Financing Agreement

(Lake Victoria Transport Program – Rwanda Project)

between

REPUBLIC OF RWANDA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 5, 2017
CREDIT NUMBER 6043-

RW FINANCING AGREEMENT

AGREEMENT dated June 5, 2017, entered into between the REPUBLIC OF RWANDA ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS: (A) The Recipient, the Republic of Burundi ("Burundi"), the Republic of Kenya ("Kenya"), the Republic of Uganda ("Uganda") and the United Republic of Tanzania ("Tanzania") (collectively, "EAC Partner States") have, pursuant to the East Africa Community Treaty and the East Africa Customs Union Protocol, have committed to the Integrated Corridor Development Initiative in the East African Community. Said EAC Partner States also have, pursuant to the Protocol for the Sustainable Development of Lake Victoria, committed to, inter alia, co-operate in the joint and efficient management and sustainable development and utilization of natural resources, and development of safe and efficient transport on Lake Victoria;

(B) The Recipient, the United Republic of Tanzania and the Republic of Uganda (collectively, "Participating States"), have pursuant to the EAC Council of Ministers Decision to implement the Integrated Corridor Development Initiative, have undertaken to co-operate in the development of a regional transport infrastructure and transit transport corridor connect their respective towns and cities to their respective towns along Lake Victoria, and sustainably address cross-border infrastructure investments and trade facilitation ("Lake Victoria Transport Program" or the "Program"); and

(C) the Recipient, having satisfied itself as to the feasibility and priority of the project described in Schedule 1 to this Agreement (the "Project"), has requested the Association to assist in the financing of the Project; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend a credit 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—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 of seventy-five million nine hundred thousand Euro (EUR75,900,000) ("Credit"), to assist in financing the 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 Front-end Fee payable by the Recipient shall be equal to one quarter of one percent (¼ of 1%) of the Credit amount. The Recipient shall pay the Front-end Fee not later than sixty days after the Effective Date.

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

2.05. The Interest Charge payable by the Recipient for each Interest Period shall be at a rate equal to two and eighty-five hundredths percent (2.85%) per annum.

2.06. The Payment Dates are February 15 and August 15 in each year.

2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is Euro.

ARTICLE III—PROJECT

3.01. The Recipient declares its commitment to the objective of the Project and the Program. To this end, the Recipient shall cause 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 Subsidiary 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—REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely, that 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 Subsidiary Agreement.
ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.

5.02. The Additional Legal Matter consists of the following, namely, that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity 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 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 Planning
P. O. Box 158
Kigali,
Republic of Rwanda

Facsimile:
250-25257-75-81

6.03. The Association’s Address is:

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

Telex: Facsimile:
248423 (MCI) 1-202-477-6391
AGREED at Kigali, Rwanda, June 5, 2017, as of the day and year first above written.

REPUBLIC OF RWANDA

By:

Authorized Representative

Name: Claver Gatete
Title: Minister of Finance and Economic Planning

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

Authorized Representative

Name: Yasser El-Gammal
Title: Country Manager
SCHEDULE 1

Project Description

The objective of the Project is to improve the efficient and safe movement of goods and people along the regional corridor from the border crossing at Rusumo to the border crossing at Nemba and Rusizi together with upgrades to road asset management and road safety in Rwanda.

The Project constitutes the first phase of the Program, and consists of the following parts:

**Part A. Improving the Physical Infrastructure**

Improving the physical infrastructure along the Ngoma – Nyanza road, in particular:

1. Carrying out the improvement of the primary road infrastructure, including upgrading about 66.55 kilometers along Kibugabuga-Shinga-Gasoro road section under design, build and maintenance (“DBM”) contracting, and improvement of the drainage structures and related infrastructure.
2. Implementing the Resettlement Action Plan (“RAP”) along the Kibugabuga-Shinga-Gasoro road section.

**Part B. Improving the Institutional Infrastructure and Implementation Assistance**

Strengthening and harmonizing the institutional framework, and capacity building, in particular:

1. Monitoring the DBM for Kibugabuga-Shinga-Gasoro road section, through the provision of technical advisory services to the Project Implementing Entity to carry out: (a) the review and approval of design reports prepared by the contractor; (b) implementation of the ESIA, the RAP and a safe system approach along the road corridor; and (c) an assessment of the post-crash response system.
2. Strengthening the capacity of the Project Implementing Entity and MININFRA, through the provision of technical advisory services to: (a) facilitate the Single Project Implementation Unit (SPIU) for implementation of the Program and follow-on operations; (b) review and update the axle load enforcement; (c) provision of training to build the respective institution’s capacity in environmental and social safeguards, including on gender and related risks; (d) carry out baseline surveys and monitoring and evaluation of Project activities; (e) strengthen the technical and fiduciary systems of the Project Implementing Entity; and (f) carry out technical and safeguards audits.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Regional Program - Joint Program Steering Committee

   (a) The Recipient shall, upon establishment of the Joint Program Steering Committee, and thereafter, at all times during the implementation of the Project, maintain high level representation and active participation in the Joint Program Steering Committee, and shall:

   (i) appoint to the Joint Program Steering Committee, and maintain, a representative at the level of a commissioner responsible for transport or other senior official with sufficient decision making authority from its designated ministry; and

   (ii) cause the Project Implementing Entity to appoint to said Joint Program Steering Committee, and maintain, a representative at the level of a head of department responsible for operations.

   (b) Without limitation upon the provisions of Section 1.A.1(a) immediately above, the Joint Program Steering Committee shall be responsible for coordination of the Project Implementation Team, *inter alia*: (i) ensuring harmonization and implementation of the changes that may be required for the regional institutional framework to facilitate the introduction of safe and efficient transport on Lake Victoria and the regional transport network; (ii) reviewing progress made towards achieving the Program objective; and (iii) facilitating governmental and inter-governmental actions that may be required under the Project.

2. National Level - Ministry of Infrastructure (MININFRA)

   The Recipient shall at all times during the implementation of the Project, ensure that MININFRA will take the responsibility for overall coordination of the MDAs and other institutions involved in the Project, in accordance with the Project Implementation Manual.

3. Project Implementing Entity

   The Project Implementing Entity shall have the responsibility for overall day-to-day Project coordination, implementation, management and oversight, including at organizing at the national level quarterly inter-agency joint
committee reviews, and shall throughout Project implementation maintain an institutional framework, functions, and resources satisfactory to the Association, including adequate staff with qualifications, experience, and terms of reference satisfactory to the Association.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association, which shall include those set forth in Schedule 4 to this Agreement ("Subsidiary Agreement").

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Specific Implementation Arrangements for the Project Implementing Entity

1. Without limitation upon the provisions of Section I.B immediately above, and except as the Association shall otherwise agree, the Recipient shall ensure that the Project Implementing Entity carries out the Project in accordance with this Agreement and the Subsidiary Agreement.

2. Single Project Implementation Unit

(a) The Recipient shall ensure that the Single Project Implementation Unit (SPIU) is established within the Project Implementing Entity, and thereafter, maintained by the Project Implementing Entity, throughout implementation of the Project, with composition, terms of reference, resources, and competent staff in adequate numbers, including a national Project coordinator, an accountant, a procurement officer and other technical specialists as required under the Project, all with qualifications, experience and terms of reference satisfactory to the Association.

(b) Without limitation upon paragraph (a) of this Section I.C.2., the SPIU shall be responsible for overall day-to-day administration of overall management, planning, coordination, technical, fiduciary (i.e., procurement and financial management), environmental and social safeguards compliance, coordination, monitoring, evaluation, reporting and communication of the activities under the Project, all in accordance with the provisions of this Agreement and the Project Implementation Manual.
3. **Condition of the Project Implementing Entity under Section 6.02(k) of the General Conditions**

Without limitation upon the provisions of Section 6.02(a) through (m) of the General Conditions, if the condition of the Project Implementing Entity specified in Section 6.02(k) of the General Conditions occurs and is continuing, the Association may, by notice to the Recipient and the Project Implementing Entity, suspend in whole or in part the right of the Recipient to make withdrawals from the Financing Account.

**D. Anti-Corruption**

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

**E. Project Implementation Manual**

1. The Recipient shall cause the Project Implementing Entity to carry out the Project in accordance with the PIM; and shall not amend, abrogate, or waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision thereof without the prior written approval of the Association.

2. In case of a conflict between the provisions of the PIM and this Agreement, those of this Agreement shall prevail.

**F. Environmental and Social Safeguards**

1. **Implementation of the ESIA and the RAP**

(a) The Recipient shall cause the Project Implementing Entity, to implement the Project in accordance with the Environmental and Social Impact Assessment (“ESIA”), including the Environmental and Social Management Plan (“ESMP”), and the Resettlement Action Plan.

(b) Without limitation to paragraph F.1(a) immediately, above the Recipient shall cause the Project Implementing Entity to recruit and maintain within the SPIU, throughout the implementation of the Project, an environmental and social management specialist to ensure effective and adequate supervision and implementation of the ESIA and the RAP.

(c) Without limitation to paragraphs F.1(a) and (b) of this Section, the Recipient shall cause the Project Implementing Entity to ensure that no works for any section of the road shall commence until:

(i) all resettlement measures set forth in the RAP shall have been fully executed, including the full payment of compensation
prior to displacement and/or the provision of relocation assistance to all Affected Persons;

(ii) all land acquisition required for such works shall have been concluded and such land shall be free of encumbrances and ready to be handed over, all in a manner acceptable to the Association; and

(iii) all plans, programs and actions as required by the applicable Safeguards Instruments have been fully developed and shall have entered into effect.

2. The Recipient shall cause the Project Implementing Entity, to include in the Project Reports referred to in Section II.A of this Schedule adequate information on the implementation of the ESIA, including the ESMP, and the RAP giving details of:

(a) measures taken in furtherance of the ESIA or the RAP;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the ESIA or the RAP; and

(c) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of the ESIA or the RAP.

3. Specific Covenants for Implementation of the JICA-financed section of Nyanza-Ngoma Road

Without limitation to the provisions of Section I.F.1 and I.F.2 above, the Recipient shall implement the associated JICA-financed section of the Nyanza-Ngoma road, or cause the associated JICA-financed section of the Nyanza-Ngoma road to be implemented, in accordance with the ESIA and the RAP, and in a manner acceptable to the Association.

G. Annual Work Plans and Budgets

The Recipient shall cause the Project Implementing Entity to prepare and furnish to the Association as soon as available, but in any case not later than June 30 of each year, an annual work plan and budget for the Project for the following year, in form and substance satisfactory to the Association, and of such scope and detail as the Association shall have reasonably requested. The Recipient shall, thereafter, implement the Project during such following year with due diligence and in accordance with such plan and such budget.
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 calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. The Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one 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.

4. Other Financial Covenants: The Recipient shall: (a) not later than three (3) months after the Effective Date, roll out the integrated financial management information system (IFMIS) for the Project; and (b) not later than three (3) months after the Effective Date recruit an accountant for the Project, in accordance with the requirements for consulting services set forth in the Procurement Regulations.

Section III. Procurement

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

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such
additional instructions as the Association shall specify by notice to the Recipient (including the “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 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 EUR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, nonconsulting services, consulting services and Training under the Project</td>
<td>75,900,000</td>
<td>84.78%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>75,900,000</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:

   (a) from the Credit Account until the Association has received payment in full of the Front-end Fee; or

   (b) for payments made prior to the date of this Agreement.

2. The percentage of expenditures to be financed from the proceeds of the Credit allocated from time to time to the Category, shall be subject to the Recipient’s contribution for payment of taxes levied by or in the territory of the Recipient in respect of goods acquired from, or works, or services supplied from local or foreign suppliers or contractors for the purpose of the Project.

3. The Closing Date is December 31, 2023.
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 February 15 and August 15:</td>
<td></td>
</tr>
<tr>
<td>commencing August 15, 2026 to and including August 15, 2040</td>
<td>2.35%</td>
</tr>
<tr>
<td>commencing February 15, 2041 to and including February 15, 2047</td>
<td>2.45%</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.
SCHEDULE 4

Terms and Conditions of the Subsidiary Agreement

The Subsidiary Agreement shall include the following provisions:

A. Obligations of the Project Implementing Entity

1. the requirement that the Project Implementing Entity carry out the Project with due diligence and efficiency, in conformity with appropriate administrative, financial, technical, environmental and social standards acceptable to the Association, and provide, or cause to be provided, promptly as needed, the facilities, services and other resources required for the purpose;

2. the obligation of the Project Implementing Entity to: (a) comply, and to ensure compliance with the procedures for procurement of works, goods, non-consulting services and consultants’ services set forth in Section III of Schedule 2 to this Agreement; and (b) ensure that all such works, goods, non-consulting services and consultants’ services, are used solely for the purpose of the Project;

3. the requirement that the Project Implementing Entity fully collaborate with the Recipient in order to permit timely compliance with the requirements set forth in Section II.A and II.B of Schedule 2 to this Agreement, including that the Project Implementing Entity:

   (a) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Project and the achievement of the Project's objectives;

   (b) (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect its operations and financial condition, including the operations, resources and expenditures related to the Project; and

   (ii) have such financial statements audited annually by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association;

   (c) enable the Recipient and the Association to inspect the Project, its operation and any relevant records and documents; and

   (d) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing;
4. the obligation of Project Implementing Entity to exchange views with the Recipient and the Association with regard to the progress of the Project, and the performance of its obligations under the Subsidiary Agreement;

5. the obligation of the Project Implementing Entity to comply with the provisions of the Anti-Corruption Guidelines;

6. the obligation of the Project Implementing Entity to implement the Project in accordance with the provisions of this Agreement, the Subsidiary Agreement and the Project Implementation Manual;

7. the obligation of the Project Implementing Entity not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Subsidiary Agreement or any of its provisions, except with the Recipient and the Association's prior consent; and

8. the obligation of the Project Implementing Entity to take or permit to be taken all actions to enable the Recipient to comply with its obligations under this Agreement and/or the Subsidiary Agreement, as the case may be.

B. Obligations of the Recipient

1. to promptly disburse to the Project Implementing Entity, the proceeds of the Credit to finance the carrying out of the Project with due diligence and efficiency;

2. to support the implementation of the Project and take all necessary measures to cooperate and coordinate, throughout Project implementation, and specifically in the implementation and management of the RAP, and to ensure appropriate monitoring and supervision of said RAP;

3. to take or permit to be taken all action to enable the Project Implementing Entity to comply with its obligations under the Subsidiary Agreement;

4. to ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines;

5. to provide adequate funding as shall be required for the implementation, monitoring and final evaluation of the RAP; and

6. to not assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Subsidiary Agreement or any of its provisions, except with the prior written consent of the Association.

C. Remedy of the Recipient. The right of the Recipient to take remedial actions against the Project Implementing Entity in case the latter shall have failed to comply with any of its obligations under the Subsidiary Agreement.
APPENDIX

Section I. Definitions

1. “Affected Persons” means persons who, on account of the execution of the Project had or would have their: (a) standard of living adversely affected; or (b) 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; (c) access to productive assets adversely affected, temporarily or permanently; or (d) 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.

4. “Design, Build and Maintenance” or “DBM” means a contractual arrangement that will entail a design, build and multi-year maintenance arrangement for improvement of primary infrastructure under Part A.1 of the Project.

5. “East Africa Council of Ministers” means the council established under the East Africa Community Treaty, as the decision-making body of said East Africa Community.


7. “East Africa Partner States” means the member countries of the East Africa Community.

8. “East Africa Community Treaty” means the treaty dated November 30, 1999 establishing the East Africa Community.

9. “Environmental and Social Impact Assessment” and “ESIA” means the Recipient’s Environmental and Social Impact Assessment for the Project, including an Environmental and Social Management Plan, dated March 2017, and disclosed in-country on March 21, 2017, and by the Association on March 23, 2017, describing the set of avoidance, mitigation, enhancement, monitoring, and institutional measures, including measures designed to prevent gender based violence and child abuse, to be taken during construction
of the road to avoid, mitigate, offset, or reduce adverse environmental and social impacts to acceptable levels, or to enhance positive impacts.

10. "Environmental and Social Management Plan" or "ESMP" means the environmental and social management plan, which is included in the ESIA, setting out, *inter alia*, details of measures to manage potential environmental and social risks and avoid, minimize, mitigate and/or compensate any adverse environmental and social impacts associated with the implementation of Project activities (including measures designed to prevent gender based violence and child abuse), together with adequate budget, institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms, as said plan may be modified from time to time with the prior written no-objection of the Association, and such term includes any annexes and schedules to such plan.

11. "Fixed Spread" means the Association’s fixed spread for the Credit Currency in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of this Agreement and expressed as a percentage per annum.


14. “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.

15. “Joint Program Steering Committee” means the committee referred to in Section I.A.1(a) of Schedule 2 to this Agreement.

16. “Ministry of Infrastructure” or “MININFRA” means the Recipient’s ministry at the time responsible for infrastructure, including classified road infrastructure development and management, transport delivery services and mobility, and transport regulation.

17. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 10, 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. "Program" means the Lake Victoria Transport Program designed to facilitate the sustainable movement of goods and people in the Lake Victoria region, and to strengthen the institutional framework for transport safety as approved by the East Africa Community Council of Ministers and endorsed by the third East Africa Community Head of States retreat in November 2014, as the Integrated Corridor Development Initiative in the East African Community, as said report is endorsed by the Recipient and presented to the Association.

20. “Project Implementation Manual” or “PIM” means the Recipient’s manual dated April 2017, outlining implementation, organizational, administrative, monitoring and evaluation, financial management, and disbursement arrangements for the Project, as said manual may be amended from time to time with the concurrence of the Association, and such term includes any schedules to said Manual.

21. “Project Implementation Team” means the project implementation team referred to in Section I.A.1(b) of Schedule 2 to this Agreement.


27. “Single Project Implementation Unit” or “SPIU” means the unit referred to in Section I.C.2(a) of Schedule 2 to this Agreement, established within the Project Implementing Entity and responsible, inter alia, for the day-to-day management and implementation of the Project.
28. "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 the Project Implementing Entity.

29. "Training" means the cost arising under training of persons involved in Project-supported activities, such term including approved national and international seminars, workshops, travel and subsistence costs, study tours, and associated costs, costs of 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 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."

4. 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."

5. 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.