OFFICIAL DOCUMENTS

CREDIT NUMBER 5178-GE

Financing Agreement

(Second Regional Development Project)

between

GEORGIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 9, 2012

Public Disclosure Authorized
Public Disclosure Authorized
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CREDIT NUMBER 5178-GE

FINANCING AGREEMENT

AGREEMENT dated November 9, 2012, entered into between GEORGIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). 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 to nineteen million and eight hundred thousand Special Drawing Rights (SDR 19,800,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

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

2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is Dollars.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.

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 Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely, that the Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

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 Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Subsidiary Agreement has been executed by the Ministry of Finance and the Ministry for Regional Development and Infrastructure on behalf of the Recipient and the Project Implementing Entity.

5.02. The Additional Legal Matter consists of the following, namely, that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is Minister of Finance.

6.02. The Recipient's Address is:

Ministry of Finance
16 Gorgasali Street
0114 Tbilisi
Georgia

Facsimile:

995-32-2261461

6.03. 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 Washington, D.C.	248423 (MCI)	1-202-477-6391

AGREED at Tbilisi, Georgia, as of the day and year first above written.

GEORGIA

By

Authorized Representative

Name: Nodar Khaduri

Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Henry Kerali

Authorized Representative

Name: Henry Kerali

Title: Regional Director

SCHEDULE 1

Project Description

The objective of the Project is to improve infrastructure services and institutional capacity to support increased contribution of tourism in the local economy of the Imereti region.

The Project consists of the following parts:

Part A: Infrastructure Investment

Provision of financing for Investment Subprojects for: (1) the urban regeneration of Tskaltubo which includes: (a) the rehabilitation of municipal infrastructure and utilities in the central area; (b) the upgrading of public spaces, parks, and construction of tourism amenities; and (c) the restoration of public buildings with vernacular architecture; and (2) tourism circuit development which includes: (a) improving urban landscaping and public parking; (b) the construction of info kiosks, cafes and public toilets; (c) the restoration and refurbishment of the exterior and interior of the Vani museum; (d) improving access roads; and (e) the preservation of selected cultural heritage sites, through the carrying out of works and provision of goods and consultants' services.

Part B: Institutional Development

Enhancing the institutional capacity and performance of the Georgia National Tourism Administration (GNTA), the Agency for Culture Heritage Preservation of Georgia (ACHP), the National Museum, the Project Implementing Entity, and other local and regional entities to carry out the following activities: (1) the establishment of the Tskaltubo destination management and development office; (2) sustainable development and promotion; the establishment of the geotourism routes and tourism portal and conducting a local outreach campaign; (3) the preparation of visitors' management plans for the sustainability of the Project's cultural heritage sites; (4) skilled workforce development and capacity building; (5) monitoring and evaluation of performance; and (6) the provision of construction supervision support, through the provision of goods, consultants' services and Training.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall cause the Project Implementing Entity to carry out the Project in accordance with this Agreement, the Project Agreement, Subsidiary Agreement and the Project Operations Manual and shall not amend, suspend, abrogate, repeal or waive any provision of said Manual without the prior written approval of the Association.

2. For the purpose of ensuring the proper coordination and execution of the Project, the Recipient shall maintain the supervisory board of the Project Implementing Entity. The functions of said Board shall include, *inter alia*: (a) overall supervision of the implementation of the Project; (b) inter-agency coordination to achieve the Project objectives; and (c) review and approval of the annual work programs' budgets and reports for the operation of the Project Implementing Entity.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity, on a grant basis, under a subsidiary agreement between the Ministry of Finance and the Ministry for Regional Development and Infrastructure on behalf of the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association ("Subsidiary Agreement").

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Safeguards

1. The Recipient shall ensure that the Project is carried out by the Project Implementing Entity in accordance with the provisions of the EMF, EA(s), EMP(s), RPF and RAP(s). The Recipient shall not assign, amend, abrogate or waive the EMF, EA(s), EMP(s), RPF and/or RAP(s) or any provision thereof, without the prior approval of the Association.

2. For purposes of Part A of the Project, the Recipient shall cause the Project Implementing Entity:

   (a) prior to the preparation of the SAR for each Investment Subproject to submit to the Association for its approval: (i) the proposed design and site for said Investment Subproject; (ii) the proposed environmental assessment category and risk ranking assigned thereto; (iii) the proposed environmental instrument to be prepared; and (iv) the assessment of whether a RAP would need to be prepared for the said Investment Subproject;

   (b) when presenting an Investment Subproject Financing to the Association for approval, to furnish to the Association a SAR, in form satisfactory to the Association, which includes: (i) the description of the proposed Investment Subproject and the respective expenditures proposed to be financed out of the proceeds of the Credit; (ii) the related EA, site-specific EMP and/or RAP, as the case may be, in form and substance satisfactory to the Association; (iii) technical, financial and economic analysis of the proposed Investment Subproject; and (iv) the proposed terms and conditions of the Investment Subproject Financing to be used for the Investment Subprojects;

   (c) prior to the issuance of the bidding documents for the works contract for each Investment Subproject, to prepare and submit to the Association for its approval: (i) the draft bidding documents; and (ii) the draft contract for said works to ensure that the provisions of the site-specific EMP are adequately included in said contract; and

   (d) if an Investment Subproject requires land acquisition or resettlement, prior to the commencement of the works under such Investment Subproject, to ensure that the owners and users of the land where said works are to be implemented are fully compensated in accordance with the provisions of the RAP(s).

3. The Recipient shall: (a) ensure that all activities undertaken for the purpose of carrying out of the Project comply with environmental standards and guidelines satisfactory to the Association; (b) ensure that the selection of any Investment

Subproject under Part A of the Project is done in accordance with the provisions of the EMF; (c) ensure the complete implementation of the EMP(s) in a manner acceptable to the Association, including all necessary measures to minimize and to mitigate any adverse environmental impacts caused by the implementation of the Project; and (d) maintain the Project Implementing Entity's environmental unit with competent staff in adequate numbers and with such responsibilities and functions acceptable to the Association as shall enable the Project Implementing Entity to manage, coordinate and monitor the implementation of the EMP(s).

4. The Recipient shall: (a) ensure that the Project Implementing Entity prepares the RAP(s) according to the RPF; (b) maintain or cause to be maintained by the Project Implementing Entity, and publicize or cause to be publicized by the Project Implementing Entity, the availability of, grievance procedures to hear and determine fairly and in good faith, in accordance with the RPF, all complaints raised in relation to the implementation of the RAP(s), and take all measures necessary to implement the determinations made under such grievance procedures; and (c) cause the Project Implementing Entity, to review consistency of the RAP(s) with the RPF and confirm implementation of RAP(s) prior to commencement of works under each Investment Subproject for which a RAP has been prepared.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. 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 acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month 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. The Recipient shall cause the Project Implementing Entity to prepare and furnish to the Association not later than forty five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.

3. The Recipient shall cause the Project Implementing Entity to have the Project 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 months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

Procurement Method
(a) National Competitive Bidding, subject to the additional provisions set forth in below: (i) "Open competitive procedures" (i.e. "public tender") shall be the default rule. A single envelope procedure shall be used for the submission of goods, works, or non-consulting services. (ii) Invitations to bid shall be advertised in at least one widely circulated national daily newspaper allowing a minimum of thirty (30) days for the preparation and submission of bids. Advertisements published in foreign language newspapers shall be in compliance with such a 30-day-minimum in number of days for bids preparation and submission. (iii) Bidding shall not be restricted to pre-registered firms. If registration is required, it shall not be denied to eligible bidders for reasons unrelated to their capacity and resources to successfully perform the contract (e.g., mandatory membership in professional organizations, classification, etc). Post-qualification shall be conducted to verify that the bidder has the capability and resources to successfully perform the contract. (iv) Government-owned enterprises in Georgia 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 Government. Government-owned enterprises will be subject to the same bid and performance security requirements as other bidders. (v) Procuring entities shall use the appropriate Association's sample bidding documents, including pre-qualification documents, for the procurement of goods, works, or non-consulting services, and such documents shall contain draft contract and conditions of contract including clauses on fraud and corruption, audit and publication of award, all acceptable to the Association. (vi) Bids shall be opened in public, immediately after the deadline for submission of bids. Bidder's representatives shall be permitted to attend the bid opening. (vii) Extension of bid validity shall be allowed once only for not more than thirty (30) days. No further extensions should be requested without

Procurement Method
the prior approval of the Association. (viii) Evaluation of bids shall be based on quantifiable criteria expressed in monetary terms as defined in the bidding documents, no merit point system and no domestic preference shall be used in the evaluation of bids. Contracts shall be awarded to qualified bidders having submitted the lowest evaluated substantially responsive bid and no negotiations shall be carried out prior to contract award. (ix) Civil works contracts of long duration (e.g. more than eighteen (18) months) shall contain an appropriate price adjustment clause. (x) No bid shall be rejected purely on the basis that the bid price is higher than the estimated budget for that procurement. All bids shall not be rejected and new bids solicited without the Association's prior concurrence.
(b) Shopping
(c) Direct Contracting

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 methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan:

Procurement Method
(a) Quality-Based Selection
(b) Selection under a Fixed Budget
(c) Least Cost Selection
(d) Selection Based on Consultants' Qualifications

(e) Single-Source Selection of consulting firms
(f) Procedures set forth in paragraphs 5.1-5.5 of the Consultant Guidelines for the Selection of Individual Consultants
(g) Single-source procedures for the Selection of Individual Consultants

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:

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, Consultants' services and Training	19,600,000	80%
(2) Operating Costs	200,000	80%
TOTAL AMOUNT	19,800,000	

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 5,940,000 equivalent may be made for payments made prior to this date but on or after August 1, 2012, for Eligible Expenditures under Category (1).

2. The Closing Date is June 30, 2017.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each January 15 and July 15:	
commencing January 15, 2018 to and including July 15, 2027	1.65%
commencing January 15, 2028 to and including July 15, 2037	3.35%

* 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

Section I. Definitions

1. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011.

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

3. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011.

4. "Environmental Assessment" means the process of analyzing character, magnitude, and span of potential environmental impacts of an Investment Subproject, to be carried out by the Project Implementing Entity for preparing EMP(s) for high risk Investment Subprojects indentified through the risk assessment procedure provided in the EMF.

5. "EMF" means the Recipient's Environmental Management Framework, dated September 21, 2012, satisfactory to the Association, outlining the procedures for: (a) screening Investment Subprojects based on their expected impacts on the natural and social environment, and cultural heritage; (b) evaluating their risks; (c) defining a need for environmental assessment as part of procedure for preparing EMP(s); (d) disclosure; and (e) management, related to the selection and implementation of the Investment Subprojects under the Project.

6. "EMP(s)" means the Recipient's site-specific environmental management plan(s), acceptable to the Association prepared or to be prepared by the Project Implementing Entity during the Project implementation in accordance with the EMF and approved by the Association, describing environmental mitigation, monitoring and institutional measures for any Investment Subproject under the Project.

7. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

8. "Investment Subproject Agreement" means an agreement entered into between the Project Implementing Entity and: (a) the National Museum; or (b) a Participating LSG for the purposes of the Project, in accordance with the provisions of the Operations Manual.

9. "Investment Subproject" means an eligible subproject to be carried out for the benefit of: (a) the National Museum; and/or (b) a Participating LSG (as hereinafter defined) utilizing the proceeds of Investment Subproject Financing (as hereinafter defined).

10. "Investment Subproject Financing" means a financing made or proposed to be made out of the proceeds of the Financing by the Project Implementing Entity (as hereinafter defined) for an Investment Subproject.

11. "Lari" means the lawful currency of the Recipient.

12. "Ministry of Finance" means the Recipient's Ministry of Finance or any successor thereto.

13. "Ministry of Regional Development and Infrastructure" means the Recipient's Ministry of Regional Development and Infrastructure or any successor thereto.

14. "National Museum" means the National Museum of Georgia established by virtue of Presidential Decree No. 626 of December 30, 2004.

15. "Operating Costs" means reasonable expenditures incurred by the Recipient with respect to Project implementation, management and monitoring, including the costs of support staff salaries (excluding salaries of the Recipient's civil service staff), communication, editing, printing and publication, translation, vehicle operation and maintenance, bank charges, local travel costs and field trip expenses, office rentals, utilities, and office supplies.

16. "Operations Manual" means the manual prepared by the Project Implementing Entity (as hereinafter defined) dated September 21, 2012, satisfactory to the Association: (a) specifying the key instruments for the implementation and coordination of the Project, including (i) the managerial, financial, administrative, engineering and environmental policies and procedures of the Project Implementing Entity (as hereinafter defined) for the execution of the Project; (ii) the procurement and financial management procedures; (iii) the eligibility criteria for selection of Investment Subproject(s) and Participating LSG(s) (as hereinafter defined); (iv) the terms and conditions for Investment Subproject Financing; (v) procurement and implementation of Investment Subprojects; and (vi) the staffing, management and responsibilities of the Project Implementing Entity; and (b) including Annex 4 thereto "Environmental Management Framework", as such Operations Manual may be amended from time to time with the agreement of the Association.

17. "Participating LSG(s)" mean the Local Self Government(s) in the Imereti region established and operating by virtue of Organic Law No. 2304-RS of December 16, 2005, on Local Self-Government which have been selected for the carrying

out of Investment Subproject(s) under Part A of the Project in accordance with the eligibility criteria set forth in the Operations Manual.

18. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011.

19. "Procurement Plan" means the Recipient's procurement plan for the Project, dated September 22, 2012 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

20. "Project Implementing Entity" means the Municipal Development Fund established pursuant to Presidential Decree No. 294 of the President of Georgia, dated June 7, 1997, as amended to date.

21. "Project Implementing Entity's Legislation" means the Charter of the Municipal Development Fund established pursuant to Decree No. 118 of the Government of Georgia dated July 23, 2005, as amended to date.

22. "Resettlement Action Plan" or "RAP" means a resettlement action plan, satisfactory to the Association, to be prepared and implemented by the Project Implementing Entity for carrying out activities under the Project in accordance with the Resettlement Policy Framework (as hereinafter defined), to set out, *inter alia*, the principles and objectives, the affected persons' eligibility criteria, compensation, assistance and rehabilitation entitlements, as well as the monitoring and reporting arrangements in conformity with the Resettlement Policy Framework (as hereinafter defined).

23. "Resettlement Policy Framework" means the Project Implementing Entity's framework, dated September 21, 2012, satisfactory to the Association, for the carrying out of land acquisition activities under the Project, which Framework sets out the procedures to be followed in the carrying out of said activities as such Framework may be amended from time to time with the prior approval of the Association.

24. "SAR" means the Subproject appraisal report referred to in Section I.D.2 of Schedule 2 to this Agreement.

25. "Subsidiary Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity.

26. "Training" means expenditures incurred by the Recipient in connection with carrying out training activities under Part B of the Project, including travel costs

and per diem for local trainees, study tours, workshops, conferences, rental of facilities and equipment and training materials and related supplies.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

   "Section 3.02. *Service Charge and Interest Charge*

   (a) *Service Charge.* The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

   (b) *Interest Charge.* The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months."

2. Paragraph 28 of the Appendix *("Financing Payment")* is modified by inserting the words *"the Interest Charge"* between the words *"the Service Charge"* and *"the Commitment Charge"*.

3. The Appendix is modified by inserting a new paragraph 32 with the following definition of *"Interest Charge"*, and renumbering the remaining paragraphs accordingly:

   "32. "Interest Charge" means the interest charge specified in the Financing Agreement for the *purpose of Section 3.02(b)."*

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix ("Payment Date") is modified by inserting the words "Interest Charges" between the words "Service Charges" and "Commitment Charges".

5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix *("Service Charge")* is modified by replacing the reference to Section 3.02 with Section 3.02 (a).