Financing Agreement

(Fourth East West Highway Improvement Project)

between

GEORGIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 6, 2013
FINANCING AGREEMENT

AGREEMENT dated June 6, 2013, entered into between GEORGIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association 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 — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to twenty four million and five hundred thousand Special Drawing Rights (SDR 24,500,000) (variously, "Credit" and "Financing") to assist in financing the project described in Schedule I to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are January 15 and July 15 in each year.
2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is Dollars.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely, that the Recipient shall have failed to notify, and provide adequate information to the Association before entering into a concession agreement for the operation and maintenance of the East-West Highway financed under the Project or the Association shall have raised objections to the Recipient entering into such agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following:

(a) The Recipient has submitted to the Association the Operations Manual in form and substance satisfactory to the Association.

5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is the Minister of Finance.
6.02. The Recipient’s Address is:

Ministry of Finance
16 Gorgasali Street
0114 Tbilisi
Georgia

Facsimile:
995-32-2261461

6.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: Telex: Facsimile:
INDEVAS 248423 (MCI) 1-202-477-6391
AGREED at Tbilisi, Georgia, as of the day and year first above written.

GEORGIA

By

[Signature]

Authorized Representative

Name: Nodar Khatruli

Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Henry Kereli

Title: Regional Director for the South Caucasus
SCHEDULE 1

Project Description

The objectives of the Project are to: (i) contribute to the gradual reduction of road transport costs and to improve road safety along the section upgraded under the Project; and (ii) to strengthen the capacity of the RD and the Ministry of Regional Development and Infrastructure to plan and manage the road network and improve road traffic safety.

The Project consists of the following parts:

**Part A: Improvement and asset management of the East-West Highway**

1. Upgrading of about 12 km of the existing 2-lane E60 East-West Highway through the construction of a 2-lane dual carriageway from Agara to Zemo Osiauri including two interchanges, two bridges, several overpasses and underpasses and approximately 3.4 km of riverbank protection.

2. Maintenance of the E60 2-lane dual carriageway between Natakhtari and Ruisi.

3. Improving road safety and access roads on the existing East-West Highway between Natakhtari and Ruisi and along the existing E60 alignment between Ruisi and Chumateleti.

4. Carrying out environmental improvement measures along the completed sections of the E60 highway between Natakhtari and Ruisi to address adverse environmental impacts of construction activities during the upgrading of such sections.

5. Conducting construction supervision and quality assurance services including a technical audit for all civil works financed under the Project.

**Part B: Institutional strengthening**

1. Institutional strengthening of the MRDI through:

   (a) the review and updating of the road sector strategy including an analysis of the social and gender impact of the proposed strategy;

   (b) the provision of technical assistance to the MRDI for capacity building in road safety policy issues and management and coordination of road safety activities including: (i) the assessment of the existing national traffic safety strategy and action plan for 2010-2013; and (ii) the development of a new strategy and plan for 2014-2017;
(c) the improvement of the operating environment for the local construction industry and implementation of measures to promote improved professional practices within the industry including training needs assessment and manpower development; and

(d) the improvement of manpower planning and development in the MRDI through: (i) carrying out a training needs assessment and preparing a manpower development plan; (ii) the development and implementation of a training plan; and (iii) conducting regular learning events to promote knowledge of best practices in road sector policy and management and promotion of their adoption.

2. Institutional strengthening of the RD through:

(a) the improvement of the organizational efficiency of RD's internal business processes, design standards, multiannual planning for works, and development and implementation of a communication strategy;

(b) the improvement of manpower planning and development in RD through: (i) carrying out a training needs assessment and preparing a manpower development plan; (ii) the development and implementation of a training plan with particular focus on FIDIC Rules; and (iii) conducting regular learning events to promote knowledge of best practices in road sector policy and management and promotion of their adoption; and

(c) the development of a strategic roadmap for the development and implementation of intelligent transport systems (ITS) along the East-West Highway, from Tbilisi to Turkish border.

Part C: Preparation of designs and supporting studies for future projects for the development of the East-West Highway

1. Preparation of a study to define the scope of the maintenance interventions along some upgraded sections of the E60 2-lane dual carriageway including the review and update of current maintenance guidelines being used by the RD.

2. Preparation of road safety improvement studies and designs to identify needed road safety interventions and access improvements to be implemented along the existing road between Natakhtari and Chumateleti which includes: (i) road safety audits along the said road section; and (ii) the detailed design of the proposed road safety measures.

3. Updating the feasibility studies and preparing preliminary engineering designs of the new Rikoti Tunnel and the 60km of highway between Chumateleti and Argyeta, including an environmental and social impact assessment and an environmental management plan therefor.
4. Preparing a detailed design of the new Rikoti tunnel, preparation of bidding documents and independent review of all technical and safety provisions, including the design of related access roads to nearby population centers.

**Part D: Project Management**

Institutional support to the RD and the TRRC related to Project management, financial audits and Project monitoring and evaluation through the provision of goods and consultants’ services.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

1. The Recipient shall carry out: (a) Parts A, B.2, C and D of the Project through the RD and (b) Part B.1 of the Project through MRDI with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, public utility, environmental practices and in accordance with the Operations Manual and shall provide the RD, MRDI and TRRC with the resources and staff necessary for implementing the Project. The Recipient shall not assign, amend, abrogate or waive the Operations Manual or any provision thereof, without the prior approval of the Association. The RD shall be responsible for the overall coordination and oversight of the Project implementation.

2. By not later than one month as of the Effective Date, the MRDI, the RD and TRRC shall enter into a Project Implementation Agreement for the purposes of setting forth the obligations of each party in relation to the Project implementation in a manner satisfactory to the Association. Pursuant to the terms and conditions of the Project Implementation Agreement, the MRDI and RD shall be assisted in Project-related financial management and disbursement by the TRRC. The Recipient shall: (a) maintain the TRRC with terms of reference, resources and staff necessary for proper Project implementation and satisfactory to the Association; and (b) require the TRRC to carry out the financial management and disbursement for the Project in accordance with the Project Implementation Agreement.

3. During Project implementation, the Recipient shall through MRDI cause the RD to maintain the FPU with terms of reference, resources and staff necessary for proper Project implementation and satisfactory to the Association to assist the RD and MRDI in Project-related procurement, monitoring and evaluation and Project reporting.

4. The Recipient shall permit the use of internationally recognized standards for construction, planning and design of highways as well as the national standards, acceptable to the Association, in the design, construction and maintenance of road works under the Project.

5. The Recipient shall ensure that adequate budgetary resources are made available for the Project in the Recipient’s annual budget for the duration of the Project.
B. Anti-Corruption

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

C. Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the EIA, EMP, RPF and RAP. The Recipient shall not assign, amend, abrogate or waive the EIA, EMP, RPF and/or RAP or any provision thereof, without the prior approval of the Association.

2. The Recipient shall, prior to the commencement of works under the Project, ensure that: (a) the provisions of the EMP are adequately included in the proposed contract(s) for said works; and (b) the owners and users of the land where said works are to be implemented are fully compensated in accordance with the provisions of the RAP.

3. Prior to the commencement of small scale works for any proposed site to improve road safety and access roads on the existing E60 highway between Natakhtari and Chumeteleti and to carry out environmental improvements along completed sections of the E60 highway between Natakhtari and Ruisi, the Recipient shall ensure that: (a) the related Site-specific EMPs are prepared; (b) the proposed design and sites for said works incorporate the provisions of Site-specific EMPs; (c) the provisions of said Site-specific EMPs are adequately included in the proposed contract for said works; and (d) such works are carried out in accordance with the respective Site-specific EMPs. The Association shall conduct a post-review of the documentation related to the design, contracts and Site-specific EMPs for selected works and field visits of such selected works as part of regular Project supervision.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient 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 acceptable to the Association. Each Project Report shall cover the period of one calendar semester, shall include the reporting on the status of the implementation of the RAP and shall be furnished to the Association not later than forty five (45) days after the end of the period covered by such report.
2. The Recipient shall carry out, not later than December 15, 2015, and in conjunction with the Association, a mid-term review of the Project, covering the progress achieved to date in the implementation of the Project.

3. The Recipient shall prepare, under terms of reference satisfactory to the Association, and shall furnish to the Association, not later than November 15, 2015, a report integrating: (a) the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient completion of the Project and the achievement of the objective of the Project; (b) the results of the review of the overall progress in the development and management of the East West corridor; and (c) the draft policy proposals for the road sector particularly its management and financing based on the findings of the various relevant studies carried out under the Project.

4. The Recipient through MRDI and promptly following the mid-term review, prepare an action program, acceptable to the Association, for the further implementation of the Project having due regard to the findings of the mid-term review, and thereafter implement such program with due diligence and efficiency.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. The Recipient shall cause the TRRC to prepare and furnish to the Association not later than forty five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.

3. The Recipient shall cause TRRC to have the Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.
Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing 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 Financing 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 Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

<table>
<thead>
<tr>
<th>Procurement Method</th>
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<tbody>
<tr>
<td>(a) National Competitive Bidding, subject to the additional provisions set forth in below:</td>
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<tr>
<td>(i) “Open competitive procedures” (i.e. “public tender”) shall be the default rule. A single envelope procedure shall be used for the submission of goods, works, or non-consulting services.</td>
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<tr>
<td>(ii) Invitations to bid shall be advertised in at least one widely circulated national daily newspaper allowing a minimum of thirty (30)</td>
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</tbody>
</table>
days for the preparation and submission of bids. Advertisements published in foreign language newspapers shall be in compliance with such a 30-day-minimum in number of days for bids preparation and submission.

(iii) Bidding shall not be restricted to pre-registered firms. If registration is required, it shall not be denied to eligible bidders for reasons unrelated to their capacity and resources to successfully perform the contract (e.g., mandatory membership in professional organizations, classification, etc.). Post-qualification shall be conducted to verify that the bidder has the capability and resources to successfully perform the contract.

(iv) Government-owned enterprises in Georgia shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the Government. Government-owned enterprises will be subject to the same bid and performance security requirements as other bidders.

(v) Procuring entities shall use the appropriate Association’s sample bidding documents, including pre-qualification documents, for the procurement of goods, works, or non-consulting services, and such documents shall contain draft contract and conditions of contract including clauses on fraud and corruption, audit and publication of award, all acceptable to the Association.

(vi) Bids shall be opened in public, immediately after the deadline for submission of bids. Bidder’s representatives shall be permitted to attend the bid opening.

(vii) Extension of bid validity shall be allowed once only for not more than thirty (30) days. No further extensions should be requested without the prior approval of the Association.

(viii) Evaluation of bids shall be based on quantifiable criteria expressed in monetary terms as defined in the bidding documents, no merit point system and no domestic preference shall be used in the evaluation of bids. Contracts shall be awarded to qualified bidders having submitted the lowest evaluated substantially responsive bid and no negotiations shall be carried out prior to contract award.

(ix) Civil works contracts of long duration (e.g. more than eighteen (18)
(x) No bid shall be rejected purely on the basis that the bid price is higher than the estimated budget for that procurement. All bids shall not be rejected and new bids solicited without the Association's prior concurrence.

<table>
<thead>
<tr>
<th>Procurement Method</th>
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</thead>
<tbody>
<tr>
<td>Quality-Based Selection</td>
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<tr>
<td>Selection under a Fixed Budget</td>
</tr>
<tr>
<td>Least Cost Selection</td>
</tr>
<tr>
<td>Selection Based on Consultants' Qualifications</td>
</tr>
<tr>
<td>Single-Source Selection of consulting firms</td>
</tr>
<tr>
<td>Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>Single-source procedures for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

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 methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality-Based Selection</td>
</tr>
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<tr>
<td>Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>Single-source procedures for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>
D. Review by the Association of Procurement Decisions

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

Section IV. Withdrawal of the Proceeds of the Financing

A. General

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants' services,</td>
<td>24,500,000</td>
<td>80%</td>
</tr>
<tr>
<td>Training and Incremental Operating Costs for the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>24,500,000</td>
<td></td>
</tr>
</tbody>
</table>

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 February 28, 2018.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each January 15 and July 15:</td>
<td></td>
</tr>
<tr>
<td>commencing July 15, 2018 to and including January 15, 2028</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing July 15, 2028 to and including January 15, 2038</td>
<td>3.35%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
APPENDIX

Section 1. Definitions


2. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


4. "EIA" means the Recipient’s environmental impact assessment report, acceptable to the Association consisting of inter alia: (i) a description of the site where construction activities are to be carried out under Part A of the Project and the justification for said activities; (ii) the actual or potential environmental impact of the construction activities referred to under sub-paragraph (i) above; and (iii) an environmental management plan setting forth adequate mitigating measures and systems required to monitor the implementation of the construction activities referred to under sub-paragraph (i) above and to ensure compliance of such activities with said measures with a view to limiting any actual and potential adverse environmental impact.

5. "EMP" means the Recipient’s environmental management plan, acceptable to the Association, dated March 27, 2013 setting forth the environmental mitigation, monitoring and institutional measures to be undertaken during the implementation of the Project, and satisfactory to the Association.

6. "FPU" means the Foreign Projects Unit established within the RD and referred to under Section I.A.3 of Schedule 2 to this Agreement.

7. "General Conditions" means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

8. "Incremental Operating Costs" means reasonable and necessary incremental expenses incurred by the Recipient with respect to Project implementation, management and monitoring, including the costs of staff salaries (excluding salaries of the Recipient’s civil service staff), communication, editing, printing and publication, translation, vehicle operation and maintenance, bank charges, local travel costs and field trip expenses, office rentals, utilities, equipment and supplies.
9. "Loan Agreement" means the loan agreement for the Project between the Recipient and the Bank, dated the same date as this Agreement, as such loan agreement may be amended from time to time. "Loan Agreement" includes all appendices, schedules and agreements supplemental to the Loan Agreement.

10. "MRDI" means the Recipient's Ministry of Regional Development and Infrastructure and any successor thereto.


12. "Procurement Plan" means the Recipient's procurement plan for the Project, dated March 29, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

13. "Project Implementation Agreement" means the agreement between the MRDI, RD and TRRC setting forth the obligations of the parties in relation to the Project implementation in a manner satisfactory to the Association.

14. "RAP" means the Recipient's resettlement action plan, dated March 29, 2013, satisfactory to the Association, to be prepared and implemented for carrying out the Project in accordance with the RPF (as hereinafter defined), to set out, inter alia, the principles and objectives of the RAP, the affected persons' eligibility criteria, compensation, assistance and rehabilitation entitlements, as well as the monitoring and reporting arrangements in conformity with the RPF.

15. "RD" means the Recipient's Roads Department of the Ministry of Regional Development and Infrastructure responsible for managing the Recipient's road network or any legal successor thereto.

16. "RPF" means the Recipient's resettlement policy framework, satisfactory to the Association, dated February 7, 2013, and referred to in Part C of Section I of Schedule 2 to this Agreement, describing the policies, procedures, plans and actions (including the resettlement action plan), and institutional measures related to land acquisition and other social impacts that may arise during the Project and other phases related to the Project, and satisfactory to the Association.

17. "Site-specific EMP(s)" means the Recipient's site specific environmental management plan(s), acceptable to the Association prepared or to be prepared by the Recipient during the Project implementation in accordance with the EMP and approved by the Association, describing environmental mitigation, monitoring and institutional measures under the Project.
18. “Training” means expenditures incurred by the Recipient in connection with carrying out training activities under the Project, including travel costs and per diem for local trainees, study tours, workshops, conferences, rental of facilities and equipment and training materials and related supplies.

19. “TRRC” means the Eurasia Transport Corridor Investment Center/Transport Reform and Rehabilitation Center established pursuant to President’s Order No. N-161, dated April 21, 2000, or any legal successor thereto.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

"Section 3.02. Service Charge and Interest Charge

(a) Service Charge. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) Interest Charge. The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months."

2. Paragraph 28 of the Appendix ("Financing Payment") is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”.

3. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the remaining paragraphs accordingly:

“32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b).”

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix ("Payment Date") is modified by inserting the words “Interest Charges” between the words
“Service Charges” and “Commitment Charges”.

5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02 (a).