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CREDIT NUMBER 5474-GY

# Financing Agreement

(Flood Risk Management Project)

between

CO-OPERATIVE REPUBLIC OF GUYANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated *October 10*, 2014

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CREDIT NUMBER 5474-GY

**FINANCING AGREEMENT**

AGREEMENT dated October 10, 2014, entered into between CO-OPERATIVE REPUBLIC OF GUYANA ("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 seven million seven hundred thousand Special Drawing Rights (SDR 7,700,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).
- 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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.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 June 1 and December 1 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 Dollar.

### ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through its Ministry of Agriculture in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Condition of Effectiveness consists of, namely, that the Project Operations Manual has been adopted by the Recipient pursuant to Section I.C.1 of Schedule 2 to this Agreement.
- 4.02. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the date eighteen (18) months after the Association's approval of the Financing, which expires on December 4, 2015.
- 4.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

### ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is its Minister of Finance.
- 5.02. The Recipient's Address is:

Ministry of Finance  
Main and Urquhart Streets  
Georgetown  
Cooperative Republic of Guyana

Facsimile: (592) 226-1284

5.03. The Association's Address is:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

AGREED at The District of Columbia, U.S.A., as of the day and year first above written.

**CO-OPERATIVE REPUBLIC OF GUYANA**

By



Authorized Representative

Name: Dr. Ashni Kumar Singh M.P.

Title: Minister of Finance

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

By



Authorized Representative

Name: Sophie Sirdaine

Title: Director

## SCHEDULE 1

### Project Description

The objective of the Project is to reduce the risk of flooding in the low-lying areas of the East Demerara.

The Project consists of the following parts:

#### Part A. Priority Works for Flood Risk Reduction

1. Upgrading critical sections of the EDWC Dams, selected pursuant to the criteria set forth in the Construction Supervision and Quality Assurance Plan;
2. Carrying out priority flood risk reduction investments in the East Coast Demerara Drainage System, selected pursuant to the criteria set forth in the Construction Supervision and Quality Assurance Plan.
3. Support construction supervision and quality assurance of works under Parts A.1 and A.2 of the Project.

#### Part B. Institutional Strengthening for Flood Risk Reduction

1. Improvement of EDWC Dams safety systems of the Recipient, including preparation and implementation of: (a) the Construction Supervision and Quality Assurance Plan; (b) the Operation, Maintenance and Surveillance Plan; (c) the Instrumentation Plan; and (d) the Emergency Preparedness Plan.
2. Support flood modeling through the carrying out of the following activities: (a) hydraulic and hydrological modeling; (b) specialized training in hydraulic and hydrological modelling, use of remote sensing tools and data management; and (c) information technology support for data management.
3. Support disaster risk management, drainage and irrigation sector-related communications activities through the carrying out of the following activities: (a) carrying out of public meetings in the Project area on Project implementation progress; (b) carrying out of workshops on Project implementation activities; and (c) preparation and distribution of information materials related to the progress of the Project.

#### Part C. Project Management and Implementation Support

Support Project management and implementation activities by the ASDU, including reporting and auditing activities.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. The Recipient shall operate and maintain throughout the implementation of the Project, the ASDU, with functions and responsibilities acceptable to the Association, including with respect to: (a) the carrying out, monitoring, coordination, and supervision of Project activities; and (b) the fiduciary, procurement, safeguards and administrative aspects of the Project.
2. The Recipient, through the Ministry of Agriculture, shall appoint and thereafter maintain throughout Project implementation, within the ASDU, a Project implementation team, with adequate resources, and qualified staff, all acceptable to the Association, including, at least a Project coordinator, a senior civil engineer, a financial management specialist, a procurement specialist, and a junior accountant.
3. The Recipient, through the ASDU shall coordinate the carrying out of Project activities with the support of the National Drainage and Irrigation Authority, and the Ministry of Public Works, as needed, in a manner acceptable to the Association.
4. The Recipient, through ASDU, shall work in conjunction with the National Drainage and Irrigation Authority to obtain the necessary governmental approvals for the selection of any works under Parts A.1 and A.2 of the Project, pursuant to the criteria set forth in the Project Operations Manual.
5. Upon the identification of a critical section of the EDWC Dams for upgrading under Part A.1 of the Project, and insofar any said upgrading activity shall involve ancillary works affecting sea defense structures, roads or bridges, the Recipient shall, prior to the carrying out of any said upgrading activity, ensure that the Ministry of Agriculture and the Ministry of Public Works shall coordinate said upgrading activity pursuant to the terms of a memorandum of understanding to be entered into between said ministries, in form and substance satisfactory to the Association, including, *inter alia*, the arrangements for the construction, design, approval, supervision, maintenance and operation of the proposed works, all in accordance with the provisions of this Agreement.

6. The Recipient, through the Ministry of Agriculture, shall establish and maintain throughout Project implementation, a Project Coordination Committee, under terms of reference set forth in the Operations Manual, which shall be comprised of relevant departments and agencies including, *inter alia* the National Drainage and Irrigation Authority, the Civil Defense Commission, the Sea and River Defense Division, the Ministry of Finance, the Environmental Protection Agency, and the Hydrometeorological Department.

**B Anti-Corruption**

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

**C. Project Operations Manual**

1. The Recipient shall (a) prepare and adopt an operations manual ("Project Operations Manual"), in form and substance acceptable to the Association; and, thereafter, (b) carry out the Project in accordance with the terms of the Project Operations Manual, which shall include, *inter alia*:
  - (i) the procedures for the carrying out, monitoring and evaluation of the Project (including the procurement, disbursement, financial management, social and environmental requirements thereof);
  - (ii) the staff requirements for the Project implementation team within ASDU required for implementation of the Project, including the necessary qualifications and experience for such positions;
  - (iii) the indicators for Project monitoring and evaluation;
  - (iv) the terms of reference for the Project Coordination Committee, including membership and frequency of meetings;
  - (v) the criteria and procedures for the approval process for the selection of any works under Parts A.1 and A.2 of the Project.
2. The Recipient shall not amend, waive, abrogate, suspend or fail to enforce the Project Operations Manual, or any provision thereof without the Association's prior written consent.
3. In case of any conflict between the terms of the Project Operations Manual and those of this Agreement, the terms of this Agreement shall prevail.

**D. Safeguards**

1. The Recipient shall carry out the Project in accordance with: the ESMF (and any environmental management plans prepared thereunder); the RPF (and any resettlement action plans prepared thereunder); the Construction Supervision and Quality Assurance Plan; the Operation, Maintenance and Surveillance Plan; the Instrumentation Plan; and the Emergency Preparedness Plan, and in a manner acceptable to the Association. The Recipient shall not amend, suspend or abrogate any of the provisions of the ESMF (or any environmental management plans prepared thereunder), RPF (or any resettlement action plans prepared thereunder), the Construction Supervision and Quality Assurance Plan, the Operation, Maintenance and Surveillance Plan, the Instrumentation Plan, and/or the Emergency Preparedness Plan without the prior agreement of the Association.
2. Notwithstanding the provisions in paragraph 1 of this Section I, prior to the procurement of any works under Part A of the Project, the Recipient, through the Ministry of Agriculture, shall prepare and thereafter adopt, (a) the Construction Supervision and Quality Assurance Plan, and (b) the Operation, Maintenance and Surveillance Plan, all acceptable to the Association.
3. The Recipient shall ensure that the terms of reference for any consultancy in respect of any Project activity under Part B of the Project shall be satisfactory to the Association following its review thereof, and to that end, such terms of reference shall duly incorporate the requirements of the Association's Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance.

**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 forty five (45) days after the end of the period covered by such report.

**B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.



2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than (45) forty five days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six 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: (a) National Competitive Bidding; (b) Shopping; (c) Direct Contracting.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than (45) forty five days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six 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: (a) National Competitive Bidding; (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: (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 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (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 Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<u>Category</u>	<u>Amount of the Financing Allocated (expressed in SDR)</u>	<u>Percentage of Expenditures to be Financed</u>
(1) Goods, works, non-consulting services, consultants' services, Operating Costs, and Training for the Project	7,700,000	100%
<b>TOTAL AMOUNT</b>	7,700,000	

For purposes of this table, the term:

- (a) "Training" means: (i) reasonable travel, room, board and per diem expenditures incurred by trainers, training facilitators and trainees in connection with the training activities under the Project; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses; and
- (b) "Operating Costs" means the incremental expenses incurred on account of Project implementation, including office equipment and supplies, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, travel, per diem and supervision costs (none of which would have been incurred absent the Project), and including salaries of civil servants.

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed one million five hundred and forty thousand Special Drawing Rights (SDR 1,540,000) equivalent may be made for payments made prior to this date but on or after April 1, 2014, for Eligible Expenditures.
2. The Closing Date is January 31, 2019.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each June 1 and December 1:	
commencing on December 1, 2019 to and including June 1, 2029	1.65%
commencing on December 1, 2029 to and including June 1, 2039	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. "ASDU" means the Agriculture Sector Development Unit within the Ministry of Agriculture referred to in Section I.A.1 of Schedule 2 to this Agreement.
3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. "Civil Defense Commission" means the entity of the Recipient in charge of planning and conducting disaster mitigation operations.
5. "Construction Supervision and Quality Assurance Plan" means the Recipient's plan acceptable to the Association, which covers the organization, staffing levels, procedures, equipment, and qualifications for supervision of dam construction or remedial work under the Project.
6. "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.
7. "East Bank Demerara" means the area within the Recipient's territory located along the bank of the Demerara River, from the village of Eccles to the village of Soesdyke.
8. "East Coast Demerara" means the area within the Recipient's territory located along the Atlantic coast, from the village of Industry to the village to Mahaica.
9. "East Coast Demerara Drainage System" means a drainage system consisting of a series of canals, culverts and pumps, which provide drainage for rainfall and runoff in the following areas: Liliendaal; Ogle; Montrose-Sparendaam; Mon Repos-Annandale; Strathspey-Enterprise-Paradise; and Beehive-Clonbrook all of which are located east of the city of Georgetown along the coastline of the Recipient.
10. "EDWC" means the East Demerara Water Conservancy, a water reservoir system with a catchment area of approximately 571 square kilometers located in Region 4 of the Recipient.

11. "EDWC Dams" means the following dams along the EDWC sides which are located parallel to the Demerara River, the Atlantic Ocean and the Mahaica River, also referred to as the West dam, the North dam, the Northeast dam, and the East dam.
12. "East Demerara" means the area within the Recipient's territory comprising the East Coast Demerara and the East Bank Demerara.
13. "Environmental Protection Agency" means the entity of the Recipient in charge of overseeing the effective management, conservation, protection and improvement of the environment, and established pursuant to the Environmental Protection Act (No. 11, 1996) of the Recipient.
14. "Emergency Preparedness Plan" means the Recipient's plan, acceptable to the Association, which specifies the roles of responsible parties in case of imminent or actual dam failure, or when expected operational flow release may threaten downstream life, property, or economic operations which depend on river flow levels, and includes: clear guidelines on the responsibility for dam operations decision making and for the related emergency communications; maps outlining inundation levels for various emergency conditions; flood warning system characteristics; and procedures for evacuating threatened areas and mobilizing emergency forces and equipment.
15. "ESMF" means the Recipient's framework for the environmental and social management of the Project acceptable to the Association and disclosed by the Recipient on April 11, 2014, and through the Association's Infoshop on April 11, 2014, which contains, *inter alia*, guidelines for the carrying out of environmental assessments and for the preparation and implementation of environmental management plans, when applicable, as such framework may be amended from time to time with the prior agreement of the Association.
16. "Hydrometeorological Department" means the department of the Ministry of Agriculture established to observe, archive and understand the Recipient's weather and climate and provide meteorological, hydrological and oceanographic services in support of the Recipient's national needs and international obligations.
17. "Instrumentation Plan" means the Recipient's plan acceptable to the Association, setting forth the procedures for the installation of instruments to monitor and record the behavior and the related hydro-meteorological, structural, and seismic factors of the EDWC Dams.
18. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010, as modified pursuant to Section II below.

19. "Ministry of Agriculture" means the Recipient's Ministry of Agriculture, or any successor thereto.
20. "Ministry of Finance" means the Recipient's Ministry of Finance, or any successor thereto.
21. "Ministry of Public Works" means the Recipient's Ministry of Public Works, or any successor thereto.
22. "National Drainage and Irrigation Authority" means an agency of the Ministry of Agriculture, responsible for drainage irrigation in the territory of the Recipient, including management of the EDWC.
23. "Operation, Maintenance and Surveillance Plan" means the Recipient's plan, acceptable to the Association which covers organizational structure, staffing, technical expertise, and training required; equipment and facilities needed to operate and maintain the EDWC Dams; operating and maintenance procedures; and arrangements for funding operation and maintenance, including long-term maintenance and safety inspections, including procedures for monitoring changes in the dam's structure or in the nature of the impounded material that may be expected over a period of years.
24. "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.
25. "Procurement Plan" means the Recipient's procurement plan for the Project, dated April 9, 2014 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.
26. "Project Coordination Committee" means the committee referred to in Section I.A.6 of Schedule 2 to this Agreement.
27. "Project Operations Manual" means the Recipient's manual referred to in Section I.C.1 of Schedule 2 to this Agreement.
28. "RPF" means the Recipient's resettlement policy framework for the Project, acceptable to the Association, and disclosed by the Recipient on March 25, 2014, and through the Association's Infoshop on March 18, 2014, which contains, *inter alia*, guidelines for the preparation and implementation of resettlement action plans, when applicable, as such framework may be amended from time to time with the prior agreement of the Association.
29. "Sea and River Defense Division" means the unit in the Ministry of Public Works in charge of overseeing the sea and river defense system of the Recipient.



## 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).