OFFICIAL DOCUMENTS

August 14th, 2018

GRANT NUMBER D344-TD

Financing Agreement

(Domestic Resource Mobilization and Management Project)

between

REPUBLIC OF CHAD

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF CHAD ("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) apply to and form 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 a grant, deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement, in an amount equivalent to twenty-four million four hundred thousand Special Drawing Rights (SDR 24,400,000) ("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 III of Schedule 2 to this Agreement.

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

2.04. The Payment Dates are March 15 and September 15 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 the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.
ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Steering Committee has been created and staffed with membership satisfactory to the Association and is fully functional.

(b) The PIU has been staffed with staffing satisfactory to the Association and is fully functional.

(c) The Recipient has adopted the Project Manuals, in form and substance satisfactory to the Association.

4.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the Signature Date.

4.03. For purposes of Section 10.05 (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 Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is the minister in charge of economy and development planning.

5.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient's address is:

Ministry of Economy and Development Planning
B.P. 286
N'Djamena
Republic of Chad; and

(b) the Recipient's Electronic Address is:

Facsimile:

(235) 22 51 51 85
(235) 22 51 45 87
5.03. For purposes of Section 11.01 of the General Conditions:

(a) the Association’s address is:

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

(b) the Association’s Electronic Address is:

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

AGREED as of the Signature Date.

REPUBLIC OF CHAD

By

[Signature]

Authorized Representative

Name: Dr. Issa Dourbagne
Title: MEPD
Date: August 14th, 2018

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: François Nankobogo
Title: Country Manager
Date: August 14th, 2018
SCHEDULE 1

Project Description

The objective of the Project is to improve performance, processes and transparency in the Recipient’s key government entities for revenue mobilization.

The Project consists of the following parts:

**Part A. Results-based Financing to Support Change Management in Customs and Tax Administrations**

1. Financing of payments under the Eligible Expenditure Program to incentivize and support DGI in the utilization of a unified taxpayers’ registry for enterprises.

2. Financing of payments under the Eligible Expenditure Program to incentivize and support the DGI in the gradual adoption of electronic tax filing by Large Taxpayers.

3. Financing of payments under the Eligible Expenditure Program to incentivize and support the DGI in the progressive roll-out of mandatory tax payments by Large Taxpayers through the banking system.

4. Financing of payments under the Eligible Expenditure Program to incentivize and support the DGI in the gradual adoption of pay-by-phone mechanism to facilitate the payment of taxes by Small Taxpayers.

5. Financing of payments under the Eligible Expenditure Program to incentivize and support the DGDDI to gradually reduce the number of physical inspections of Imported Merchandise.

6. Financing of payments under the Eligible Expenditure Program to incentivize and support the DGDDI to adopt regulations for the use of risk-based inspection procedures and reduce the Imported Merchandise release time.

**Part B. Technical Assistance to Strengthen Revenue Agencies**

1. Support for the improvement of tax administration and policy through, *inter alia*:

   1.1. Development and implementation of a tailored information technology (IT) strategy aimed at computerizing tax offices with substantial revenue potential, development of interface sites, and development and automated exchange of data between the Recipient’s revenue agencies.
1.2. Supporting the design and implementation of a tailored performance contract between the DGI and the MOFB.

1.3. Reinforcement of the capacity of DGI to identify taxpayers and manage and secure the taxpayer registry, including harmonization of enterprises identification numbers, and scoping and potential implementation of a biometric identification system for sole proprietors.

1.4. Introduction of modern modalities for filing and payment of taxes, including electronic filing of core taxes for Large Taxpayers and payment by phone of taxes for Small Taxpayers.

1.5. Conducting tax policy surveys to help address tax policy gaps in the Recipient's tax legislative framework.

1.6. Provision of technical assistance and activities coordination to DGI in tax administration and policy.

2. Support for the improvement of customs administration through, *inter alia*, supporting the use of IT systems, redesigning the main customs processes, revising procedures manuals and upgrading the automated system for customs data (ASYCUDA) and providing technical expertise to oversee the quality and implementation of Project activities by DGDDI.

3. Support for increasing transparency and accountability of the Recipient's revenue agencies through, *inter alia*:

3.1. Strengthening the internal audit function in DGDDI and DGI.

3.2. Improving transparency by developing the DGI and DGDDI's websites.

3.3. Improving taxpayers outreach through communications campaigns on tax and customs obligations and procedures.

3.4. Development of an electronic payments mechanism for tax and customs declarations.

3.5. Implementation of service performance surveys for the tax and customs administrations.

4. Support for addressing fiscal challenges and improving the oversight of the ICT sector through, *inter alia*:

4.1. Carrying out an inter-ministerial fiscal regime performance assessment on the telecommunications sector.
4.2. Support for the operationalization of the Recipient’s universal service fund with the implementation of pilot projects to extend the geographical coverage of mobile services in uncovered rural areas.

4.3. Institutional strengthening to support the implementation and oversight capacity of the Recipient’s ministry responsible for post, new information technology, and communication (MPNTIC), to foster national and international connectivity by strengthening its institutional capacity to oversee the implementation and the open access for all the Recipient’s fiber optics infrastructure, and support for the liberalization of the international gateway.

5. Support for improving the management and control of revenue generation in the petroleum sector through, inter alia:


5.2. Establishment of a petroleum revenue model to forecast more accurately the revenue generated from petroleum activities.

5.3. Development and implementation of a petroleum cadaster and geographic information system (GIS), an integrated petroleum registry and petroleum contract management system.

5.4. Carrying out of an audit of petroleum operations of three major petroleum-producing companies, support to the ministry in charge of petroleum and energy (MPE) for the discussion of the management letters with the audited companies, and implementation of agreed corrective measures.

5.5. Carrying out of an audit of the joint accounts of the Recipient’s Société des Hydrocarbures du Tchad with four petroleum companies.

5.6. Identification of cost comparators for the main exploration, development, and production cost categories for benchmarking operations and forecasting petroleum revenue.

5.7. Establishment and implementation of an integrated accounting and management information system for the Recipient’s Société des Hydrocarbures du Tchad.
5.8. Technical assistance through the appointment of a national or international oil expert to play a strategic role and ensure coordination between the PIU and the focal points of the MPE.

**Part C. Project Management and Coordination**

Support to the Recipient for Project management, implementation and coordination, communication, change management, verification of DLRs and EEP, and financing of goods and equipment and consultants’ services related to such implementation, Incremental Operating Costs, Training, and Project audits.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall carry out the Project through its MOFB and shall maintain the following functions throughout Project implementation, all with functions, compositions, terms of reference, resources and staffing satisfactory to the Association:

(a) the Steering Committee, to be responsible for, inter alia, providing strategic guidance and planning and coordination, as further set forth in the Project Manuals; and

(b) the PIU, to be responsible for, inter alia, day-to-day implementation of the Project, including management, coordination, performance monitoring and evaluation, documentation of Project progress and results, and supervision of Project implementation, and Project fiduciary, procurement, disbursement, monitoring and evaluation, all as further set forth in the Project Manuals.

2. The Recipient shall:

no later than three (3) months after the Effective Date:

(a) have acquired and installed a computerized accounting software capable of correctly recording and automatically generating financial statements (interim and annual); and

(b) have hired an external auditor.

B. Project Manuals

1. The Recipient shall implement the Project in accordance with the Project Manuals, setting forth rules, methods, guidelines, and procedures for the carrying out of the Project, including, inter alia:

(a) detailed description of Project, institutional arrangements and responsibilities for implementing the Project;
2. In the event that any provision of the Project Manuals shall conflict with any provision of this Agreement, the provisions of this Agreement shall prevail. The Recipient shall not amend the Project Manuals without the Association's prior written approval.

C. Verification Mechanism for DLR Verification

1. The Recipient shall: (a) not later than three (3) months after the Effective Date, hire an independent verification entity or independent verification entities, as the case may be ("Verification Entity"), with capacity and under terms of reference satisfactory to the Association, to be responsible for preparing and providing DLR verification reports in accordance with the Verification Protocol and the PIM, certifying the achievement of those DLRs indicated to be verified by the Verification Entity in the Verification Protocol; and (b) furnish the DLR verification reports to the Association in such scope and in such details as the Association shall request.

2. The Recipient shall, throughout the implementation of the Project, take all necessary measures required to enable the Verification Entity to visit any facilities and sites, and inspect all relevant documents and systems, for purposes of carrying out activities necessary for the preparation of the DLR verification reports.

D. Annual Work Plan and Budget

1. The Recipient shall, not later than November 15 of each Fiscal Year, prepare and furnish to the Association, an annual program of activities proposed for implementation under the Project during the following Fiscal Year, together with a proposed budget for the purpose.

2. The Recipient shall exchange views with the Association on each such proposed annual work plan, and shall thereafter adopt, and carry out such activities for such following Fiscal Year as shall have been agreed with the Association, as such plan may be subsequently revised during such following Fiscal Year with the prior written agreement of the Association ("Annual Work Plan and Budget").
Section II. **Project Monitoring, Reporting and Evaluation**

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar quarter, covering the calendar quarter.

Section III. **Withdrawal of the Proceeds of the Financing**

A. **General**

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to: (a) finance Eligible Expenditures; and (b) repay the Preparation Advance; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<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) Payments under the EEP under Part A of the Project</td>
<td>8,400,000</td>
<td>100% of the amount up to the withdrawal ceiling set forth in the table in Schedule 3</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, consulting services, Training and Incremental Operating Costs under Part B and C of the Project</td>
<td>14,800,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Refund of Preparation Advance</td>
<td>1,200,000</td>
<td>Amount payable pursuant to Section 2.07 (a) of the General Conditions</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>24,400,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:

   (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed SDR 210,000 may be made for payments made prior to this date but on or after October 1, 2017, for Eligible Expenditures under Category (2); or

   (b) for payments made under Category (1) unless evidence has been furnished in a manner satisfactory to the Association: (i) that payments under the EEP have been made in accordance with the Recipient’s applicable legislation and that the amount allocated to the Disbursement Linked Result (DLR) under the Disbursement-Linked Indicators (DLIs) for the respective time period corresponds to the extent of EEP execution; and (ii) of the Recipient’s achievement of the respective DLR under the DLIs for the respective time period as referred to in Schedule 3 to this Agreement and in form and substance satisfactory to the Association and as verified by the Verification Entity and in accordance with the PIM and Verification Protocol.

2. Notwithstanding the provisions of part B.1(b) of this Section:

   (a) if the Association is not satisfied that any of the DLR under the DLIs has been achieved by the date by which said DLR under the DLI is set to be achieved, the Association may, at any time, by notice to the Recipient, decide, in its sole discretion, to: (i) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Financing then allocated to the respective DLR which, in the opinion of the Association, corresponds to the extent of EEP execution and achievement of said DLR under the DLI; (ii) when satisfied that said DLR under the DLI has been complied with, authorize that the unwithdrawn amount by which the corresponding disbursement had been reduced be carried forward to the immediately subsequent withdrawal; and/or (iii) cancel all or a portion of the proceeds of the Financing then allocated to said DLR under the DLI;

   (b) if the Association is satisfied that a DLR under a DLI has been achieved before the date by which said DLR under a DLI is set to be achieved, the Association may decide, at its sole discretion and at any time, by notice to the Recipient, to authorize the withdrawal of such amount of the unwithdrawn proceeds of the Financing then allocated to the respective DLR which, in the opinion of the Association, corresponds to the extent of EEP execution and achievement of said DLR under the DLI; and
(c) if, at any time, the Association determines that any portion of the amounts disbursed by the Recipient under Category (1) was made: (i) for expenditures which are not eligible under the EEP; or (ii) not in compliance with the provisions of Part B.1(b) of this Section and the PIM, the Recipient shall promptly refund any such amount to the Association as the Association shall specify by notice to the Recipient.

3. The Closing Date is November 2, 2023.
### SCHEDULE 3

**Disbursement-Linked Indicators and Disbursement-Linked Results**

<table>
<thead>
<tr>
<th>DLI</th>
<th>DLR</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
</tr>
</thead>
</table>
| DLI #1: Support the utilization of a unified taxpayers' registry for enterprises | DLR#1.1: A census of taxpayers has been conducted and the census report has been issued.  
DLR#1.2: A regulation defining the responsibility for the establishment and management of the unified taxpayers' registry and the procedure for registration is adopted by the Recipient's MCI.  
DLR#1.3: At least 50 percent of the Large Taxpayers estimated in the census referred to in DLR #1.1 above are registered in the unified tax registry during Year 3. | 350,000 |
| DLI #2: Support the gradual adoption of electronic filing by Large Taxpayers | DLR#2.1: The DGI has: (a) mandated electronic filing by regulation; (b) has issued guiding procedures to ensure that Large Taxpayers file electronically; and (c) at least 6 percent of Large Taxpayers have filed electronically during Year 2.  
DLR#2.2: At least 10 percent of Large Taxpayers have filed electronically during Year 3.  
DLR#2.3: At least 15 percent of Large Taxpayers have filed electronically during Year 4.  
DLR#2.4: At least 20 percent of Large Taxpayers have filed electronically during Year 5. | 210,000 |
<table>
<thead>
<tr>
<th>DLI#3: Support the roll-out of mandatory tax payment by Large Taxpayers through the banking system</th>
<th>DLR#3.1: The MOFB has issued mandatory payment instructions for Large Taxpayers to pay through the banking system.</th>
<th>210,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLR#3.2: At least 40% of Large Taxpayers pay through the banking system during Year 3.</td>
<td>280,000</td>
<td></td>
</tr>
<tr>
<td>DLR#3.3: At least 70% of Large Taxpayers pay through the banking system during Year 4.</td>
<td>280,000</td>
<td></td>
</tr>
<tr>
<td>DLR#3.4: 100% of Large Taxpayers pay through the banking system during Year 5.</td>
<td>280,000</td>
<td></td>
</tr>
<tr>
<td>DLI#4: Support the gradual adoption of pay-by-phone by Small Taxpayers</td>
<td>DLR#4.1: At least 4% of Small Taxpayers use pay-by-phone during Year 1.</td>
<td>280,000</td>
</tr>
<tr>
<td>DLR#4.2: At least 10% of Small Taxpayers use pay-by-phone during Year 2.</td>
<td>210,000</td>
<td></td>
</tr>
<tr>
<td>DLR#4.3: At least 20% of Small Taxpayers use pay-by-phone during Year 3.</td>
<td>210,000</td>
<td></td>
</tr>
<tr>
<td>DLI#5: Reduction in the number of physical custom inspections</td>
<td>DLR#5.1: No more than 90% of Imported Merchandise is physically inspected by custom authorities during Year 1.</td>
<td>385,000</td>
</tr>
<tr>
<td>DLR#5.2: No more than 80% of Imported Merchandise is physically inspected by custom authorities during Year 2.</td>
<td>490,000</td>
<td></td>
</tr>
<tr>
<td>DLR#5.3: No more than 70% of Imported Merchandise is physically inspected by custom authorities during Year 3.</td>
<td>525,000</td>
<td></td>
</tr>
<tr>
<td>DLR#5.4: No more than 60% of Imported Merchandise is physically inspected by custom authorities during Year 4.</td>
<td>525,000</td>
<td></td>
</tr>
<tr>
<td>DLR#5.5: No more than 50% of Imported Merchandise is physically inspected by custom authorities during Year 5.</td>
<td>525,000</td>
<td></td>
</tr>
</tbody>
</table>
### DLR#6: Reduction in Imported Merchandise release time

<table>
<thead>
<tr>
<th>DLR#6: MOFB has issued a regulation mandating the adoption of the procedures for risk-based customs inspection.</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLR#6.2: 229 hours on average to clear Imported Merchandise during Year 2.</td>
</tr>
<tr>
<td>DLR#6.3: 216 hours on average to clear Imported Merchandise during Year 3.</td>
</tr>
<tr>
<td>DLR#6.4: 203 hours on average to clear Imported Merchandise during Year 4.</td>
</tr>
<tr>
<td>DLR#6.5: 190 hours on average to clear Imported Merchandise during Year 5.</td>
</tr>
<tr>
<td>385,000</td>
</tr>
<tr>
<td>490,000</td>
</tr>
<tr>
<td>525,000</td>
</tr>
<tr>
<td>525,000</td>
</tr>
<tr>
<td>525,000</td>
</tr>
</tbody>
</table>
APPENDIX

Definitions

1. “Administrative, Accounting, and Financial Manual of Procedures” means the administrative, accounting, and financial manual of procedures referred to in and prepared and adopted by the Recipient in accordance with Article IV and referred to in Section 1.B of Schedule 2 to this Agreement, containing administrative, accounting and financial procedures for purposes of implementation of the Project, as the same may be amended from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such manual.

2. “Annual Work Plan and Budget” means the work plan and budget prepared annually by the Recipient in accordance with Section 1.D of Schedule 2 to this Agreement.

3. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

4. “ASYCUDA” means the automated system for customs data.

5. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.

6. “DGDDI” means the Recipient’s Directorate General of Customs and Indirect Rights (Direction Générale des Douanes et Droits Indirects), or any legal successor thereto.

7. “DGI” means the Recipient’s Directorate General of Taxes (Direction Générale des Impôts), or any legal successor thereto.

8. “Disbursement Linked Indicator” or “DLI” means in respect of Category (1), the indicator related to said Category as set forth in the table in Schedule 3 to this Agreement.

9. “Disbursement Linked Result” or “DLR” means in respect of a given DLI, the result under said DLI as set forth in the table in Schedule 3 to this Agreement, on the basis of the achievement of which, the amount of the Financing allocated to said result may be withdrawn in accordance with the provisions of Section III of Schedule 2 to this Agreement.

10. “Eligible Expenditure Program” or “EEP” means a portion of the Recipient’s budgetary allocation for operating expenditures, including salaries of DGI and
DGDDI employees, under the Finance Law applicable for the relevant year (in each case up to the agreed amounts set forth in the PIM).

11. "Finance Law" means the Recipient’s finance or budget law in force in the applicable year for which disbursement under a DLR is made.

12. "Fiscal Year" means the Recipient’s fiscal year.


15. “Incremental Operating Costs” means incremental costs incurred by the Recipient’s entities involved in Project implementation on account of implementation of the Project and on the basis of the annual budget and work plans acceptable to the Association, including for fuel, maintenance of vehicles, office supplies, utilities, consumables, bank charges, communication expenses, travel **per diem**, accommodation and subsistence allowances for authorized travel, but excluding salaries of the Recipient’s civil servants.

16. “Imported Merchandise” means all merchandise that is imported and registered in the ASYCUDA.

17. “Large Taxpayers” means the taxpayers defined as ‘large taxpayers’ under the Recipient’s General Tax Code (Loi n°12/PR/2016 of July 15, 2016).

18. “MCI” means the Recipient’s ministry responsible for commerce and industry, or any successor thereto.

19. “MOFB” means the Recipient’s ministry responsible for finance and budget, or any successor thereto.

20. “MPNTIC” means the Recipient’s ministry responsible for post, new information technology and communication, or any successor thereto.

21. “PIU” means the project implementation unit within the MOFB known as ST-PAMFIP (Technical Permanent Secretariat of Action Plan for the Modernization of Public Finance Management (Secretariat Technique Permanent du Plan d’Action pour la Modernisation de la Gestion des Finances Publiques) and referred to in Section I.A.1(b) of Schedule 2 to this Agreement.

22. “Preparation Advance” means the advance referred to in Section 2.07 (a) of the General Conditions, granted by the Association to the Recipient pursuant to the
letter agreement signed on behalf of the Association on April 12, 2018, and on behalf of the Recipient on April 18, 2018, (Preparation Advance No. V174).


24. “Project Implementation Manual” or “PIM” means the manual referred to in Section I.B of Schedule 2 to this Agreement, specifying, inter alia, the procedures for procurement, disbursement, financial management, accounting, reporting, monitoring and evaluation (including monitoring indicators), DLR and EEP verification (including the Verification Protocol) and such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project, as the same may be amended from time to time with the approval of the Association and such term includes any annexes to said manual.


26. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.


28. “Steering Committee” means the Recipient’s national project steering committee, referred to in Section I.A.1(a) of Schedule 2 to this Agreement.

29. “Training” means training expenditures directly related to the Project for study tours, training courses, seminars, workshops and other training activities, not included under service providers’ contracts, including costs of training materials, space and equipment rental, travel, accommodation and per diem costs of trainees and trainers, trainers’ fees, and other training related miscellaneous costs, all on the basis of the annual budget and work plans acceptable to the Association.

30. “Verification Entity” means the entity to be hired pursuant to Section I.C.1 of Schedule 2 to this Agreement.

31. “Verification Protocol” means the protocol for DLIs and DLRs verification, referred to in Section I.C of Schedule 2 to this Agreement, to be included in the PIM, and as the same may be amended from time to time with the written agreement of the Association.

32. “Year” means each of Year 1, Year 2, Year 3, Year 4 and Year 5.
33. "Year 1" means the period of twelve (12) calendar months commencing on the Effective Date and ending 12 months thereafter.

34. "Year 2" means the period of twelve (12) calendar months commencing after the end of Year 1 and ending 12 months thereafter.

35. "Year 3" means the period of twelve (12) calendar months commencing after the end of Year 2 and ending 12 months thereafter.

36. "Year 4" means the period of twelve (12) calendar months commencing after the end of Year 3 and ending 12 months thereafter.

37. "Year 5" means the period of twelve (12) calendar months commencing after the end of Year 4 and ending 12 months thereafter.