

CONFORMED COPY

LOAN NUMBER 7809-DO

Loan Agreement

(Performance and Accountability of Social Sectors Development Policy Loan)

between

DOMINICAN REPUBLIC

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated November 18, 2009

LOAN AGREEMENT

Agreement dated November 18, 2009, entered into between DOMINICAN REPUBLIC (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, *inter alia*, of: (a) the actions which the Borrower has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (b) the Borrower’s maintenance of an appropriate macro-economic policy framework. The Borrower and the Bank therefore 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 — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of one hundred and fifty million Dollars (\$150,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“Loan”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in support of the Program in accordance with Section II of Schedule 1 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.
- 2.05. The Payment Dates are May 15 and November 15 in each year.

- 2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 2 to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.
- 2.08. Without limitation upon the provisions of paragraph (a) of Section 2.07 of this Agreement and unless otherwise notified by the Borrower to the Bank in accordance with the provisions of the Conversion Guidelines, the interest rate basis applicable to consecutive withdrawals from the Loan Account which in the aggregate equal fifteen million Dollars (\$15,000,000) shall be converted from the initial Variable Rate to a Fixed Rate for the full maturity of such amount in accordance with the provisions of the General Conditions and of the Conversion Guidelines.
- 2.09. Without limitation upon the provisions of Section 5.08 of the General Conditions (renumbered as such pursuant to paragraph 4 of Section II of the Appendix to this Agreement and relating to *Cooperation and Consultation*), the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.08 of the General Conditions:
- (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program;

- (b) prior to each such exchange of views, the Borrower shall furnish to the Bank for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request; and
- (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

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

- (a) A situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
- (b) The Borrower's macroeconomic policy framework has, in the opinion of the Bank, become inconsistent with the objective of the Program.
- (c) An action has been taken or a policy has been adopted to reverse any action or policy under the Program (including any action listed in Section I of Schedule 1 to this Agreement) in a manner that would, in the opinion of the Bank, adversely affect the achievement of the objectives of the Program.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Bank's approval of the Loan which expire on May 17, 2011.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower's Representative is its *Secretario de Estado de Hacienda*.

6.02. The Borrower's Address is:

Secretaría de Estado de Hacienda
Avenida México No. 45, Gazcue
Santo Domingo, Apartado Postal 1478
República Dominicana

Tel: (809) 687-5131 Facsimile: (809) 688-8838

6.03. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

| | | |
|-------------------------------|------------------------------|----------------|
| Cable address: | Telex: | Facsimile: |
| INTBAFRAD Washington, D.C. | 248423(MCI) or 64145(MCI) | 1-202-477-6391 |

AGREED at the District of Columbia, United States of America, as of the day and year first above written.

DOMINICAN REPUBLIC

By /s/ Vicente Bengoa Albizu
Authorized Representative

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By /s/ Evangeline Javier
Authorized Representative

SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. Actions Taken Under the Program

The actions taken by the Borrower under the Program, aimed to enhance performance of social sectors to promote human capital for the poor, include the following:

1. Issued Presidential Decree No. 118-09 dated February 14, 2009, establishing the legal and regulatory framework for the restructuring and strengthening of the Borrower's social protection system as well as mandating social protection programs to be organized as non-conditional cash transfers, targeted subsidies, and cash transfers conditioned to the investment in human capital by poor families.
2. Issued, through its Vice-President's office (acting as head of the Social Cabinet), Resolution No. 01-01 dated March 9, 2009; Resolution No. 02-09 dated March 12, 2009 and Resolution 04-09 of August 31, 2009, strengthening the institutional framework and operative rules of the CCT *Solidaridad* Program, through: (i) the creation of an inter-institutional Committee for the coordination of all policy actions to be developed in the social protection sector; (ii) the creation of an Inter-agency Committee, for the coordination of all policy actions to be developed for the health, education and nutrition sectors; and (iii) the approval of two new manuals: the first on cross-cutting processes to be applied to all social programs, and the second on the operative rules applicable to the CCT *Solidaridad* Program.
3. Issued, through its Secretary of Education, Resolution No. 3126-2009 dated August 14, 2009, validating the student evaluation standards for pre-primary education and the first cycle of basic education, as well as ordering the mandatory use of performance indicators (*indicadores de logro*) for the third cycle of the initial level and first cycle of the basic level in all public and private schools.
4. Issued, through its Vice-President's office (acting as head of the Social Cabinet), Resolution No. 06-09 dated September 17, 2009 approving the Borrower's plan to expand the network of institutions affiliated to the CCT *Solidaridad* Program (to include the *Abasto Social* network, including *colmados* or corner grocery shops).
5. The Borrower, through its Vice-President's office (acting as head of the Social Cabinet), has prepared and thereafter informed its Finance Secretary, through an official letter dated September 17, 2009, an assessment quantifying and estimating the costs of supply-gaps linked to the redesign of the CCT *Solidaridad* Program, covering: (a) the provision of education services and related inputs (didactic materials); (b) the provision of primary health care services including access to essential medicines; and (c) the provision of micronutrients (iron and folic acid), prioritizing CCT *Solidaridad* beneficiaries, specifically pregnant women and children under two years old.
6. The Borrower, through its State Secretariat of Finance, has taken the necessary measures to ensure that sufficient funds will be included on the Borrower's 2010 Budget Law to cover the supply-gaps linked to the redesign of the CCT *Solidaridad* Program identified

- in the assessment referred to in paragraph 5 of this Section, as well as special measures to ensure that those funds are disbursed in a timely fashion, as evidenced by: (a) official letter No. 0000617 dated September 22, 2009 from the Borrower's General Director of Public Credit to the Sub-secretary of the Treasury; (b) official letter No. 5697 from the Borrower's Sub-secretary of the Treasury to PAFI's General Coordinator dated September 25, 2009; (c) official letter No. 1981 dated August 19, 2009, from the Borrower's General Director of Budget to the Borrower's General Director of Public Credit; and (d) official letters No. 5689, 5688 and 5687 dated September 23, 2009 from the Borrower's Secretary of Finance to the Borrower's Secretaries of Education and of SESPAS, and the Borrower's Vice-President, respectively.
7. The Borrower, through the State Secretariat of Economy and the Secretariat of Public Administration, has completed an institutional diagnostic to assess the preparedness and capacity building needs for the introduction of performance agreements in the education and health sectors, as evidenced by official communication No. 0002791 dated September 22, 2009 from the State Secretary of Public Administration to the Borrower's State Secretary of Economy, Planning and Development.
 8. The Borrower, through SESPAS, has signed internal management agreements (*Convenios de Gestión*) with two of the Borrower's regional health services, as evidenced by agreements entered into between SESPAS and the Regional Health Service Directorates of *Cibao Central* and *El Valle* respectively, duly signed by the Borrower's Secretary of SESPAS and the Director of the respective health service directorate before a notary public on July 1, 2009.
 9. The Borrower has published electronically on the CCT *Solidaridad* Program website, through its Social Cabinet, the list of CCT *Solidaridad* beneficiaries, as well as the results-based needs assessment to cover supply gaps in health, education and nutrition sectors referred to in paragraph 5 of this Section, as evidenced by official letter No. 00187 dated September 17, 2009 from the Borrower's Director of the Social Cabinet, informing other departments of said electronic publication, accompanied by a screenshot of said publication on the *Solidaridad* Program website (<http://www.solidaridad.gob.do/solidaridad/BrechasEducacionysalud.aspx>).
 10. The Borrower, through its Secretariat of Finance, Planning and Development, its Secretariat of Economy, its State Secretariat of Administration and its Office of the Vice-President (acting as head of the Social Cabinet), has signed a basic management agreement (*Acta Acuerdo*) agreeing on the policy and institutional strengthening actions needed to improve the performance and accountability of the CCT *Solidaridad* Program, as evidenced by *Acta Acuerdo* duly signed by representatives of each of the parties on September 21, 2009.

Section II. Availability of Loan Proceeds

- A. **General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.

B. Allocation of Loan Amounts. The Loan shall (except for amounts required to pay the Front-end Fee) be withdrawn in a single tranche. The allocation of the amounts of the Loan to this end is set out in the table below:

| Allocations | Amount of the Loan Tranche Allocated (expressed in Dollars) | Percentage of Expenditures to be Financed |
|---|--|---|
| Single Tranche | 149,625,000 | 100% |
| Premia for Interest Rate Caps and Interest Rate Collars | -0- | Amount due under Section 2.07(c) of this Agreement. |
| Front-end Fee | 375,000 | Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions |
| TOTAL AMOUNT | 150,000,000 | |

C. Deposits of Loan Amounts.

1. Except as the Bank may otherwise agree:
 - (a) all withdrawals from the Loan Account shall be deposited by the Bank into a Deposit Account designated by the Borrower and acceptable to the Bank; and
 - (b) the Borrower shall ensure that upon each deposit of an amount of the Loan into the Deposit Account, an equivalent amount is accounted for in the Borrower's National Treasury, in a manner acceptable to the Bank

2. For purposes of paragraph 1(a) of this Section C, prior to furnishing to the Bank the first request for withdrawal from the Loan Account, the Borrower shall open and, thereafter maintain, a Deposit Account in United States Dollars at the Central Bank of the Dominican Republic, on terms and conditions satisfactory and acceptable to the Bank.

3. The Borrower shall confirm to the Bank:
 - (a) the name and number of the Deposit Account mentioned in paragraphs 1.(a) and 2 above;
 - (b) the foreign currency amount received in the Deposit Account referred to above;
 - (c) the foreign currency amounts withdrawn from the said Deposit Account at the Central Bank of the Dominican Republic, and the equivalent amounts credited to the National Treasury single account to finance budgeted expenditures; and
 - (d) the date and name, and/or number of the Borrower's account to finance budgeted expenditures to which the amounts equivalent to the amounts withdrawn from the Loan Account have been credited.

D. Excluded Expenditures. The Borrower undertakes that the proceeds of the Loan shall not be used to finance Excluded Expenditures. If the Bank determines at any time that an amount of the Loan was used to make a payment for an Excluded Expenditure, the Borrower shall, promptly upon notice from the Bank, refund an amount equal to the amount of such payment to the Bank. Amounts refunded to the Bank upon such request shall be cancelled.

E. Audit.

1. Upon the Bank's request, the Borrower shall:

- (a) have the Deposit Account audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank;
- (b) furnish to the Bank as soon as available, but in any case not later than six (6) months after the date of the Bank's request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Bank shall reasonably request; and
- (c) furnish to the Bank such other information concerning the Deposit Account and their audit as the Bank shall reasonably request.

F. Closing Date. The Closing Date is December 10, 2010.

SCHEDULE 2

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

| Principal Payment Date | Installment Share (Expressed as a Percentage) |
|-------------------------------|--|
| November 15, 2022 | 6.66% |
| May 15, 2023 | 6.66% |
| November 15, 2023 | 6.66% |
| May 15, 2024 | 6.66% |
| November 15, 2024 | 10.00% |
| May 15, 2025 | 0.00% |
| November 15, 2025 | 0.00% |
| May 15, 2026 | 0.00% |
| November 15, 2026 | 0.00% |
| May 15, 2027 | 0.00% |
| November 15, 2027 | 0.00% |
| May 15, 2028 | 10.00% |
| November 15, 2028 | 10.00% |
| May 15, 2029 | 6.66% |
| November 15, 2029 | 6.66% |
| May 15, 2030 | 6.66% |
| November 15, 2030 | 6.66% |
| May 15, 2031 | 6.66% |
| November 15, 2031 | 3.33% |
| May 15, 2032 | 3.33% |
| November 15, 2032 | 3.40% |

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
- (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
 - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts

determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

APPENDIX

Section I. Definitions

1. “CCT *Solidaridad* Program” means the Borrower’s conditional cash transfer program for poor Dominican households as part of the Borrower’s social protection system and created pursuant to the Borrower’s Decree 536-05, dated September 26, 2005.
2. “Excluded Expenditure” means any expenditure:
 - (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Bank or the Association has financed or agreed to finance, or which the Bank or the Association has financed or agreed to finance under another loan, credit, or grant;
 - (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Bank by notice to the Borrower:

| Group | Sub-group | Description of Item |
|-------|-----------|---|
| 112 | | Alcoholic beverages |
| 121 | | Tobacco, un-manufactured, tobacco refuse |
| 122 | | Tobacco, manufactured (whether or not containing tobacco substitutes) |
| 525 | | Radioactive and associated materials |
| 667 | | Pearls, precious and semiprecious stones, unworked or worked |
| 718 | 718.7 | Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors |
| 728 | 728.43 | Tobacco processing machinery |
| 897 | 897.3 | Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths’ or silversmiths’ wares (including set gems) |
| 971 | | Gold, non-monetary (excluding gold ores and concentrates) |

- (c) for goods intended for a military or paramilitary purpose or for luxury consumption;
 - (d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Borrower or international agreements to which the Borrower is a party;
 - (e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
 - (f) with respect to which the Bank determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Borrower or other recipient of the Loan proceeds, without the Borrower (or other such recipient) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.
3. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008) with the modifications set forth in Section II of this Appendix.
 4. “PAFI” means *Programa de Administración Financiera Integrada*, the Borrower’s program for the managing and assignment of public resources.
 5. “Program” means the program of actions, objectives and policies designed to promote growth and achieve sustainable reductions in poverty and set forth or referred to in the letter dated September 28, 2009 from the Borrower to the Bank declaring the Borrower’s commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution.
 6. “SESPAS” means *Secretaría de Estado de Salud Pública y Asistencia Social*, the Borrower’s Secretariat of Public Health and Social Assistance.
 7. “Single Tranche” means the amount of the Loan allocated to the category entitled “Single Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
 8. “Social Cabinet” means the Borrower’s set of secretariats in charge of organizing and coordinating the Borrower’s social sector and social assistance programs, and coordinated pursuant to the Borrower’s Presidential Decrees No. 570-05, dated October 12, 2005, No. 1082, dated September 3, 2004, and No. 1251, dated September 22, 2004.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. The last sentence of paragraph (a) of Section 2.03 (relating to Applications for Withdrawal) is deleted in its entirety.

2. Sections 2.04 (*Designated Accounts*) and 2.05 (*Eligible Expenditures*) are deleted in their entirety, and the remaining Sections in Article II are renumbered accordingly.
3. Sections 5.01 (*Project Execution Generally*), and 5.09 (*Financial Management; Financial Statements; Audits*) are deleted in their entirety, and the remaining Sections in Article V are renumbered accordingly.
4. Paragraph (a) of Section 5.05 (renumbered as such pursuant to paragraph 4 above and relating to *Use of Goods, Works and Services*) is deleted in its entirety.
5. Paragraph (c) of Section 5.06 (renumbered as such pursuant to paragraph 4 above) is modified to read as follows:

“Section 5.06. *Plans; Documents; Records*

... (c) The Borrower shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Loan until two years after the Closing Date. The Borrower shall enable the Bank’s representatives to examine such records.”

6. Paragraph (c) of Section 5.07 (renumbered as such pursuant to paragraph 4 above) is modified to read as follows:

“Section 5.07. *Program Monitoring and Evaluation*

... (c) The Borrower shall prepare, or cause to be prepared, and furnish to the Bank not later than six months after the Closing Date, a report of such scope and in such detail as the Bank shall reasonably request, on the execution of the Program, the performance by the Loan Parties and the Bank of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Loan.”

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

- (a) The definition of the term “Conversion Date” is modified to read as follows:

“‘Conversion Date’ means, in respect of a Conversion, the Execution Date (as herein defined) or such other date as requested by the Borrower and accepted by the Bank, on which the Conversion enters into effect, and as further specified in the Conversion Guidelines.”

- (b) The definition of the term “Eligible Expenditure” is modified to read as follows:

“‘Eligible Expenditure’ means any use to which the Loan is put in support of the Program, other than to finance expenditures excluded pursuant to the Loan Agreement.”

- (c) The term “Financial Statements” and its definition are deleted in their entirety.
- (d) The term “Project” is modified to read “Program” and its definition is modified to read as follows (and all references to “Project” throughout these General Conditions are deemed to be references to “Program”):

“‘Program’ means the program referred to in the Loan Agreement in support of which the Loan is made.”