

Public Disclosure Authorized

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LOAN NUMBER 7386-BR

# Loan Agreement

(Second Programmatic Loan for Sustainable and Equitable Growth)

between

FEDERATIVE REPUBLIC OF BRAZIL

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated December 3, 2007

Public Disclosure Authorized

**LOAN NUMBER 7386-BR**

**LOAN AGREEMENT**

Agreement dated December 3, 2007, entered into between the FEDERATIVE REPUBLIC OF BRAZIL (the "Borrower") and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the "Bank") for the purpose of providing financing in support of the Program (as defined in clause (A) of the recitals below).

WHEREAS (A) Pursuant to the loan provided to the Borrower under the Loan Agreement dated June 21, 2004 (Loan No. 7218-BR), the Bank provided assistance to the Borrower in support of the first phase of the Borrower's program of actions, objectives and policies designed to promote growth and achieve sustainable reductions in poverty through a set of microeconomic and institutional reforms that aim to foster sustainable growth by favoring capital accumulation and productivity gains in Brazil, especially aiming at reducing logistics costs, enhancing business environment, improving financial sector efficiency, access and soundness, and increasing technological progress and innovation (the "Program"), as such program was described in a letter, dated January 20, 2004 from the Borrower (represented by its Ministry of Finance (*Ministério da Fazenda*) 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;

(B) the Bank has received a letter, dated May 3, 2006, from the Borrower (represented by its Ministry of Finance): (i) describing the Program as revised since the date of the letter referred to in (A) above, which Program consists of actions taken under the first phase referred to in (A) above, and actions taken as described in Section I of Schedule 1 to this Agreement (the "Second Phase of the Program"); (ii) declaring the Borrower's commitment to the objectives of the Program; and (iii) requesting assistance from the Bank in support of the Second Phase of the Program during the execution thereof; and

(C) the Bank has decided to provide this financing on the basis, *inter alia*, of: (i) 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 appropriate macro-economic policy framework;

NOW THEREFORE, the Borrower and the Bank hereby agree as follows:

## **ARTICLE I—GENERAL CONDITIONS; DEFINITIONS**

- 1.01. (a) Except as otherwise provided in (b) below, the General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- (b) Notwithstanding the provisions of Section 1.01. (a) of this Agreement, Articles III and IV of the “General Conditions for Loans” of the Bank dated July 1, 2005 (as amended through October 17, 2007) (the 2007 General Conditions), as well as the definitions set forth in the Appendix of the 2007 General Conditions of the terms used in said Articles III and IV, constitute an integral part of this Agreement with respect to Article II and Schedule 2 of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in the Loan 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, one hundred fifty million Dollars (\$150,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (the “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.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Fixed Spread Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.
- 2.05. The Payment Dates are June 15 and December 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 2 to this Agreement.
- 2.07. (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; and (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan from a Variable Rate to a Fixed Rate, or vice versa.

- (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.
- 2.08. Without limitation upon the provisions of paragraph (a) of Section 2.07 of this Agreement and unless otherwise notified by the Borrower to the Bank in accordance with the provisions of the Conversion Guidelines, the interest rate basis applicable to the aggregate principal amount of the Loan withdrawn during each Interest Period shall be changed from the initial Variable Rate to a Fixed Rate for the full maturity of such amount 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 5.10 of the General Conditions, 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:
- (a) the Borrower, through the Secretariat of International Affairs (*Secretaria de Assuntos Internacionais*) of its Ministry of Finance, and the Bank shall from time to time, at the request of either party, exchange views on 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 exchange views with the Bank on any proposed action to be taken after the disbursement of the Loan which 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 Events of Suspension consist of the following:
- (a) The Borrower’s macroeconomic policy framework has become inconsistent with the objectives of the Program.

- (b) An action has been taken or a policy has been adopted to reverse any action or policy under the Program (including any action listed in Section I of Schedule 1 to this Agreement) in a manner that would, in the opinion of the Bank, adversely affect the achievement of the objectives of the Program.

#### **ARTICLE V—EFFECTIVENESS**

5.01. The Additional Legal Matter consists of the following: the Loan has been registered with the Central Bank.

5.02. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is April 6, 2008.

#### **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Borrower's Representative is the Minister of Finance of the Borrower.

6.02. The Borrower's Address is:

Ministério da Fazenda  
Procuradoria Geral da Fazenda Nacional  
Esplanada dos Ministérios, Bloco "P" - 8º andar  
70048-900 Brasília, D.F.  
Brazil

Facsimile: (011-55-61) 3412-1740

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

Cable address:

Telex:

Facsimile:

INTBAFRAD  
Washington, D.C.

248423(MCI) or  
64145(MCI)

1-202-477-6391

AGREED at Brasília, Federative Republic of Brazil, as of the day and year first above written.

**FEDERATIVE REPUBLIC OF BRAZIL**

By /s/ Suely Dib de Sousa e Silva  
Authorized Representative

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

By /s/ Alexandre V. Abrantes  
Authorized Representative

## SCHEDULE 1

### Program Actions; Availability of Loan Proceeds

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

1. The Borrower has improved customs effectiveness by adopting various measures (including, *inter alia*, the creation of the *Despacho Aduaneiro Expresso (Linha Azul)* pursuant to *Instrução Normativa SRF* No. 476, of December 13, 2004, as published in the Borrower's Official Gazette on December 15, 2004) that the Bank is satisfied have cumulatively had the effect of reducing: (a) the ratio (expressed as a percentage) of cargoes inspected by customs officials ("selectivity level") from 40% to 30%; and (b) the average net time for the clearance of cargoes by customs officials ("average net release time") by 20%.
2. The Borrower has reduced port costs and delays by establishing priorities for the national policy on port infrastructure, including, *inter alia*, by adopting the *Agenda Portos*, through the issuance by the Borrower's Minister of Transport (*Ministro de Estado dos Transportes*) of *Portaria GM* No. 495/2004, of November 16, 2004, as published in the Borrower's Official Gazette on November 17, 2004.
3. The Borrower has reduced transport costs on the federal road network by providing for the maintenance and rehabilitation of 30% of the federal road network for the period from January 2005 to and including December 2005 through the awarding of output-based contracts, as evidenced in the letter dated April 19, 2006 from the Borrower's Ministry of Transportation (*Ministério de Transportes*) to the Bank.
4. The Borrower has fostered multi-modal transport by completing the geographical restructuring of railway concessions in the Borrower's territory, through, *inter alia*, the following resolutions issued by the Borrower's National Land Transport Agency (*Agência Nacional de Transportes Terrestres*): Resolution No. 1009, of June 28, 2005, as published in the Borrower's Official Gazette on July 8, 2005; Resolution No. 1010, of June 28, 2005, as published in the Borrower's Official Gazette on July 8, 2005; and Resolution No. 1011, of June 28, 2005, as published in the Borrower's Official Gazette on July 8, 2005.
5. The Borrower has strengthened the regulation of infrastructure by:
  - (a) adopting general rules for bidding and contracting procedures for public-private partnerships in public administration, at the federal, state, Federal District and municipal levels through the enactment of the Borrower's Law No. 11,079, of December 30, 2004, as published in the Borrower's Official Gazette on December 31, 2004; and
  - (b) creating staff positions and career development plans for staff of regulatory agencies through the enactment of the Borrower's Law No. 10,871, of May 20, 2004, as published in the Borrower's Official Gazette on May 21, 2004, and as amended by the Borrower's Law No. 11,094, of January 13, 2005, as published

in the Borrower's Official Gazette on January 14, 2005 and as corrected in the Borrower's Official Gazette on January 17, 2005.

6. The Borrower has facilitated the entry and exit of businesses by:
  - (a) adopting a new bankruptcy law through the enactment of the Borrower's Law No. 11,101, of February 9, 2005, as published in the Borrower's Official Gazette on February 9, 2005; and
  - (b) amending its national tax system to, *inter alia*, authorize the establishment of a unified tax collection system, at the federal, state, Federal District and municipal levels, for micro and small enterprises through the enactment of the Borrower's Constitutional Amendment No. 42, on December 19, 2003, as published in the Borrower's Official Gazette on December 31, 2003.
7. The Borrower has simplified the entry and operation of businesses by exempting legal entities that are defined as exporters from the payment of taxes on the sale or importation of machinery, apparatus, instruments and equipment under the *PIS/Pasep* and *Contribuição para o Financiamento da Seguridade Social - Cofins* tax regimes through the enactment of the Borrower's Law No. 11,196, of November 21, 2005, as published in the Borrower's Official Gazette on November 22, 2005.
8. The Borrower has improved the judicial enforcement of contracts by:
  - (a) amending its Federal Constitution to create the National Council of Justice (*Conselho Nacional de Justiça*) and to make certain decisions of the Borrower's Supreme Federal Court (*Supremo Tribunal Federal*) binding (*súmula vinculante*) on other organs of the judiciary through the enactment of the Borrower's Constitutional Amendment No. 45, on December 30, 2004, as published in the Borrower's Official Gazette on December 31, 2004; and
  - (b) amending certain provisions of the Borrower's Code of Civil Procedure (*Código de Processo Civil*) (Borrower's Law No. 5,869, of January 11, 1973) to revise the review of appeals stated in the record and interlocutory appeals (*agravos retido e de instrumento*) through the enactment of Borrower's Bill of Law No. 11,187, of October 19, 2005, as published in the Borrower's Official Gazette on October 20, 2005.
9. The Borrower has addressed the need for sound financial legislation, system risk control and competition by:
  - (a) having the Central Bank contract a consulting firm to prepare a study evaluating the residual risks in the Borrower's payments system (the "Payments System Risk Evaluation") that was completed to the Bank's satisfaction in October 2004; and
  - (b) reporting on certain aspects of the Payments System Risk Evaluation and providing a blueprint for the second phase of reforms of the retail payments system in the written report of the Central Bank's Department of Banking Operations and Payment Systems (*Departamento de Operações Bancárias e de*

*Sistema de Pagamentos*) entitled *Diagnóstico do Sistema de Pagamentos de Varejo do Brasil*, dated May 2005.

10. The Borrower has mobilized long-term resources in the insurance sector by proposing to reform the reinsurance market through Borrower's Proposed Complementary Law (*Projeto de Lei Complementar*) No. PLP 249/2005, which was submitted to the Borrower's Congress on March 9, 2005.
11. The Borrower has improved efficient access to financial services for the poor and small and medium-size enterprises by authorizing voluntary payroll deductions for the repayment of certain loans to civil servants and retirees and pensioners of the Borrower's Federal Executive Branch through the enactment of Borrower's Decree No. 4,961, of January 20, 2004, as published in the Borrower's Official Gazette on January 21, 2004.
12. The Borrower has increased the effectiveness of public research and development by creating incentives for innovation and scientific and technological research in the manufacturing sector, including, *inter alia*, by authorizing strategic alliances between public entities and private companies, the transfer of technology and financial resources from public entities to private companies, and the sharing of public infrastructure with private companies, through the enactment of the Borrower's Law No. 10,973, of December 2, 2004, as published in the Borrower's Official Gazette on December 3, 2004.
13. The Borrower has fostered private innovation by:
  - (a) reforming the Science and Technology Sector Funds (*Fundos Setoriais de Ciência e Tecnologia*) by adopting various measures, including, *inter alia*, the formation of the Coordination Committee for Sector Funds (*Comitê de Coordenação dos Fundos Setoriais*) through the issuance by the Borrower's Minister of Science and Technology (*Ministro de Ciência e Tecnologia*) of *Portaria MCT* No. 151, of April 2, 2004, as published in the Borrower's Official Gazette on April 5, 2004; and
  - (b) providing certain tax incentives to legal entities engaged in research and development of technology through the enactment of the Borrower's Law described in paragraph 7 above.

## **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 shall (except for amounts required to pay the Front-end Fee) be withdrawn in a single tranche. The allocation of the amounts of the Loan to this end is set out in the table below:

<b>Allocations</b>	<b>Amount of the Loan Allocated (expressed in Dollars)</b>
Single Tranche	149,625,000
Front-end Fee	375,000
<b>TOTAL AMOUNT</b>	<b>150,000,000</b>

**C. 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.

**D. 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.

**E. Closing Date.** The Closing Date is June 30, 2008.

## SCHEDULE 2

### Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
On each June 15 and December 15  Beginning June 15, 2011 through June 15, 2022	4.17%
On December 15, 2022	4.09%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
  - (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
  - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
- 4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
- 5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

## APPENDIX

### Section I. Definitions

1. “Borrower’s Official Gazette” means the *Diário Oficial da União*, the Borrower’s official gazette published by the *Imprensa Nacional da Casa Civil da Presidência da República*.
2. “Central Bank” means the *Banco Central do Brasil*, the Borrower’s central bank.
3. “Excluded Expenditure” means any expenditure:
  - (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Bank or the Association has financed or agreed to finance, or which the Bank or the Association has financed or agreed to finance under another loan, credit, or grant;
  - (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Bank by notice to the Borrower:

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

- (c) for goods intended for a military or paramilitary purpose or for luxury consumption;
  - (d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Borrower or international agreements to which the Borrower is a party;
  - (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) under a contract 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 during the procurement or execution of such contract, without the Borrower (or other such recipient) having taken timely and appropriate action satisfactory to the Bank to remedy the situation.
4. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 with the modifications set forth in Section II of this Appendix.
  5. “2007 General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through October 17, 2007) with the modifications set forth in Section II of this Appendix.
  6. “Single Tranche” means the amount of the Loan allocated to the category entitled “Single Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.

## **Section II. Modifications to the General Conditions**

The modifications to the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through October 17, 2007) are as follows:

1. The last sentence of paragraph (a) of Section 2.03 (relating to Applications for Withdrawal) is deleted in its entirety.
2. 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.
3. Sections 5.01 (*Project Execution Generally*), and 5.09 (*Financial Management; Financial Statements; Audits*) are deleted in their entirety, and the remaining Sections in Article V are renumbered accordingly.
4. Paragraph (a) of Section 5.05 (renumbered as such pursuant to paragraph 3 above and relating to *Use of Goods, Works and Services*) is deleted in its entirety.
5. Paragraph (c) of Section 5.06 (renumbered as such pursuant to paragraph 3 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.”

6. Section 5.07 (renumbered as such pursuant to paragraph 3 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.”

7. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

- (a) The definition of the term “Eligible Expenditure” is modified to read as follows:

“‘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.”

- (b) The term “Financial Statements” and its definition as set forth in the Appendix are deleted in their entirety.

- (c) The term “Project” is modified to read “Program” and its definition is modified to read as follows:

“‘Program’ means the program referred to in the Loan Agreement in support of which the Loan is made.” All references to “Project” throughout these General Conditions are deemed to be references to “Program”.