Financing Agreement

(Punjab Tourism for Economic Growth Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 2017
FINANCING AGREEMENT
dated August 2, 2017, entered into between ISLAMIC REPUBLIC OF PAKISTAN ("Recipient") and 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 — CREDIT

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 thirty-six million eight hundred thousand (SDR 36,800,000) ("Credit"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Credit in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Front-end Fee payable by the Recipient shall be equal to one quarter of one percent (¼ of 1%) of the Credit amount.

2.04. The Commitment Charge payable by the Recipient shall be one-quarter of one percent (¼ of 1%) per annum on the Unwithdrawn Credit Balance.

2.05. The Interest Charge payable by the Recipient for each Interest Period shall be at a rate equal to three point twenty percent (3.20 %) per annum.

2.06. The Payment Dates are April 15 and October 15 in each year.
2.07. The principal amount of the Credit shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity, through its Punjab Resource Management Program ("PRMP") in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.

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

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consist of the following: the adoption of the Project Operations Manual by the Project Implementation Entity in form and substance satisfactory to the Association.

4.02. 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 Secretary, Additional Secretary, Joint Secretary, Deputy Secretary or Section Officer of the Economic Affairs Division of the Ministry of Finance, Revenue, Economic Affairs, Statistics and Privatization, each such person acting individually.

5.02. The Recipient’s Address is:
The Secretary
Economic Affairs Division
Ministry of Finance, Revenue, Economic Affairs,
Statistics and Privatization
Islamabad
Pakistan

Facsimile: 92-51-921-8976

5.03. The Association’s Address is:

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

Telex: 248423 (MCI)
Facsimile: 1-202-477-6391

AGREED at Islamabad, Islamic Republic of Pakistan, as of the day and year first above written.

ISLAMIC REPUBLIC OF PAKISTAN

By

Authorized Representative

Name: SHAHID MAHMOOD
Title: Secretary

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Patchamuthu Illangovan
Title: Country Director
SCHEDULE 1

Project Description

The objectives of the Project is to strengthen institutional capacity, increase private sector participation and improve infrastructure services for the tourism sector growth in the Province of Punjab.

The Project consists of the following parts:

Part 1: Policy, Institutions and Governance for Tourism Development

(a) Policy, institution and governance initiatives for tourism development including through: (i) provision of technical assistance for the development of a tourism development strategy and associated action plan to strengthen the institutional framework for development of the private tourist sector, the diversification of tourist products and development of stronger enterprise standards for certifying hotel and tour operators; (ii) provision of technical assistance, training and equipment for implementation of a regulatory reform agenda for the tourist industry; (iii) provision of technical assistance to develop and maintain coordination mechanisms for tourist policy between: (A) the federal and Punjab provincial authorities; (B) the Punjab provincial authorities and the private sector; and (C) the provincial authorities; (iv) provision of technical assistance, training and equipment for development of a new tourism data collection mechanism; and (v) provision of technical assistance to reform the Tourism Development Corporation of Punjab.

(b) Development of management plans for up to ten (10) identified historical, cultural and heritage sites, focusing on (i) development issues, (ii) organizational needs and (iii) sustainability.

(c) Development of knowledge, partnerships and tourism promotion including though: (i) provision of technical assistance and equipment for materials for a tourist marketing and public relations campaign; (ii) provision of technical assistance for designing a communication strategy for a tourist marketing and public relations campaign; (iii) provision of technical assistance for development of ownership and management models for tourist information centers, including small to medium enterprises and franchise opportunities for identified sites; (iv) provision of technical assistance for the development of a plan and content and expenses for workshops and conferences with key stakeholders in the tourist sector; (v) support for participation in key international tourist fairs; and (vi) undertaking a study on the role of women in the tourism industry in partnership with private partners in the travel and tourism industry.
Part 2: Private Investment and Entrepreneurship Promotion

(a) Investment facilitation and promotion of tourism including through: (i) provision of technical assistance, training and equipment for strengthening and streamlining tourism investment procedures by providing support to the Punjab Board of Investment and Trade; (ii) provision of technical assistance and training to the public private partnerships unit of the Planning and Development Department ("P&DD") to support Public-private Partnership Cell relevant to the tourism sector, and divestiture options for state-owned assets; (iii) provision of technical assistance from private transaction advisors to identify and invite bids for concessions for tourism development on private or public land; and (iv) provision of Matching Grants to encourage market entry, specifically of women entrepreneurs through market research and pre-feasibility studies commissioned by prospective Investors.

(b) Provision of technical assistance, training, equipment and minor works, in order to: (i) support institutes of tourist learning and training programs and the development of tourist sector curricula for the same; (ii) design and implement train-the-trainer programs in the tourist sector; (iii) support initiatives in quality licensing for professional tour guides, and restaurants and outlets catering to tourists; and (iv) design and implement female participation programs for the tourist sector, including training on financial management, business development services and access to markets, and implementation of a training and communication program.

Part 3: Public Investment Facility

(a) Rehabilitation of secondary and tertiary access roads to identified cultural and heritage sites selected as per the criteria set out in the Project Operations Manual.

(b) Development of basic infrastructure and services for public convenience facilities at identified sites, including (i) development of parking facilities, washroom facilities and rest areas with special attention to accessibility for women and persons with different abilities; (ii) arrival lounges and terminals at selected sites including expansion and upgrading of existing infrastructure; (iii) establishment of tourist facilitation centers and; (vi) implementation of priority investments identified in the management plans developed under Part 1(b) of the Project.

Part 4: Project Management, Monitoring and Evaluation

Support of the management and implementation of the Project activities, including procurement, financial management, safeguards, monitoring and evaluation of the Project by the Punjab Resource Management Program, through provision of technical assistance, equipment and training.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. On-lending Arrangements

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity in accordance with the provision of this Agreement and the Recipient’s on-lending policies and budgetary procedures, and under the same terms and conditions as shall have been received from the Association.

2. Notwithstanding paragraph 1 above, in the event that any of the provisions of this Agreement, including the instructions that the Association shall have specified by notice to the Recipient pursuant to Section IV.A.1 of this Schedule, are inconsistent with the budgetary procedures of the Recipient, the provision of this Agreement shall prevail.

3. The Recipient shall exercise its rights under the on-lending arrangements referred to in the preceding paragraphs in such manner as to protect the interests of the Association and to accomplish the purposes of the Financing.

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.

The Recipient shall (and shall cause the Province of Punjab to) ensure that the activities under the Project are carried out in accordance with the provisions of the ESMF and RPF, the objectives, policies and procedures thereof, and the social and environmental mitigation measures and monitoring requirements provided therein including any and all plans, acceptable to the Association, developed thereunder.

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 acceptable to the Association. Each Project Report shall cover the period of six (6) months, 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 not later than forty-five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.

3. The Recipient 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, 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 Credit 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 Credit 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 procedures set forth in paragraph 3 below; (b) Shopping; (c) Direct Contracting; (d) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association; and (e) Procurement under Public Private Partnership Arrangements in accordance with procedures which have been found acceptable to the Association.

3. Additional Procedures for National Competitive Bidding. The procedures applicable to the procurement of goods, works, and non-consulting services under contracts awarded on the basis of National Competitive Bidding shall be undertaken with the additional provisions set forth below in order to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section 1 of the Procurement Guidelines, pursuant to paragraph 3.3 of said Guidelines. In the event of a conflict between the Recipient’s procedures and the additional provisions set out below, the latter shall govern:

(i) Invitation to bid shall be advertised in at least one (1) national newspaper with wide circulation, at least thirty (30) days prior to the deadline for the submission of bids;

(ii) Bid documents shall be made available, by mail or in person, to all who are willing to pay the required fee;

(iii) Foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders in the bidding process;

(iv) Bidding shall not be restricted to pre-registered firms;

(v) Qualification criteria shall be stated in the bidding documents;

(vi) Bids shall be opened in public, immediately after the deadline for submission of bids;

(vii) A single bid shall also be considered for award;

(viii) Bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the Association;

(ix) Before rejecting all bids and soliciting new bids, the Association’s prior concurrence shall be obtained;

(x) Bids shall be solicited and works contracts shall be awarded on the basis of unit prices and not on the basis of a composite schedule of rates;

(xi) Contracts shall not be awarded on the basis of nationally negotiated rates;

(xii) Contracts shall be awarded to the lowest evaluated and qualified bidder;
(xiii) Post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidders;

(xiv) Draft National Competitive Bidding contracts would be reviewed by the Association in accordance with prior review procedures;

(xv) Any firm declared ineligible by the Association, based on a determination by the Association that the firm has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for or in executing an Association-financed contract, shall be ineligible to be awarded an Association-financed contract during the period of time determined by the Association.

(xvi) Each contract financed from the proceeds of the Credit shall provide that the suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the performance of the contract and to have said accounts and records audited by auditors appointed by the Association. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to obstructive practice.

(xvii) Recipient-owned enterprises shall be eligible to bid only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Recipient.

(xviii) The Association shall declare a firm ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Association if it at any time determines that the firm has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for or executing a contract financed 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 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) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Selection of Consultants in Loans to Financial Intermediary Institutions and Entities using well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association; (g) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual
Consultants; and (h) Single-source procedures for the Selection of 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 Credit

A. General

1. The Recipient may withdraw the proceeds of the Credit in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “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 Credit (“Category”), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, and consultants’ services for the Project Training and Workshop Costs and Incremental Operating Costs under the Project except for Part 2(a)(iv) of the Project</td>
<td>35,808,000</td>
<td>100%</td>
</tr>
</tbody>
</table>
### B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
   - (a) from the Credit Account until the Association has received payment in full of the Front-end Fee;
   - (b) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR2,900,000 may be made for payments made prior to this date but on or after November 1, 2016, for Eligible Expenditures under Category (1); or
   - (c) under Category (2) until the Project Implementing Entity has prepared and adopted a Matching Grants Manual, satisfactory to the Association

2. The Closing Date is April 30, 2023.

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<table>
<thead>
<tr>
<th>(2) Matching Grants under Part 2(a)(iv) of the Project</th>
<th>900,000</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>(3) Front-end Fee</td>
<td>92,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 3.01 (a) of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>36,800,000</td>
<td></td>
</tr>
</tbody>
</table>
SCHEDULE 3

Amortization 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 commencing on April 15, 2022 to and including October 15, 2030</td>
<td>2.5%</td>
</tr>
<tr>
<td>and on April 15, 2031 to and ending on October 15, 2040</td>
<td>2.75%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid.
Section I. Definitions


2. "Association’s Safeguards Policies" means the Association’s operational policies and procedures set forth in the World Bank’s Operational Manual under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60 as said manual is published under www.WorldBank.org/opmanual.

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


5. "Cultural Resource Management Plan" means a site-specific cultural resources plan to be prepared by the Project Implementing Entity pursuant to the ESMF, setting out required mitigation measures when there are adverse impacts on physical cultural resources.

6. "Displaced Person" means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land, resulting in (A) relocation or loss of shelter (B) loss of assets or access to assets or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction to access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person, and "Displaced Persons" means more than one such Displaced Person.

7. "Environmental and Social Safeguard Management Framework" or the acronym "ESMF" means the document prepared by the Project Implementing Entity, satisfactory in the Association, and disclosed in Infoshop on December 28, 2016, setting out: (i) the environmental and social issues and direct and indirect impacts of the Project during the planning, construction, and operational phases, and the mitigating measures to be taken during Project implementation; (ii) the monitoring and reporting requirements of the Project; (iii) institutional arrangements required to implement the environmental actions; (iv) training needs and specific reporting and documentation requirements, (v) proposals for third-party validation mechanisms; and (vi) guidance on the preparation of Cultural Resource
Management Plans where required, as the same may be amended from time to time with the prior approval of the Association.

8. “Environmental and Social Safeguard Management Plan” or the acronym “ESMP” means a site-specific environmental and social management plan to be prepared by the Project Implementing Entity pursuant to the ESMF, setting out: (i) measures to effectively manage the environmental and social issues and concerns identified under the ESMF for the site; (ii) required monitoring associated with the mitigating measures; and (iii) implementation arrangements, including institutional requirements and responsibilities during the pre-construction, construction, and operation phases.

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

10. “Incremental Operating Costs” means the reasonable costs of incremental expenditures required for the Project, including consumable material and supplies; office rental costs; utilities fees; insurance; communications, advertising and newspaper subscriptions; printing and stationary costs; vehicle and/or office equipment operation and maintenance; charges for opening and operating bank accounts required for the Project, travel, lodging and per diems for Project staff, excluding salaries of the Recipient’s and Punjab’s civil servants or project top-offs and allowances.

11. “Interest Period” means the initial period from and including the date of this Agreement to but excluding the first Payment Date occurring thereafter, and after the initial period, each period from and including a Payment Date to but excluding the next following Payment Date.

12. “Investor” means the beneficiary of a Matching Grant under Part 2(a)(iv) of the Project.

13. “Matching Grants Agreement” means the agreement between the Project Implementing Entity and an Investor for the purpose of carrying out Sub-projects under Part 2(a)(iv) of the Project.

14. “Matching Grants Manual” means the manual to be prepared and adopted by the Project Implementing Entity, pursuant to Section IB of the Project Agreement, as the same may be revised from time to time with the prior approval of the Association.

15. “Planning and Development Department” or the acronym “P&DD” means the Project Implementing Entity’s department responsible for planning and development or a successor thereto.

17. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 1, 2017 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.

18. “Project Implementing Entity” means the Province of Punjab established pursuant to the Recipient’s Constitution of 1973 or a successor thereto.

19. “Project Operations Manual” means the manual to be prepared and adopted by the Project Implementing Entity, in form and substance satisfactory to the Association, pursuant to Section I.B of the Schedule to the Project Agreement, as the same may be updated from time to time by mutual agreement between the Project Implementing Entity and the Association.

20. “Project Steering Committee” means the committee to be established pursuant to Section I.A.1(a) of the Project Agreement.

21. “Punjab Board of Investment and Trade” or the acronym “PBIT” mean the body, established in 2009, responsible for trade and investment promotion for the Project Implementing Entity.

22. “Punjab Resource Management Program” or the acronym “PRMP” means the Program Management Unit established under the Planning and Development Department of the Project Implementing Entity, or any successor thereto.

23. “Public-Private Partnership Cell” means the unit within the Planning and Development Department responsible for facilitating public-private partnerships.

24. “Resettlement Policy Framework” or the acronym “RPF” means the resettlement policy framework, prepared by the Project Implementing Entity, and satisfactory to the Association, which has been included as Chapter 8 of the EMSF, setting out the procedures, rules, and guidelines for: (i) the involuntary taking of land and other assets from Displaced Persons; (ii) resettlement and rehabilitation of, and compensation to, Displaced Persons; (iii) reporting and monitoring arrangements to ensure compliance with such framework and (iv) grievance redress mechanisms, as such framework may be amended from time to time with the prior agreement of the Association.

25. “Resettlement Action Plan” or the acronym “RAP” means a site-specific resettlement action plan, to be prepared by the Project Implementing Entity, for civil works under the Project, as required by the RPF, containing, inter alia, a
program of actions, measures and policies for compensation of persons affected by land acquisition, including budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with its terms for each site, as such plan may be amended from time to time with the prior agreement of the Association.

26. “Sub-projects” mean collectively, market and pre-feasibility studies carried out under Part 2(a)(iv) of the Project, respectively, and the term “Sub-project” means any of the Sub-projects.

27. “Tourism Development Corporation of Punjab” means the body incorporated on December 10, 1986, under the Project Implementing Entity’s Companies Ordinances 1984 and responsible for, inter alia, coordinating, supplementing and strengthening promotional and marketing efforts of the Project Implementing Entity to catalyze private investment in and provide training for the tourist sector.

28. “Training and Workshops Costs” means the reasonable costs of training, workshops and conferences conducted in the territory of the Recipient or attended overseas (subject to the prior approval of the Association), including the purchase and publication of materials, rental of facilities, course fees, and travel and subsistence of trainees.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the Table of Contents, the references to Sections, Section names and Section numbers are modified, as necessary, to reflect the modifications set forth in the paragraphs below.

2. Section 2.07 (Refinancing Preparation Advance) is retitled as “Refinancing Preparation Advance; Capitalizing Front-end Fee”, amended by adding a new paragraph (b), and modified to read as follows:

“Section 2.07. Refinancing Preparation Advance; Capitalizing Front-end Fee

(a) If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Bank or the Association (“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.

(b) Except as otherwise provided in the Financing Agreement, the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date and pay to itself the amount of the Front-end Fee payable pursuant to Section 3.01 (a).

3. Section 3.01 (Commitment Charge) is retitled as “Front-end Fee; Commitment Charge”, amended by adding a new paragraph (a), and modified to read as follows:

“Section 3.01. Front-end Fee; Commitment Charge

(a) The Recipient shall pay the Association a front-end fee on the Credit amount at the rate specified in the Financing Agreement (the “Front-end Fee”).

(b) The Recipient shall pay the Association a commitment charge on the Unwithdrawn Credit Balance at the rate specified in the Financing Agreement (the “Commitment Charge”). The Commitment Charge shall accrue from a date sixty days after the date of the Financing Agreement to the respective dates on which amounts are withdrawn by the Recipient from the Credit Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date.”

3. Section 3.02 (Service Charge) is retitled as “Interest Charge” and modified to read as follows:

“Section 3.02. Interest Charge

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

4. Section 3.03 (Repayment of the Credit) is modified by deleting paragraph (b) in its entirety and amending the remaining paragraph (a) to read as follows:

“Section 3.03. Repayment of the Credit

The Recipient shall repay the Withdrawn Credit Balance to the Association in installments as provided in the Financing Agreement.”
6. In the Appendix, **Definitions**, all relevant references to Sections, numbers and paragraphs are modified, as necessary, to reflect the modifications set forth in paragraphs 1 through 5 above.

7. Paragraph 28 of the Appendix ("Financing Payment") is modified to read as follows:

   "28. "Financing Payment" means any amount payable by the Recipient to the Association pursuant to the Financing Agreement or these General Conditions, including (but not limited to) any amount of the Withdrawn Credit Balance, interest, the Front-end Fee and the Commitment Charge."

8. A new paragraph 30 is inserted in the Appendix with the following definition of "Front-end Fee", and the subsequent paragraphs are renumbered accordingly:

   "30. "Front-end Fee" means the fee specified in the Financing Agreement for the purpose of Section 3.01 (a)."

9. A new paragraph 33 is inserted in the renumbered Appendix with the following definition of "Interest Charge", and the subsequent paragraphs are renumbered accordingly:

   "33. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.02."

10. Renumbered paragraph 38 (originally paragraph 36) of the Appendix ("Payment Date") is modified by deleting the words "Service Charges" and inserting the words "Interest Charges".

11. Renumbered paragraph 51 (originally paragraph 49) of the Appendix ("Service Charge") is deleted in its entirety, and the subsequent paragraphs are renumbered accordingly.