

**OFFICIAL
DOCUMENTS**

LOAN NUMBER 8618-ID

Loan Agreement

(First Indonesia Fiscal Reform Development Policy Loan)

between

REPUBLIC OF INDONESIA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated June 21, 2016

24 JUN 2016

LOAN NUMBER 8618-ID**LOAN AGREEMENT**

Agreement dated June 21, 2016, entered into between Republic of Indonesia (“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.A 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 four hundred million United States Dollars (\$400,000,000), 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 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. The Borrower shall pay the Front-end Fee not later than sixty days after the Effective Date.
- 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 June 1 and December 1 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.
- 2.09. (a) If on any given day, the Total Exposure exceeds the Standard Exposure Limit (as said terms are defined in sub-paragraphs (b)(ii) and (b)(iii) of this Section), the Borrower shall pay to the Bank a surcharge at the rate of one half of one percent (0.5%) per annum of the Allocated Excess Exposure Amount (as defined in sub-paragraph (b)(i) of this Section) for each said day ("Exposure Surcharge"). The Exposure Surcharge (if any) shall be payable semi-annually in arrears on each Payment Date.
- (b) For purposes of this Section the following terms have the meanings set forth below:
- (i) "Allocated Excess Exposure Amount" means for each day during which the Total Exposure exceeds the Standard Exposure Limit, the product of: (A) the total amount of said excess; and (B) the ratio of all (or, if the Bank so determines, a portion) of the Loan to the aggregate amount of all (or the equivalent portions) of the loans made by the Bank to the Borrower and to other borrowers guaranteed by the Borrower that are also subject to an exposure surcharge, as said excess and ratio are reasonably determined from time to time by the Bank.
- (ii) "Standard Exposure Limit" means the standard limit on the Bank's financial exposure to the Borrower which, if exceeded, would subject the Loan to the Exposure Surcharge, as determined from time to time by the Bank.
- (iii) "Total Exposure" means for any given day, the Bank's total financial exposure to the Borrower, as reasonably determined by the Bank.

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.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following: 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: a situation has arisen which shall make it improbable that the Program or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following: 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 sixty (60) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is the Minister of Finance.
- 6.02. The Borrower's Address is:

Directorate General of Budget Financing and Risk Management
Ministry of Finance
Gedung Frans Seda
Jl. DR. Wahidin Raya No. 1
Jakarta 10710 - Indonesia

Facsimile: 62-21-381-2859

6.03. The Bank's Address is:

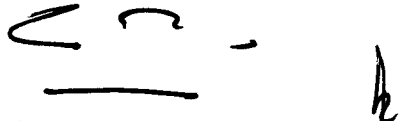
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Telex: Facsimile:

248423(MCI) or 1-202-477-6391
64145(MCI)

AGREED at Jakarta, Republic of Indonesia, as of the day and year first above written.

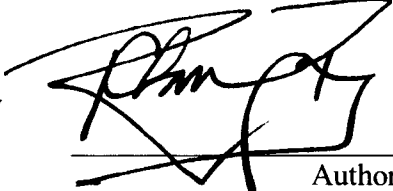
REPUBLIC OF INDONESIA

By 

Authorized Representative

Name: Robert Pakpahan
Director General of Budget
Title: Financing and Risk Management

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By 

Authorized Representative

Name: Rodrigo A. Chavez
Title: Counsellor Director, Indonesia

SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. Actions under the Program

The actions taken by the Borrower under the Program include the following:

Pillar A: **Improving Quality of Spending**

1. The Borrower has increased the share of the central government budget allocated to infrastructure, social assistance and health sectors, compared to pre-fuel subsidy reform years (2012-2014), as evidenced through the 2016 Budget Law, Financial Note for 2016 State Budget and the Presidential Regulation 137/2015.
2. The DG Treasury has completed the roll-out of the financial management information system (SPAN) to all regional treasury offices, as evidenced through the issuance of the Certificate of Operational Acceptance to the service provider.
3. The Borrower has enabled its ministries and agencies to engage in Availability Payment Contracts for infrastructure projects with the private sector, as evidenced through the Presidential Regulation 38/2015, Minister of Finance Regulation 190/2015, Head of Bappenas Regulation 4/2015 and Head of LKPP Regulation 19/2015.
4. The Minister of Finance has reduced major barriers for ministries and agencies to issue multi-year contracts for government procurement by: (a) not requiring the land acquisition process, which remains necessary, to be completed prior to submission of multi-year contracts to the Minister of Finance; (b) eliminating the requirement for an external audit for no-cost contract extensions; and (c) increasing the flexibility of annual budget reallocation for multi-year contracts, as evidenced through the Minister of Finance Regulation 238/2015.
5. The Borrower has enabled the increased usage of early procurement for capital projects listed in the 2016 State Budget, as evidenced through the Presidential Instruction 1/2015, Minister of Public Works and Housing Instruction 3/2015 and Minister of Finance Circular Letter S-577/2015.

Pillar B: **Strengthening Revenue Administration**

6. The DG Taxes has launched in July 1, 2015 an electronic VAT invoice online application that ensures systematic submission of detailed information on taxable goods and services by taxpayers, as evidenced through the DG Taxes Decree 136/2014.
7. The DG Taxes has reduced the burden of the Validation Process for individual e-filing by allowing tax officers to validate on the premises of employers with twenty or more employees, as evidenced through the DG Taxes Regulation 41/2015.

8. The DG Taxes has abolished the statement of regional information in the taxpayer identification number so that taxpayers will not receive new tax IDs when they move to a different region as a major step in establishing a unique and permanent taxpayer identification system, as evidenced through the DG Taxes Circular Letter SE 44/2015.
9. The DG Taxes and BPN have implemented an electronic data exchange to enable DG Taxes to access taxpayers' land asset data held by BPN for compliance purposes in a systematic manner.

Pillar C: Enhancing Tax Policy

10. The Minister of Finance has submitted to the Minister of Law and Human Rights the white paper (*naskah akademik*) for the revision of the VAT and LGST Law No. 42 of 2009 that recommends: (a) broadening the VAT base by rationalizing exemptions and limiting the Ministry of Finance's discretion in granting exemptions; (b) replacing vehicle LGST with a vehicle excise tax; and (c) incorporating remaining LGST goods into the VAT regime.
11. The Minister of Finance has established a maximum debt-to-equity ratio of 4:1 for calculating the allowable deduction from interest paid on debt to address thin capitalization, as evidenced through the Minister of Finance Regulation 169/2015.

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 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:

Allocations	Amount of the Loan Tranche Allocated (expressed in US\$)
Single Withdrawal Tranche	400,000,000
TOTAL AMOUNT	400,000,000

- C. **Payment of Front-end Fee.** No withdrawal shall be made from the Loan Account until the Bank has received payment in full of the Front-end Fee.
- D. **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.

- E. 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.
- 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 December 31, 2016.

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.

	Principal Payment Date	Installment Share (Expressed as a Percentage)
1	June 01, 2022	2.08
2	December 01, 2022	2.13
3	June 01, 2023	2.19
4	December 01, 2023	2.24
5	June 01, 2024	2.30
6	December 01, 2024	2.35
7	June 01, 2025	2.41
8	December 01, 2025	2.47
9	June 01, 2026	2.53
10	December 01, 2026	2.60
11	June 01, 2027	2.66
12	December 01, 2027	2.73
13	June 01, 2028	2.80
14	December 01, 2028	2.87
15	June 01, 2029	2.94
16	December 01, 2029	3.01
17	June 01, 2030	3.09
18	December 01, 2030	3.17
19	June 01, 2031	3.24
20	December 01, 2031	3.33
21	June 01, 2032	3.41
22	December 01, 2032	3.49
23	June 01, 2033	3.58
24	December 01, 2033	3.67
25	June 01, 2034	3.76
26	December 01, 2034	3.86
27	June 01, 2035	3.95
28	December 01, 2035	4.05
29	June 01, 2036	4.15
30	December 01, 2036	4.26
31	June 01, 2037	4.36
32	December 01, 2037	4.32

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.

APPENDIX

Section I. Definitions

1. “2016 Budget Law” means the Borrower’s law No. 14 of 2015 that sets out the 2016 State Budget.
2. “Availability Payment Contracts” means contracts to be entered into between a ministry or an agency of the Borrower and a private entity on concessionary payments for the availability of services provided by said private entity to the Borrower.
3. “Bappenas” means *Badan Perencanaan Pembangunan Nasional*, the Borrower’s agency responsible for national development planning, or any successor thereto.
4. “BPN” means *Kementerian Agraria dan Tata Ruang/Badan Pertanahan Nasional*, the Borrower’s ministry responsible for agrarian and spatial affairs and national land agency, or any successor thereto.
5. “Certificate of Operational Acceptance” means the letter No. 17/COA/SPAN/2015 and issued by DG Treasury to the service provider stating that all contractual terms had been fulfilled and the system ownership of SPAN had been transferred to DG Treasury.
6. “DG Taxes” means the Directorate General of Taxation (*Direktorat Jenderal Pajak*) of the Ministry of Finance, or any successor thereto.
7. “DG Taxes Circular Letter” means *Surat Edaran Direktur Jenderal Pajak*, a circular of DG Taxes.
8. “DG Taxes Decree” means *Keputusan Direktur Jenderal Pajak*, a decree of DG Taxes.
9. “DG Taxes Regulation” means *Peraturan Direktur Jenderal Pajak*, a regulation of DG Taxes.
10. “DG Treasury” means the Directorate General of Treasury of the Ministry of Finance (*Direktorat Jenderal Perbendaharaan*), or any successor thereto.
11. “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:

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

- (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, and any other goods designated as environmentally hazardous by agreement between the Borrower and the Bank;
- (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.
12. "Financial Note for 2016 State Budget" means the policy note issued as part of the 2016 State Budget.
13. "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.

14. “Head of Bappenas Regulation” means *Peraturan Menteri Perencanaan Pembangunan Nasional/Kepala Bappenas*, a regulation of the Head of Bappenas.
15. “Law” means the Borrower’s law.
16. “LGST” means luxury goods sales tax.
17. “LKPP” means *Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah*, the Borrower’s agency responsible for procurement policies, or any successor thereto.
18. “Head of LKPP Regulation” means *Peraturan Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah*, a regulation of the Head of LKPP.
19. “Minister of Finance” or “Ministry of Finance” means the Borrower’s minister or ministry responsible for finance, or any successor thereto.
20. “Minister of Finance Circular Letter” means *Surat Edaran Menteri Keuangan*, a circular letter of the Minister of Finance.
21. “Minister of Finance Regulation” means *Peraturan Menteri Keuangan*, a regulation of the Minister of Finance.
22. “Minister of Law and Human Rights” means the Borrower’s minister responsible for legal and human rights affairs, or any successor thereto.
23. “Minister of Public Works and Housing” means the Borrower’s minister responsible for carrying out public works and housing, or any successor thereto.
24. “Minister of Public Works and Housing Instruction” means *Instruksi Menteri Pekerjaan Umum dan Perumahan Rakyat*, an instruction of the Minister of Public Works and Housing.
25. “President” means the Borrower’s head of state and head of executive.
26. “Presidential Instruction” means *Instruksi Presiden*, an instruction of the President.
27. “Presidential Regulation” means *Peraturan Presiden*, a regulation of the President.
28. “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 March 31, 2016 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.
29. “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.

30. “SPAN” means *Sistem Perbendaharaan dan Anggaran Negara*, the Borrower’s state budget and treasury system.
31. “Validation Process” means the process to validate an electronic filing identification number and taxpayer’s information to allow taxpayer to submit tax returns electronically.
32. “VAT” means value added tax.

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:

“37. “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.”