

**CONFORMED COPY**

**LOAN NUMBER 7972-DO**

# **Loan Agreement**

**(Performance and Accountability of Social Sectors Second  
Development Policy Loan)**

**between**

**DOMINICAN REPUBLIC**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated November 23, 2010**



## **LOAN AGREEMENT**

Agreement dated November 23, 2010, 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 macroeconomic 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 the Reference Rate 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the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 (e) of the General Conditions.

- 2.05. The Payment Dates are March 15 and September 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, or from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Rate; 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 II of Schedule 1 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 Borrower's macroeconomic policy framework and 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 consists of, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
- 4.02. The Additional Event of Acceleration consists of, namely, that the event specified in Section 4.01 of this Agreement occurs.

### **ARTICLE V — 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 18, 2012.

## ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

6.02. The Borrower's Address is:

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

Tel:	Facsimile:
(809) 687-5131	(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/ Roberto Saladín

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Yvonne Tsikata

Authorized Representative

## SCHEDULE 1

### Program Actions; Availability of Loan Proceeds

#### Section I. Actions under the Program

**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. The Borrower, through its Vice-President's office (acting as head of the *Gabinete de Coordinación de Política Social*), has issued Resolution No. 01-10, dated August 2, 2010 and Resolution No. 02-10, dated August 6, 2010, approving: (i) the regulations governing the function of the CCT Interagency Committee and CCT Intersectoral Committee; and (ii) the organizational development plan for CCT *Solidaridad* Program (which includes the updating of the organizational structure and personnel roles in accordance with the defined processes for the implementation of the redesigned CCT *Solidaridad* Program), which shall be implemented by November 2011.
2. The Borrower, through its Vice-President's office, in a letter dated October 1, 2010 has confirmed the approval (through an act of agreement from the *Comité Técnico Intersectorial* dated September 30, 2010) of the Action Plan 2010-2011 issued by the CCT *Solidaridad* Program of the *Gabinete de Coordinación de Política Social*, stating that, by December 2010, 90 percent of beneficiary households receiving transfers will be registered in a Primary Care Unit and/or school or have received a letter warning of potential suspension due to incompliance; and defining the procedures and timeline (beginning in January 2011) for the systematic verification of co-responsibilities in education and health, with the objective of linking at least 80 percent of the transfers to the beneficiaries of the CCT *Solidaridad* Program based on the verification of co-responsibilities.
3. The Borrower, through its Ministry of Education, has issued: (i) Resolution No. 8, dated August 20, 2010, formalizing the introduction of learning outcome tests (with reference to Mathematics and Spanish) for students in the first cycle of basic education; and (ii) Resolution No. 6, dated August 12, 2010, establishing evaluation standards to be used both in public and private schools for students in the second cycle of basic education.
4. The Borrower, through its Vice-President's office (acting as head of the *Gabinete de Coordinación de Política Social*), has issued Resolution No. 03-10, dated August 6, 2010, instructing to adopt, by December 1, 2010, measures to improve the level of access to information for beneficiaries of the CCT *Solidaridad* Program payment card, allowing said beneficiaries to be informed about: (i) the



total amount of the cash transferred to them; and (ii) the available balance on their cards through the use of a toll-free telephone line.

5. The Borrower through its Council of Ministries, has (a) approved the Multi-Annual National Plan for the Public Sector 2010-2013 which contains the medium-term guidelines for social protection policy with projections as to the coverage, estimated budget, and financing bases, including the quantification of the service coverage gaps in education and health linked to the CCT *Solidaridad* Program including: (i) initial, basic, and the first cycle of middle school education; (ii) primary health care and an increase in the enrollment in SENASA among beneficiaries of the CCT *Solidaridad* Program not covered by any social security scheme; and (iii) nutrition, including the provision of micronutrients for pregnant women and children under two years of age; and (b) submitted the draft 2011 Budget Law including these cost projections to the Borrower's Congress, as evidenced by the letter from the Ministry of Economy to the Borrower's Vice-President dated October 1, 2010, confirming the approval by the Council of Ministries, and submitting a copy of said Multi-Annual National Plan, as well as confirming the submission of the draft Budget Law to the Borrower's Congress.
6. The Borrower has made available: (a) sufficient resources to meet the output targets of the CCT *Solidaridad* Program that had been calculated and agreed for 2010 as reflected in Article 26 of the 2010 National Budget Law and the *Nota Técnica* issued jointly by the Ministry of Economy, the *Gabinete de Coordinación de Política Social* and the Ministry of Finance in October 2010; (b) strengthened procedures to ensure the predictability in disbursement for budget users, as evidenced by Article 26 of the 2010 National Budget Law; and (c) adequate measures to monitor and publish the use of such resources, as evidenced by the resolution issued by the CCT Intersectoral Committee and dated September 20, 2010, establishing that the results of the execution of said budget are presented to the CCT Intersectoral Committee on a quarterly basis and published on the web page of the CCT *Solidaridad* Program or of the Ministries of Public Health and Education.
7. The Borrower, through separate official letters from its Ministries of Public Health and Education, addressed to the Ministry of Economy and dated August 30, 2010 and September 30, 2010 respectively, has agreed on the implementation of the institutional strengthening measures that are needed to ensure preparedness for the introduction of performance agreements for the Ministry of Public Health and the Ministry of Education.
8. The Borrower, through SESPAS (now Ministry of Public Health), has signed separate internal performance agreements (*Convenios de Gestión*) with each of the following Borrower's regional health services: *Metropolitano*; *Valdesia*; *Norcentral*; *Enriquillo*; *Nordeste*; *Este*; *El Valle*; *Cibao Occidental*; and *Cibao Central*.

9. The Borrower, through: (i) an internal letter issued by the Vice Minister of Treasury and dated October 1, 2010, confirmed the implementation of the *Consulta Amigable* project (to be carried out from September 2010 to June 2011), which aims at creating a web-based interface to make available, over the internet, data on the national budget contained in the Borrower's integrated financial management system; and the publication (beginning on September 30, 2010) on the Minister of Finance's website ([www.digepres.gob.do](http://www.digepres.gob.do)) of monthly interim reports on the execution of the Borrower's national budget; and (ii) an administrative agreement between the Minister of Finance and the Minister of Economy signed on August 18, 2010, established the development of a pilot system to link budget information to performance indicators through the web-based interface described in (i) herein.
10. The CCT Intersectoral Committee has issued a resolution dated August 12, 2010, approving a pilot project to monitor the availability, and improve the accountability of, health and education inputs linked to co-responsibilities of the CCT *Solidaridad* Program, through the use of "community scorecards" allowing to gather information on the services provided, which shall be implemented by April 2011, with the purpose of gradually expanding (starting in June 2011) said pilot project based on its results.

## **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 is allocated in a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:

<b><u>Allocations</u></b>	<b><u>Amount of the Loan Allocated (expressed in Dollars)</u></b>
Single Withdrawal Tranche	149,625,000
Front-end Fee	375,000
Amount due pursuant to Section 2.07(c) of this Agreement	0
<b>TOTAL AMOUNT</b>	<b>150,000,000</b>

**C. Withdrawal Tranche Release Conditions.**

No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied (a) with the Program being carried out by the Borrower, and (b) with the appropriateness of the Borrower's macroeconomic policy framework.

**D. Deposits of Loan Amounts.**

1. The Borrower shall open, prior to furnishing to the Bank the first request for withdrawal from the Loan Account, and thereafter maintain, an account in Dollars (Foreign Currency Deposit Account) at the Borrower's Central Bank, on terms and conditions satisfactory and acceptable to the Bank.
2. Except as the Bank may otherwise agree:
  - (a) all withdrawals from the Loan Account shall be deposited by the Bank into the Foreign Currency Deposit Account; and
  - (b) the Borrower shall ensure that upon each deposit of an amount of the Loan into the Foreign Currency Deposit Account, an equivalent amount is accounted for in the Borrower's National Treasury, in a manner acceptable to the Bank.
3. The Borrower shall confirm to the Bank:
  - (a) the name, number of, and the foreign currency amount received in, the Foreign Currency Deposit Account; and
  - (b) the foreign currency amounts withdrawn from the Foreign Currency Deposit Account, and the equivalent amounts credited to the account referred to in paragraph 2 (b) of this Section.

**E. 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.

**F. Audit.**

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

- (a) have the Foreign Currency 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 Foreign Currency Deposit Account and its audit as the Bank shall reasonably request.

**G. Closing Date.** The Closing Date is November 1, 2011.

## 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.

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
March 15, 2018	5.00%
September 15, 2018	5.00%
March 15, 2019	0.00%
September 15, 2019	0.00%
March 15, 2020	0.00%
September 15, 2020	0.00%
March 15, 2021	0.00%
September 15, 2021	0.00%
March 15, 2022	0.00%
September 15, 2022	0.00%
March 15, 2023	0.00%
September 15, 2023	0.00%
March 15, 2024	0.00%
September 15, 2024	0.00%
March 15, 2025	0.00%
September 15, 2025	0.00%
March 15, 2026	3.33%
September 15, 2026	3.33%
March 15, 2027	3.33%
September 15, 2027	3.33%
March 15, 2028	8.33%
September 15, 2028	8.33%
March 15, 2029	10.00%
September 15, 2029	10.00%
March 15, 2030	10.00%
September 15, 2030	10.00%

March 15, 2031	5.00%
September 15, 2031	5.00%
March 15, 2032	5.00%
September 15, 2032	5.02%

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 Interagency Committee” means the Borrower’s permanent committee established pursuant to Resolution No. 02-09, dated March 12, 2009 (issued by the head of the Borrower’s *Gabinete de Coordinación de Política Social* ), which aims at coordinating the policies and actions developed by the *Gabinete de Coordinación de Política Social* in the social protection sector.
2. “CCT Intersectoral Committee” means the Borrower’s permanent committee established pursuant to Resolution No. 01-09, dated March 12, 2009 (issued by the head of the Borrower’s *Gabinete de Coordinación de Política Social* ), which aims at coordinating any initiatives in the sector of health, education and nutrition in connection with the CCT *Solidaridad* Program.
3. “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.
4. “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.
5. "Foreign Currency Deposit Account" means the account referred to in Section II.D.1 of Schedule 1 to this Agreement.
6. "*Gabinete de Coordinación de Política Social*" means the Borrower's set of secretariats in charge of organizing and coordinating the Borrower's social sector and social assistance programs, and governed by 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.

7. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 31, 2010 with the modifications set forth in Section II of this Appendix.
8. “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 October 5, 2010 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.
9. “SENASA” means *Seguro Nacional de Salud*, the Borrower’s social security entity.
10. “SESPAS” means *Secretaría de Estado de Salud Pública y Asistencia Social*, the Borrower’s Secretariat of Public Health and Social Assistance.
11. “Single Withdrawal Tranche” means the amount of the Loan allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.

## **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 “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.”

- (b) The term “Financial Statements” and its definition are deleted in their entirety.

- (c) 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.”