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**LOAN NUMBER 7677-UA**

# **Loan Agreement**

**(Roads and Safety Improvement Project)**

**between**

**UKRAINE**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated April 21, 2009**

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## **LOAN AGREEMENT**

Agreement dated April 21, 2009, between UKRAINE (“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) 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 four hundred million dollars (\$400,000,000) (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 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 Variable 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 amortization schedule set forth in Schedule 3 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.

### **ARTICLE III - PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article V of the General Conditions, the Subsidiary Agreement and the Project Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower 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 Additional Conditions of Effectiveness consist of the following:
- (a) The Subsidiary Agreement has been executed by both parties thereto.
- (b) The Project Operations Manual has been approved and adopted by the Project Implementing Entity.
- (c) The Project Implementing Entity has provided evidence satisfactory to the Bank of its adoption of the GAC Action Plan.

- 4.02. The Additional Legal Matter consists of the following, namely, that the Subsidiary Agreement has been duly authorized by the parties thereto and is legally binding thereon in accordance with its terms.
- 4.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.04. Any amendment to this Agreement shall be executed by agreement of the parties hereto in accordance with the provisions of Section 10.02 of the General Conditions. Such amendment shall become effective as set forth in the amending agreement.

**ARTICLE V - REPRESENTATIVE; ADDRESSES**

- 5. 01. The Borrower's Representative is Minister of Finance.
- 5.02. The Borrower's Address is:

Ministry of Finance  
12/2 Hrushevsky St.  
Kyiv, 01008  
Ukraine

Telex:	Facsimile:
131450	(380-44) 253-82-43 (380-44)201-56-85

- 5.03. 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 Kyiv, Ukraine, as of the day and year first above written.

UKRAINE

By /s/ Vadym Gurzhos  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Martin Raiser  
Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objectives of the Project are to improve the condition and quality of sections of the M-03 road and to increase safety on roads.

The Project consists of the following parts:

#### Part 1: Road Rehabilitation

Rehabilitation of about 120 kilometers of the Kyiv-Kharkiv-Dovzhansky road, including civil works for the rehabilitation/strengthening of the existing road.

#### Part 2: Road Safety Improvement

Carrying out a program of safety measures at traffic accident black spots on roads (about 110 black spots will be targeted) including supply and installation of safety improvements..

#### Part 3: Institutional Capacity Building

Provision of technical advisory services, training and equipment to enhance road management within the territory of the Borrower according to international practice, including:

- (a) improvement of Ukrainian norms, rules and standards in the design, construction, repair and maintenance of roads;
- (b) modernization of road management and operations, including implementing performance based contracts and introducing systems for planning and programming road works; and
- (c) introduction of international “best practice” contracting in the road sector.

**SCHEDULE 2****Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements**

1. The Borrower shall ensure that the Project Implementing Entity carries out Project implementation and management with due diligence and efficiency.
2. The Borrower shall ensure that the Project Implementing Entity carries out the Project in accordance with the polices and procedures set forth in the Project Operations Manual and shall not alter, amend, vary or waive any provision of the Project Operations Manual without consultation with, and the prior consent of, the Bank.

**B. Subsidiary Agreement**

1. To facilitate the Project Implementing Entity's implementation of the Project, the Borrower shall make the Loan proceeds available to the Project Implementing Entity under a subsidiary agreement, under terms and conditions approved by the Bank, which shall include provisions setting forth that the Project Implementing Entity shall be responsible for the overall day-to-day implementation and management of the Project ("Subsidiary Agreement") and shall carry out the Project in accordance with the Project Operations Manual and the Anti-Corruption Guidelines.
2. The Borrower, through MOF, shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Project. The Subsidiary Agreement, or any provision thereof, shall not be assigned, amended, abrogated or waived without the Bank's prior consent.

**C. Anti-Corruption**

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

**D. Safeguards**1. Environmental Safeguards

(a) The Borrower shall ensure that all measures necessary for the carrying out of the Environmental Management Plan shall be taken in a timely manner and that all legal and administrative planning and environmental permits and authorizations necessary to carry out the Project are secured in a timely manner and with due diligence.

(b) The Borrower shall ensure that the Project Implementing Entity takes all measures necessary and identified under the Environmental Management Plan at all times in a timely manner, ensuring that adequate information on the implementation of said measures is suitably included in the Project progress reports to be prepared pursuant to the provisions of Section II.A of this Schedule.

2. Land Acquisition and Resettlement

In the event that land acquisition or resettlement is required for the purposes of carrying out activities under Part 1 or Part 2 of the Project, the Borrower shall:

(a) notify the Bank or ensure that the Project Implementing Entity notifies the Bank, of any intended acquisition of land and/or resettlement, in whole or in part, and of each Land Acquisition and Resettlement Plan (if any) prepared in accordance with the Land Acquisition and Resettlement Framework; of any of the following: residences, agricultural holdings, commercial structures and businesses; and/or land used by people without claim to legal title; and/or persons affected by Project activities;

(b) disclose, or ensure that the Project Implementing Entity discloses, the Land Acquisition and Resettlement Framework and each Land Acquisition and Resettlement Plan (if any) prepared under the Project and all relevant information relating thereto in a manner satisfactory to the Bank no less than sixty (60) days prior to carrying out any land acquisition and/or resettlement; and

(c) ensure that the Project Implementing Entity causes all land acquisition and resettlement under the Project to be undertaken in accordance with the provisions and procedures contained in the Land Acquisition and Resettlement Framework and the respective Land Acquisition and Resettlement Plan, and that all relevant information is adequately provided to all affected persons, and potentially affected persons, in a timely and adequate manner.



## **Section II. Project Monitoring Reporting and Evaluation**

### **A. Project Reports**

1. The Borrower shall ensure that the Project Implementing Entity monitors and evaluates the progress of the Project and prepares Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators agreed with the Bank. Each Project Report shall cover the period of one quarter of one calendar year, and shall be furnished to the Bank not later than one month after the end of the period covered by such report.
2. For purposes of Section 5.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than six (6) months after the end of the period covered by such report.
3. The Borrower shall ensure that the Project Implementing Entity prepares on or about March 31, in each year of the Project, commencing March 31, 2010:
  - (a) a consolidated report, consolidating the reports referred to in paragraph 1 above; and
  - (b) an annual forecast plan containing financial projections and revised and updated Project monitoring and evaluation indicators for the activities to be undertaken in the upcoming year, in a format acceptable to the Bankand shall promptly submit such reports and plans to the Bank for its review and comment.

### **B. Financial Management, Financial Reports and Audits**

1. The Borrower shall ensure that the Project Implementing Entity maintains a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall ensure that the Project Implementing Entity prepares and furnishes to the Bank after the end of each calendar quarter (within forty-five days), interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.

3. The Borrower shall ensure that the Project Implementing Entity has its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower, commencing with the year in which the first withdrawal is made. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

**C. Operational Audit**

1. In the first year of Project implementation, the Borrower shall:
  - (a) engage an independent external audit firm acceptable to the Bank to carry out a baseline operational audit of the Project, such audit to include operational systems and procedures review including an internal framework assessment;
  - (b) prepare an operational audit report on the conclusion of the audit carried out under sub-paragraph (a) above; and
  - (c) provide a copy of the operational audit report prepared under sub paragraph (b) above to the Bank within thirty (30) days of its completion.
2. Following the baseline operational audit and report in the first year of the Project, in each subsequent year, the Borrower and the Bank shall discuss the need for any subsequent operational audit.
3. In each subsequent year of Project implementation, the Borrower shall engage, at the request of the Bank, an independent external audit firm acceptable to the Bank to carry out a subsequent annual operational audit of the Project and the operational systems and procedures, including an assessment of the internal control framework assessment under the Project, taking into account the baseline operational audit report referred to in paragraph (1) of this Section and any subsequent annual reports. A copy of the report of any subsequent audit shall be provided promptly to the Bank.

**D. Midterm Review**

1. Not later than June 30, 2011 the Borrower, through the Ministry of Economy and the Project Implementing Entity, shall carry out together with the Bank, a midterm review of the progress made in carrying out the Project (hereinafter referred to as the Midterm Review).

The Midterm Review shall cover, amongst other things:

- (a) progress made in meeting the Project's objectives; and
  - (b) overall Project performance against Project performance indicators.
2. The Borrower shall ensure that the Project Implementing Entity prepares, and at least three (3) month prior to the Midterm Review, furnishes to the Bank, a separate report describing the status of implementation of each component of the Project and a summary report of Project implementation generally (the "Mid-term Report").

### **Section III. Procurement**

#### **A. General**

- 1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Loan 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 Loan 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 Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

#### **B. Particular Methods of Procurement of Goods and Works**

- 1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding .
- 2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>	
(a)	National Competitive Bidding
(b)	Limited International Bidding
(c)	Direct Contracting
(d)	Shopping

**C. 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 table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>	
(a)	Least Cost selection
(b)	Individual Consultants
(c)	Consultants Qualifications
(d)	Single Source

**D. Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank 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 Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be financed exclusive of Taxes</b>
(1) Goods, Training and Consultants’ Services	8,500,000	100%
(2) Civil Works under Part 1	294,500,000	100%
(3) Civil Works under Part 2	96,000,000	100%
(4) Front-end Fee	1,000,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
<b>TOTAL AMOUNT</b>	<b>400,000,000</b>	

**B. Withdrawal Period**

1. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:
- (a) payments made for expenditures prior to the date of this Agreement; and
  - (b) payments made for expenditures under Category (2) or Category (3) (as the case may be) which relate to activities to be carried out on or in relation to any land which is the subject of a Land Acquisition and Resettlement Plan until the Borrower has provided evidence, satisfactory

to the Bank, that the Land Acquisition and Resettlement Plan has been satisfactorily carried out.

2. The Closing Date is December 31, 2012.

### SCHEDULE 3

#### 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.

<u>Principal Payment Date</u>	<u>Principal Amount of the dollars Loan Payable (Expressed in Percentage)</u>
On each May 15 and November 15 Beginning May 15, 2014 Through November 15, 2038	2%

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. “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.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
4. “Environmental Management Plan” or “EMP” means the Environmental Management Plan dated March 3, 2007 describing the environmental mitigation measures anticipated for activities under the Project and the parties responsible for monitoring of construction and operational impacts.
5. “GAC Action Plan” means the Project Implementing Entity’s plan entitled “Governance and Anti-Corruption Action Plan” to be adopted by the Project Implementing Entity and referred to in Section 4.01 (c) of this Agreement.
6. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 2008).
7. “Land Acquisition and Resettlement Framework” means the framework document prepared by the Project Implementing Entity in accordance with the requirements of the national legislation of the Borrower, approved by the Bank for the Project implementation and dated November 19, 2007 describing the process and procedures to be taken, and the plans to be prepared, and the mitigation and compensation measures, and consultation and information processes to be followed in the event of land acquisition and/or resettlement of persons affected by the Project as a result of implementation of Part 1 and Part 2 of the Project.
8. “Land Acquisition and Resettlement Plan” means each plan relating to land acquisition and/or resettlement of Project-affected persons, as the case may be, prepared under the Project in accordance with the Land Acquisition and Resettlement Framework.

9. “Ministry of Finance” or “MOF” means the Borrower’s central executive body that operates under the Ministry of Finance statute, approved by the Cabinet of Ministers Regulation No. 1837 dated December 27, 2006, or its legal successor.
10. “Ministry of Economy” means the Borrower’s central executive body that operates under the Ministry of Economy statute, approved by the Cabinet of Ministers Regulation No. 777 dated May 26, 2007, or its legal successor.
11. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
12. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated February 27, 2009 referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
13. “Project Implementing Entity” means the Borrower’s State Road Administration of Ukraine (Ukravtodor), the Borrower’s central executive body that operates under the Avtodor Statute approved by the Cabinet of Ministers Regulation No. 628 dated April 16, 2007 or its successor.,
14. “Project Operations Manual” means the manual prepared by the Project Implementing Entity to be adopted by the Borrower and referred to in Section 4.01 (b) and Schedule 2, Section 1.A, paragraph 2 of this Agreement, for use in Project implementation, and which includes fiduciary, financial management, procurement, safeguards, anti-corruption, monitoring and reporting and auditing provisions.
15. “roads” means all state and local roads administered by the State Roads Administration of Ukraine (Ukravtodor) according to the Borrower’s legislation.
16. “Subsidiary Agreement” means the agreement to be entered into between Ministry of Finance and the Project Implementing Entity and referred to in Section 1.B of Schedule 2 to this Agreement pursuant to which the proceeds of the Loan shall be made available to the Project Implementing Entity.

## **SECTION II**

### **Modifications to the General Conditions**

The modifications to the General Conditions are as follows:

1. Paragraph (a) of Section 2.07 is modified to read as follows:

“Section 2.07. *Refinancing Preparation Advance; Capitalizing Front-end Fee and Interest*

(a) If the Loan Agreement provides for the repayment out of the proceeds of the Loan of an advance made by the Bank or the Association (“Preparation Advance”), the Bank shall, on behalf of such Loan Party, withdraw from the Loan Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Loan Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Bank shall pay the amount so withdrawn to itself or the Association, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. Paragraph (1) of Section 7.02 is modified to read as follows:

“Section 7.02. *Suspension by the Bank*

... (1) *Ineligibility.* The Bank or the Association has declared the Borrower (other than the Member Country) or the Project Implementing Entity ineligible to receive proceeds of any financing made by the Bank or the Association or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Bank or the Association, as a result of a determination by the Bank or the Association that the Borrower or the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Bank or the Association.”

3. 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 term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”

- (b) 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.”