Loan Agreement

(Second Programmatic Private Sector Competitiveness Development Policy Operation)

between

GEORGIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated August 16, 2017
LOAN AGREEMENT

Agreement dated August 16, 2017, entered into between GEORGIA ("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: (i) the actions which the Borrower has already taken under the Program and which are described in Section I of Schedule I to this Agreement; and (ii) 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 forty-four million six hundred thousand Euros (€44,600,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 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 I 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 Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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.

2.06. The Payment Dates are January 15 and July 15 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 2 to this Agreement.

2.08. (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.

(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 1 to this Agreement.
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 the following, namely that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 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 one hundred and twenty (120) days after the date of this Agreement.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

6.02. The Borrower’s Address is:

Ministry of Finance
16 Gorgasali Street
Tbilisi 0114
Georgia

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

Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
AGREED at Tbilisi, Georgia, as of the day and year first above written.

GEORGIA

By

[Signature]
Authorized Representative
Name: Dimitry Kumsishvili
Title: Minister of Finance

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

[Signature]
Authorized Representative
Name: Mercy Miyang Temben
Title: Country Director, Georgia, Europe and Central Asia Region
SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I.  **Actions under the Program**

**Pillar I: Promoting Second Generation Business Environment Reforms to Strengthen Public-Private Dialogue, Support Entrepreneurship and SMEs, and Enhance Public Procurement**

1. The Borrower has established and operationalized the Investors Council by conducting regular meetings chaired by the Prime Minister, as evidenced by the Borrower’s Cabinet Decree No. 829 dated April 20, 2015, as published in the Borrower’s Legislative Herald No. 000000000.00.003.019041 dated May 5, 2015, and No. 2160 dated October 7, 2015, as published in the Borrower’s Legislative Herald No. 000000000.00.003.020119 dated October 21, 2015, and by the minutes of the Investors Council’s meetings dated October 29, 2015, February 17, 2016, May 20, 2016, and January 24, 2017, as published in the following website: http://ics.ge/en/IC-Meetings/

2. The Borrower, through EDA, has implemented the SME Development Strategy by delivering access to finance programs, and micro and small business support programs, as evidenced by EDA’s 2016 annual report, as published in the following website: http://enterprisegeorgia.gov.ge/en/download-center/enterpreneurship-Statistics?v=25

3. The Borrower, through its Parliament, has adopted amendments to its Law on Public Procurement to bring about conformity with the basic standards regulating the award of contracts as defined by Article 144 of the Association Agreement with EU, as evidenced by the Law on “Amendments to the Law of Georgia on Public Procurement” (Law No. 617-Ill dated April 6, 2017, as published in the Borrower’s Legislative Herald No. 040090000.05.001.018377 dated April 21, 2017).

**Pillar II: Establishing the Enabling Conditions for Financial Sector Deepening and Diversification through Deposit Insurance System, Comprehensive Pension Reforms, and Development of Insurance Markets**

4. The Borrower, through its Parliament, has adopted the Law on Deposit Insurance System, as evidenced by the Borrower’s Law No. 852-Ill dated May 17, 2017, published in the Borrower’s Legislative Herald No. 220050000.05.001.018461, dated June 2, 2017.
5. The Borrower, through its Cabinet, has approved the draft Law on Private Pension to initiate a public consultation, as evidenced by the Protocol No. 6 of the Government of Georgia meeting held on March 2, 2017.

6. The Borrower has: (i) through its Parliament, adopted the Law on Accounting, Reporting and Auditing, as evidenced by the Borrower’s Law No. 5386-IIb dated June 8, 2016, published in the Borrower’s Legislative Herald No. 260000000.05.001.018170 dated June 24, 2016; and (ii) through its Ministry of Finance, established SARAS, as evidenced by the Borrower’s Minister of Finance Decree No. 223 dated September 14, 2016, as published in the Borrower’s Legislative Herald No. 010320020.22.053.016898 dated September 15, 2016.

7. The Borrower has: (i) through its Parliament, adopted amendments to the Law on Insurance, as evidenced by the “Amendments to the Law of Georgia on Insurance” (Law No. 5384-IIb dated June 8, 2016, published in the Borrower’s Legislative Herald No. 290000000.05.001.018145 dated June 17, 2016); and (ii) through the ISSSG, adopted relevant by-laws to make solvency requirements fully binding by 2018, as evidenced by the Order No. 15 and No. 16 of the Head of the ISSSG, dated September 16, 2016, as published in the Borrower’s Legislative Herald No. 290160000.60.072.016023 and No. 290160000.60.072.016024 dated September 22, 2016.

**Pillar III: Increasing Firms’ Capacity to Innovate and to Export through Reforms to Upgrade the ICT Sector and Strengthen the Borrower’s National Innovation System and Quality Infrastructure**

8. The Borrower, through GNCC, has: (i) issued new licenses for wireless broadband services in the 800 MHz band, as evidenced by GNCC’s Decision No. 56/1 dated January 29, 2015 as published on the GNCC’s website, [http://www.gncc.ge](http://www.gncc.ge), on February 20, 2015, and GNCC’s Decision No. 349/1 dated June 2, 2016 as published on said GNCC’s website on June 10, 2016; and (ii) initiated a public consultation on draft secondary legislation on electronic communications market analysis aligned with the European Union practices, as evidenced by the publication of the draft “Regulation on Methodological Rules for the Definition of Relevant Markets and Market Analysis for the Purpose of ex ante Regulation and the Assessment of Concentration in the Sector of Electronic Communications” dated April 19, 2017, as published on the following website: [http://www.gncc.ge/uploads/other/2/2524.pdf](http://www.gncc.ge/uploads/other/2/2524.pdf)

9. The Borrower, through its Parliament, has adopted the Law on Innovations, as evidenced by the Law of Georgia on Innovation (Law No. 5501-IIb dated June 22, 2016, as published in the Borrower’s Legislative Herald No. 440000000.05.001.018203 dated July 12, 2016).
10. The Borrower, through its Parliament, has adopted amendments to its Tax Code to increase the excise taxes on imported cars, with larger increases for cars with conventional engines older than seven years, and reduce the excise taxes on hybrid cars newer than seven years, while maintaining the tax exemption on electric cars, as evidenced by the Borrower’s Law on “Amendments to the Law of Georgia on Tax Code” (Law No. N97-Ib dated December 16, 2016, published in the Borrower’s Legislative Herald No. 200000000.05.001.018243 dated December 23, 2016).

11. The Borrower, through GAC, has become a full member of the EA by signing a bilateral agreement with the European Cooperation for Accreditation, as evidenced by: (i) the signed European Cooperation for Accreditation Bilateral Agreement, as published on the following website: http://gac.gov.ge/files/bla_1.png; and (ii) a decision of EA Multilateral Agreement Council dated April 27, 2017, as published on the following website: http://www.european-accreditation.org/information/many-decisions-taken-during-the-last-ea-mla-council-meeting-in-april-2017

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 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 Allocated (expressed in Euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Single Withdrawal Tranche</td>
<td>44,488,500</td>
</tr>
<tr>
<td>(2) Front-end Fee</td>
<td>111,500</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>44,600,000</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. **Audit.** Upon the Bank’s request, the Borrower shall:

1. have the account designated by the Borrower and referred to in paragraph D above, audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank;

2. furnish to the Bank as soon as available, but in any case not later than four months after the date of the Bank’s request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Bank shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Bank; and

3. furnish to the Bank such other information concerning the account designated by the Borrower and referred to in paragraph D above and their audit as the Bank shall reasonably request.

F. **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.

G. **Closing Date.** The Closing Date is July 31, 2018.
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 January 15 and July 15 Beginning on January 15, 2032 through January 15, 2042</td>
<td>4.55%</td>
</tr>
<tr>
<td>On July 15, 2042</td>
<td>4.45%</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.]

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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. “Association Agreement with EU” means the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part, signed on June 27, 2014, as published and available to the public in the following website: https://eeas.europa.eu/headquarters/headquarters-homepage_en/9740/EU/Georgia%20Association%20Agreement

2. “EA” or “European Cooperation for Accreditation” means the not-for-profit association of accreditation bodies in Europe, created in 1997 with the aim to coordinate and lead the accreditation processes in Europe, to allow the results of conformity assessment services (certification, verification, inspection, testing, and calibration) in one country to be accepted by regulators and the market place in another country without further examination, as further detailed in the EA website: http://www.european-accreditation.org/home.

3. “EA Multilateral Agreement Council” means the council established and operating within the EA as approved at the 38th EA general assembly, to be responsible for the effective and impartial management and monitoring of the peer evaluation process under EA, as further detailed in its terms of reference included in the EA website: http://www.european-accreditation.org/document/tor-mac-september-2016.

4. “EDA” or “Entrepreneurship Development Agency” means the Borrower’s legal entity of public law created and operating under the Borrower’s Resolution No. 173 dated February 19, 2014.

5. “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 has financed or agreed to finance, or which the Bank has financed or agreed to finance under another loan;

   (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>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>

(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 Borrower of the Loan proceeds, without the Borrower (or other such Borrower) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.


8. “GAC” or the “Georgian Accreditation Center”, means the Borrower’s legal entity of public law established with the purpose of organizing and carrying out activities in the field of accreditation pursuant to Law of Georgia on “Legal Entity of Public


11. "ICT" means information and communication technology.


13. "ISSSG" or the "Insurance State Supervision Service of Georgia" means the Borrower's insurance regulator established pursuant to the Ordinance of the Government of Georgia No. 102 dated May 2, 2013, published in the Borrower's Legislative Herald No. 040030000.10.003.017267 dated May 7, 2013.


15. "Law on Public Procurement" means the Borrower's Law on Public Procurement (Law No. 1388 dated April 20, 2005, published in the Borrower's Legislative Herald No. 040.090.000.05.001.001.001812 dated May 18, 2005).

16. "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 June 16, 2017 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, as well as or including the actions set forth in Section I of Schedule I to this Agreement.

17. "SARAS" or "Service for Accounting, Reporting and Auditing Supervision" means the Borrower's reporting and auditing oversight service, established and operating under the Borrower's Minister of Finance Decree No. 223 dated September 14, 2016.
18. "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.

19. "SME" means small and medium enterprise.


Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

2. The last sentence of paragraph (a) of Section 2.03 (relating to Applications for Withdrawal) is deleted in its entirety.

3. 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.

4. Section 3.01. (Front-end Fee) is modified to read as follows:

"Section 3.01. Front-end Fee; Commitment Charge

(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the “Front-end Fee”).

(b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the “Commitment Charge”). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."
5. Sections 5.01 (Project Execution Generally) and 5.09 (Financial Management; Financial Statements; Audits) are deleted in their entirety, and the subsequent Sections in Article V are renumbered accordingly.

6. Paragraph (a) of Section 5.05 (renumbered as such pursuant to paragraph 5 above and relating to *Use of Goods, Works and Services*) is deleted in its entirety.

7. Paragraph (c) of Section 5.06 (renumbered as such pursuant to paragraph 5 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."

8. Paragraph (c) of Section 5.07 (renumbered as such pursuant to paragraph 5 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."

9. In the Appendix, Definitions, all references to Section numbers and paragraphs are modified, as necessary, to reflect the modifications set forth above.

10. The Appendix is modified by inserting a new paragraph 19 with the following definition of “Commitment Charge”, and renumbering the remaining paragraphs accordingly:

"19. “Commitment Charge” means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b).”

11. Renumbered paragraph 37 (originally paragraph 36) of the Appendix ("Eligible Expenditure") is modified to read as follows:
17. "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."

12. Renumbered paragraph 44 (originally paragraph 43) of the Appendix ("Financial Statements") is deleted in its entirety.

13. In paragraph 48 of the Appendix, the definition of "Front-end Fee" is modified by replacing the reference to Section 3.01 with Section 3.01 (a).

14. In paragraph 67 of the Appendix, the definition of the term "Loan Payment" is modified to read as follows:

"67. "Loan Payment" means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower."

15. In paragraph 72 of the Appendix, the definition of "Payment Date" is modified by deleting the word "is" and inserting the words "and Commitment Charge are" after the word "interest".

16. The defined term "Project" in paragraph 75 of the Appendix 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"): "75. "Program" means the program referred to in the Loan Agreement in support of which the Loan is made."