Financing Agreement

(Bor Regional Development Project)

between

REPUBLIC OF SERBIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 27, 2007
FINANCING AGREEMENT


WHEREAS the Recipient has also requested the International Bank for Reconstruction and Development (the Bank) to provide additional assistance towards the financing of the Project and by an agreement of even date herewith between the Recipient and the Bank (the Loan Agreement), the Bank is making a loan to the Recipient in the amount of twenty four million three hundred thousand Euro (€24,300,000) (the Loan).

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 six million six hundred thousand Special Drawing Rights (SDR 6,600,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 Payment Dates are February 15 and August 15 in each year.
2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Euro.

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 the 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 the Schedule 2 to this Agreement.

ARTICLE IV - EFFECTIVENESS; TERMINATION

4.01. The Additional Conditions of Effectiveness consist of the following:

(a) the Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness, other than those related to the effectiveness of this Agreement, have been fulfilled;

(b) the Recipient has published a public invitation for the privatization of RTB Core Assets, in a manner satisfactory to the Association; and

(c) the Project Operational Manual, satisfactory to the Association, has been prepared and adopted by the Recipient.

4.02. The Effectiveness Deadline is the date one hundred and fifty (150) days after the date of this Agreement.

ARTICLE V - REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is the Minister of Finance.
5.02. The Recipient’s Address is:

Ministry of Finance
Government of the Republic of Serbia
Kneza Miloša 20
11000 Belgrade
Republic of Serbia

Facsimile:

+381 11 3618 961

5.03. 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
Washington, D.C.
AGREED at Belgrade, Republic of Serbia, as of the day and year first above written.

REPUBLIC OF SERBIA

By /s/ Mirko Cvetkovic

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Simon Gray

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient’s efforts to revive the depressed Bor region (Borski okrug) through: (i) dealing with urgent environmental and social legacy issues arising from mining sector restructuring; and (ii) fostering new sources of economic growth and job creation in the region.

The Project consists of the following parts:

Part 1: Environmental Management and Remediation

(a) Management of Environmental Liabilities

Provision of technical assistance, goods and training for monitoring and management of past environmental liabilities, arising from mining operations, including: (i) monitoring stability of tailing dams and the level of soil, river sediment and groundwater pollution; (ii) supervision of the design, construction and maintenance of remediation works related to environmental trouble spots remaining under the direct management of the Recipient; and (iii) monitoring the environmental performance of the present and future operators of the RTB Bor Core Assets and their compliance with the Recipient’s environmental regulations.

(b) Remediation of Urgent Environmental Hazards

Mitigation of urgent environmental hazards remaining under the direct management of the Recipient, including, inter alia:

(i) financing of the design, construction and maintenance contract(s) to undertake the closure and remediation of at least two tailing disposal facilities, including; (A) dam stability and stabilization works; (B) water management; (C) tailings pond closure and partial re-vegetation; and (D) post-construction monitoring and maintenance; and

(ii) carrying out containment and remediation measures to reduce soil and groundwater contamination from waste disposal sites including mine overburden material and other waste.
Part 2: Socio-Economic Regeneration

(a) Labor Redeployment and Employment Support

(i) Support towards the implementation of the labor redeployment program for the RTB Bor workers and improved employment services for the general unemployed population in the Bor Region, including, *inter alia*, financing of: (A) job search assistance programs; (B) off-the-job education and training services; (C) on-the-job training services; and (D) temporary employment programs.

(ii) Strengthening the institutional capacity of regional branches of the National Employment Service through provision of training, equipment, and technical assistance.

(b) Private Sector Development

(i) Provision of business development services to SMEs and individual entrepreneurs.

(ii) Support towards the establishment and operation of business incubators for small firms and individual entrepreneurs.

(iii) Establishment and operation of a line(s) of credit that shall provide microfinance loans to Beneficiaries through the eligible MFI(s).

Part 3: Project Implementation Support

Support to the PMU in the management, implementation and monitoring of the Project, through provision of technical assistance, equipment and financing of Incremental Operating Costs.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Recipient shall ensure that the Project is carried out in accordance with the following coordination mechanisms:

1. Except as the Recipient and the Association shall otherwise agree, Part 1 of the Project shall be carried out by competent ministries and agencies designated by the Recipient in the Project Operational Manual, Parts 2(a), 2(b)(i) and (ii) of the Project shall be carried out by the MOERD, Part 2(b)(iii) of the Project shall be carried out by the MOF, or agent thereof, and Part 3 of the Project shall be carried out by the PMU.

2. The Project Steering Committee shall be responsible for strategic guidance on any major policy issues related to the implementation of the project. The Local Steering Committee shall support the Project Steering Committee at local level and shall oversee implementation of day to day activities under Part 2(a) of the Project.

3. The PMU, assisted by the LIUs at local level, shall be responsible for:
   (a) day-to-day management and coordination of activities;
   (b) assisting the Line Ministries in carrying out procurement activities;
   (c) financial management, disbursements and audits;
   (d) monitoring, evaluation and reporting to the Project Steering Committee and the Bank; and
   (e) such other duties and responsibilities as may be assigned to it by the Project Steering Committee from time to time.

B. Implementation Covenants

1. Project Steering Committee and the Local Steering Committee

The Recipient shall:

(a) maintain the Project Steering Committee, for the entire duration of Project implementation, with terms of reference satisfactory to the Association, and with sufficient and suitable financial and technical resources; and
(b) not later than January 31, 2008, establish and maintain, or cause to be established and maintained, the Local Steering Committee, for the entire period of Project implementation, with terms of reference satisfactory to the Association, and with sufficient and suitable financial and technical resources.

2. **PMU and the LIUs**

   The Recipient shall:
   
   (a) maintain, or cause to be maintained, the PMU for the entire duration of Project implementation, with competent and adequate staff, sufficient and suitable financial and technical resources, and terms of reference satisfactory to the Association;
   
   (b) not later than January 31, 2008, establish and maintain, or cause to be established and maintained, the LIUs for the entire duration of Project implementation, with competent and adequate staff, sufficient and suitable financial and technical resources, and terms of reference satisfactory to the Association; and
   
   (c) ensure that the key staff of the PMU and LIUs, including the directors, shall not be changed without prior consultation with the Association.

3. **Part 2(b)(ii) of the Project**

   Not later than January 31, 2008, the Recipient shall allocate, or cause to be allocated, appropriate premises for the extension of the Bor business incubator and the establishment of Majdanpek business incubator, in a manner satisfactory to the Association.

4. **Memoranda of Understanding**

   The Recipient shall ensure that, by not later than January 31, 2008, the MOUs between the Line Ministries and the PMU have been executed. To this end, the PMU shall implement the Project in accordance with the terms of the MOUs, in a manner satisfactory to the Association.

5. **Project Operational Manual**

   The Recipient shall carry out the Project in accordance with the Project Operational Manual, and shall not amend, suspend, abrogate, repeal or waive any provision of the Project Operational Manual without prior approval of the Association.
6. **Resolution of RTB Bor’s Core Assets**

   Not later than twelve months after the Effective Date of this Agreement, the Recipient shall have successfully completed the resolution of RTB Bor’s Core Assets, in a manner satisfactory to the Association.

7. **Privatization Contract with Private Operator(s)**

   The Recipient shall:

   (a) take all measures necessary on its part to be in compliance with the terms and conditions of the privatization contract;

   (b) exercise its rights and remedies under the said contract in case of non-compliance by the private operator(s); and

   (c) furnish to the Association, in case of non-compliance by the private operator(s), appropriate information on the nature of non-compliance and the steps taken by the Recipient to remedy the situation.

8. **Works under Part 1(b) of the Project**

   Prior to the commencement of any of the civil works under the Part 1(b) of the Project the Recipient shall:

   (a) carry out an environmental impact assessment of Part 1(b) of the Project, satisfactory to the Association, which assessment shall be conducted by independent environmental assessment experts not affiliated with the Project and which shall have been retained by the Recipient under terms of reference acceptable to the Association; and

   (b) cause the independent environmental assessment experts referred to in sub-paragraph (a) of this paragraph, or other independent environmental assessment experts not related to the Project and acceptable to the Association, to prepare an environmental management plan for Part 1(b) of the Project, satisfactory to the Association, to eliminate, offset, or reduce to acceptable levels any adverse environmental and social aspects, including the actions needed to implement the mitigation, monitoring and institutional measures to be taken during the implementation and operation of said Part 1(b).

9. **Environmental Management Plan**

   The Recipient shall: (a) take all measures necessary to carry out, the measures identified under the EMP at all times in a timely manner, ensuring that adequate information on the implementation of said measures is suitably included in the Project
reports to be prepared pursuant to the provisions of Section II.A of this Schedule;
and (b) ensure that the EMP or any of its provisions, shall not be amended, suspended, abrogated, terminated or waived or permitted to be amended, suspended, abrogated, terminated or waived, except with the prior written approval of the Association.

10. **Dam Safety**

For purposes of carrying out of activities relating to dam safety and stabilization under Part 1 of the Project, the Recipient shall:

(a) ensure that detailed plans for supervision and quality assurance, an instrumentation plan, an operation and maintenance plan, an emergency preparedness plan, are prepared not later than December 31, 2008, all in a manner satisfactory to the Association;

(b) ensure that all work related to dam safety and stabilization under Part 1(b) of the Project is designed and supervised by competent professionals in a manner satisfactory to the Association. To that effect, the Recipient shall employ, under terms of reference satisfactory to the Association, an independent specialist to review, on its behalf, dam safety requirements in the design of Part 1(b) of the Project; and

(c) have periodic dam safety inspections performed by competent professionals in a manner satisfactory to the Association.

**Section II. Project Monitoring, Reporting and Evaluation**

A. **Project Reports**

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty five (45) days after the end of the period covered by such report.

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. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association, not later than forty five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its 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 (6) months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Services (other than Consultants’ Services). All goods, works and services (other than 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 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Services (other than Consultants’ Services)

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

2. Other Methods of Procurement of Goods, Works and Services (other than Consultants’ Services). The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:
### Procurement Method

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>(a)</td>
<td>National Competitive Bidding (subject to procedures outlined in the Annex to this Schedule 2)</td>
</tr>
<tr>
<td>(b)</td>
<td>Shopping</td>
</tr>
<tr>
<td>(c)</td>
<td>Direct Contracting</td>
</tr>
<tr>
<td>(d)</td>
<td>Community Participation</td>
</tr>
<tr>
<td>(e)</td>
<td>Commercial Practices, as set forth in paragraph 3.12 of the Procurement Guidelines</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 table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Least Cost Selection</td>
</tr>
<tr>
<td>(b)</td>
<td>Selection Based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(c)</td>
<td>Single Source Selection</td>
</tr>
<tr>
<td>(d)</td>
<td>Procedures set forth in paragraphs 5.2, 5.3 and 5.4 of the Consultant Guidelines 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 Credit 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 Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Works, Goods, Consultants Services and Training for Part 1(b) of the Project</td>
<td>6,600,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>6,600,000</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, except that withdrawals up to an aggregate amount not to exceed SDR 350,000 equivalent may be made for payments made prior to this date but on or after April 27, 2007, for Eligible Expenditures.

2. The Closing Date is September 30, 2012.
ANNEX

to
SCHEDULE 2

National Competitive Bidding: Additional Provisions

For purposes of using National Competitive Bidding Procedures, the following shall apply:

(a) Registration

(i) bidding shall not be restricted to pre-registered firms.

(ii) where registration is required, bidders: (1) shall be allowed a reasonable time to complete the registration process; and (2) shall not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.

(iii) foreign bidders not from the territory of the Recipient shall not be precluded from bidding. If a registration process is required, a foreign bidder declared the lowest evaluated bidder shall be given a reasonable opportunity to register.

(b) Advertising

Invitations to bid in Serbian shall be advertised in at least one (1) widely circulated local daily newspaper available over the territory of the Recipient allowing a minimum of thirty (30) days for the preparation and submission of bids.

(c) Participation by Publicly-owned enterprises

Publicly-owned enterprises 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 contracting authority. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

(d) Bidding Documents

Procuring entities shall use the appropriate standard bidding documents for the procurement of works or services, acceptable to the Association.
(e) Bid Opening and Bid Evaluation

(i) Bids shall be submitted in a single envelope containing the bidder’s qualification information, technical and price bids, which shall be opened simultaneously at the public bid opening.

(ii) Bids shall be opened in public, immediately after the deadline for submission of bids. The name of the bidder, the total amount of each bid and any discounts offered shall be read aloud and recorded in the minutes of the public bid opening.

(iii) Evaluation of bids shall be made in strict adherence to the monetarily quantifiable criteria declared in the bidding documents. No merit point system will be used.

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

(v) Contracts shall be awarded to the qualified bidder having submitted the lowest-evaluated, substantially responsive bid and no negotiation shall take place.

(f) Price Adjustment

Civil works contracts of long duration (more than eighteen (18) months) shall contain an appropriate price adjustment clause.

(g) Rejection of Bids

(i) All bids shall not be rejected and new bids solicited without the Association’s prior concurrence.

(ii) When the number of bids received is less than three (3), re-bidding shall not be carried out without the Association’s prior concurrence.

(h) Securities

Bid security shall not exceed three percent (3%) of the estimated cost of the contract and performance security not more than ten percent (10%) of this cost. No advance payment at the amount of more than ten percent (10%) of the contract price shall be made to contractors without a suitable advance payment security. These securities shall be included in the bidding documents in a text and format acceptable to the Association.
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 February 15 and August 15, commencing August 15, 2017 to and including February 15, 2027</td>
<td>5%</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

Definitions

1. “Beneficiaries” means the micro enterprises, SMEs and individual entrepreneurs selected in accordance with the eligibility criteria set forth in the POM, for purposes of receiving microfinance loans from the MFI(s) under Part 2(b)(iii) of the Project.

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


4. “Environmental Management Plan” or “EMP” means, the environmental management plan prepared by the Recipient as part of the environmental assessment and satisfactory to the Association dated December 1, 2006, describing the environmental issues, mitigation, monitoring and institutional measures for Part 1 of the Project, as the same may be amended and supplemented from time to time with the Association’s prior written approval.


6. “Incremental Operating Costs” means reasonable and necessary incremental expenditures, as approved by the Association on the basis of budgets acceptable to the Association, incurred by the PMU with respect to Project implementation, management and monitoring, including the PMU staff and short term consultants’ remuneration, training, office space, office supplies, utilities, publication of procurement notices, vehicle operation, cost of Project audit, travel and supervision costs, but excluding salaries of officials and employees of the Recipient.

7. “Line Ministries” means the MEM, the MOERD, the MOF and the MOEP, and “Line Ministry” refers to any one of the line ministries.

8. “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.

9. “Local Implementation Units” or “LIUs” means the units referred to in Section 1 of Schedule 2 to this Agreement and responsible for assisting the PMU and respective Line Ministries with managing Project activities at local level.
10. “Local Steering Committee” means the committee to be comprised of representatives of, *inter alia*, municipalities, regional office of the National Employment Service, local non-governmental organizations and business associations.

11. “MEM” means the Recipient’s Ministry of Energy and Mining, or any successor thereto.

12. “Memorandum of Understanding” or “MOU” means each of the memoranda to be executed between each respective Line Ministry, on one hand, and the PMU on the other, specifying the responsibilities of the respective Line Ministry and the PMU in the implementation of Part 1 and 2 of the Project.

13. “Microfinance Institution(s)” or “MFI(s)” means the financial organization(s) selected by the Recipient, on terms and conditions satisfactory to the Association, in accordance with eligibility criteria set forth in the Project Operational Manual, to administer the microfinance loan program under Part 2(b)(iii) of the Project.

14. “MOERD” means the Recipient’s Ministry of Economy and Regional Development, or any successor thereto.

15. “MOF” means the Recipient’s Ministry of Finance, or any successor thereto.

16. “MOEP” means the Recipient’s Ministry of Environmental Protection, or any successor thereto.

17. “Privatization Agency” means Recipients privatization agency, or any successor thereto.


19. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 24, 2007, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

20. “Project Management Unit” or “PMU” means the unit, within the Recipient’s Privatization Agency, responsible for implementation of the Project.

21. “Project Operational Manual” or “POM” means the manual to be prepared by the Recipient and satisfactory to the Association, setting out the
operational, financial and administrative responsibilities and procedures for the implementation of the Project, including eligibility criteria for selection of the MFI(S) and detailed terms and conditions for the Subsidiary Loans, as the same may be amended from time to time.

22. “Project Steering Committee” means the committee comprising of representatives from key stakeholders, including Line Ministries, the National Employment Service, the SME Development Agency, and the Privatization Agency.

23. “RTB Bor” means the Rudarsko-Topionicarski Basen Bor, a copper mining and processing complex in eastern Serbia.

24. “RTB Bor Core Assets” means the Rudnici bakra Bor, Rudnik bakra Majdanpek and Topionica i rafinacija.

25. “SME” means small and medium enterprise.

26. “Subsidiary Agreement” means the agreement pursuant to which the Recipient, or agent thereof, shall make a portion of the proceeds of the Loan available to the MFI(s).

27. “Subsidiary Loan” means the loan to be made by the Recipient, or agent thereof, to the MFI(s) out of the proceeds of the Loan under a Subsidiary Agreement.