OFFICIAL DOCUMENTS

GRANT NUMBER D236-3W

Financing Agreement

(WAEMU Affordable Housing Finance Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

WEST AFRICAN ECONOMIC AND MONETARY UNION

Dated October 13, 2017
FINANCING AGREEMENT

AGREEMENT dated October 13, 2017, entered into between the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and the WEST AFRICAN ECONOMIC AND MONETARY UNION ("Recipient"), represented by its Commission ("Commission").

WHEREAS: (A) in a regional effort to support access to affordable housing finance in parts of western Africa, the Association has decided to support access to housing finance in the WAEMU region;

(B) Having satisfied itself as to the feasibility and priority of the Project described in Schedule 1 to this Agreement ("Project"), the Recipient has requested the Association to extend a Grant to assist in the financing of Parts 3, 4 and 5 of the Project;

WHEREAS, a BOAD Financing Agreement, of the same date as this Agreement, has been executed between the Association and BOAD to extend a Credit to carry out Parts 1 and 2 of the Project;

WHEREAS, the Recipient, represented by the WAEMU Commission and the BOAD will enter into a Cooperation Agreement setting out terms and conditions for the effective coordination and cooperation between them for the implementation of the Project;

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend a Grant to the Recipient upon the terms and conditions set forth in this Agreement.

NOW THEREFORE, 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 — GRANT

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 eighteen million one hundred thousand Special Drawing Rights (SDR 18,100,000)
2.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Grant Balance shall be one half of one percent (1/2 of 1%) per annum.

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

2.05. The Payment Currency is Euro.

**ARTICLE III — PROJECT**

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out Part 3 of the Project and cause Parts 4 and 5 of the Project to be carried out by the Project Implementing Entity 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 Association and the Recipient shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**ARTICLE IV — REMEDIES OF THE ASSOCIATION**

4.01. The Additional Events of Suspension consist of the following:

(a) The Recipient’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely its ability to perform any of its obligations under this Agreement.

(b) The Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

(c) The Association has suspended in whole or in part the right of BOAD to make withdrawals, under the BOAD Financing Agreement.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

5.01. The Additional Conditions of Effectiveness consist of the following:
(a) The Subsidiary Agreement has been duly executed on behalf of the Recipient and the Project Implementing Entity under terms and conditions satisfactory to the Association.

(b) The Cooperation Agreement has been duly executed between the Recipient and BOAD under terms and conditions satisfactory to the Association.

(c) The Recipient shall have recruited a Project coordinator with experience and terms of reference satisfactory to the Association.

(d) The Recipient shall have prepared and adopted the WAEMU Implementation Manual, in form and substance satisfactory to the Association.

(e) CRRH-UEMOA has updated and adopted the CRRH-UEMOA Implementation Manual, in form and substance satisfactory to the Association.

(f) All conditions for the effectiveness of the BOAD Financing Agreement have been met other than for the effectiveness of this Agreement.

5.02. The Additional Legal Matters consist of the following:

(a) The Subsidiary Agreement has been duly authorized by, and executed and delivered on behalf of the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

(b) The Cooperation Agreement has been duly authorized by, and executed and delivered on behalf of the Recipient and BOAD and is legally binding upon the Recipient and the BOAD in accordance with its terms.

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

5.04. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is fifteen years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is the President of the WAEMU Commission.
6.02. 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

6.03. The Recipient’s Address is:

Commission de l’UEMOA
380, Avenue du Professeur Joseph Ki-Zerbo
01 BP 543 Ouagadougou 01
Burkina Faso

Telex: +226 25 31 88 73/76
Facsimile: +226 25 31 88 72
AGREED at Washington, D.C, United States of America, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

[Signature]

Rachid Benmessaoud
Country Director for Nigeria and
Coordinating Director for the West Africa Regional Integration Program

WEST AFRICAN ECONOMIC AND MONETARY UNION

By:

[Signature]

Abdallah Boureima
President of the WAEMU Commission
SCHEDULE 1

Project Description

The objective of the Project is to expand access to long-term housing finance in the WAEMU, including for underserved households.

The Project consists of the following parts:

Part 1: Participating Banks Mortgage Refinancing

(a) Provision of financing from the Recipient to CRRH-UEMOA to be utilized for providing Mortgage Refinancing to Participating Banks.

(b) Provision of financing from the Recipient to CRRH-UEMOA in the form of capital through a Subordinated Loan, in order to strengthen its financial standing and capacity.

Part 2: Non-Bank Financial Institutions Mortgage Refinancing

Provision of Financing from the Recipient to CRRH-UEMOA to be utilized for providing Mortgage Refinancing to Non-Bank Financial Institutions.

Part 3: Affordable Housing Policies Technical Assistance

Carrying out of a technical assistance and capacity building program designed to support the increase in affordable housing supply in the WAEMU region; through, inter alia: (a) the establishment of a regional land and housing information system aimed at supporting selected affordable national housing policies; (b) the provision of advisory services to selected National Housing Programs; and (c) the carrying out of feasibility studies addressing constraints on access to fully serviced land.

Part 4: Technical Assistance for Non-Bank Financial Institutions and CRRH-UEMOA

Carrying out of a technical assistance and capacity building program designed to support the access of Non-Bank Financial Institutions to mortgage refinancing from CRRH-UEMOA; through, inter alia: (a) designing new rules and policies with CRRH-UEMOA to ensure access to mortgage refinancing of Non-Bank Financial Institutions; (b) developing a risk management framework, including procedures and sample legal agreements; and (c) supporting CRRH-UEMOA to provide capacity building activities for Mortgage Refinancing activities and environmental and Social risk management for selected financial institutions.
Part 5: Regional Guarantee Product for Housing Loans

Supporting the Recipient in designing a housing loan guarantee product, through *inter alia*: (a) carrying out of a feasibility study on the design of said guarantee product; (b) developing a business plan and internal procedures to operationalize the said guarantee product; and (c) providing Training and Workshops for the Participating Banks and Non-Bank Financial Institutions.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall no later than three (3) months after the Effective Date, establish, nominate and maintain throughout the period of Project implementation:
   (a) its representative or representatives in the Steering Committee;
   (b) the Steering Committee in form and with functions, composition and mandate, under terms of reference satisfactory to the Association. To this end, the Recipient shall ensure that the Steering Committee is responsible for oversight and strategic guidance of Project implementation and shall be chaired by the BOAD representative and comprised of representatives from the WAEMU Commission, BCEAO and CRRH-UEMOA; and
   (c) the Project coordinator to be responsible for coordination on day to day implementation aspects of the Project with CRRH-UEMOA.

2. The Recipient shall no later than six (6) months after the Effective Date engage consultant(s) in accordance with the Procurement Regulations set forth in section III of Schedule 2 of this Agreement to implement Part 3(b) of the Project, with terms of reference satisfactory to the Association.

B. Project Implementation Manuals

1. The Recipient shall carry out Part 3 of the Project in accordance with the WAEMU Implementation Manual and shall cause CRRH-UEMOA to carry out Parts 4 and 5 of the Project in accordance with the CRRH-UEMOA Implementation Manual (both referred to as “Project Implementation Manuals”).

2. The Recipient shall ensure that the Project Implementation Manuals are not amended, suspended, repealed or abrogated without the prior written approval of the Association.

3. In the event of any conflict between the provisions of the Project Implementation Manuals and this Agreement, the provisions of this Agreement shall prevail.

C. Subsidiary Agreement

1. To facilitate the carrying out of Parts 4 and 5 of the Project, the Recipient shall make the proceeds of the Grant allocated from time to time to Category (2) of the
table set forth in Section IV.A.2 of this Schedule, available to CRRH-UEMOA, under a Subsidiary Agreement between the Recipient and CRRH-UEMOA, with terms and conditions satisfactory to the Association, which shall include, *inter alia*, the following:

(a) the obligation of the Project Implementing Entity to carry out Parts 4 and 5 of the Project with due diligence and efficiency, in conformity with appropriate administrative, financial and technical practices and in accordance with the Project Implementation Manual, and provide, or cause to be provided, promptly as needed, the facilities, services and other resources required for the Project;

(b) the obligation of the Project Implementing Entity to comply with record keeping, auditing and reporting requirements set forth in this Agreement (operations, resources and expenditure) for Parts 4 and 5 of the Project;

(c) the obligation of the Project Implementing Entity, at the request of the Recipient or the Association, to exchange views with the Recipient and the Association with regard to the progress of Parts 4 and 5 of the Project and the performance of its obligations under the Subsidiary Agreement;

(d) the obligation of the Project Implementing Entity to promptly inform the Recipient and the Association of any condition which interferes or threatens to interfere with the progress of Parts 4 and 5 of the Project, or the performance of its obligations under the Subsidiary Agreement; and

(e) the Recipient shall obtain rights adequate to protect its interests and those of the Recipient and the Association, including the right to suspend or terminate the right of the CRRH-UEMOA to use the proceeds of the Subsidiary Credit, or obtain a refund of all or any part of the amount of the Subsidiary Credit then withdrawn, upon CRRH-UEMOA’s material failure to perform any of its obligations under the Subsidiary Agreement.

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect its own interests and the interests of the Association in order to accomplish the purposes of the Grant. The Recipient may not assign, amend, abrogate or waive the Subsidiary Agreement without the prior written approval of the Association.

3. In the event of any conflict between the provisions of the Subsidiary Agreement and the provisions of this Agreement, the provisions of this Agreement shall prevail.
D. Cooperation Agreement

1. To facilitate the carrying out of the Project, the Recipient shall maintain the Cooperation Agreement with BOAD setting out implementation and coordination aspects between them and under the terms and conditions approved by the Association.

2. The Recipient shall exercise its rights under the Cooperation Agreement in such manner as to protect the interests of the Recipient and the Association in order to accomplish the purposes of the Project. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Cooperation Agreement or any of its provisions without the prior written agreement of the Association.

E. Anti-Corruption

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

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 acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than 45 days after the end of the period covered by such report.

2. For purposes of Section 4.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six months after the Closing Date.

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 not later than forty-five (45) days after the end of each semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.
3. The Recipient shall have the financial statements of the Project audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Project. The audited Financial Statements of the Project for each such period shall: (a) be furnished to the Association not later than six months after the end of such period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.

5. The Project Implementing Entity shall ensure that its internal audit department includes its Respective Part of the Project within its work plan, and provides a semi-annual internal audit report to the Recipient and the Association not later than 45 days after the end of the relevant semi-annual period.

6. The Recipient shall no later than three (3) months of Effective Date, update its accounting system to accommodate its Respective Part of the Project’s accounting requirements.

7. The Recipient shall, no later than three (3) months after the Effective Date, designate and thereafter maintain an accountant, with experience and terms of reference satisfactory to the Association.

8. The Recipient shall prepare its annual financial statements in accordance with consistently applied accounting standards in form and manner satisfactory to the Association. Said Annual Financial Statements for each period shall: (a) be audited and published by the Recipient’s court of accounts in accordance with consistently applied auditing standards in form and manner acceptable to the Association; and (b) be furnished to the Association as soon as they are published and not later than 18 months after the end of each fiscal year.

Section III. Procurement

All goods, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the Procurement Regulations and the provisions of the Procurement Plan.

Section IV. Withdrawal of the Proceeds of the Grant

A. General

1. The Recipient may withdraw the proceeds of the Grant 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 “Disbursement Guidelines for Investment Project Financing” dated February 2017, 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 Grant ("Category"), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services and consulting services, Operating Costs, and Training and Workshops under Part 3 of the Project.</td>
<td>10,850,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services and consulting services, Operating Costs, and Training and Workshops under Parts 4 and 5 for the Project.</td>
<td>7,250,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>18,100,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date is December 31, 2022.
APPENDIX

Section I. Definitions

1. "Annual Work Plans and Budget" means the Annual Work Program to be prepared by the Recipient or the Project Implementing Entity, as the case may be, in each calendar year during Project implementation including a program of activities proposed for inclusion in the Project during the following calendar year.


3. "BCEAO" means the Central Bank of the WAEMU region (Banque Centrale des Etats de l'Afrique de L'Ouest).

4. "BOAD" means West Africa Development Bank (Banque Ouest-Africaine de Developpement), established by an agreement in 1973 and operates in accordance with its statute of March 2016.

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

6. "Cooperation Agreement" means the agreement to be signed between the Recipient and BOAD, setting forth the cooperation and collaboration logistics and relevant responsibilities for their activities under the Project.

7. "CRRH-UEMOA" or Project Implementing Entity, means the Regional Mortgage Refinancing Company (Caisse Regionale de Refinancement Hypothecaire de L'UEMOA- "CRRH-UEMOA") established and operating by virtue of its Statute of May 11, 2015.

8. "CRRH-UEMOA Implementation Manual" means the manual to be updated and adopted by CRRH-UEMOA as referred to in Article 5.01 and Section I.B of this Agreement, for the implementation of Parts 1, 2, 4 and 5 of the Project in accordance with the provisions of Section I.A.2 of the Schedule to the Project Agreement as said manual may be amended from time to time with the Association's prior approval.

9. "Eligible Mortgage Loans" means:

(a) In the case of Participating Banks, mortgage loans which meet the following criteria: (i) being equal or less than FCFA 15 million at origination; (ii) meeting CRRH-UEMOA's eligibility criteria; and (iii)
being extended to beneficiaries who do not have an outstanding mortgage loan.

(b) In the case of Non-Bank Financial Institutions, mortgage loans which meet the following criteria: (i) being equal or less than FCFA 10 million at origination; (ii) meeting the requirements set forth in the operational manual; (iii) being extended to beneficiaries who do not have an outstanding mortgage loan.

10. “BOAD Financing Agreement” means the agreement executed of the same date as this Agreement between the Association and the BOAD to carry out Parts 1 and 2 of the Project.

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

12. “National Housing Programs” means any of the public housing programs developed in the WAEMU region countries which target underserved households to build housing units at a price comprised between FCFA 7,500,000 and FCFA 20,000,000.

13. “Non-Bank Financial Institutions” means the selected financial institutions to carry out Part 2 of the Project as set forth in the CRRH-UEMOA Implementation Manual in accordance with the Participating Agreements.

14. “Operating Costs” means recurrent costs of the Project, all based on periodic budgets acceptable to the Association: (a) operation and maintenance of vehicle, repairs, fuel and spare parts; (b) computer maintenance, including hardware and software; (c) communication costs and communication equipment, and shipment costs (whenever these costs are not included in the cost of goods); (d) office supplies; (e) rent and maintenance for office facilities; (f) utilities and insurances; (g) travel and per diem costs for technical staff carrying out training, supervisory and quality control activities; (h) reasonable expenditures for community health workers involved in carrying out the Project, directly related to Project activities, including a stipend, transportation costs including local travel, per diems and accommodation costs; and (i) salaries of support staff for the Project, but excluding salaries of the Recipient’s civil servants or regular staff.

15. “Participating Agreements” means any of the agreements entered into between the Recipient and Participating Banks or Non-Bank Financial Institutions, as the case may be, in accordance with Schedule 5 of the BOAD Financing Agreement.
16. "Participating Banks" means the selected banks to carry out Part 1(a) of the Project as set forth in the CRRH-UEMOA Implementation Manual in accordance with the Participating Agreements.

17. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated June 29, 2017, and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Association.


19. "Project Implementing Entity’s Legislation" means the statute by which CRRH-UEMOA is established and operating dated May 11, 2015, and notarized on December 2, 2016.


21. "Recipient” means for the purposes of Parts 1 and 2, the BOAD, and for the purposes of Parts 3,4 and 5, the WAEMU, represented by its Commission.

22. “Respective Parts” means the CRRH-UEMOA respective Parts of Part 1, 2, 4 and 5 of the Project.

23. “Recipient’s Legislation” means the WAEMU treaty dated January 10, 1994, establishing the Commission responsible for the executive functions of the WAEMU.

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

25. “Training and Workshops” means the training of persons involved in Project-supported activities, based on the Annual Work Program approved by the Association, such term including scholarships, seminars, workshops, and study tours, and costs associated with such activity including international and local travel and subsistence costs for training participants, per diems, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation.

27. “Commission” means the WAEMU Commission established by the WAEMU treaty dated January 10, 1994, and responsible for the executive functions of the WAEMU.

28. “WAEMU Implementation Manual” means the manual to be adopted by the Recipient as referred to in Article 5.01 and Section I.B of of Schedule 2 to this Agreement, for the implementation of the Project, including, inter alia: (a) the terms of reference, functions and responsibilities for the members or the personnel of the Commission, Steering Committee; and other ministries, agencies and institutions involved in Project implementation; (b) the procedures for procurement of goods, works, non-consulting services, consultants’ services, Operational Costs, and Training, as well as for financial management, accounting and audits under the Project; (c) the indicators to be used in the monitoring and evaluation of the Project at the national level; (d) the interim financial reports, and the Project Reports; (e) funds flow and disbursement arrangements of Project funds; and (f) the grievance mechanisms; as said manual may be amended from time to time with the Association’s prior approval.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 2.06 is modified to read as follows:

“Section 2.06. Financing Taxes

The use of any proceeds of the Grant to pay for Taxes levied by, or in the territory of, the Member Country on or in respect of Eligible Expenditures, or on their importation, manufacture, procurement or supply, if permitted by the Financing Agreement, is subject to the Association’s policy of requiring economy and efficiency in the use of the proceeds of its credits and grants. To that end, if the Association at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Association may, by notice to the Recipient, adjust the percentage of such Eligible Expenditures to be financed out of the proceeds of the Grant specified in the Financing Agreement, as required to ensure consistency with such policy of the Association.”

2. Sections 3.03, 3.04 and 3.08 are deleted in their entirety, and Sections 3.05, 3.06, 3.07, 3.09 and 3.10 are re-numbered, respectively, as Sections 3.03, 3.04, 3.05, 3.06 and 3.07.

3. Paragraphs (b) and (c) of the newly re-numbered Section 3.07 are modified to read as follows:
“(b) All Financing Payments shall be paid without restrictions of any kind imposed by, or in the territory of, the Member Country, and without deduction for, and free from, any Taxes levied by, or in the territory of, the Member Country.

(c) The Legal Agreements shall be free from any Taxes levied by, or in the territory of the Member Country, or in connection with their execution, delivery or registration.”

4. In Section 4.11, paragraph (a) is modified to reads as follows:

“Section 4.11. Visits

“(a) The Recipient shall take all action necessary or useful to ensure that the Member Country affords all reasonable opportunity for representatives of the Association to visit any part of their territories for purposes related to the Grant or the Project.”

5. Section 5.01 is deleted in its entirety.

6. Section 6.02 is modified as follows:

(a) Paragraph (j) on Membership is modified to read as follows:

(j) Membership. The Member Country or any member of the Recipient: (i) has been suspended from membership in or ceased to be a member of the Association; or (ii) has ceased to be a member of the International Monetary Fund.

(b) Paragraph (m) is renumbered as paragraph (n), and a new paragraph (m) is added to read as follows:

“(m) Interference. The Member Country: (i) has taken or permitted to be taken any action which would prevent or interfere with the execution of the Project or the performance by the Recipient of its obligations under the Financing Agreement; or (ii) has failed to afford a reasonable opportunity for representatives of the Association to visit any part of its territory for purposes relating to Grant or the Project.”

7. Paragraph (a) of Section 8.01 is modified to read as follows:

“(a) The execution and delivery of each Legal Agreement on behalf of the Recipient which is a party to such Legal Agreement have been duly authorized by all necessary corporate action.”

8. The Appendix (Definitions) is modified as follows:
(a) Paragraph 29 is modified to read as follows:

"29. "Foreign Expenditure" means an expenditure in the Currency of any country other than the Member Country for goods, works or services supplied from the territory of any country other than the Member Country."

(b) Paragraph 33 is modified to read as follows:

"33. "Local Expenditure" means an expenditure: (a) in the Currency of the Member Country; or (b) for goods, works or services supplied from the territory of the Member Country; provided, however, that if the Currency of the Member Country is also that of another country from the territory of which goods, works or services are supplied, an expenditure in such Currency for such goods, works or services shall be deemed to be a Foreign Expenditure."

(c) A new paragraph 34 with the definition of Member Country is added to read as follows, and the subsequent paragraphs are renumbered accordingly:

"34. "Member Country" means the member of the Association in whose territory the Project is carried out or any such member's political or administrative subdivisions. If such activity is carried out in the territory of more than one such member, "Member Country" refers separately to each such member."

(d) Renumbered paragraph 46 is modified to read as follows:

"46. "Recipient” means the party to the Financing Agreement to which the Grant is extended."