

Public Disclosure Authorized

CONFORMED COPY

LOAN NUMBER 7690 AL

Loan Agreement

(Additional Financing for the Social Services Delivery Project)

between

ALBANIA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated April 7, 2009

LOAN AGREEMENT

Agreement dated April 7, 2009, between ALBANIA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). 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.
- 1.03. All provisions of the Original Agreement remain in full force and effect.

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 five million United States dollars (\$5,000,000), 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”), 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment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 (30) 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 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 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.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III - PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project, through the PIU in accordance with the provisions of the Operations Manual, the EMP, the Procurement Plan and Article V of the General Conditions.
- 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) A Project manager has been hired by the PIU, with terms of reference and qualifications satisfactory to the Bank; and
 - (b) The Operations Manual has been updated by the Borrower, in form and substance satisfactory to the Bank.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V - REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower's Representative is the Minister of Finance.
- 5.02. The Borrower's Address is:

Ministry of Finance
Bulevardi "Deshmoret e Kombit"
Tirana, Albania

Facsimile:

355 42 28494

- 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 Tirana, Albania, as of the day and year first above written.

ALBANIA

By /s/ Ridvan Bode

Authorized Representative

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By /s/ Camille Nuamah

Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are to improve the standards of living of poor and vulnerable population groups in Albania by: (a) increasing their access to effective social care services; (b) assisting the Government to develop effective social care policy and improve its capacity for delivery and monitoring of social care services; and (c) improving the efficiency and effectiveness of the pension system in Albania, through (i) improving pension system administration; (ii) institutional strengthening including improved capacity for pension policy development; and (iii) improving public understanding of the pension system.

The Project consists of the Original Project and the following additional part:

Part E: Pension System Reform

1. Administrative reform of the pension system through the provision of goods and services and the carrying out of civil works, including:

- (a) the review of SII's strategic plan and development of a business plan;
- (b) the review of SII's existing business processes and design of new such processes;
- (c) the design and development of software to support new SII business processes, including training of SII staff thereon;
- (d) the development and implementation of a comprehensive financial management system for SII, including: (i) a transparent accounting system in accordance with international accounting standards; (ii) improved budgeting processes; and (iii) the establishment of an overall internal control program;
- (e) training of SII managerial staff in new management practices, planning, communication and process analysis;
- (f) the design and implementation of data protection and security systems for SII; and
- (g) the carrying out of civil works for the renovation and physical rehabilitation of selected existing SII central and regional offices.

2. Development of the Central Registry of Contributors and Beneficiaries, through the provision of goods and services, including:

- (a) the full digitalization of records of past work histories;
- (b) setting up an archive system of contributions and benefits history to facilitate benefit awards;
- (c) the development of a new reporting system on pension contributions;
- (d) the development of an integrated software system for the management of said Registry;
- (e) the development of an information technology network among SII's regional offices, SII's headquarters, and other key institutions; and
- (f) office furniture for said Registry's offices.

3. Capacity building for pension policy development, through the provision of goods and services for the establishment of a unit charged with pension policy analysis and identification within SII, including:

- (a) conducting an analysis of parametric and systemic pension system reform options; and
- (b) the development of the legal and regulatory framework for the selected pension system reform options.

4. Public education on the pension system, through the provision of goods and services, including:

- (a) the preparation and carrying out of a public opinion survey;
- (b) the development of an internal and external communication strategy;
- (c) the development of a public education campaign; and
- (d) the organization of various public education events and workshops.

5. Project management and implementation support, through the provision of services to, and the financing of Incremental Operating Costs of the PIU.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Borrower shall carry out the Project, through the PIU, which shall be headed by a Project manager, under the overall supervision of SII's Deputy Director. The Project manager shall be responsible for the overall Project management and implementation and, together with the PIU, shall be in charge of procurement, financial management, planning, coordination, monitoring, reporting, evaluation and environmental and social aspects of the Project. The Borrower shall, throughout the duration of the Project, maintain the PIU with sufficient resources and qualified staff in adequate numbers, including a Project manager and procurement and financial management specialists on the basis of qualifications and terms of reference satisfactory to the Bank.

B. Anti-Corruption

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

C. Implementation Covenants

1. The Borrower shall carry out the Project in accordance with the provisions of the Operations Manual, the EMP and the Procurement Plan. The Borrower shall not amend, suspend, abrogate, repeal or waive any provision of said Manual, EMP or Plan without the Bank's prior approval.

2. For purposes of Part E.1 (g) of the Project, the Borrower shall ensure that the civil works: (a) are carried out only on existing SII central and regional offices, the land of which is duly registered with the Borrower's Immoveable Property Registration Office and the public ownership of which is certified; and (b) do not entail land acquisition or any involuntary resettlement as defined in the World Bank's Operational Policy 4.12. No civil works shall be carried out unless the Borrower shall have first: (a) ensured that the EMP checklist applies to each bidding document and constitutes an integral part of each contract in relation to said works; and (b) sought the Bank's prior approval for each site proposed for said works.

3. The Borrower shall, not later than January 31 of each year, secure allocations in the annual SII budget adequate for each year of Project implementation.

4. The Borrower shall, not later than March 1, 2010, establish, and thereafter maintain, throughout the duration of the Project, an actuarial department within SII, with

adequate resources, qualified staff in sufficient numbers and on the basis of terms of reference satisfactory to the Bank.

5. The Borrower shall cause SII to, not later than September 30, 2009, enter into an agreement with the Tax Department, including a timetable and a protocol, satisfactory to the Bank, for the provision of contribution data in electronic form from the Tax Department to the SII.

6. The Borrower, through the SII, shall, not later than June 1, 2010, establish and thereafter maintain an internal financial management system for SII, including a computerized accounting and reporting system, satisfactory to the Bank.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower, through the SII, shall monitor and evaluate the progress of the Project and prepare 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 calendar quarter, and shall be furnished to the Bank not later than forty five (45) days 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 Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Borrower, through the SII, shall maintain or cause to be maintained 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 prepare and furnish to the Bank not later than forty-five (45) after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.

3. The Borrower shall have 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. 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.

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 procedures.
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.

Procurement Method
(a) National Competitive Bidding, subject to the modifications and additions set forth in paragraph 3 below.
(b) Shopping
(c) Direct Contracting

3. **Modifications to the Borrower's National Competitive Bidding Procedures.** The National Competitive Bidding procedures shall be based on the Open Tendering procedures as defined in the Public Procurement Law of Albania (Law no. 9643 dated November 20, 2006, as amended), and the following additional provisions:

- (i) "Open Tendering" procedures as defined in the Public Procurement Law of Albania shall apply to all contracts;
- (ii) foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders in the bidding process. Government-owned enterprises in Albania shall be permitted to bid only if they are legally and financially autonomous and operate under commercial law of the Borrower;
- (iii) procuring entities shall use sample bidding documents approved by the Bank;
- (iv) in case of higher bid prices compared to the official estimate, all bids shall not be rejected without the prior concurrence of the Bank;
- (v) a single-envelope procedure shall be used for the submission of bids;
- (vi) post-qualification shall be conducted only on the lowest evaluated bidder; no bid shall be rejected at the time of bid opening on qualification grounds;
- (vii) bidders who contract as a joint venture shall be held jointly and severally liable;
- (viii) contracts shall be awarded to the lowest evaluated, substantially responsive bidder who is determined to be qualified to perform in accordance with pre-defined and pre-disclosed evaluation criteria;
- (ix) post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidders; and
- (x) contracts of long duration (more than 18 months) shall contain appropriate price adjustment provisions.

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.

Procurement Method
(a) Least Cost Selection
(b) Selection based on Consultants' Qualifications
(c) Fixed budget method
(d) Selection of Individual Consultants
(e) Single source selection

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.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed
(1) Goods and works under Part E of the Project	4,557,500	80%
(2) Consultants' services and Training under Part E of the Project	400,000	100%

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed
(3) Incremental Operating Costs under Part E.5 of the Project	30,000	100%
(4) Premia for Interest Rate Caps and Caps and Interest Rate Collars	0	Amount payable pursuant to Section 2.07(c) of this Agreement in accordance with Section 4.05(c) of the General Conditions
(5) Front-end Fee	12,500	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
TOTAL AMOUNT	5,000,000	

For the purposes of this Section IV, "Training" means any training of SII staff, conducted for the purposes of achieving the objectives of the Project and including the following expenses, in each case related to training only and in accordance with the annual training and study tour plan to be agreed upon between the Borrower and the Bank: purchase, printing and publication of materials; stationary; workshop fees; rental of facilities such as translation equipment, premises on which training is to take place; course fees; advertisement for translation purposes; transportation and travel; subsistence of staff participating in the training (including per diem allowances).

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is September 30, 2012.

SCHEDULE 3

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)
On each March 15 and September 15 Beginning September 15, 2019 through September 15, 2033	3.33%
On March 15, 2034	3.43%

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. “Central Registry of Contributors and Beneficiaries” means the central registry of pension contributors and beneficiaries established and operating within SII (as this term is hereinafter defined).
4. “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.
5. “EMP” means the environmental management plan dated March 8, 2008, prepared by the Borrower and satisfactory to the Bank, including an environmental management plan checklist and setting out the environmental mitigation measures required for the minor civil works to be carried out under Part E.1(g) of the Project.
6. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005, (as amended through February 12, 2008), with the modifications set forth in Section II of this Appendix.
7. “Incremental Operating Costs” means incremental expenses incurred by the PIU (as this term is hereinafter defined) on account of Project management and implementation, including the costs of translation, communication, printing and supplies, local travel costs and utilities, but excluding civil servants’ salaries.
8. “Operations Manual” means the manual dated November 21, 2002, adopted by the Borrower for the Original Project (as this term is hereinafter defined) and to be updated by the Borrower in accordance with Section 4.01 (b) of this Agreement, setting forth the implementation rules and procedures for the Original Project (as this term is hereinafter defined) and the Project.
9. “Original Agreement” means the development credit agreement for the Social Services Delivery Project between the Borrower and the International Development Association, dated July 3, 2001, as amended (Credit number 3513 - ALB).

10. “Original Project” means the project described in the Original Agreement.
11. “PIU” means the Project Implementation Unit, established by the Borrower under the Original Agreement and maintained within SII (as this term is hereinafter defined).
12. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
13. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated February 10, 2009 and 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.
14. “SII” means the Social Insurance Institute, the Borrower’s special fund, under the supervision of its Minister of Finance, responsible for the administration of the Borrower’s social insurance system, established by Decision No. 249 of the Council of Ministers, dated June 5, 1992.
15. “Tax Department” means the tax department within the Borrower’s Ministry of Finance, responsible for the administration of tax procedures, established and operating pursuant to Decision No. 8560 of the Council of Ministers, dated December 22, 1999.

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 (l) of Section 7.02 is modified to read as follows:

“Section 7.02. *Suspension by the Bank*

... (l) *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.”