

LOAN NUMBER 8583-PE

# Loan Agreement

(Boosting Human Capital and Productivity Development Policy Loan)

between

REPUBLIC OF PERU

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated April 4, 2016

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## LOAN AGREEMENT

Agreement dated April 4, 2016, entered into between the REPUBLIC OF PERU ("Borrower") and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, *inter alia*, of: (a) the actions which the Borrower has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (b) the Borrower's maintenance of an adequate macroeconomic policy framework. The Borrower and the Bank therefore hereby agree as follows:

### ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

### ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of one billion two hundred and fifty million Dollars (\$1,250,000,000), 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 (60) days after the Effective Date.
- 2.04. The Borrower shall pay to the Bank a stand-by fee on the Unwithdrawn Loan Balance at the rate of one-half of one percent (0.50%) per annum. The stand-by fee shall accrue from the Effective Date to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The stand-by fee shall be payable semi-annually in arrears on each Payment Date.
- 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 (30) 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 April 15 and October 15 in each year.
- 2.07. (a) Except as otherwise provided in paragraph (b) of this Section, the principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 2 to this Agreement.
- (b) The Borrower may at the time of requesting a Withdrawal also request repayment provisions different from those set out in Schedule 2 to this Agreement for such Withdrawal, provided that: (i) the average maturity of such Withdrawal does not exceed twenty (20) years from the Withdrawal Date and the final maturity of such Withdrawal does not exceed thirty five (35) years from the Withdrawal Date (or such other average maturity and/or final maturity as may be generally applicable to loans made by the Bank to the Borrower at the time of such agreement); and (ii) such repayment provisions have been agreed between the Borrower and the Bank prior to the Withdrawal Date of such Withdrawal.
- 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. Without limitation upon the provisions of Section 5.08 of the General Conditions (renumbered as such pursuant to paragraph 5 of Section II of the Appendix to this Agreement and relating to *Cooperation and Consultation*), the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

### ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the Program and its implementation. 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 the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (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 consist of the following, namely, that the Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

### ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its Minister of Economy and Finance, provided that the Borrower's General Director of Indebtedness and Public Treasury may, by him or herself, represent the Borrower to sign amendments and/or notices to this Agreement which are considered of an administrative and non-financial nature. The signing by such General Director of an amendment and/or notice shall constitute a representation by the Borrower

that any such amendment and/or notice is considered to be administrative and non-financial in nature.

6.02. The Borrower's Address is:

Ministry of Economy and Finance  
Jr. Junín 319  
Lima, Perú

Facsimile:  
(511) 626-9921

6.03. The Bank's Address is:

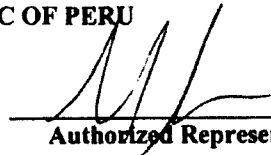
International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Telex: 248423(MCI) or 64145(MCI)      Facsimile: 1-202-477-6391

AGREED at LIMA, PERU, as of the day and year first above written.

REPUBLIC OF PERU

By

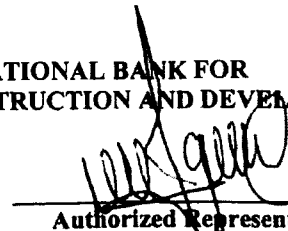
  
Authorized Representative

Name: ALONSO SEGURA VASI

Title: MINISTRO DE ECONOMIA Y FINANZAS

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By:

  
Authorized Representative

Name: JORGE FAMILIAR

Title: VICE-PRESIDENT

## SCHEDULE 1

### Program Actions; Availability of Loan Proceeds

#### Section I. Actions under the Program

Actions Taken Under the Program. The actions taken by the Borrower under the Program include the following:

- A. Enhancing the Education Policy Framework to Enable Better Quality of Skills**
1. The Borrower, through MINEDU, has increased the teaching quality of education in economically disadvantaged areas by introducing a balanced and equitable system for recruiting and promoting qualified teachers and principals within the merit-based Teaching Career System, as evidenced by Resolution of the General Secretariat No. 813-2014-MINEDU of June 16, 2014 and Vice-Ministerial Resolution No. 021-2015-MINEDU of May 15, 2015.
  2. The Borrower, through MINEDU, has improved the school graduates' learning outcomes by: (i) introducing an extended school-day model for secondary education that strengthens the teaching of math, science, English language, and soft skills; and (ii) creating performance-based financial incentives for subnational government institutions that manage schools to improve the learning environment in schools, as evidenced by Ministerial Resolution No. 451-2014-MINEDU of September 30, 2014 and Ministerial Resolution No. 591-2014-MINEDU of December 30, 2014.
  3. The Borrower, through MINEDU, has created the General Directorate for School Infrastructure within MINEDU, to foster the participation of the private sector in school infrastructure upgrading, and to separate the functions of policy formulation and planning from construction, as evidenced by Supreme Decree No. 001-2015-MINEDU published in the Official Gazette on January 31, 2015.
  4. The Borrower, through MINEDU, has improved the framework of university education by creating the National Superintendence of University Education (*Superintendencia Nacional de Educación Universitaria* - SUNEDU) and the General Directorate of University Education (*Dirección General de Educación Superior Universitaria* - DIGESU) within MINEDU, to guarantee that university programs and institutions meet quality standards and to lead the implementation of the university reform, as evidenced by Law No. 30220 published in the Official Gazette on July 9, 2014; Supreme Decree No. 012-2014-MINEDU published in the Official Gazette on December 31, 2014; and Decree No. 001-2015-MINEDU published in the Official Gazette on January 31, 2015.

#### **Facilitating Entry, Operation and Exit of Firms**

5. The Borrower has adopted policies for the facilitation of business entry of firms by: (i) integrating online registration procedures into the system of public registries under the management of SUNARP; (ii) creating financial incentives for large municipalities to deliver operating licenses faster than required by Law No. 28,976 of February 4<sup>th</sup>, 2007;

and (iii) introducing a more effective risk-based classification system for technical safety inspections for new firms, as evidenced by the issuance of Supreme Decree No. 007-2014-JUS published in the Official Gazette on September 13, 2014, Supreme Decree No. 015-2014-EF of January 16, 2014 and Legislative Decree No. 1200 published in the Official Gazette on September 23, 2015.

6. The Borrower has taken measures to limit the discretion of all government bodies to impose regulations and administrative procedures outside the national legal framework, by strengthening INDECOPI's power to sanction non-compliance with the national legal framework, as evidenced by the enacting of Law No. 30230 published in the Official Gazette on July 12, 2014, modifying Law 27444 of April 10, 2001 (*Ley de Procedimiento Administrativo General*) and Legislative Decree No. 1212 published in the Official Gazette on September 24, 2015.
7. The Borrower has taken measures to simplify the withholding regime for VAT payments to reduce operating costs for firms, as evidenced by the enactment of Law 30230 published in the Official Gazette on July 12, 2014, modifying Law 29173 of December 23, 2007.
8. The Borrower has adopted policies to facilitate business exit of firms by: (i) introducing electronic auctions for asset foreclosures in order to reduce costs and risks of insolvency; (ii) creating the registry for judicial delinquent debtors, simplifying the legal framework for insolvency; and (iii) modifying the general law of the insolvency system in terms of quality and registry of administrators and liquidators, simplification of administrative procedures under the responsibility of INDECOPI, and the system of offenses and penalties, as evidenced by the enactment of Law No. 30229 of July 12, 2014, Law 30201 published in the Official Gazette on May 28, 2014 and Legislative Decree No. 1189 published in the Official Gazette on August 21, 2015.

#### **Reducing Transactions Costs in Trade**

9. The Borrower has improved the customs regime through: (i) the modernization of the Borrower's Custom Law enacted by Legislative Decree No. 1053 published in the Borrower's Official Gazette on June 27, 2008 by introducing key elements of the revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures of February 3, 2006 and the Bali WTO Trade Facilitation Agreement of November 27, 2014, particularly improving the authorized economic operators regime, and adopting a more targeted system of fines; and (ii) the elimination of all stamp duties for Customs Declaration reducing transaction costs and in alignment with the Bali WTO Trade Facilitation Agreement, as evidenced by the enactment of Legislative Decree No. 1235 published in the Official Gazette on September 26, 2015 and Law 30230 published in the Official Gazette on July 12, 2014.
10. The Borrower has established the National System for Quality and INACAL to enhance the system of accreditation, standardization and metrology, supporting export competitiveness and access to markets, as evidenced by the enactment of Law No. 30224 published in the Official Gazette on July 11, 2014.

**Section II. Availability of Loan Proceeds**

- A. **General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.
- B. **Allocation of Loan Amounts.** The Loan 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 Allocated (expressed in Dollars)
Single Withdrawal Tranche	1,250,000,000
TOTAL AMOUNT	1,250,000,000

- 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 of Loan Proceeds.** If, at any time prior to the receipt by the Bank of a request for withdrawal of an amount of the Loan, the Bank determines that a review of the Borrower's macroeconomic policy framework or of its progress in carrying out the Program is warranted, the Bank shall give notice to the Borrower to that effect. Upon the giving of such notice, no withdrawals shall be made of the Unwithdrawn Loan Balance unless and until the Bank has notified the Borrower of its satisfaction, after an exchange of views as described in paragraphs (a) and (b) of said Section 3.01, with: (i) the progress achieved by the Borrower in carrying out the Program; and (ii) 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 February 18, 2019.



**SCHEDULE 2**  
**Amortization Schedule**

The Borrower shall repay the principal amount of the Loan in full on October 15, 2029.

**APPENDIX**

**Section I. Definitions**

1. "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:

<b>Group</b>	<b>Sub-group</b>	<b>Description of Item</b>
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;
  - (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.
2. "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.
  3. "INACAL" means *Instituto Nacional de Calidad*, the Borrower's National Institute of Quality, established pursuant to the Borrower's Law No. 30,224 published in the Official Gazette on July 11, 2014.
  4. "INDECOPI" means *Instituto Nacional de la Defensa al Consumidor y de la Propiedad Intelectual*, the Borrower's National Institute of Protection to the Consumer and Intellectual Property, established pursuant to the Borrower's Legislative Decree No. 25868 published in the Official Gazette on November 24<sup>th</sup>, 1992.
  5. "MEF" means *Ministerio de Economía y Finanzas*, the Borrower's Ministry of Economy and Finances.
  6. "MINEDU" means *Ministerio de Educación*, the Borrower's Ministry of Education.
  7. "National System for Quality" means the *Sistema Nacional de Calidad*, the Borrower's national system for quality established by Law 30,224 published in the Official Gazette on July 11, 2014.
  8. "Official Gazette" means *El Peruano*, the official gazette of the Borrower.
  9. "Program" means the program of actions, objectives and policies designed to support the Borrower's efforts to boost human capital and productivity by: (a) enhancing the education policy framework to enable better quality of skills; (b) facilitating the entry, operation, and exit of firms; and (c) reducing transaction costs in trade, set forth or referred to in the letter dated January 12, 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.
  10. "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.

11. "SUNARP" means *Superintendencia Nacional de los Registros Públicos*, the Borrower's National Superintendence of Public Registries established pursuant to the Borrower's Law 26366 published in the Official Gazette on October 16, 1994.
12. "Teaching Career System" means *Carrera Pública Magisterial*, the Borrower's teaching career system.
13. "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 46 of the Appendix, the term “Fixed Spread” is modified to read as follows:

“46. “Fixed Spread” means, for each Withdrawal, the Bank’s fixed spread for the Loan Currency of the Withdrawal in effect at 12:01 a.m. Washington, D.C. time, on the Withdrawal Date, and expressed as a percentage per annum; provided, that: (a) for purposes of determining the Default Interest Rate, pursuant to Section 3.02 (e), that is applicable to an amount of the Withdrawn Loan Balance on which interest is payable at a Fixed Rate, the “Fixed Spread” means the Bank’s fixed spread in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement, for the Currency of denomination of such amount; (b) for purposes of a Conversion of the Variable Rate based on a Variable Spread to a Variable Rate based on the Fixed Spread, and for purposes of fixing the Variable Spread pursuant to Section 4.02, “Fixed Spread” means the Bank’s

fixed spread for the Loan Currency in effect at 12:01 a.m. Washington, D.C. time on the Conversion Date; and (c) upon a Currency Conversion of all or any amount of the Unwithdrawn Loan Balance, the Fixed Spread shall be adjusted on the Execution Date in the manner specified in the Conversion Guidelines.”

14. 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).

15. 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 stand-by fee, 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.”

16. 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”.

17. 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.”

18. In paragraph 94 of the Appendix, the term “Variable Spread” is modified to read as follows:

“94. “Variable Spread” means, for each Withdrawal and each Interest Period: (1) the Bank’s standard lending spread for Loans in effect at 12:01 a.m. Washington, D.C. time, on the Withdrawal Date; (2) minus (or plus) the weighted average margin, for the Interest Period, below (or above) the Reference Rate, for six-month deposits, in respect of the Bank’s outstanding borrowings or portions thereof allocated by it to fund loans that carry interest at a rate based on the Variable Spread; as reasonably determined by the Bank and expressed as a percentage per annum. In the case of a Loan denominated in more than one Currency, “Variable Spread” applies separately to each of such Currencies.”

19. The following definitions of the terms “Withdrawal” and “Withdrawal Date” are inserted as new paragraphs 98 and 99, respectively:

“98. “Withdrawal” means each amount of the Loan withdrawn by the Borrower from the Loan Account pursuant to Section 2.01.

99. "Withdrawal Date" means, for each Withdrawal, the date on which the Bank pays the Withdrawal."