activities within their respective geographic areas; (ii) coordination with local councils and stakeholders; and (iii) ensuring compliance with social and environmental safeguards. Key staff of the PIU in Hadramout shall consist of a manager, a road engineer, an agricultural/flood protection engineer, an irrigation engineer and an environmental officer. Key staff of the PIU in Taiz shall consist of a manager, two construction engineers, one supervision and urban planning engineer, a social officer, an environmental and safety officer, and a local government capacity building officer.

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. For the purpose of carrying out Parts A.1 and A.2 of the Project, the Recipient shall: (i) carry out the EMP in a manner designed to ensure that Parts A.1 and A.2 of the Project is implemented in accordance with sound environmental practices and standards; (ii) maintain policies and procedures adequate to enable the Recipient to monitor and evaluate, on an on-going basis, in accordance with guidelines acceptable to the Association, the implementation of the EMP and the achievement of the objectives thereof; (iii) furnish to the Association semi-annual reports, commencing on June 30 and ending on December 31 of each year, until completion of the Project, each such report to incorporate the results of the monitoring and evaluation activities, together with any revisions proposed to be introduced to the EMP to achieve its objectives; and (iv) thereafter, introduce such revisions into the EMP as shall have been approved by the Association.

2. For the purpose of carrying out Parts A.3 and A.4 of the Project, the Recipient shall: (i) carry out the ESSAF in a manner designed to ensure that Parts A.3 and A.4 of the Project are screened and assessed in accordance with sound social and environmental practices and standards, satisfactory to the Association; (ii) prepare during the course of implementation an EMP for Parts A.3 and A.4 of the Project to be submitted to and approved by the Association; (iii) carry out the EMP in a manner designed to ensure that Parts A.3 and A.4 of the Project are implemented in accordance with sound environmental practices and standards; (iv) maintain policies and procedures adequate to enable the Recipient to monitor and evaluate, on an on-going basis, in accordance with guidelines acceptable to the Association, the implementation of the EMP and the achievement of the objectives thereof; (v) furnish to the Association semi-annual reports, commencing on June 30 and ending on December 31 of each year, until completion of the Project, each such report to incorporate the results of the monitoring and evaluation activities, together with any revisions proposed to be introduced to the EMP to achieve its objectives; and (vi) thereafter, introduce such revisions into the EMP as shall have been approved by the Association.

3. The Recipient shall ensure that all land acquisition required for the purposes of carrying out activities under the Project, and activities related to the resettlement of Project affected people in connection with such activities, shall be completed prior to commencing the carrying out of such activities, and in accordance with the provisions set forth in the RPF.

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 the indicators agreed with the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than one month 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 financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. 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 and Works. All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

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

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.
B. Particular Methods of Procurement of Goods and Works

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods and Works. The following table specifies the methods of procurement, other than International Competitive Bidding, 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 Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Force Account</td>
</tr>
<tr>
<td>(d) Direct Contracting</td>
</tr>
</tbody>
</table>

The procedures to be followed for National Competitive Bidding under this paragraph shall be those set forth in Law No. 23 for 2007, concerning Government Tenders, Auctions and Stores, and its Regulations, subject to the following additional procedures:

(i) a Recipient-owned enterprise in the Republic of Yemen shall be eligible to bid only if it can establish that it is legally and financially autonomous, operates under commercial law, and is not a dependent agency of the Recipient;

(ii) bidding (or pre-qualification, if required) shall not be restricted to any particular class of contractors or suppliers, and non-registered contractors and suppliers shall also be eligible to participate;

(iii) tenders shall be advertised for at least two (2) consecutive days in two (2) local newspapers of wide circulation;

(iv) prospective bidders shall be allowed a minimum of thirty (30) days for the preparation and submission of bids, such thirty (30) days to begin with the availability of the bidding documents or the advertisement, whichever is later;
(v) until national standard bidding documents acceptable to the Association are available, bidding documents approved by the Association shall be used, and may be prepared in Arabic;

(vi) registration shall not be used to assess bidders’ qualifications; qualification criteria (in case pre-qualification was not carried out) and the method of evaluating the qualification of each bidder shall be stated in the bidding documents, and before contract award the bidder having submitted the lowest evaluated responsive bid shall be subject to post-qualification;

(vii) a foreign bidder shall not be required to register or to appoint an agent as a condition for submitting its bid and, if determined to be the lowest evaluated responsive bidder, shall be given reasonable opportunity to register, without let or hindrance; the registration process shall not be applicable to sub-contractors;

(viii) all bids shall be submitted in sealed envelopes and may be submitted, at the bidder’s option, in person or by courier service;

(ix) all bids shall be opened at the same time in a public bid opening which bidders shall be allowed to attend and which shall follow immediately after the deadline for submission of bids;

(x) evaluation of bids shall be carried out in strict adherence to the criteria declared in the bidding documents and contracts shall be awarded to the lowest evaluated responsive bidder, without resorting to the rejection of bids above or below a certain percentage of the pre-bid estimate (bid price bracketing);

(xi) no bidder shall be requested or permitted to modify its bid after the bid closing date shall have elapsed and bids submitted after the deadline for submission of bids shall be returned to the bidder unopened;

(xii) post-bidding negotiations with the lowest or any other bidder shall not be permitted;

(xiii) under exceptional circumstances, the procuring entity may, before the expiration of bid validity, request all bidders in writing to extend the validity of their bids, in which case bidders shall not be requested nor permitted to amend the price or any other condition of their bids; a bidder shall have the right to refuse to grant such an extension
without forfeiting its bid security, but any bidder granting such extension shall be required to provide a corresponding extension of its bid security;

(xiv) price adjustment provisions may be included in contracts for works with a duration of more than eighteen (18) months;

(xv) rejection of all bids is justified when there is lack of effective competition, or bids are not substantially responsive, however, lack of competition shall not be determined solely on the basis of the number of bidders; and

(xvi) each contract financed from the proceeds of the Financing shall provide that the contractor or supplier shall permit the Association, at its request, to inspect their accounts and records relating to the performance of the contract and to have such accounts and records audited by auditors appointed by the Association.

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 Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(b) Selection Based on the Consultants’ Qualifications</td>
</tr>
<tr>
<td>(c) Single-Source Selection</td>
</tr>
<tr>
<td>(d) Individual Consultants</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>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works under:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Parts A.1 and A.2 of the Project</td>
<td>9,950,000</td>
<td></td>
<td>90%</td>
</tr>
<tr>
<td>(b) Parts A.3 and A.4 of the Project</td>
<td></td>
<td>21,680,000</td>
<td>85%</td>
</tr>
<tr>
<td>(2) Goods under:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Parts C.1 and C.2 of the Project</td>
<td>350,000</td>
<td></td>
<td>100% of foreign expenditures; 100% of local expenditures (ex-factory costs) 85% of other items procured locally</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(b) Part C.3 and C.4 of the Project</td>
<td></td>
<td>60,000</td>
<td>65%</td>
</tr>
<tr>
<td>(3) Consultants’ Services under:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Parts C.1 and C.2 of the Project</td>
<td>1,100,000</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(b) Part C.3 and C.4 of the Project</td>
<td>1,240,000</td>
<td></td>
<td>100% for foreign consultants and 80% for local consultants</td>
</tr>
<tr>
<td>(4) Project Management Costs under:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Parts C.2 of the Project</td>
<td>220,000</td>
<td></td>
<td>85%</td>
</tr>
<tr>
<td>(b) Parts C.4 of the Project</td>
<td>200,000</td>
<td></td>
<td>80%</td>
</tr>
<tr>
<td>(5) Unallocated</td>
<td>980,000</td>
<td>20,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>12,600,000</strong></td>
<td><strong>23,200,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this Schedule, the term “Project Management Costs” means expenditures incurred by the PMU on account of utility charges, rent for office space, maintenance of vehicles, fuel, office supplies, banking charges, communication services, audit costs, travel costs, salaries and labor costs and other consumables but excluding salaries of officials of the Recipient.

**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 1,330,000 equivalent may be made for payments made prior to this date but on or after December 1, 2008, for Eligible Expenditures under: (i) Category 1(b), provided that such works were carried out in accordance with the ESSAF and the RPF; and (ii) Categories 2(b) and/or 3(c); or

(b) under Category 1(b) unless an EMP and a RAP have been prepared in accordance with the ESSAF and the RPF respectively.

2. The Closing Date is May 15, 2013.
APPENDIX

Definitions

1. “Affected Persons” means individuals who, as a result of the implementation of the Project, have had, or shall have, their: (i) standard of living adversely affected; (ii) right, title, interest in any house, land (including premises, agricultural and grazing land), or right in annual or perennial crops and trees, or any other fixed or movable asset acquired or possessed, temporarily or permanently; (iii) access to productive assets adversely affected, temporarily or permanently; and (iv) business, occupation, work or place of residence or habitat adversely affected; each, an “Affected Person”.


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


5. “Environmental Management Plan” and “EMP” mean the Recipient’s plan set out in the environmental assessment report submitted by the Recipient to the Association in April 2001, and updated on December 7, 2007, as such plan may be updated from time to time by agreement of the Recipient and the Association, for implementation of the Project in accordance with certain institutional, mitigating and monitoring measures to offset or reduce adverse environmental impacts to acceptable levels.

6. “ESSAF” means the Environmental and Social Screening and Assessment Framework prepared by the Association on January 30, 2009, for the implementation of Parts A.3 and A.4 of the Project in accordance with certain institutional, mitigating and monitoring measures to cancel or reduce adverse environmental impacts to acceptable levels.

7. “Fiscal Year” means the fiscal year of the Recipient commencing on January 1 and ending on December 31.


10. “Local Authorities Law” means Law No. 4 of the Recipient promulgated by a Presidential Decree dated February 10, 2000, as the same may be amended from time to time.

11. “MOF” means the Ministry of Finance of the Recipient or any successor thereof.

12. “MOLA” means the Ministry of Local Administration of the Recipient or any successor thereof.


14. “PCU” means the Project coordination unit to be established and maintained in accordance with the provisions of Sections I.A.1 and I.A.2 of Schedule 2 to this Agreement.

15. “PIU(s)” means the Project implementation unit(s) to be established and maintained in Hadramout and Taiz in accordance with the provisions of Sections I.A.1 and I.A.3 of Schedule 2 to this Agreement.


17. “Original Project” means the Project described in the Original Financing Agreement.


19. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated January 24, 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 said paragraphs.

20. “RAP” means the Recipient’s resettlement action plan for carrying out Parts A.3 and A.4 of the Project, satisfactory to the Association, to be prepared in accordance with the RPF and furnished to the Association as such plan may be amended from time to time by agreement of the Recipient and the Association, which sets out, inter alia, the principles and objectives of the RAP, the affected persons’ eligibility criteria, compensation, assistance and rehabilitation
entitlements, as well as the monitoring and reporting arrangements to ensure compliance with the provisions of the RAP.

21. “RPF” means the Recipient’s resettlement policy framework for carrying out the Project, satisfactory to the Association, submitted on February 3, 2009, as such framework may be amended from time to time by agreement of the Recipient and the Association, which sets out, inter alia, the principles and objectives of the RPF, the institutional and implementation arrangements, the requirements of a resettlement action plan including, the eligibility criteria for assistance and rehabilitation entitlements, as well as the monitoring and reporting arrangements to ensure compliance with the provisions of the RPF.

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.”