

CREDIT NUMBER 5630-PE

Financing Agreement

(Punjab Skills Development Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated JUNE 4th, 2015

FINANCING AGREEMENT

AGREEMENT dated JUNE 4th, 2015, entered into between the ISLAMIC REPUBLIC OF PAKISTAN ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I -- GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — 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 thirty six million three hundred thousand Special Drawing Rights (SDR 36,300,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).
- 2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

- 2.06. The Payment Dates are April 15 and October 15 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 4 to this Agreement.
- 2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

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

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.02. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is the Secretary to the Government of Pakistan, Economic Affairs Division ("EAD"), or any Additional Secretary, Joint Secretary, Deputy Secretary or Section Officer in EAD.

5.02. The Recipient's Address is:

The Secretary to the Government of Pakistan
Economic Affairs Division
Ministry of Finance, Revenue, Economic Affairs,
Statistics and Privatization
Islamabad
Pakistan

Facsimile:

+ (92-51) 9202417

5.03. The Association's Address is:

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

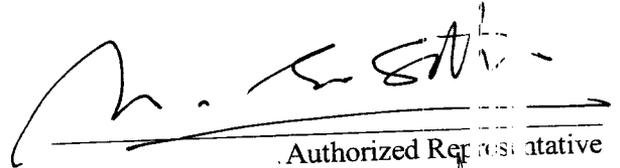
Facsimile:

+1-202-477-6391

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

ISLAMIC REPUBLIC OF PAKISTAN

By



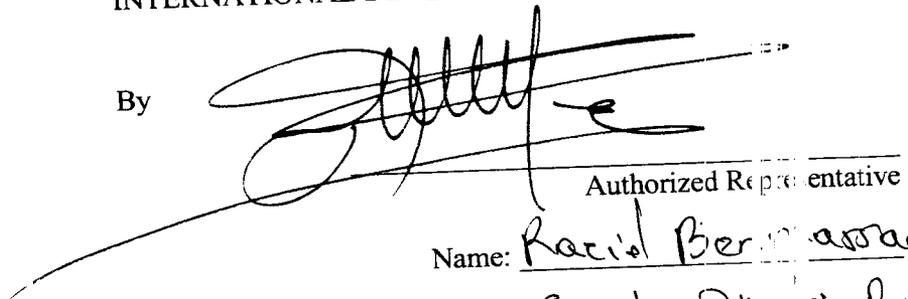
Authorized Representative

Name: Muhammad Saleem Soth

Title: Secretary, ERD

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Raziq Benmassoud

Title: Country Director, Pakistan

SCHEDULE 1

Project Description

The objective of the Project is to improve the quality, labor market relevance of, and access to skills training programs in priority sectors in Punjab.

The Project consists of the following parts:

Part 1: Improving and Expanding Market-Relevant Skills Training (Results-Based Financing)

Improving and expanding market-relevant skills training including:

(a) strengthening public institutions in Punjab to accredit, certify and deliver skill training services, including : (i) developing a single agency responsible for supporting the effective certification and registration of the training sector; and (ii) strengthening P-TEVTA's capacity as a skills training provider.

(b) improving the quality and relevance of training programs *including*: (i) the introduction of competency-based training and related assessments; (ii) improving collaboration between employers and training providers to increase the industrial relevance of training content.

(c) increasing the number of skilled and certified workers in priority trades through a competitive training fund for public and private sector training providers.

Part 2: Project Management Monitoring and Evaluation and Technical Assistance

Supporting the efficient and effective management, monitoring and evaluation of the Project, including, the provision of technical assistance, training and equipment to validate and verify the achievement of agreed DLR(s) under the Project.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. On-lending Arrangements

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity in accordance with the provision of this Agreement and the Recipient's on-lending policies and budgetary procedures, and under the same terms and conditions as shall have been received from the Association.
2. Notwithstanding paragraph 1 above, in the event that any of the provisions of this Agreement, including the instructions that the Association shall have specified by notice to the Recipient pursuant to Section IV.A.I of this Schedule, are inconsistent with the budgetary procedures of the Recipient, the provision of this Agreement shall prevail.
3. The Recipient shall exercise its rights under the on-lending arrangements referred to in the preceding paragraphs in such manner as to protect the interests of the Association and to accomplish the purposes of the Financing.

B. Anti-Corruption

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

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall cause the Project Implementing Entity 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 indicators acceptable to the Association. Each Project Report shall cover the period of six (6) months, and shall be furnished to the Association not later than forty five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

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

2. Without limitation on the provisions of Part A of this Section, the Recipient shall cause the Project Implementing Entity to prepare and furnish to the Association not later than forty five (45) days after the end of each calendar semester, interim financial reports for the Project covering the respective semester, in form and substance satisfactory to the Association.
3. The Recipient shall or shall cause the Project Implementing Entity to have the Project's 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 Entity, commencing with the Fiscal Year in which the first withdrawal was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Non-consulting Services.** All goods and non-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 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional

procedures set forth in paragraph 3 below; (b) Shopping; and (c) Direct Contracting.

3. **Additional Procedures for National Competitive Bidding.** The procedures applicable to the procurement of Goods and Non-consulting services under contracts awarded on the basis of National Competitive Bidding shall be those set out in Rule 5 and 38 through the Punjab Public Procurement Rules, 2014 (No. ADMN(PPRA)10-2/2014), as agreed to with the Association, the Recipient shall ensure that the following additional requirements be applied in order to align such procedures with the principles of economy, efficiency, transparency and broad consistency with the provisions of Section I of the Procurement Guidelines, pursuant to paragraph 3.3 of said Guidelines. In the event of a conflict between the Recipients' procedures and the additional provisions set out below, the latter shall govern.
- (i) Invitation to bid shall be advertised in at least one national newspaper with wide circulation, at least thirty (30) days prior to the deadline for the submission of bids;
 - (ii) bid documents shall be made available, by mail or in person, to all who are willing to pay the required fee;
 - (iii) foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders in the bidding process;
 - (iv) bidding shall not be restricted to pre-registered firms;
 - (v) qualification criteria shall be stated in the bidding documents;
 - (vi) bids shall be opened in public, immediately after the deadline for submission of bids;
 - (vii) bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the Association;
 - (viii) before rejecting all bids and soliciting new bids, the Association's prior concurrence shall be obtained;
 - (ix) bids shall be solicited and works contracts shall be awarded on the basis of unit prices and not on the basis of a composite schedule of rates;
 - (x) contracts shall not be awarded on the basis of nationally negotiated rates;
 - (xi) a single bid shall also be considered for award;

- (xii) contracts shall be awarded to the lowest evaluated and qualified bidder;
- (xiii) post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidders;
- (xiv) draft National Competitive Bidding contract would be reviewed by the Association in accordance with prior review procedures;
- (xv) any firm declared ineligible by the Association, based on a determination by the Association that the firm has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for or in executing an Association-financed contract, shall be ineligible to be awarded an Association-financed contract during the period of time determined by the Association;
- (xvi) each contract financed from the proceeds of the Financing shall provide that the suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the performance of the contract and to have said accounts and records audited by auditors appointed by the Association. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to obstructive practice.
- (xvii) Recipient-owned enterprises shall be eligible to bid only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Recipient
- (xviii) The Association shall declare a firm ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Association if it at any time determines that the firm has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for or executing a contract financed by the Association.

B. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for those contracts specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the

Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

C. 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 shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

| Category | Amount of the Financing Allocated (expressed in SDR) | Percentage of Expenditures to be Financed (inclusive of Taxes) |
|--|---|---|
| (1) Eligible Expenditures Program under Part 1 of the Project | 33,350,000 | 100% |
| (2) Goods, non-consulting services, consultants' services, Training, and Incremental Operating Costs under Part 2 of the Project | 2,950,000 | 100% |
| TOTAL AMOUNT | 36,300,000 | |

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. Notwithstanding the provisions of Part A of this Section, the Recipient shall only submit an application for withdrawal under Category (1) and withdrawal shall only be made for each such application if the Recipient has:
 - (a) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including the submission to the Association of the applicable IFR detailing the expenditures incurred under the Eligible Expenditure Program up to the date of the applicable withdrawal application; and
 - (b) furnished evidence, in accordance with the Verification Protocols and acceptable to the Association, of the Project Implementing Entity's satisfactory achievement of each DLR for the respective Fiscal Year and for which payment is requested in the amount of the price for each such DLR as set forth in Schedule 3 to this Agreement.
3. Notwithstanding the provisions of Part B. 2 (b) of this Section, the Recipient may submit an application for withdrawal under Category (1), up to an aggregate amount not to exceed USD5,000,000 equivalent to facilitate the achievement of DLI(s), provided however, that the Recipient shall have complied with the requirements set forth in paragraph (a) of Section B.2.above.
4. Notwithstanding the foregoing, if the Association determines in its sole discretion that one or more of the DLRs set forth in Schedule 3 to this Agreement has/have not been achieved, or were no longer achievable, by the end of the respective Fiscal Year and/or the Closing Date, then, the Association shall withhold the allotted Price for the unmet DLR(s) and, at its sole discretion, may:
 - (a) authorize partial releases of the amounts so withheld/to be withheld, if and when the Association is satisfied that: (i) the non-fulfillment of the respective DLR(s) is due to an event of force majeure; and/or (ii) the Recipient and/or the Project Implementing Entity have/has made reasonable efforts, in the sole opinion of the Association, to remedy the situation in order to achieve said DLR(s);
 - (b) authorize, at a later date, the full release of the amounts so withheld, if and when the Association is satisfied that the respective DLR(s) has/have been achieved; and/or

- (c) at any time, by notice to the Recipient, cancel the amount(s) so withheld/to be withheld, and/or reallocate it/them, whether in full or in part, to any other Category and/or DLR(s).

| DISBURSEMENT-LINKED INDICATORS | | DISBURSEMENT-LINKED RESULTS | | | | | | | | | |
|--------------------------------|--|--|------------------|--|---|--|---|--|------------------|--|------------------|
| | | RESULTS TO BE ACHIEVED IN FY2015/16 (YEAR 1) | | RESULTS TO BE ACHIEVED IN FY2016/17 (YEAR 2) | | RESULTS TO BE ACHIEVED IN FY2017/18 (YEAR 3) | | RESULTS TO BE ACHIEVED IN FY2018/19 (YEAR 4) | | RESULTS TO BE ACHIEVED IN FY2019/20 (YEAR 5) | |
| | | Price | SDR 1,450,000 | Price | SDR 1,450.00 | Price | SDR 1,450,000 | Price | SDR 1,450,000 | Price | SDR 1,450,000 |
| | | | | (passed out) in market relevant trades. | (passed out) in market relevant trades. | (passed out) in market relevant trades. | (passed out) in market relevant trades. | (passed out) in market relevant trades. | | | |

SCHEDULE 4

Repayment Schedule

| Date Payment Due | Principal Amount of the Credit repayable (expressed as a percentage)* |
|---|--|
| On each April 15 and October 15: | |
| commencing October 15, 2020 to and including April 15, 2030 | 1.65% |
| commencing October 15, 2030 to and including April 15, 2040 | 3.35% |

* 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. "Anti-Corruption Guidelines" means 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.
2. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. "CBTA" means a competency based training and assessment package which contains competency standards, the rules for a qualification, the curriculum, the teaching and learning materials, and the assessment package for a skills training course.
4. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
5. "Disbursement-Linked Indicator" or "DLI" mean each of the disbursement-linked indicators set forth in the first column of the matrix set forth in Schedule 3 to this Agreement.
6. "Disbursement Linked Result" or "DLR" mean each of the disbursement-linked targets/results set forth in Schedule 3 to this Agreement in the columns entitled "Results to be Achieved in FY2015/16 (Year 1)", "Results to be Achieved in FY2016/17 (Year 2)", "Results to be Achieved in FY2017/18 (Year 3)", Results to be Achieved in FY2018/19 (Year 4)" or "Results to be Achieved in FY2019/20 (Year 5)", as applicable.
7. "DoICI" means Punjab's Department of Industries, Commerce and Investment, or any successor thereto
8. "Eligible Expenditures Program" means the reasonable costs of salaries and training of P-TEVTA's staff, which are defined expenditures incurred by P-TEVTA under the following budget grant/fund numbers, object codes and function codes:

| Department | Expense Name | Description | Expense Code |
|------------|-------------------|--|--------------|
| P-TEVTA | Salaries | Pay and allowances for employees of P-TEVTA at province, districts, and zones. | A01 |
| | Training expenses | TEVTA Staff training | A03801 |

9. "Fiscal Year" or "FY" means the Recipient's and the Project Implementing Entity's fiscal year which begins on July 1 of each calendar year and ends on June 30 of the next calendar year.
10. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
11. "HR" means human resources.
12. "Incremental Operating Costs" means the incremental expenditures for salaries of contractual staff (other than consultants); allowances to be paid to civil servants manning the PIU (in accordance with Government of Punjab's "Policy on Project allowances" No. FD SR-1/9-20/2006); per diems; office rental; office supplies; utilities; conveyance; travel and boarding/lodging allowances; operation and maintenance of office equipment and vehicles; advertising expenses and bank charges; insurance, media broadcastings, newspaper subscriptions, periodicals, printing and stationery costs, in connection with the management, coordination and implementation of Project activities, which expenditures would not have been incurred absent the Project,
13. "NAVTTTC" means National Vocational and Technical Training Commission, established in 2011 pursuant to the National Vocational and Technical Training Commission Act of 2011 (Pakistan Act No. XV of 2011), or any successor thereto.
14. "Partnership Agreement" means an agreement to be entered into between P-TEVTA and a Training Provider pursuant to the Partnership Framework.
15. "Partnership Framework" means a framework approved by P-TEVTA's Board of Management that defines the criteria and parameters, acceptable to the Association, for the execution of a Partnership Agreement.
16. "PBTE" means the Punjab Board of Technical Education, established in 1971 as pursuant to the Punjab Board of Technical Education Ordinance (Punjab

Ordinance No. II of 1971), and amended by Punjab Board of Technical Education Ordinance 1985 (Ordinance IV of 1985), or any successor thereto.

17. "PIU" means the Project Implementation Unit referred to in Section I.A.1.(a) of the Schedule to the Project Agreement.
18. "Price" means the amount of the financing allocated to the achievement of each DLR in each Fiscal Year as set forth in Schedule 3 to this Agreement and for which the Recipient may make withdrawal applications in accordance with Section IV.B of Schedule 2 to this Agreement.
19. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
20. "Procurement Plan" means the Project Implementing Entity's procurement plan for the Project, dated April 3, 2015 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
21. "Project Implementing Entity" means the Recipient's Province of Punjab.
22. "Project Operations Manual" means the manual, dated March 17, 2015 prepared and adopted by the Project Implementing Entity, in form and substance satisfactory to the Association, pursuant to Section I.B of the Schedule to the Project Agreement, as the same may be updated from time to time by mutual agreement between the Project Implementing Entity and the Association.
23. "PSA" means Punjab Skills Agency", an agency to be established to replace PBTE and TTB, in form and with a mandate acceptable to the Association for the purposes of its role in the Project.
24. "PSDF" means Punjab Skills Development Fund established as a not-for-profit company under the Companies Ordinance 1984 by the Government of the Punjab, with the objective to provide funding to Training Providers.
25. "P-TEVTA" means the Punjab Technical Education and Vocational Training Authority, established in 1999 pursuant to the Punjab Technical Education and Vocational Training Authority Ordinance (Ordinance XLV of 1999), and reorganized pursuant to the Punjab Technical Education and Vocational Training Authority Act of 2010 (Punjab Act X of 2010) or any successor thereto.
26. P-TEVTA Board means the executive board (the Authority) established pursuant to Section 4 of Punjab Technical Education and Vocational Training Authority Act of 2010 (Punjab Act X of 2010)

27. "Punjab" means the Recipient's Province of Punjab, which is the Project Implementing Entity.
28. "Training" means the training, study tours, conferences and workshops conducted and/or attended by selected Project stakeholders in the territory of the Recipient or, subject to the Associations' prior no objection, overseas, including the purchase and publication of materials, rental of facilities, course fees, and lodging, travel expenses and per diems for trainers and/or trainees.
29. "Training Provider" means either a public institution; or public/private institution; or private institution; or industry association; or academic institution, duly qualified to provide training, selected in accordance with the criteria set forth in the Operations Manual.
30. "TTB" means Trade Testing Board, established in 1980 pursuant to The National Training Ordinance of 1980 and constituted as a Provincial Trade Testing Board in 2002 as per the Amendment Ordinance of 2002 (II), or any successor thereto.
31. "Verification Protocols" means the protocol and evidence required for the verification of DLIs and DLRs, acceptable to the Association and set out in the Project Operations Manual.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

"Section 3.02. Service Charge and Interest Charge

- (a) *Service Charge.* The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge 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. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.
- (b) *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 shall be computed on the basis of a 360-day year of twelve 30-day months."

2. Paragraph 28 of the Appendix (“Financing Payment”) is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”.
3. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the remaining paragraphs accordingly:

“32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b).”
4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.
5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02(a).