Financing Agreement

(Transport Sector Support Project)

between

UNITED REPUBLIC OF TANZANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 11, 2010
AGREEMENT dated June 11, 2010, entered into between UNITED REPUBLIC OF TANZANIA ("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 — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to one hundred seventy seven million nine hundred thousand Special Drawing Rights (SDR 177,900,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).

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

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

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Parts C and D of the Project through MoID, and cause Parts A and E of the Project to be carried out by TANROADS and cause
Part B to be carried out by TAA, all 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 — REMEDIES OF THE ASSOCIATION

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

TANROADS’ or TAA’s enabling legislation (referred to in Section I.18 and I.17, respectively, of the Appendix to this Agreement) has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of TANROADS or TAA to perform any of its obligations under its respective Subsidiary Agreement.

4.02. The Additional Event of Acceleration is that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

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 TANROADS.

(b) The Subsidiary Agreement has been duly executed on behalf of the Recipient and TAA.

(c) TANROADS, TAA and MoID have adopted the PIP, in a form and substance satisfactory to the Association.

(d) TANROADS has recruited three procurement specialists with terms of reference satisfactory to the Association.

5.02. The Additional Legal Matter shall be that the Subsidiary Agreements have been duly authorized by the Recipient, TANROADS and TAA, as the case may be, and are legally binding upon the Recipient, TANROADS and TAA in accordance with their respective 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 twenty years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its Minister responsible for finance.

6.02. The Recipient’s Address is:

Ministry of Finance and Economic Affairs
P. O. Box 9111
Dar es Salaam
Tanzania

Facsimile:

(255) 222 11 77 90

6.03. 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
Washington, D.C.

AGREED at Dar es Salaam, United Republic of Tanzania, as of the day, month and year first above written.

UNITED REPUBLIC OF TANZANIA

By

/s/ Ramadhani M. Khijjah
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

/s/ John Murray McIntire
Authorized Representative
SCHEDULE 1

Project Description

The objectives of the Project are to improve the condition of the national paved road network, to lower transport cost on selected roads, and to expand the capacity of selected regional airports.

The Project consists of the following parts:

Part A: Rehabilitation and Preparation of Designs for Rehabilitation of Paved Trunk Roads

Rehabilitation and provision of supervision services for the improvement of the Korogwe – Same and Arusha – Minjingu roads (approximately 270 kilometers), and the preparation of design and bidding documents for the future rehabilitation of sections of the Recipient’s paved national road network for a further estimated 911 kilometers of paved roads.

Part B: Improvement of Regional Airports

Paving and rehabilitation of the runway at Kigoma airport, the rehabilitation of the main runway at Tabora airport, as well as the extension, rehabilitation and paving of the runway and the replacement of the apron, terminal and car parking at Bukoba airport.

Part C: Improvement of Road Safety Management

Improving road safety by establishing: (i) a National Road Safety Agency (NRSA); (ii) a Driver and Vehicle Examination and Licensing Agency (DVELA); and (iii) a Road Accident Information System (RAIS).

Part D: Promotion of Public Private Partnerships [PPPs]

Promotion of public private partnerships through: (i) capacity building for the implementation of PPP projects; (ii) feasibility studies of potential PPP projects; and (iii) provision of transaction advisors for projects found feasible.

Part E: Emergency Road and Bridge Repair

Emergency repair of parts of national roads and bridges damaged by recent floods at approximately one hundred locations throughout Tanzania.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. TANROADS
   (a) The Recipient shall ensure that TANROADS is maintained at all times during the implementation of the Project with functions, staffing and resources satisfactory to the Association.
   (b) Without limitation upon the provisions of sub-paragraph 1(a) of this paragraph, TANROADS shall be responsible for: (i) day to day implementation of Parts A and E of the Project; (ii) procurement; (iii) environmental and social safeguard guidelines; (iv) monitoring, evaluation, reporting and communication; and (v) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for Parts A and E of the Project and set forth in the PIP.

2. Tanzania Airports Authority (TAA)
   (a) The Recipient shall ensure that TAA is maintained at all times during the implementation of the Project with functions, staffing and resources satisfactory to the Association.
   (b) Without limitation upon the provisions of sub-paragraph 2(a) of this paragraph, TAA shall be responsible for: (i) day to day implementation of Part B of the Project; (ii) procurement; (iii) environmental and social safeguard guidelines; (iv) monitoring, evaluation, reporting and communication; and (v) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for Part B of the Project and set forth in the PIP.

3. Ministry of Infrastructure Development (MoID)
   (a) The Recipient shall ensure that MoID is maintained at all times during the implementation of the Project with functions, staffing and resources satisfactory to the Association.
   (b) Without limitation upon the provisions of sub-paragraph 3 (a) of this paragraph, MoID shall be responsible for: (i) day to day implementation of Parts C and D of the Project; (ii) procurement; (iii) environmental and social safeguard guidelines; (iv) monitoring, evaluation, reporting and communication; and (v) such other administrative, financial, technical
and organizational arrangements and procedures as shall be required for Parts C and D of the Project and set forth in the PIP.

B. Subsidiary Agreement

1. To facilitate the carrying out of Parts A, B and E of the Project, the Recipient shall make the proceeds of the Financing available to TANROADS and TAA under subsidiary agreements between the Recipient and TANROADS, and between Recipient and TAA, under terms and conditions approved by the Association, which shall, *inter alia*, include the following:

   (a) the requirement that TANROADS and TAA carry out the Project with due diligence and efficiency, in conformity with appropriate administrative, financial, engineering, technical, environmental and social safeguard practices, and in accordance with the PIP, ESIs, ESMPs, RPF and RAP, and provide, or cause to be provided, promptly as needed, the facilities, services and other resources required for Parts A, B or E of the Project, as the case may be;

   (b) the obligation of TANROADS and TAA to comply with the procedures for procurement of works, goods, and consultants’ services set forth in the Procurement Plan and this Agreement;

   (c) the requirement that TANROADS and TAA comply with record keeping, auditing and reporting requirements set forth in Section II of this Schedule, including the annual auditing of its records and accounts (operations, resources and expenditure);

   (d) the obligation of TANROADS and TAA to exchange views with the Recipient and the Association with regard to the progress of the Project and the performance of their obligations under the relevant Subsidiary Agreement;

   (e) the requirement that TANROADS and TAA promptly inform the Recipient and the Association of any condition which interferes or threatens to interfere with the progress of the Project, or the performance of their obligations under the Subsidiary Agreement; and

   (f) the obligation of TANROADS and TAA to carry out the Project in accordance with the Anti-Corruption Guidelines.

2. The Recipient shall exercise its rights and carry out its obligations under the Subsidiary Agreements in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing, including, *inter alia*, the Recipient’s and the Association’s right to inspect Parts A, B and E of the Project, TANROADS’ and TAA’s operation and any relevant records and documents. Except as the Association shall otherwise agree, the Recipient shall
not assign, amend, abrogate or waive a Subsidiary Agreement or any of its provisions.

C. **Project Implementation Plan**

1. The Recipient shall cause TANROADS, TAA and MoID to prepare and adopt the Project Implementation Plan (PIP), in form and substance satisfactory to the Association.

2. The Recipient shall cause TANROADS, TAA and MoID to carry out, or cause the Project to be carried out, in accordance with the arrangements and procedures set out in the PIP (provided, however, that in case of any conflict between the arrangements and procedures set out in the PIP and the provisions of this Agreement, the provisions of this Agreement shall prevail) and, except as the Association shall otherwise agree, shall not amend, abrogate or waive any provision of the PIP, if such amendment, abrogation or waiver shall, in the opinion of the Association, materially or adversely affect the implementation of the Project.

D. **Anti-Corruption**

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

E. **Environmental and Social Safeguards**

1. The Recipient shall ensure that:

   (a) Parts A and E, and B of the Project are carried out by TANROADS and TAA respectively, in accordance with the pertinent ESIA(s), ESMP(s), RPF and RAP; and

   (b) prior to carrying out activities which involve displacement of Affected Persons, take all measures satisfactory to the Association, to implement the recommendations of the RAP in a timely manner. To this end, the Recipient shall ensure that:

      (i) all rights to land, usufructs or customary rights and other property are allocated or acquired, equitable compensation thereof is paid and resettlement is carried out in accordance with the principles and institutional procedures established in the RAP;

      (ii) Affected Persons shall be equitably compensated, resettled and rehabilitated in accordance with the RAP;
(iii) the implementation arrangements for resettlement, including compensation, relocation and rehabilitation of Affected Persons are documented; and

(iv) the implementation, monitoring and evaluation of such RAP is completed and reported in a manner satisfactory to the Association.

2. The Recipient shall ensure that the preparation of design and bidding documents for the future rehabilitation of sections of the Recipient’s paved national road network under Part A of the Project shall be done in conformity with appropriate environmental and social safeguard practices acceptable to the Association.

3. The Recipient shall ensure that the feasibility studies of potential PPP projects under Part D of the Project shall be done in conformity with appropriate environmental and social safeguard practices acceptable to the Association.

4. The Recipient shall ensure that the Project Reports referred to in Section II.A of this Schedule shall include adequate information on monitoring the measures defined in the respective and applicable ESIA(s), ESMP(s), RPF and RAP.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall cause TANROADS, TAA and MoID to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators agreed with the Association and set forth in the PIP. Each Project Report shall cover the period of six calendar months, and shall be furnished to the Association not later than one month 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 (6) months after the Effective Date.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall cause TANROADS, TAA and MoID to maintain a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall cause TANROADS, TAA and MoID to prepare and furnish to the Association as part of the Project Report, interim unaudited financial reports for the Project
covering one calendar quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have the 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 months after the end of such period.

Section III. Procurement

A. General

1. Goods and Works. All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

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

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

B. Particular Methods of Procurement of Goods and Works

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

2. Other Methods of Procurement of Goods and Works. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
</tbody>
</table>
3. **Additional Provisions Governing National Competitive Bidding referred to in paragraph B.2(a) of this Section.**

National Competitive Bidding for goods and works shall be subject to the following:

(a) In accordance with paragraph 1.14(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (i) the bidders, suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Association; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.14(a)(v) of the Procurement Guidelines.

(b) There shall be no preference accorded to domestic suppliers and contractors.

C. **Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality Based Selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Least-cost Selection</td>
</tr>
<tr>
<td>(d) Selection Based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(e) Single-source Selection</td>
</tr>
<tr>
<td>(f) Procedures set forth in paragraphs 5.2 – 5.4 of the Consultant Guidelines for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>
D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions) to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works, goods, consultants’ services, Training and Operating Costs under Part A of the Project</td>
<td>122,800,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Works and consultants’ services, under Part B of the Project</td>
<td>37,900,000</td>
<td>83%</td>
</tr>
<tr>
<td>(3) Goods, consultants’ services, Training and Operating Costs under Parts C and D of the Project</td>
<td>7,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Works under Part E of the Project</td>
<td>10,000,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>177,900,000</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, except that withdrawals up to an aggregate amount not to exceed $6 million equivalent may be made for payments made within one year prior to this date but on or after November 15, 2009, for Eligible Expenditures under Category 4.

2. The Closing Date is June 30, 2015.
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, 2020, to and including April 15, 2030</td>
<td>1%</td>
</tr>
<tr>
<td>Commencing October 15, 2030, to and including April 15, 2050</td>
<td>2%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.
APPENDIX

Section I. Definitions

1. “Affected Persons” means persons who, on account of the execution of the Project had or would have their: (i) standard of living adversely affected; or (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected.


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


5. “ESIA” means the Environmental and Social Impact Assessment prepared and adopted by the Recipient, dated January 2007 [for the Korogwe-Mkumbara-Same trunk road], dated September 2008 (for the Arusha-Minjingu trunk road), dated March 2009 (for Bukoba Airport), and dated November 2009 (for the Kigoma and Tabora airports, respectively), defining the set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Project to eliminate any adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts of the Project activities; and “ESIAs” means, collectively, all or several such assessments.

6. “Environmental and Social Management Plan” or “ESMP” means the plan dated January 2007 (for the Korogwe-Mkumbara-Same trunk road), dated September 2008 (for the Arusha-Minjingu trunk road), dated March 2009 (for Bukoba Airport), and dated November 2009 (for the Kigoma and Tabora airports, respectively), satisfactory to the Association and prepared by the Recipient, which constitutes a part of the respective Environmental and Social Impact Assessments of the Project describing mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of infrastructure activities under the Project to mitigate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, or to enhance positive impacts; and “ESMPs” means, collectively, all or several such plans.
7. “Fiscal Year” or “FY” means the Recipient’s fiscal year commencing July 1 and ending June 30 of each year.

8. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.


10. “Operating Costs” means incremental costs incurred by TANROADS, TAA and/or MoID on account of implementation of the Project including, and on the basis of the annual budget and work plans acceptable to the Association, for fuel, maintenance of vehicles, office supplies, utilities, consumables, bank charges, communication expenses, travel per diems, accommodation and subsistence allowances for authorized travel, but excluding salaries of the Recipient’s civil servants.


12. “Procurement Plan” means the Recipient’s procurement plan for Parts A, B, C & D of the Project, dated March 29, 2010, later to include the procurement plan for Part E of the Project, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

13. “PIP” means the Project Implementing Plan to be prepared by TANROADS, TAA and MoID, in form and substance satisfactory to the Association, containing or referring to detailed arrangements and procedures for the Project, including: (i) institutional coordination and day-to-day execution of the Project; (ii) budgeting, disbursement and financial management; (iii) Procurement Plan; (iv) environmental and social safeguard management; (v) monitoring, evaluation, reporting and communication, including in respect of environmental and social safeguard matters; and (vi) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project, as the said PIP may be amended and/or supplemented from time to time with the prior concurrence of the Association.

14. “Resettlement Action Plan” or “RAP” means the plan dated March 2009, for the Bukoba Airport, and referred to in Section I. E of Schedule 2 to this Agreement, which sets out the principles and procedures governing land acquisition, resettlement, compensation and rehabilitation of Affected Persons, as well as administrative, reporting and monitoring arrangements to ensure compliance with said plan.
15. “Resettlement Policy Framework” or “RPF” means the Recipient’s policy framework dated February 2009, providing procedures and guidelines for the preparation, adoption, implementation and monitoring of a Resettlement Action Plan or Plans and referred to in Section I. E of Schedule 2 to this Agreement.

16. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to TANROADS and TAA, respectively.

17. “TAA” or “Tanzania Airport Authority” means the Recipient’s authority established and operating pursuant to the Tanzania Airports Authority (Establishment) Order, GN No. 404 of 1999 made under Section 3(1) of the Executive Agencies Act No.30 of 1997 of the laws of the Recipient.

18. “TANROADS” or “Tanzania National Roads Agency” means the agency established and operating pursuant to the Tanzania National Roads Agency (TANROADS) Establishment Order No. 293 of 2000, made under the Executive Agencies Act No. 30 of 1997, of the laws of the Recipient.

19. “Training” means costs incurred by TANROADS, TAA and/or MoID on account of Association approved workshops, and training of TANROADS, TAA and/or MoID personnel involved in implementation of the Project, including study tours, travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course preparation and implementation.

Section II. Modifications to the General Conditions

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005, (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

“Section 2.07. Refinancing Preparation Advance

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”
2. Paragraph (i) of Section 6.02 is modified to read as follows:

“Section 6.02. Suspension by the Association

... (l) Ineligibility. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank.”

3. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

(a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”