Additional Financing

CREDIT NUMBER 5449-LA
GRANT NUMBER H947-LA

Amendment

GRANT NUMBER H539-LA

Financing Agreement

(Additional Financing for the Technical Assistance for Capacity Building in the Hydropower and Mining Sectors Project and Amendment to the Original Financing Agreement)

between

LAO PEOPLE'S DEMOCRATIC REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 14, 2014
FINANCING AGREEMENT

AGREEMENT dated August 14, 2014, entered into between LAO PEOPLE’S DEMOCRATIC REPUBLIC ("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).

This Agreement: (i) sets out the terms and conditions related to the Additional Financing for the Technical Assistance for Capacity Building in the Hydropower and Mining Sectors Project; and (ii) amends the performance monitoring indicators of the Original Project.

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 and a credit (collectively, "Financing") in the following amounts to assist in financing the project described in Schedule 1 to this Agreement ("Project"):

(a) an amount equivalent to five million eight hundred thousand Special Drawing Rights (SDR 5,800,000) ("Grant"); and

(b) an amount equivalent to five million eight hundred thousand Special Drawing Rights (SDR 5,800,000) ("Credit").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. The Maximum Commitment
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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 April 15 and October 15 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 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 MEM in accordance with the provisions of Article IV of the General Conditions.

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

ARTICLE IV — EFFECTIVENESS; TERMINATION

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

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

5.01. The Recipient's Representative is its Minister of Finance.

5.02. The Recipient's Address is:

Ministry of Finance
23rd Singha Road
Saysettha District
Vientiane, Lao PDR

Facsimile:
856-21-412142

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
AGREEED at Vientiane, People’s Democratic Republic, as of the day and year first above written.

LAO PEOPLE’S DEMOCRATIC REPUBLIC

By

Authorized Representative

Name: Thipphakone CHANTHAVONGSA
Title: Vice Minister

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: ULRICH ZACHAU
Title: COUNTRY DIRECTOR
SCHEDULE 1

Project Description

The objective of the Project is to increase human capacity and improve the performance of the Recipient’s oversight institutions for the hydropower and mining sectors.

The Project consists of the following parts:

1. **Joint Hydropower and Mining Learning Program**
   1.1 Provision of technical support, including Training to further strengthen the capacity of the Recipient’s staff:

   (a) in hydropower and mining sector management, provision of hydropower and mining hands-on Training and enhance the knowledge of cross-cutting issues between said sectors; and

   (b) in human resource development management.

   1.2 Provision of support to NUOL and Selected Colleges, including Training, to further assist said institutions in, *inter alia*: (i) updating their curricula and teaching methods; (ii) training teachers including carrying out internships and exchange programs; and (iii) providing equipment including, *inter alia*, laboratory equipment and books.

   1.3 Strengthening trade working groups through deepening the cooperation and partnership between industry and education institutes.

2. **Hydropower Sector Development**

   2.1 Provision of support to MEM, relevant ministries, including MoF, MPI and MONRE, and the National Assembly to:

   (a) Strengthen the hydropower management capacity to implement the Policy on Sustainable Hydropower Development, and the Independent Power Producer process, including:

   (i) enhancing capacity for management and monitoring of concession agreements and developing standard operating procedures for the IPP process; and
(ii) the technical and engineering capacity to address safety issues in hydropower development;

(b) establish a hydropower fiscal mechanism to improve revenue collection and facilitate budget allocation to ministries involved in hydro power sector management;

(c) apply the system avoided cost methodology and develop production costing model; and

(d) prepare a hydropower sector strategy and action plan supporting the reform process towards improved efficiency and effectiveness in hydropower development (system-to-system power trade).

3. Mining Sector Development

3.1 Provision of support to the Recipient to complete and operationalize the improved standard terms and conditions of concession agreements, including:

(a) developing standard operating procedures for the mining concession process;

(b) strengthening staff capacity for concession agreement negotiation, management, inspection, monitoring, and project evaluation;

(c) strengthening capacity for the development of guidelines and regulations for the establishment of community development funds and the finalization of the mining regulations;

(d) establishing operation and maintenance arrangements for the mining cadastre system and extending it to link MPI, MONRE, MOF, and MEM;

(e) developing geo-data collection capacity; and

(f) establishing a mineral fiscal mechanism to improve revenue collection and facilitate budget allocation to ministries involved in mining sector management.

3.2 Provision of support to the Recipient to develop a sector strategy focused on improving sector governance, including, inter alia: further strengthening: (a) the oversight capacity of the National Assembly; and (b) a strategic environmental and social assessment capacity in collaboration with MONRE.
4. Project Administration and Management

4.1 Provision of support to:

(a) the Project Secretariat in implementation of the Project; and

(b) to MEM to: (i) develop an information technology platform to support business processes; (ii) to develop the internal control system for the hydropower and mining sectors; and (iii) to implement the ministerial decree on gender advancement.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall maintain throughout the period of Project Implementation a Steering Committee, chaired by the vice-minister of MEM, and consisting of representatives from MEM line departments, government agencies and educational institutions involved in the hydropower and mining sectors, to be responsible for providing overall strategic guidance, support and oversight of Project implementation.

2. The Recipient shall maintain throughout the period of Project Implementation the following bodies, acceptable to the Association, with sufficient resources and with appropriately qualified and competent staff in adequate numbers and with terms of reference satisfactory to the Association:

   (a) the Project Secretariat chaired by a representative of MEM and consisting of, inter alia, a Project coordinator, a procurement officer, and a financial management officer to be responsible for, inter alia: managing the implementation of the Project on a daily basis, including financial management, procurement, budgeting, monitoring, reporting and evaluation matters; and reporting to the Steering Committee on Project implementation;

   (b) the Hydropower Working Group consisting of representatives from relevant MEM line departments and from other relevant government agencies involved in the energy sector to be responsible for providing technical advice on the Project; and

   (c) the Mining Sector Working Group consisting of representatives from relevant MEM line departments, relevant MONRE line departments and other relevant government agencies to be responsible for providing technical advice on the Project;

3. The Recipient shall:

   (a) carry out the Project in accordance with the Project Implementation Manual satisfactory to the Association, which manual shall include, inter alia: (i) the Financial Management Manual incorporating policies and procedures satisfactory to the Association regarding accounting, reporting and internal control mechanisms and procedures in respect of the Project, including the management, control and auditing of the
Designated Account; (ii) measures to implement the approaches and actions to manage potential environmental and social safeguards issues and risks set forth in Environmental and Social Safeguards Document; (iii) procurement procedures, as set forth in Section III of this Schedule; (iv) the management structures of the Project including *inter alia* definition of the roles, mandates and responsibilities of the parties; (v) decision making authorities; and (vi) reporting and accountabilities;

(b) undertake not to amend, suspend, abrogate, repeal and waive any provisions of the Project Implementation Manual without the prior agreement to the Association; and

(c) by no later than three (3) months of the Effectiveness Date update the Project Implementation Manual and the Financial Management Manual, in a manner satisfactory to the Association.

5. The Recipient shall every six (6) months, starting one (1) month after the Effectiveness Date, prepare and furnish to the Association for review and concurrence, a draft semi-annual training and workshops plan identifying activities and beneficiaries and proposed expenditures to be incurred.

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. In carrying out the Project, the Recipient shall:

(a) take and cause to take all necessary measures to ensure that the Project shall be implemented in accordance with the Environmental and Social Safeguards Activities Document and, without any limitation thereto, shall take timely action to ensure that any adverse social and environmental impacts of the Project are identified and effectively mitigated in a manner in accordance with said document, satisfactory to the Association; and

(b) The Recipient shall not amend, suspend, abrogate or waive, or permit to be amended, suspended, abrogated or waived, the Environmental and Social Safeguards Activities Document or any provision of said document, unless the Association has provided its prior approval thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instrument.
2. The Recipient shall ensure that:
   (a) all terms of reference for any technical assistance or studies carried out under the Project are consistent with the Association’s environmental and social safeguards policies, as well as the Recipient’s own laws relating to the environment and social aspects; and
   (b) in drafting any regulations, guidelines or corporate procedures and carrying out capacity building activities under the Project, due attention is given to said policies and laws.

3. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall collect, compile and submit to the Association on a six (6) monthly basis (or such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the Environmental and Social Safeguards Activities Document, giving details of:
   (a) measures taken in accordance with the said instruments;
   (b) conditions, if any, which interfere or threaten to interfere with the implementation of the said measures; and
   (c) remedial measures taken or required to be taken to address such conditions.

4. In the event of any conflict between the provisions of any of the Environmental and Social Safeguards Activities Document and the provisions of this Agreement, the provisions of this Agreement shall prevail.

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 agreed with the Association and set out in the Project Implementation Manual. Each Project Report shall cover the period of one (1) 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. The Recipient shall prepare and furnish to the Association as part of the Project Report, 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 (1) 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, 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 methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding subject to the additional provisions mentioned in the Annex to this Schedule 2; (b) Shopping; and (c) Direct Contracting.
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 methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Least Cost Selection; (c) Selection based on Consultants' Qualifications; (d) Single-source Selection of consulting firms; (d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (e) Single-source procedures for Individual Consultants.

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) Goods, Works, non-consulting services, Consultants' Services Incremental Operating Costs and Training for the Project</td>
<td>5,800,000</td>
<td>5,800,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>5,800,000</strong></td>
<td><strong>5,800,000</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 September 30, 2018.

Section V. **Other Undertakings**

1. The amount of the Grant allocated under Category (1) shall be disbursed before the amount of the Credit allocated under said Category.
ANNEX 1
To
SCHEDULE 2

National Competitive Bidding Procedures

The procurement procedures to be followed for National Competitive Bidding shall be based on the Public Bidding procurement method as defined in the Decree No. 03/PM on Government Procurement of Goods, Construction, Maintenance and Services, dated January 9, 2004; the Implementing Rules and Regulations, dated March 12, 2004 as amended on May 5, 2009; provided that such procedures shall be subject (a) to the provisions of Section I and Paragraphs 3.3 and 3.4 of the “Guidelines for Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” (January 2011) (the “Procurement Guidelines”), and (b) the following additional provisions:

1. **Eligibility**: The eligibility of bidders to participate in a procurement process and to be awarded a contract financed by the Association shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Procurement Guidelines.

2. **Domestic Preference**: No domestic preference may be applied in bid evaluation on the basis of bidder nationality, the origin of goods, services or labor, and/or preferential programs.

3. **Registration and Inclusion in the Reference List of Suppliers/Contractors**: Registration and inclusion in the reference list shall not be used as a basis for or as a substitute for assessing the bidders' qualifications.

4. **Bidding Documents**: Procuring entities shall use the appropriate standard bidding documents acceptable to the Association, which documents shall be prepared to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines.

5. **Bid Opening**: All bids must be opened in public immediately on the deadline set for the bid submission at the date, time and place stipulated in the tender documents. Bids shall be opened in public, that is, the bidders or their representatives may attend the bid opening. The tender committee shall announce the names of the bidders and the price offered by each bidder. A record of the bid opening shall be prepared and shall contain the names of the bidders, bid price, discounts and the names of persons in attendance and the organizations they represent.

6. **Rejection of Bids and Re-bidding**: All bids (or the sole bid if only one bid is received) shall not be rejected, negotiations shall not take place at any time with a bidder, the procurement process shall not be cancelled, or new bids shall not be solicited without the Association’s prior written concurrence.
7. **Contract Modifications:** With respect to contracts subject to the Association’s prior review, the Recipient shall obtain the Association’s no objection before agreeing to: (i) a material extension of the stipulated time for performance of a contract; (ii) any substantial modification of the contract scope of services or other significant changes to the terms and conditions of the contract; (iii) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than fifteen percent (15%); or (iv) the proposed termination of the contract. A copy of all signed contract amendments shall be provided to the Association for record.

8. **Bid and Contract Securities:** All bid and contract securities shall be in the format specified in the bidding documents.

9. **Fraud and Corruption:** To be deemed acceptable by the Association the bidding documents and contract shall include provision(s) stating the World Bank’s policy to sanction firms or individuals, found to have engaged in fraud and corruption as defined in the Procurement Guidelines.

10. **Inspection and Audit Rights:** In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the Association to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association. Acts intended to materially impede the exercise of the Association’s inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Procurement Guidelines.
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 April 15 and October 15:</td>
<td></td>
</tr>
<tr>
<td>commencing October 15, 2024 to and including April 15, 2034</td>
<td>1%</td>
</tr>
<tr>
<td>commencing October 15, 2034 to and including April 15, 2054</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. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


4. “Environmental and Social Safeguards Activities Document” means the document dated March 27 2014, adopted by the Recipient, setting forth, inter alia, the approaches and actions to be taken by the Recipient to manage potential environmental and social safeguards issues and risks arising under or related to the Project.

5. “Financial Management Manual” means the manual dated August 20, 2007, to be updated in accordance with Section I.A.3.(c) of Schedule 2 to this Agreement adopted by the Recipient, setting forth, inter alia, the financial management arrangements and procedures for the Project including the flow of funds, accounting policy and procedures, budgeting, recording, financial reporting, auditing and disbursement arrangements; as such manual may be amended from time to time by agreement between the Recipient and the Association.


7. “Hydropower Working Group” means the working group referred to in Section I.A.2.(b). of Schedule 2 to this Agreement or any successor thereto.

8. “Incremental Operating Costs” means reasonable cost of goods and non-consulting services required for the day-to-day implementation of the Project, incurred by the Recipient (which expenditures would not have been incurred absent the Project), including consumable materials and supplies, communications services (postage, telephone and internet), media and printing services, translation and interpretation services, office space rental and utilities, leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises, fuel costs, bank and insurance charges required for the Project, administrative support staff, and Project staff travel, lodging and per
diems, but excluding salaries (including bonuses, fees and honoraria or equivalent payments) of officials of the Recipient's civil service.

9. "Independent Power Producer" and the acronym "IPP" mean an entity, which is not a public utility, but which build and operate facilities to generate electric power for sale to utilities and end users within a concession agreement period and transfer the facilities to the Recipient by the end of the concession agreement.

10. "MEM" means the Recipient's Ministry of Energy and Mines or any other successor thereto.

11. "Mining Sector Working Group" means the working group referred to in Section I.A.2.(c) of Schedule 2 to this Agreement or any successor thereto.

12. "MoF" means the Recipient's Ministry of Finance or any other successor thereto.

13. "MONRE" means the Recipient's Ministry of Natural Resources and Environment or any successor thereto.

14. "MPI" means the Recipient's Ministry of Planning and Investment or any successor thereto.

15. "Nam Ou River" means a river located between Phongsaly and Luang Prabang Provinces.


17. "NUOL" means the National University of Lao People's Democratic Republic established under the Prime Minister's decree No. 50/PM dated June 9, 1995.

18. "Original Financing Agreement" means the Financing Agreement for the Technical Assistance for Capacity Building in the Hydropower and Mining Sectors Project dated February 8, 2010 as amended, between the Association and the Recipient (Grant No. H539-LA).

19. "Original Project" means the Project described in Schedule 1 to the Original Financing Agreement.

21. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated April 10, 2014 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.

22. "Project Implementation Manual" means the manual dated July, 2010 and referred to in Section I.A.3. (a) of Schedule 2 to this Agreement to be updated in accordance with Section I.A.3.(c) of Schedule 2 to this Agreement.

23. "Project Secretariat" means the Project implementing unit referred to in Section I.A.2.(a) of Schedule 2 of this Agreement which has been established by MEM’s Decision No. 1545/MEM dated December 12, 2008 or any successor thereto.

24. "Policy on Sustainable Hydropower Management" means the Recipient’s Policy on Sustainable Hydropower Management which is an update of the Recipient’s National Policy on Environmental and Social Sustainability in Hydropower Development adopted in June 2005 (No 561/CPI, date 7 June 2005) which applies to all large hydropower dams in the territory of the Recipient.

25. "Selected Colleges" mean, collectively: (i) the Lao-German Technical School; (ii) Luang Prabang Vocational and Technical School; (iii) the Polytechnic Institute, and (iv) Mining and Electrical Engineering faculty of the NUOL; or any other institutions selected by the Recipient and acceptable to the Association, which will be receiving goods, technical assistance and training out of the proceeds of the Grant/Credit.

26. "Steering Committee" means the committee referred to in Section I.A.1 of Schedule 2 of this Agreement.

27. "Training" means training, workshops, conferences, study tours, internships in private sector, fellowships and scholarships conducted in the territory of the Recipient and abroad, including the reasonable and necessary incremental expenditures incurred on account of organizing or attending learning and knowledge dissemination events, including, fees for educational institutions; fees and allowances for resource persons; travel, board and lodging for resource persons and trainees; logistics and materials associated with conferences, seminars, workshops, study tours, fellowships and scholarships; and other training costs directly associated with the Project but excluding: (a) any costs provided through consulting services contract; and (b) salaries (including bonuses, fees and honoraria or equivalent payments) of officials of the Recipient’s civil service.

Section II. Amendment to the Original Financing Agreement