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LOAN NUMBER 9691-AO

# Loan Agreement

(Angola Secondary Cities Support Program)  
(*Programa de Requalificação e Reconversão Urbana*)

between

REPUBLIC OF ANGOLA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

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## **LOAN AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF ANGOLA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

### **ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

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

### **ARTICLE II — LOAN**

- 2.01. The Bank agrees to lend to the Borrower the amount of three hundred million Dollars (\$300,000,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”), to assist in financing the program described in Schedule 1 to this Agreement (“Program”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Loan Account shall be deposited by the Bank into an account specified by the Borrower and acceptable to the Bank.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread; or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are February 15 and August 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

### **ARTICLE III — PROGRAM**

- 3.01. The Borrower declares its commitment to the objectives of the Program. To this end, the Borrower shall carry out the Program, through MINOPUH, in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

### **ARTICLE IV — REMEDIES OF THE BANK**

- 4.01. The Additional Events of Suspension consist of the following, namely that the National Development Plan and/or the Guided Self-Construction Project shall have been amended, suspended, abrogated, repealed, or waived so as to affect, materially and adversely, in the opinion of the Bank, the ability of the Borrower to perform any of its obligations under this Agreement.

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Borrower has adopted the Program Operational Manual and established the Technical Operational Group, in form and substance satisfactory to the Bank.
  - (b) The Program Team has been created and is operational under terms and conditions acceptable to the Bank, including adequate resources, mandate and staffing to include: (i) a coordinator; (ii) a financial management specialist; (iii) a procurement specialist; (iv) an environmental management specialist; and (v) a social management specialist.
  - (c) The Memoranda of Understanding with the Implementing Agencies have been signed in form and substance satisfactory to the Bank.
- 5.02. The Effectiveness Deadline is the date one hundred-twenty (120) days after the Signature Date.

### **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Borrower's Representative is its Ministry responsible for finance.

6.02. For purposes of Section 10.01 of the General Conditions:

(a) the Borrower's address is:

Ministério das Finanças  
Largo da Mutamba  
Luanda, Angola; and

(b) the Borrower's Electronic Address is:

Facsimile:	E-mail:
+244 222 706 002/3	dadg.ugd@minfin.gov.ao

6.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423(MCI) or 64145(MCI)	1-202-477-6391	azeufack@worldbank.org

AGREED as of the Signature Date.

**REPUBLIC OF ANGOLA**

**By**

*Doss Daves*

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**Authorized Representative**

**Name:** H.E. Vera Daves de Sousa

**Title:** Mrs Minister of Finance

**Date:** 13-Dec-2024

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**By**

*Albert G. Zeufack*

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**Authorized Representative**

**Name:** Albert G. Zeufack

**Title:** Country Director

**Date:** 13-Dec-2024

## **SCHEDULE 1**

### **Program Description**

The objectives of the Program are to strengthen institutional capacity for climate-informed urban growth management and urban infrastructure delivery, and increase access to affordable housing solutions in select urban areas in the Borrower's territory.

The Program consists of the following activities:

#### **Result Area 1: Strengthening institutional capacity for climate-informed urban growth management and infrastructure delivery**

Strengthening the Borrower's capacity for climate-informed urban growth management and infrastructure delivery through the following activities: (a) the definition, approval, and adoption of Beneficiary Household eligibility criteria; (b) the preparation, approval, and adoption of regulations and procedures for sites and services activities; (c) the preparation, approval, and adoption of regulations and procedures for urban upgrading activities; (d) the delivery of capacity building to MINOPUH, Selected Provinces and Selected Municipalities; (e) the identification and securing of land for Program activities; (f) Program planning and implementation; (g) Program staffing at the national and local levels; and (h) the development, approval, and utilization of a Beneficiary Household management information system.

#### **Result Area 2: Increasing private sector engagement in climate resilient affordable housing**

Increasing private sector engagement in the delivery of climate resilient affordable housing through the following activities: (a) the preparation, approval, and adoption of regulations and tools for private sector partnerships for housing development; and (b) the delivery of climate-informed residential lots by private developers that are transferred to eligible Beneficiary Households with secure land tenure.

#### **Result Area 3: Enabling increased access to green, resilient, and affordable housing solutions**

Enabling increased access to green, resilient, and affordable housing solutions through the following activities: (a) the delivery of climate-informed residential lots by the public sector that are transferred to eligible Beneficiary Households with secure land tenure; (b) the upgrade of informal neighborhoods with improved basic services and secure land tenure; (c) the development, approval, and utilization of a land and servicing cost recovery system; (d) the preparation of model self-construction house designs; (e) the delivery of training courses with instruction on green and resilient home construction and housing finance alternatives to Beneficiary Households; and (f) the monitoring and evaluation of self-construction housing.

## SCHEDULE 2

### Program Execution

#### Section I. Implementation Arrangements

##### A. Program Institutions

1. **Overall Implementation.** The Program overall implementation falls within MINOPUH, with the support of: (i) the Selected Provinces; (ii) the Selected Municipalities; and (iii) MAT; all in accordance with the provisions of Article V of the General Conditions, the Program Operational Manual, the Memoranda of Understanding; and Schedule 2 to this Agreement.
2. **Program Team.** The Borrower shall establish a Program Team within MINOPUH, in an acceptable manner, and shall ensure that the Program is implemented according to the Program Operational Manual. The Program Team shall be responsible for the coordination, the day-to-day management of the Program activities, the monitoring of results, and the performance and financial reports on Program implementation. The Program Team shall also be responsible for providing relevant information for the Verification Protocols, and for preparing the consolidated interim financial reports and the consolidated annual financial statements, and shall be assigned with technical, social and environmental safeguards, fiduciary and other Program related responsibilities for implementing the Program, all with powers, functions, capacity, staffing and resources appropriate to fulfill their respective functions under the Program and in accordance with the Program Operational Manual.
3. **Technical Operational Group.** The Borrower shall maintain the Technical Operational Group chaired by MINOPUH with representatives from MINFIN, MAT, MINPLAN, Implementing Agencies, and any other relevant entity for the purposes of providing oversight of the Program and ensure convergence towards the Program objectives, as further detailed in the Program Operational Manual.

##### B. Additional Program Implementation Arrangements

1. **Memoranda of Understanding.** To facilitate the carrying out of the Program, the Borrower, through MINOPUH, shall enter into and thereafter maintain Memoranda of Understanding with the Implementing Agencies, under terms and conditions acceptable to the Bank. The Borrower shall exercise its rights under the Memoranda of Understanding in such manner as to protect its interests and the interests of the Bank in order to accomplish the purposes of the Program. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, or waive the Memoranda of Understanding or any of their provisions.

2. **Program Operational Manual.** The Borrower, through MINOPUH, shall adopt and thereafter maintain, the Program Operational Manual in form and substance satisfactory to the Bank; and carry out and cause the Program to be carried out in accordance with said Program Operational Manual. Except as the Bank may otherwise agree in writing, the Borrower shall not abrogate, amend, suspend, waive or otherwise fail to enforce the Program Operational Manual or any provision thereof. In case of any conflict between the terms of the Program Operational Manual and this Agreement, the provisions of this Agreement shall prevail.
3. **Program Action Plan.** The Borrower shall, through MINOPUH, carry out the Program Action Plan or cause the Program Action Plan to be carried out, in accordance with the schedule set out in said Program Action Plan, in a manner acceptable to the Bank. In case of any conflict between the terms of the Program Action Plan and those of this Agreement, the terms of this Agreement shall prevail.
4. **Verification Protocols.** The Borrower shall, through MINOPUH: (a) carry out verification missions through an Independent Verification Agent for the verification of DLIs and DLRs in accordance with the Verification Protocols; and (b) furnish to the Bank, not later than sixty (60) days after the verification of compliance of said DLRs, a report on the results of said verification of compliance process of such scope and in such detail as the Bank shall reasonably request.
5. **Annual Work Plan.** The Borrower shall, through MINOPUH, prepare no later than May 31 in each year, an Annual Work Plan (the first such Annual Work Plan being due as part of the Program Operational Manual on or before the Effective Date) and thereafter carry out the Program during the following PY, in accordance with the Annual Work Plan; said Annual Work Plan to contain all activities proposed for inclusion in the Program for the next PY, including detailed timetables for the sequencing and implementation of proposed Program activities. The Borrower shall afford the Bank a reasonable opportunity to exchange views on each such proposed Annual Work Plan, and thereafter ensure that the Program is implemented with due diligence during said following PY in accordance with such Annual Work Plan as shall have been approved by the Bank. The Annual Work Plans may only be amended from time to time in consultation with, and after approval of the Bank. In case of any conflict between the terms of the Annual Work Plans and those of this Agreement, the terms of this Agreement shall prevail.

## **Section II. Excluded Activities**

The Borrower shall ensure that the Program excludes any activities which:

- A. In the opinion of the Bank, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or

- B. Involve the procurement of: (1) works, estimated to cost \$75,000,000 equivalent or more per contract; (2) goods, estimated to cost \$50,000,000 equivalent or more per contract; (3) non-consulting services, estimated to cost \$50,000,000 equivalent or more per contract; or (4) consulting services, estimated to cost \$20,000,000 equivalent or more per contract.

**Section III. Program Monitoring, Reporting and Evaluation**

The Borrower shall furnish to the Bank each Program Report not later than one month after the end of each calendar semester, covering the calendar semester.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Program Expenditures (inclusive of Taxes), on the basis of the results (“Disbursement Linked Results” or “DLRs”) achieved by the Borrower, as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”); and (b) pay the Front-end Fee; all as set forth in the table in paragraph 2 of this Part A.
2. The following table specifies each category of withdrawal of the proceeds of the Loan (including the Disbursement Linked Indicators as applicable) (“Category”), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Loan to each Category:

<b>Category (including Disbursement Linked Indicator as applicable)</b>	<b>Disbursement Linked Result (as applicable)</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>
(1) DLI #1: Climate-informed regulations and procedures for the Program prepared, approved and operational	DLR#1.1: Beneficiary Household eligibility criteria have been defined, approved and adopted.	<b>14,000,000</b>  DLR#1.1: 1,000,000
	DLR#1.2: one regulation and one procedures manual have been approved and adopted for the sites and services activities.	DLR#1.2: 2,000,000

	<p>DLR#1.3: one regulation and one procedures manual have been approved and adopted for the urban upgrading activities.</p> <p>DLR#1.4: MINOPUH has met all performance measures from the second PY until the fifth PY.</p>	<p>DLR#1.3: 3,000,000</p> <p>DLR#1.4: 2,000,000 per relevant PY</p>
<p>(2) DLI #2: Identification of low-risk land that is proximate to existing urban areas for use under the Program</p>	<p>DLR#2.1: lots have been identified for the sites and services activities which comply with all Program requirements in the respective PY.</p> <p>DLR#2.2: adequate land has been identified for the urban upgrading activities that comply with all Program requirement in the respective PY.</p>	<p><b>6,000,000</b></p> <p>DLR#2.1: 100 per lot per PY</p> <p>DLR#2.2: 10,000 per hectare of land per PY</p>
<p>(3) DLI #3: Institutional capacity for climate resilient urban management strengthened</p>	<p>DLR#3.1: a comprehensive implementation plan (2024-2029) has been adopted; 95% of the 2024 Annual Work Plan has been implemented; and the 2025 Annual Work Plan has been adopted for the first PY.</p> <p>For the subsequent PYs, 95% of the current Annual Work Plan has been implemented; and the Annual Work Plan for the following PY has been adopted.</p>	<p><b>5,000,000</b></p> <p>DLR#3.1 (a): 500,000 for the first PY</p> <p>DLR#3.1 (b): 400,000 for the implementation of at least 95% of the current Annual Work Plan and 100,000 for the adoption of the</p>

	DLR#3.2: the key staff at MINOPUH, as well as at the provincial and municipal levels are in place, as defined in the Program Operational Manual	Annual Work Plan for the following PY  DLR#3.2: 500,000 per PY
(4) DLI #4: Beneficiary Household management information system developed, approved, and operational	DLR#4.1: Beneficiary Household management information system has been developed and approved and is operational.  DLR#4.2: Beneficiary Household have been registered in the Beneficiary Household management information system from the second PY until the fifth PY.	<b>13,000,000</b>  DLR#4.1: 5,000,000  DLR#4.2: 200 per Beneficiary Household registered in the respective PY.
(5) DLI #5: Regulations and tools for private sector partnerships that promote green and resilient construction developed, approved, and adopted	DLI#5.1: Five regulations and tools for private sector developed, approved and adopted.	<b>5,000,000</b>  DLR#5.1: 1,000,000 for each of the five regulation/tools
(6) DLI #6: Climate-informed residential lots serviced by private developers and transferred to eligible households with secure land tenure	DLI#6.1: serviced lots have been delivered by private developers.	<b>46,000,000</b>  DLI#6.1: 4,000 per serviced lot during the respective PY, which complies with all the requirements of the regulations and procedures under DLI#1 and DLI#5

	DLI#6.2: serviced lots have been delivered by private developers to women	DLI#6.2: additional 2,000 per serviced lot registered in the name of a woman during the respective PY, which complies with all the requirements of the regulations and procedures under DLI#1 and DLI#5.
(7) DLI #7: Climate-informed residential lots serviced by the public sector and transferred to eligible households with secure land tenure	DLI#7.1: serviced lot have been delivered by the public sector.  DLI#7.2: serviced lots have been delivered by the public sector to women	<b>123,000,000</b>  DLI#7.1: 4,000 per serviced lot during the respective PY, which complies with all the requirements of the regulations and procedures under DLI#1  DLI#7.2: additional 2,000 per serviced lot registered in the name of a woman [during the respective PY], which complies with all the requirements of the regulations and procedures under DLI#1
(8) DLI #8: Households provided with climate-informed improved basic services and secure land tenure in informal neighborhoods	DLI#8.1: Beneficiary Household have benefited from climate-smart improved basic services	<b>50,000,000</b>  DLI#8.1: 5,000 per Beneficiary Household that received said services and that complied with all the requirements of the regulations and procedures under DLI#1.

<p>(9) DLI #9: Land and servicing cost recovery systems developed, approved, and operational</p>	<p>DLI#9.1: Beneficiary Household payment system has been established and is fully operational.</p> <p>DLI#9.2: Beneficiary Household are current with payments</p>	<p><b>15,000,000</b></p> <p>DLI#9.1: 3,000,000 per Beneficiary Household payment system that has been established and is fully operational.</p> <p>DLI#9.2: 120 per eligible Beneficiary Household that is current with payments for each PY</p>
<p>(10) DLI #10: Support for green, resilient, and affordable housing self-construction provided</p>	<p>DLR#10.1: 6 (six) model house designs have been developed and approved.</p> <p>DLR#10.2: Beneficiary Households have completed the green and resilient home construction and financing training course.</p> <p>DLR#10.3: self-construction housing units have been started.</p>	<p><b>22,250,000</b></p> <p>DLR#10.1: 2,000,000 for the six model house designs.</p> <p>DLR#10.2: 400 per Beneficiary Household upon completion of the green and resilient home construction and financing training course for each PY</p> <p>DLR#10.3: 1,500 per self-construction housing unit started in the respective PY</p>
<p>(11) Front-end Fee to be paid pursuant to Section 2.03 of this Agreement in accordance with Section 2.05 (b) of the General Conditions</p>		<p>750,000</p>
<p><b>TOTAL AMOUNT</b></p>		<p><b>300,000,000</b></p>

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) on the basis of DLRs achieved prior to the Signature Date; and
  - (b) for any DLR under Category (1) to (10), until and unless the Borrower has furnished evidence satisfactory to the Bank that said DLR has been achieved.
2. Notwithstanding the provisions of Part B.1(b) of this Section, the Borrower may withdraw: (i) an amount not to exceed \$75,000,000 as an advance; provided, however, that if the DLRs, in the opinion of the Bank, are not achieved (or only partially achieved) by the Closing Date, the Borrower shall refund such advance (or portion of such advance as determined by the Bank in accordance with the provisions of paragraph (3) of this Part B) to the Bank promptly upon notice thereof by the Bank. Except as otherwise agreed with the Borrower, the Bank shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Bank shall specify by notice to the Borrower.
3. Notwithstanding the provisions of Part B.1(b) of this Section, if any of the DLRs under Category (1) to (10) has not been achieved, the Bank may, by notice to the Borrower: (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Loan then allocated to said Category which, in the opinion of the Bank, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated on a *pro-rata* basis and in accordance with a formula set out in the Program Operational Manual; (b) reallocate all or a portion of the proceeds of the Loan then allocated to said DLR to any other DLR; and/or (c) cancel all or a portion of the proceeds of the Loan then allocated to said DLR.
4. The Closing Date is December 31, 2029.

**SCHEDULE 3**

**Commitment-Linked Amortization Repayment Schedule**

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”).

**Level Principal Repayments**

<b>Principal Payment Date</b>	<b>Installment Share</b>
On each February 15 and August 15 Beginning August 15, 2029, through August 15, 2042	3.57%
On February 15, 2043	3.61%

## APPENDIX

### Section I. Definitions

1. “Annual Work Plan” or “Annual Work Plans” means any or all annual work plans to be prepared by the Borrower, through the Program Team, for the implementation of the Program as further detailed in the Program Operational Manual.
2. “Anti-corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing,” dated February 1, 2012, and revised July 10, 2015.
3. “Beneficiary Household” means any eligible household in the Borrower’s territory that benefits from the Program as per the selection and eligibility criteria detailed in the Program Operational Manual.
4. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
5. “Disbursement Linked Indicator” or “DLI” means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
6. “Disbursement Linked Result” or “DLR” means in respect of a given Category, the result under said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Loan allocated to said result may be withdrawn in accordance with the provisions of said Section IV.
7. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Program-for-Results Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
8. “Guided Self-Construction Project” means a project within the Borrower’s National Development Plan 2023-2027 (*Projeto de Autoconstrução Dirigida e Assistida, no Âmbito das Novas Orientações*), dated December 2023.
9. “Implementing Agencies” means collectively, INOTU, INH, selected Provinces and Selected Municipalities.
10. “Independent Verification Agent” means the agent to be hired by the Borrower to verify the results achieved under the Program as described in Section I.B.4 of Schedule 2 to this Agreement.

11. “INH” means *Instituto Nacional de Habitação*, the Borrower’s institute for housing, established and operating under the Presidential Decree No. 121/14 dated June 4, 2014.
12. “INOTU” means *Instituto Nacional de Ordenamento do Território e Desenvolvimento Urbano*, the Borrower’s Institute for Territorial and Urban Development, established and operating under the Presidential Decree No. 117/21 dated May 5, 2021.
13. “MAT” means *Ministério da Administração do Território*, the Borrower’s ministry in charge of territorial administration, or any successor thereto acceptable to the Bank.
14. “MINFIN” means *Ministério das Finanças*, the Borrower’s ministry in charge of finance, or any successor thereto acceptable to the Bank.
15. “MINOPUH” means *Ministério das Obras Públicas, Urbanismo e Habitação*, the Borrower’s ministry in charge public works, urbanism and housing, or any successor thereto acceptable to the Bank.
16. “MINPLAN” means *Ministério do Planeamento*, the Borrower’s ministry in charge of planning of national development, or any successor thereto acceptable to the Bank.
17. “National Development Plan” means *Plano de Desenvolvimento Nacional 2023-2027*, the Borrower’s program established and operating under the Borrower’s Presidential Decree No. 225/23 dated November 30, 2023.
18. “Program Action Plan” means the Borrower’s plan dated May 14, 2024 and referred to in Section I.B.3 of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the Bank.
19. “Program Operational Manual” means the manual acceptable to the Bank to be prepared and adopted by the Borrower and referred to in Section I.B.2. of Schedule 2 to this Agreement, as said manual may be amended from time to time with the prior and written agreement of the Bank.
20. “Program Team” means an operational team within MINOPUH in charge of the daily implementation of the Program, as further detailed in the Program Operational Manual.
21. “Program Year” or “PY” means each year of the Program, a period from July 1 to June 30.

22. “Selected Municipalities” means the Borrower’s municipalities of Benguela, Huambo, and Lubango, and any additional municipality as agreed and detailed in the Program Operational Manual.
23. “Selected Provinces” means Benguela, Huambo and Huila.
24. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
25. “Technical Operational Group” means the Borrower’s body established to provide oversight of the Program and operating in accordance with the provisions of the Program Operational Manual.
26. “Verification Protocols” means any or all the protocols referred to in Section I.B.4 of Schedule 2 to this Agreement and included in the Program Operational Manual.

**Section II. Modifications to the General Conditions**

The General Conditions are hereby modified as follows:

1. Section 3.01 (*Front-end Fee; Commitment Charge; Exposure Surcharge*) is modified to read as follows:

“Section 3.01. *Front-end Fee; Commitment Charge*

(a) The Borrower shall pay the Bank a Front-end Fee on the Loan amount at the rate specified in the Loan Agreement. Except as otherwise provided in Section 2.07 (b), the Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.

(b) The Borrower shall pay the Bank a Commitment Charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement. The Commitment Charge shall accrue from the date of the Loan Agreement or the date which falls on the fourth anniversary of the date of approval of the Loan by the Bank, whichever is later, to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. Except as otherwise provided in Section 2.07 (c), the Borrower shall pay the Commitment Charge semi-annually in arrears on each Payment Date.”

2. Section 3.04 (*Prepayment*) is modified to read as follows:

“Section 3.04. *Prepayment*

(a) After giving not less than forty-five (45) days' notice to the Bank, the Borrower may repay the Bank the following amounts in advance of maturity, as of a date acceptable to the Bank (provided that the Borrower has paid all Loan Payments due as at such date): (i) the entire Withdrawn Loan Balance as at such date; or (ii) the entire principal amount of any one or more maturities of the Loan. Any partial prepayment of the Withdrawn Loan Balance shall be applied in the manner specified by the Borrower, or in the absence of any specification by the Borrower, in the following manner: (A) if the Loan Agreement provides for the separate amortization of specified Disbursed Amounts of the principal of the Loan the prepayment shall be applied in the inverse order of such Disbursed Amounts, with the Disbursed Amount which has been withdrawn last being repaid first and with the latest maturity of said Disbursed Amount being repaid first; and (B) in all other cases, the prepayment shall be applied in the inverse order of the Loan maturities, with the latest maturity being repaid first.

(b) If, in respect of any amount of the Loan to be prepaid, a Conversion has been effected and the Conversion Period has not terminated at the time of prepayment, the provisions of Section 4.06 shall apply.”

3. In paragraphs originally numbered 75 and 81, of the Appendix, the terms “Loan Payment” and “Payment Date”, respectively are modified to read as follows:

“75. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any surcharge, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”

“81. “Payment Date” means each date specified in the Loan Agreement occurring on or after the date of the Loan Agreement on which interest, Commitment Charge and other Loan charges and fees (other than the Front-end Fee) are payable, as applicable.”

4. Definitions in paragraphs 4 (Allocated Excess Exposure Amount); 53 (Exposure Surcharge); 99 (Standard Exposure Limit) and 105 (Total Exposure) of the Appendix are deleted in their entirety and the subsequent paragraphs are renumbered accordingly.