

CONFORMED COPY

LOAN NUMBER 8097-DO

Loan Agreement

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

between

DOMINICAN REPUBLIC

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated November 18, 2011

LOAN AGREEMENT

Agreement dated November 18, 2011, 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 adequate 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 seventy million Dollars (\$70,000,000), 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 amortization schedule set forth in 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 Spread; 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 I 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 or exceed seven million Dollars 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 3 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 Event of Suspension consists of the following, 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 Article 9 of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Bank's approval of the Loan which expire on May 17, 2013.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its *Ministro 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: (809) 687-5131 Facsimile: (809) 688-8838

6.03. The Bank's Address is:

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

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

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

DOMINICAN REPUBLIC

By /s/ Daniel Toribio
Authorized Representative

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By /s/ Françoise Clottes
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 include the following:

1. The Borrower, through the CCT Intersectoral Committee, has: (i) adopted procedures and mechanisms to allow for the verification of compliance with health and education co-responsibilities under the CCT *Solidaridad* Program; and (ii) established regional intersectoral committees in all regions covered by the CCT *Solidaridad* Program, as evidenced by a *Disposición* issued by the CCT Intersectoral Committee, dated August 26, 2011.
2. The Borrower has designed and mandated the establishment of an integral monitoring and evaluation system for purposes of sharing technical information amongst: (i) the CCT *Solidaridad* Program; (ii) the Borrower's Ministries of Education and Health; (iii) ADESS; and (iv) SIUBEN, as evidenced by a *Disposición* issued jointly by the CCT Intersectoral Committee and the CCT Interagency Committee, dated August 25, 2011.
3. The Borrower, through its Ministry of Health, has: (i) mandated the daily registration of primary health care services through the Clinic Management System, as evidenced by *Disposición* No. 0000016, dated July 26, 2011, issued by the Borrower's Ministry of Health; and (ii) issued an action plan (*Plan de Acción para Apoyar e Incentivar la Aplicación de Protocolos y Uso del Sistema de Registro de Atenciones en los Centros de Primer Nivel*), for the institutional strengthening of entities within the Borrower's health sector, training, and the establishment of performance incentives for physicians, nurses and administrative staff of primary health care centers related to the use of the Clinic Management System.
4. The Borrower, through its Ministry of Education, has: (i) approved a mechanism for the transfer of financial resources to District Offices for the purchase of didactic materials, financing of non-personnel services and non-financial assets; and (ii) validated student evaluation standards for secondary education, as evidenced by Resolution No. 668-2011, dated September 7, 2011 and Resolution No. 605-2011, dated September 2, 2011.
5. The Borrower, through its Social Cabinet, has: (i) expanded the number of institutions affiliated to the *Red de Abastecimiento Social* (RAS) to a total of 3,067 institutions as of September 30, 2011 (from a baseline of 1,988 institutions as of June 30, 2009); (ii) approved the bylaws of the RAS; and (iii) entered into

an agreement with *Pro-Consumidor*, dated August 10, 2011 to: (A) supervise the institutions of the RAS; and (B) inform beneficiaries of CCT *Solidaridad* Program of their rights and the functioning of the RAS, as evidenced by Resolution No. 001-2011, dated August 25, 2011, issued by the President of the Board of ADESS.

6. The Borrower, through its Social Cabinet, has launched a new census to update the SIUBEN and improve the targeting of its social programs, including an update of the information on households and individuals, an increase of census coverage in geographic areas already covered by the last census carried out in 2004-2005, and an expansion of the census coverage to geographic areas with high poverty levels not previously included, as evidenced by Resolution No. GS-02-11, dated September 13, 2011 issued by the coordinator of the Social Cabinet.
7. The Borrower has established budget planning and coordination mechanisms that will ensure the availability of sufficient resources to meet the results targets of the CCT *Solidaridad* Program, as evidenced by the approval of: (i) the Multi-Annual National Plan for the Public Sector 2011-2014, by the Borrower's Council of Ministers on September 15, 2011; (ii) the Budget Law of 2011; and (iii) a *Disposición* dated September 1, 2011, issued by the CCT Intersectoral Committee.
8. The Borrower, through its Ministries of Finance, Economy and Public Administration, has: (i) signed a separate performance agreement with each of the following Borrower's Ministries: Health and Education, to strengthen the institutional budget management and accountability of the Borrower's priority programs in health and education, through performance-based budgeting, as evidenced by the performance agreements dated August 31, 2011; and (ii) approved the Presidential Decree No. 522-11, dated August 31, 2011, which regulates Article 14 of the Borrower's Law No. 423-06 (*Ley Orgánica de Presupuesto para el Sector Público*), that establishes a results-oriented management model through the use of performance agreements.
9. The Borrower, through its Ministry of Finance, has launched an online budget transparency tool (*Portal del Ciudadano Dominicano*), which allows free public consultations on public revenues and expenditures of the Borrower's central agencies, including data on execution of the Borrower's national budget.
10. The Borrower has defined and mandated the implementation of the expansion plan of the "community scorecards" (a social auditing scheme for the beneficiaries of the CCT *Solidaridad* Program to voice their opinion on the quality of the services provided under said program), as evidenced by a *Disposición* dated August 12, 2011, issued by the CCT Intersectoral Committee.

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 (except for amounts required to pay the Front-end Fee) 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:

<u>Allocations</u>	<u>Amount of the Loan Allocated (expressed in Dollars)</u>
Single Withdrawal Tranche	69,825,000
Front-end Fee payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions	175,000
Amount due pursuant to Section 2.07(c) of this Agreement	0
TOTAL AMOUNT	70,000,000

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 adequacy of the Borrower's macroeconomic policy framework.

D. Deposits of Loan Amounts. Except as the Bank may otherwise agree:

1. all withdrawals from the Loan Account shall be deposited by the Bank into an account designated by the Borrower and acceptable to the Bank; and
2. the Borrower shall ensure that upon each deposit of an amount of the Loan into this account, an equivalent amount is accounted for in the Borrower's budget management system, in a manner acceptable to the Bank.

- 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. Closing Date.** The Closing Date is November 30, 2012.

SCHEDULE 2

Amortization Schedule

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

Principal Payment Date	Installment Share (Expressed as a Percentage)
9/15/2016	1.42%
3/15/2019	4.01%
3/15/2020	3.83%
3/15/2021	3.65%
3/15/2022	3.48%
9/15/2022	3.39%
3/15/2023	3.30%
9/15/2023	3.21%
3/15/2024	3.12%
9/15/2024	3.03%
3/15/2025	2.94%
9/15/2025	2.85%
3/15/2026	2.76%
9/15/2026	2.67%
3/15/2027	2.58%
9/15/2027	2.49%
3/15/2028	2.40%
9/15/2028	2.32%
3/15/2029	2.23%
9/15/2029	2.14%
3/15/2030	2.05%
9/15/2030	1.96%
3/15/2031	1.87%
9/15/2031	1.78%
3/15/2032	1.69%
9/15/2032	1.60%
3/15/2033	1.51%

Principal Payment Date	Installment Share (Expressed as a Percentage)
9/15/2033	1.42%
3/15/2034	1.33%
9/15/2034	1.24%
3/15/2035	1.16%
9/15/2035	1.07%
3/15/2036	0.98%
9/15/2036	0.89%
3/15/2037	0.80%
9/15/2037	0.71%
3/15/2038	0.62%
9/15/2038	0.53%
3/15/2039	0.44%
9/15/2039	0.35%
3/15/2040	0.26%
9/15/2040	0.17%
3/15/2041	0.08%
9/15/2041	17.67%

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. “ADESS” means *Administradora de Subsidios Sociales*, the Borrower’s administrator of social subsidies, created pursuant to the Borrower’s Decree No. 1560-04, dated December 16, 2004.
2. “Budget Law of 2011” means *Ley No. 297-10*, dated December 27, 2010 and published in the Borrower’s official gazette on December 27, 2010.
3. “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.
4. “CCT Intersectoral Committee” means the Borrower’s permanent committee established pursuant to Resolution No. 01-09, dated March 09, 2009 (issued by the head of the Borrower’s *Gabinete de Coordinación de Política Social*), which aims at coordinating any initiatives in the health, education and nutrition sectors in connection with the CCT *Solidaridad* Program.
5. “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 Presidential Decree No. 536-05, dated September 26, 2005.
6. “Clinic Management System” means *Sistema de Gestión Clínica*, the system developed by the Borrower’s Ministry of Health to register all health services provided at the first level of care by its network of service providers.
7. “District Offices” means the offices of the Borrower’s Ministry of Education established at the level of school districts (*Direcciones Distritales*) pursuant to the Borrower’s Law No. 66-97, dated April 9, 1997 (*Ley Orgánica de Educación de la República Dominicana*).
8. “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.
9. “*Gabinete de Coordinación de la Política Social*” or “Social Cabinet” means the Borrower’s cabinet 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.
 10. “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.
 11. “Multi-Annual National Plan for the Public Sector 2011-2014” means *Plan Nacional Plurianual del Sector Público*, the Borrower’s plan which sets forth the medium-term sectoral objectives and targets in terms of investments, in line with the Borrower’s national development strategy for the calendar years of 2011 to 2014, approved by the Borrower’s Council of Ministries on September 15, 2011.
 12. “*Pro-Consumidor*” means *Instituto Nacional de Protección de los Derechos del Consumidor*, the Borrower’s National Institute for the Protection of the Consumers’ Rights, created pursuant to the Borrower’s Law No. 358-05, dated September 9, 2005 (*Ley General de Protección de los Derechos del Consumidor y Usuario*), to define and regulate policies, norms and procedures for the effective protection of consumers’ rights in the Borrower’s territory.
 13. “Program” means the program of actions, objectives and policies designed to promote growth and achieve sustainable reductions in poverty and set forth or referred to in the letter dated September 16, 2011 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.
 14. “*Red de Abastecimiento Social*” or “RAS” means the network of commercial establishments linked to the Borrower’s system for the payment of social subsidies managed by ADESS.

15. “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.
16. “SIUBEN” means *Sistema Único de Beneficiarios*, the Borrower’s agency responsible for the registry of beneficiaries of targeted social programs managed by the Social Cabinet, created pursuant to the Borrower’s Presidential Decree No. 1073-04 dated August 31, 2004.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. The last sentence of paragraph (a) of Section 2.03 (relating to Applications for Withdrawal) is deleted in its entirety.
2. Sections 2.04 (*Designated Accounts*) and 2.05 (*Eligible Expenditures*) are deleted in their entirety, and the remaining Sections in Article II are renumbered accordingly.
3. Sections 5.01 (*Project Execution Generally*), and 5.09 (*Financial Management; Financial Statements; Audits*) are deleted in their entirety, and the remaining Sections in Article V are renumbered accordingly.
4. Paragraph (a) of Section 5.05 (renumbered as such pursuant to paragraph 3 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 3 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 3 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.”