Loan Agreement

(Enhanced Fiscal and Financial Management for Greater Opportunities Development Policy Loan)

between

REPUBLIC OF GUATEMALA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated January 19, 2015
LOAN AGREEMENT

Agreement dated January 19, 2015, entered into between the REPUBLIC OF GUATEMALA ("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 three hundred and forty million Dollars ($340,000,000), 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 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 (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: (A) 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 (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding 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 or the Reference 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 or the Reference 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.

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 $34,000,000 (thirty four 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. The Loan may serve to finance all budget expenditures of the Borrower in support of the Program, except for Excluded Expenditures, as set forth in this Agreement. 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;
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

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 1 of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Events of Suspension consist of the following:

(a) A situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

(b) That an action has been taken or a policy has been adopted to reverse any action or policy under the Program, including any action listed under Section 1 of Schedule 1 to this Agreement, in a manner that would, in the opinion of the Bank, adversely affect the achievement of the objectives of the Program.

4.02. The Additional Event of Acceleration consists of the following, namely that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 30 days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely that the Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower’s macroeconomic policy framework.

5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than eighteen months (18) after the Bank’s approval of the loan which expire on December 17, 2015.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower’s Representative is its Minister of Public Finance.

6.02. The Borrower’s Address is:

Ministerio de Finanzas Públicas
8a Avenida y 21 Calle
Centro Cívico, Zona 1
Guatemala, Guatemala, C.A.

Telephone: (502) 23228888  Facsimile: (502) 23229161
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 64145(MCI)
Washington, D.C.

Facsimile: 1-202-477-6391

AGREED at Guatemala City, Republic of Guatemala as of the day and year first above written.

REPUBLIC OF GUATEMALA

By

Authorized Representative

Name: Dorval Carías
Title: Minister of Public Finance

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Oscar Arce
Title: Country Manager
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. To raise tax revenues, the Borrower has: (a) issued implementing regulations for: (i) the income tax (ISR) reform approved by Legislative Decree No. 10-2012, as evidenced by the Borrower’s Executive Agreement (*Acuerdo Gubernativo*) No. 213-2013, dated May 8, 2013, and published in the Borrower’s Official Gazette on May 13, 2013; (ii) the value added tax (VAT) reform approved by Legislative Decree No. 4-2012, as evidenced by the Borrower’s Executive Agreement (*Acuerdo Gubernativo*) No. 5-2013, dated January 4, 2013, and published in the Borrower’s Official Gazette on January 8, 2013; and (iii) the tax reform for the new tax on motor vehicles first registration (IPRIMA) approved by Legislative Decree No. 10-2012, as evidenced by the Borrower’s Executive Agreement (*Acuerdo Gubernativo*) No. 133-2012, dated June 29, 2012 and published in the Borrower’s Official Gazette on July 2, 2012; and (b) improved the organizational structure of the Tax Administration Superintendence in line with international practices, as evidenced by Legislative Decree No. 13-2013.

2. To strengthen the Tax Administration Superintendence in alignment with the Central American Uniform Customs Code (CAUCA) and the Regulations of the Central American Uniforms Customs Code (RECAUCA), the Borrower approved the National Customs Law (*Ley Nacional de Aduanas*) through the enactment of Legislative Decree No. 14, 2013, dated October 29, 2013, and published in the Borrower’s Official Gazette on November 25, 2013, including: (a) a definition on customs infringements and related sanctions; (b) the regulation of the suspension and cancellation of customs licenses; and (c) the establishment of procedures against fraud and contraband.

3. To increase transparency and exchange of information on international taxation, the Borrower has: (a) signed an additional tax information exchange agreement with the Commonwealth of Australia, dated September 26, 2013; (b) signed the Convention on Mutual Administrative Assistance in Tax Matters on December 5, 2012; and (c) created an international taxation unit within the Borrower’s Ministry of Public Finance to support the exchange of information related to international taxation, as evidenced by the Borrower’s Executive Agreement (*Acuerdo Gubernativo*) No. 26-2014, dated January 29, 2014, and published in the Borrower’s Official Gazette’s on February 4, 2014.

4. To improve budget management and implement a results-based methodology of public expenditures, the Borrower has: (a) adopted a legal framework for results-based budgeting, as evidenced by Legislative Decree No. 13-2013; (b) complied with the requirements to expand the application of results-based budgeting to the Borrower’s Ministry of Economy and the Ministry of Sports and Culture, as evidenced by: (i) letter dated December 3, 2013 (*Oficio-DM-0003-CEBCH-amrr*) from the Borrower’s Ministry of Sports and Culture to the Borrower’s Ministry of Public Finance and letter dated January 7, 2014 from the Borrower’s Ministry of Economy to the Borrower’s Ministry of Public Finance, respectively, as provided by the Borrower’s Executive Agreement (*Acuerdo Gubernativo*) No. 544-2014, dated December 30, 2013, and published in the
Borrower’s Official Gazette on January 7, 2014; and (ii) letter O/DCP/SNO/DNCI/080/2014 from the Public Credit Directorate of the Borrower’s Ministry of Public Finance to the Bank, dated April 22, 2014; and (c) established operating and coordination mechanisms for results-based budgeting in the Borrower’s Ministry of Public Finance and the Ministry of Public Health and Social Assistance, as evidenced by: (i) letter O/DCP/SNO/DNCI/082/2014 from the Public Credit Directorate of the Borrower’s Ministry of Public Finance to the Bank, dated April 22, 2014; (ii) the Borrower’s Resolution issued by the Ministry of Public Health and Social Assistance (Acuerdo Ministerial) No. 477-2013, dated May 7, 2013; and (iii) the Borrower’s Resolution issued by the Ministry of Public Finance (Acuerdo Ministerial) No. 81-2013, dated June 4, 2013.

5. To strengthen budget management and the transparency of public expenditures, the Borrower has: (a) mandated the use of the Single Treasury Account to process budget transactions; (b) mandated that all entities that execute projects with public funds adequately report their activities to the Borrower’s Ministry of Public Finance; (c) introduced regulations to strengthen the monitoring and evaluation of loans and grants to, and trust funds managed by, public entities; and (d) mandated that all public entities use the SIAF to consolidate budgetary and financial information, as evidenced by Legislative Decree No. 13-2013.

6. To improve the management of social policies, the Borrower has established a social information system (SISO) in the Borrower’s Ministry of Social Development, including: (a) information on social programs and policies related to beneficiaries, geographic coverage and type of program; and (b) a single beneficiary registry (RUU-N) that includes information on beneficiaries for at least seventy five (75) social programs, as evidenced by letter dated March 11, 2014 (Oficio VPPE-EAS-jtr-106-2014) from the Vice-Ministry of Politics, Planning and Evaluation of the Borrower’s Ministry of Social Development to the Borrower’s Ministry of Public Finance.

7. To support the implementation of the Zero Hunger Plan, the Borrower has established one hundred and twenty (120) COMUSANES during 2012 and 2013 in prioritize municipalities with the highest incidence of chronic malnutrition, as evidenced by letter No. 274-2014, from SESAN to the Borrower’s Ministry of Public Finance, dated April 22, 2014.

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:
<table>
<thead>
<tr>
<th>Allocations</th>
<th>Amount of the Loan Tranche Allocated (expressed in Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Single Withdrawal Tranche</td>
<td>339,150,000</td>
</tr>
<tr>
<td>(2) Front-end Fee</td>
<td>850,000</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>340,000,000</td>
</tr>
</tbody>
</table>

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 March 31, 2015.
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.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each March 15 and September 15 Beginning September 15, 2024 through September 15, 2038</td>
<td>3.33%</td>
</tr>
<tr>
<td>On March 15, 2039</td>
<td>3.43%</td>
</tr>
</tbody>
</table>

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


4. "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:

<table>
<thead>
<tr>
<th>Group</th>
<th>Sub-group</th>
<th>Description of Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>112</td>
<td></td>
<td>Alcoholic beverages</td>
</tr>
<tr>
<td>121</td>
<td></td>
<td>Tobacco, un-manufactured, tobacco refuse</td>
</tr>
<tr>
<td>122</td>
<td></td>
<td>Tobacco, manufactured (whether or not containing tobacco substitutes)</td>
</tr>
<tr>
<td>525</td>
<td></td>
<td>Radioactive and associated materials</td>
</tr>
<tr>
<td>667</td>
<td></td>
<td>Pearls, precious and semiprecious stones, unworked or worked</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>718</td>
<td>718.7</td>
<td>Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors</td>
</tr>
<tr>
<td>728</td>
<td>728.43</td>
<td>Tobacco processing machinery</td>
</tr>
<tr>
<td>897</td>
<td>897.3</td>
<td>Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths’ or silversmiths’ wares (including set gems)</td>
</tr>
<tr>
<td>971</td>
<td></td>
<td>Gold, non-monetary (excluding gold ores and concentrates)</td>
</tr>
</tbody>
</table>

(e) 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.

5. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012 with the modifications set forth in Section II of this Appendix.

6. “Legislative Decree No. 4-2012” means Disposiciones para el Fortalecimiento del Sistema Tributario y el Combate a la Defraudación y el Contrabando, the Borrower’s provisions to strengthen the tax system and combat fraud and smuggling, dated January 26, 2012, and published in the Borrower’s Official Gazette on February 17, 2012, which, inter alia, expanded the eligibility criteria for the application of the value added tax (VAT) regime for small tax payers.

7. “Legislative Decree No. 10-2012” means Ley de Actualización Tributaria, the Borrower’s legislative decree, dated February 16, 2012, and published in the Borrower’s Official Gazette on March 5, 2012, which, inter alia: (i) widened the tax base subject to income tax, through the reduction of the number of tax exemptions; (ii) simplified the tax
rates for salaried workers; and (iii) established a specific tax on the first registration of motor vehicles.

8. “Legislative Decree No. 13-2013” means Reformas a los Decretos Número 101-97 del Congreso de la República, Ley Orgánica del Presupuesto; 31-2002 del Congreso de la República, Ley Orgánica de la Contraloría General de Cuentas; y 1-98 del Congreso de la República, Ley Orgánica de la Superintendencia de Administración Tributaria, the Borrower’s legislative decree which amends the Legislative Decrees Number 101-97, the Organic Budget Law; 31-2002, the Organic Law of the Comptroller General; and 1-98, the Organic Law of the Tax Administration Superintendence, dated October 24, 2013, and published in the Borrower’s Official Gazette on November 12, 2013.

9. “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 April 24, 2014 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.


11. “SESAN” means Secretaría de Seguridad Alimentaria y Nutricional, the Borrower’s Secretariat of Food and Nutritional Security.

12. “SIAF” means Sistema Integrado de Administración Financiera, the Borrower's Integrated Financial Management System, a system to improve the efficiency, accountability and transparency of financial management of the Borrower's public sector.

13. “Single Treasury Account” means Cuenta Única del Tesoro (CUT), the Borrower’s unified structure of bank accounts for the management and control of public cash resources to ensure that: (i) all tax and non-tax revenues are collected and payments are made correctly in a timely manner; and (ii) public cash balances are optimally managed to reduce borrowing costs.

14. “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 I to this Agreement.


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.”