CREDIT NUMBER 5476-VN

Financing Agreement

(Results-Based National Urban Development Program
in the Northern Mountains Region)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 17, 2014

FINANCING AGREEMENT

AGREEMENT dated July 17, 2014, entered into between SOCIALIST REPUBLIC OF VIETNAM ("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 one hundred sixty one million eight hundred thousand Special Drawing Rights (SDR 161,800,000) (variously, "Credit" and "Financing") to assist in financing the program described in Schedule 1 to this Agreement ("Program").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Financing Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.

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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.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 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 — PROGRAM

3.01. The Recipient declares its commitment to the objective of the Program. To this end, the Recipient shall carry out the Program through the Ministry of Construction, Participating Provinces and Participating Cities, and Other Implementing Entities, 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 Program 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 consist of the following, namely the Program has been modified or suspended so as to affect materially and adversely the ability of the Recipient to achieve the objectives of the Program.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Legal Matter consists of the following, namely, the POM has been duly authorized by the Prime Minister and adopted by MOC, and is legally binding upon the Recipient in accordance with its respective terms.

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

5.03. 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 (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the Governor, or a Deputy Governor, of State Bank of Vietnam.

6.02. The Recipient's Address is:

State Bank of Vietnam
49 Ly Thai To
Hanoi, Vietnam

Cable address:	Telex:	Facsimile:
VIETBANK Hanoi	412248 NHTWVT	(84-4) 3825 0612

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 Hanoi, Socialist Republic of Vietnam, as of the day and year first above written.

SOCIALIST REPUBLIC OF VIETNAM

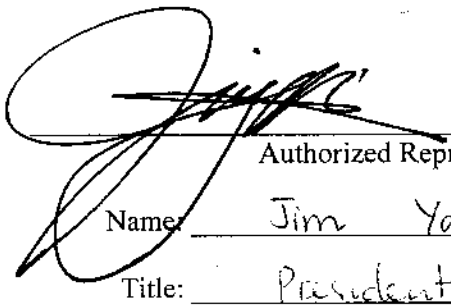
By 

Authorized Representative

Name: Nguyen Van Binh

Title: Governor, State Bank of Vietnam

INTERNATIONAL DEVELOPMENT ASSOCIATION

By 

Authorized Representative

Name: Jim Yong Kim

Title: President

SCHEDULE 1

Program Description

The objective of the Program is to strengthen the capacity of participating Northern Mountains cities to plan, implement, and sustain urban infrastructure.

The Program consists of support for the implementation of the National Urban Development Program approved by the Prime Minister's Decision Number 1659/QD-TTg, dated November 7, 2012, and the following activities from January 1, 2015 to December 31, 2020:

1. Performance-based Transfers for local infrastructure to Participating Cities;

2. Capacity support for Participating Cities; and

3. Support for national policy development and oversight.

SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Program Fiduciary, Environmental and Social Systems

Without limitation on the provisions of Article IV of the General Conditions, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with financial management, procurement and environmental and social management systems acceptable to the Association ("Program Fiduciary, Environmental and Social Systems") which are designed to ensure that:

1. the Financing proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and

2. the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

B. Anti-Corruption

Without limitation on the provisions of Part A of this Section, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with the provisions of the Anti-Corruption Guidelines.

C. Other Program Institutional and Implementation Arrangements

1. Program Institutions

Without limitation on the generality of Part A of this Section I, the Recipient shall carry out the Program in accordance with the institutional and administrative arrangements set forth in NUDP:

(a) under the overall guidance and supervision of MOC;

(b) through MOC, cause the Urban Development Agency to be responsible for overall Program coordination activities; and

(c) except as the Association shall otherwise agree in writing, the Recipient shall not amend or waive any of such arrangements if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the Program's implementation or the achievement of the objectives thereof.

2. Additional Program Implementation Arrangements

Without limitation on the generality of Part A of this Section I, the Recipient shall:

(a) undertake the actions and cause the Participating Cities to undertake the actions set forth in the PAP, in accordance with the instructions of the POM;

(b) carry out the Program, and cause the Participating Cities to carry out the Program, in accordance with the provisions of the POM;

(c) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of the PAP and/or the POM, or any provision thereof, without the prior written agreement of the Association; and

(d) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of the PAP and the POM.

3. In case of any inconsistency between the provisions of the POM and those of this Agreement, the provisions of this Agreement shall prevail.

Section II. Excluded Activities

The Recipient shall ensure that the Program excludes any activities which:

A. in the opinion of the Association, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or

B. involve the procurement of: (1) works, estimated to cost US$ 50 million equivalent or more per contract; (2) goods, estimated to cost US$ 30 million equivalent or more per contract; (3) non-consulting services, estimated to cost US$ 20 million equivalent or more per contract; or (4) consultants' services, estimated to cost US$ 15 million equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation; Audits

A. Program Reports

1. The Recipient shall monitor and evaluate the progress of the Program and prepare Program Reports in accordance with the provisions of Section 4.08 of the General Conditions. Each Program Report shall cover the period of one (1)

calendar year, and shall be furnished to the Association not later than three (3) months after the end of the period covered by such report.

2. Without limiting the generality of the provisions of Part A.1 of this Section, the Recipient shall cause the State Audit of Vietnam:

(a) to undertake, at least once annually, a verification process, in accordance with terms of reference acceptable to the Association, for the fulfillment of the Disbursement Linked Results set out in the table in paragraph A.2 of Section IV of this Schedule 2; and

(b) to furnish to the Association, by no later than July 31 of each CY, corresponding verification reports, in form and substance acceptable to the Association.

B. Program Financial Audits

Without limitation on the generality of Section I.A of this Schedule 2 and Section 4.09 of the General Conditions, the Recipient shall have the 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 seven (7) months after the end of such period.

C. Annual and Midterm Reviews

1. The Recipient shall review jointly with the Association, by no later than one (1) month after the transmittal of each Program Report to the Association, such Report, and thereafter take all measures required to ensure the efficient completion of the Program and the achievement of the objectives thereof, based on the conclusions and recommendations of such Report and the Association's views on the matter.

3. The Recipient shall: (a) carry out jointly with the Association, by no later than September 30, 2017, a midterm review to assess the overall progress in implementation of the Program; (b) prepare and furnish to the Association, at least three (3) months prior to such review, a report, in scope and detail acceptable to the Association, needed to undertake the review, and (c) review, jointly with the Association, the report referred to in subparagraph (b) above and thereafter take all measures required to ensure the efficient completion of the Program and the achievement of the objectives thereof, based on the conclusions and recommendations of said report and the Association's views on the matter.

Section IV. Withdrawal of Financing Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Financing to finance the Program Expenditures: (a) in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association may specify from time to time by notice to the Recipient; and (b) on the basis of the results ("Disbursement Linked Results" or "DLRs") achieved by the Recipient, as measured against specific indicators ("Disbursement Linked Indicators" or "DLIs"), as set forth in the table in paragraph 2 of this Part A.

2. The following table specifies: (a) each category ("Category") setting forth a particular DLI; (b) each DLR to be achieved on the basis of said DLI; (c) each period covered by said DLI; and (d) the amount of the financing allocated to said DLR, which may be withdrawn upon achievement of said DLR up to a specified aggregate amount, subject to the provisions of Part B of this Section:

DLI Category	Disbursement Linked Indicator	Disbursement Linked Result	Amount of the Financing Allocated (expressed in SDR)
DLI 1.1	Enhanced Annual City Plans approved and disclosed to the public	One Enhanced Annual City Plan for each Participating City for each CY	21,357,600
DLI 1.2	Professionally-staffed management units in place within each Participating City People's Committee	A management unit in each Participating City People's Committee is maintained for each CY with qualified staff in the fields of engineering, environment, social (including a gender officer), procurement, M&E, IT and administration.	14,238,400

DLI Category	Disbursement Linked Indicator	Disbursement Linked Result	Amount of the Financing Allocated (expressed in SDR)
DLI 2	Local urban infrastructure investments delivered as per each Participating City's approved Enhanced Annual City Plan	Each Participating City delivers, according to the respective Enhanced Annual City Plan local urban infrastructure sub-projects that are appraised and implemented in compliance with the relevant actions under the PAP.	100,316,000
DLI 3.1	Asset management plan adopted and local urban infrastructure sub-projects in full service after completion	(a) An asset condition assessment in each Participating City completed in CY 2015. (b) An asset management plan for each Participating City is completed in CY 2016. (c) Each CY, starting from CY 2017, a minimum of 80% of local urban infrastructure sub-projects completed are free from physical damage and fully provide the functions for which they were designed.	6,472,000
DLI 3.2	Increased annual own-sources revenue in Participating Cities	An increase of at least 12% in nominal revenues reported as collected in each CY by the Participating City People's Committee through taxes and fees compared to the previous CY, based on audit of actual data for both years.	6,472,000

DLI Category	Disbursement Linked Indicator	Disbursement Linked Result	Amount of the Financing Allocated (expressed in SDR)
DLI 4.1	Implementation Strategy for National Urban Development Program adopted with annual milestones	(a) Policy Note on urban infrastructure investment needs approved in CY 2015. (b) NUDP implementation framework approved in CY 2016. (c) NUDP expenditure framework approved in CY 2017. (d) NUDP management capacity in place in CY 2018. (e) NUDP national rollout strategy with selection of phase 2 cities in CY 2019. (f) NUDP implementation in phase 2 cities commenced in CY 2020.	4,530,400
DLI 4.2	Professionally-staffed unit in place in MOC, preparation of Annual Capacity Development Plans, and capacity building support provided to cities in accordance with such plans	(a) A management unit in the Urban Development Agency is maintained for each CY with qualified staff in the fields of engineering, environment, social (including a gender officer), procurement, internal audit, M&E, IT and administration. (b) One Annual Capacity Development Plan is submitted for each CY. (c) Capacity support is provided per Annual	6,472,000

DLI Category	Disbursement Linked Indicator	Disbursement Linked Result	Amount of the Financing Allocated (expressed in SDR)
		Capacity Development Plan in each CY	
DLI 4.3	Completed Program Report	A Program Report is submitted by MOC following a template agreed with the Association, summarizing key implementation aspects, results, and fulfillment of the PAP in each CY.	1,941,600
	TOTAL AMOUNT		**161,800,000**

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

(a) for payments made prior to the date of this Agreement;

(b) for DLRs corresponding to DLI 2 referred to in the table in Part A.2 of this Section until and unless: (i) the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved; (ii) the Recipient has furnished evidence satisfactory to the Association that DLRs corresponding to DLIs 1.1 and 1.2 for the same CY have been achieved for the respective Participating City; (iii) the Recipient has furnished an annual financial audit report for the Program financial statements of the Participating City, in form and substance acceptable to the Association; and (iv) the amount requested for withdrawal does not exceed the Total Transfer Amount for DLI 2 per Participating City; and

(c) for any other DLR referred to in the table in Part A.2 of this Section until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved.

2. Notwithstanding the provisions of Part B.1 (b) and (c) of this Section, the amount requested for withdrawal under each DLI Category for any DLR shall be calculated on the basis of the DLR unit price as set forth in the POM.

3. Notwithstanding the provisions of Part B.1(b) and (c) of this Section, the Recipient may, from time to time, withdraw an amount of the Financing up to an aggregate amount not to exceed the equivalent of SDR40,450,000 as an advance, provided, however, if any DLR set forth in the table in Part A.2 of this Section, in the opinion of the Association, has not been achieved (or has only been partially achieved) by the Closing Date, then the Recipient shall refund such advance(s) (or portion of such advances(s), as determined by the Association) to the Association promptly upon notice thereof by the Association. Except as otherwise agreed with the Recipient, the Association shall cancel the amount so refunded. Any further withdrawals requested as advance under any Category shall be permitted only on such terms and conditions as the Association shall specify by notice to the Recipient.

4. Notwithstanding the provisions of Part B.1(b) and (c) of this Section, if the Association is not satisfied that any DLR has been achieved by the end of the period corresponding to said DLR (if applicable), then the Association may, at any time, by notice to the Recipient, decide, in its sole discretion, to: (i) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Financing then allocated to said Category which, in the opinion of the Association, corresponds to the extent of achievement of said DLR (only for those corresponding to DLIs 2 and 4.2), said lesser amount to be calculated in accordance with the DLR unit price as set forth in the POM; (ii) reallocate all or a portion of the proceeds of the Financing then allocated to such DLR to any other DLR(s); and/or (iii) cancel all or a portion of the proceeds of the Financing then allocated to such DLR.

5. The Closing Date June 30, 2021.

6. Notwithstanding the foregoing provisions of this Section IV, if the Association establishes after the Closing Date that the Withdrawn Financing Balance exceeds the total amount paid for Program Expenditures, exclusive of any such amounts financed by any other financier or by the Bank or the Association under any other loan, credit or grant, the Recipient shall, promptly upon notice from the Association, refund to the Association such excess amount of the Withdrawn Financing Balance. The Association shall cancel the refunded amount of the Withdrawn Financing Balance.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each June 1 and December 1:	
commencing December 1, 2019 to and including June 1, 2029	**1.65%**
commencing 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. "Annual Capacity Development Plan" means an annual plan prepared by MOC and furnished to the Association for approval, aimed at providing capacity building support to the Participating Cities, including: (i) the topic for capacity building; (ii) the objective of the support in relation to Program results areas and DLIs; (iii) the intended outputs; (iii) the target audience for the activity; (iv) the delivery modality; (v) the timeline for the delivery of the activity; and (vi) the financial resources assigned for the activity; in accordance with guidelines prescribed in the POM.

2. "Anti-Corruption Guidelines" means the Association's "Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing," dated February 1, 2012.

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

4. "City" means any City People's Committee of the government administrative areas established as such in accordance with the Recipient's constitution and laws or any successor thereto; and "Cities" mean, collectively, more than one City People's Committee.

5. "CY" means calendar year.

6. "Disbursement Linked Indicator" or "DLI" means an indicator set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of which a DLR is to be measured and "Disbursement Linked Indicators" or "DLIs" means, collectively, more than one, or said indicators (as the context may require).

7. "Disbursement Linked Result" or "DLR" a result set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Financing allocated to said result may be withdrawn in accordance with the provisions of said Section; and "Disbursement Linked Results" or "DLRs" means, collectively, more than one, or all said results (as the context may require).

8. "Enhanced Annual City Plans" means an annual plan of a Participating City that includes a full statement of the anticipated revenues and expenditures of the Participating City for the following financial year; a detailed list of all

infrastructure sub-projects of the Participating City with criteria for selection, including an emphasis on service delivery to poor households, in accordance with guidelines prescribed in the POM; that is formally authorized in full by said Participating City prior to the start of the financial year to which it applies; and which is made public.

9. "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.

10. "Ministry of Construction" or "MOC" means the Recipient's Ministry of Construction or any successor thereto.

11. "National Urban Development Program" or "NUDP" means the Recipient's National Urban Development Program (2012-2020) approved by the Prime Minister's Decision No. 1659/QĐ-TTg, dated November 7, 2012, which objectives are to respond to the challenges of rapid urbanization in Vietnam through the an efficient, sustainable and equitable process of urban development by improving levels of access to basic urban services (water supply, sewerage and drainage, solid waste management, public lighting, roads and public transport, environmental services and public space), expanding the provision of serviced land for high-density housing and economic activities, and integrated urban upgrading of low-income urban areas.

12. "Northern Mountains Region" means the geographical area comprising Provinces and located in the mountainous area in the northern territory of the Recipient.

13. "Other Implementing Entities" means, collectively, the Recipient's government entities or government-owned enterprises which are independent of Program provinces/cities/departments at the central, provincial, or city levels involved in the implementation of the Program other than the Ministry of Construction, including the Ministry of Finance and the State Audit of Vietnam, and any successor or successors thereto.

14. "Participating Cities" means the Recipient's cities/town of Thái Nguyên, Điện Biên Phủ, Cao Bằng, Bắc Kạn, Hòa Bình, Tuyên Quang, and Yên Bái, or any successor to any such cities/town, and such other additional cities/town as may be mutually agreed to in writing by the Recipient and the Association at any time and from time to time, and a "Participating City" means any one of such cities/town.

15. "Participating Provinces" means the Recipient's provinces of Thái Nguyên, Điện Biên, Cao Bằng, Bắc Kạn, Hòa Bình, Tuyên Quang, and Yên Bái, or any successor to any such provinces, and such other additional provinces as may be mutually agreed to in writing by the Recipient and the Association at any time

and from time to time, and a "Participating Province" means any one of such provinces.

16. "People's Committee" means the local government at the Province or City level, as the case may be, or any successor thereto.

17. "Performance-based Transfer" means a grant and/or loan provided under the Program to a Participating City for the financing of local infrastructure sub-projects, in accordance with this Agreement and the Program Operational Manual.

18. "Program Action Plan" or "PAP" means the action plan authorized by the Prime Minister, pursuant to Official Letter Number 2693/VPCP-QHQT, dated April 21, 2014, which plan is part of the POM and is designed to strengthen the Program Fiduciary, Environmental and Social Systems.

19. "Program Fiduciary and Environmental and Social Systems" means the Recipient's systems for the Program referred to in Section I.A of Schedule 2 to this Agreement.

20. "Program Operational Manual" or "POM" means the manual authorized by the Prime Minister pursuant to Official Letter Number 2693/VPCP-QHQT dated April 21, 2014, and subsequently adopted by MOC pursuant to Official Letter Number 757/BXD-PTDT, dated April 23, 2014, which sets forth guidelines, policies, procedures and requirements for the implementation of the Program including the Program Action Plan and additional measures to strengthen the Recipient's procurement, financial management, anticorruption, environmental and social systems, as the same may be amended from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such Manual.

21. "Province" means any of the government administrative areas established as such in accordance with the Recipient's constitution and laws, or any successor thereto.

22. "Urban Development Agency" means the agency established within the Ministry of Construction pursuant to Decision 459/QĐ-BXD, dated August 2, 2008, or any successor thereto.

23. "State Audit of Vietnam" means the entity established by the Recipient's National Assembly pursuant to Law Number 37/2005/QH11 on State Audit, dated June 14, 2005, or any successor thereto.

24. "Total Transfer Amount for DLI 2" means the maximum amount of Performance-based Transfers to each Participating City on account of achievement of the DLR corresponding to DLI 2, as set forth in the POM.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Wherever used throughout the General Conditions, the term "the Project" is modified to read "the Program", the term "the Project Agreement" is modified to read "the Program Agreement", the term "Project Implementing Entity" is modified to read "the Program Implementing Entity", the term "Project Report" is modified to read "Program Report"; and the term "Eligible Expenditures" is modified to read "Program Expenditures".

2. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the amendments set out below.

3. Section 2.02, *Special Commitment by the Association*, is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.

4. In Section 2.02 (originally numbered as Section 2.03), the heading "*Applications for Withdrawal or for Special Commitment*" is replaced with "*Applications for Withdrawal*", and the phrase "or to request the Association to enter into a Special Commitment" is deleted.

5. The section originally numbered as Section 2.05, *Designated Accounts* is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.

6. Paragraph (a) of Section 2.03 (originally numbered as Section 2.05), *Eligible Expenditures* (renamed "Program Expenditures" in accordance with paragraph 1 of this Section II), is modified to read: "(a) the payment is for the financing of the reasonable cost of expenditures required for the Program and to be financed out of the proceeds of the Financing in accordance with the provisions of the Legal Agreements;".

7. The last sentence of Section 2.04 (originally numbered as Section 2.06), *Financing Taxes*, is modified to read: "To that end, if the Association at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Association may, by notice to the Recipient, exclude such amount or such Tax from the Program Expenditures to be financed out of the proceeds of the Financing, as required to ensure consistency with such policy of the Association."

8. Section 2.06 (originally numbered as Section 2.08), *Reallocation*, is modified to read: "Notwithstanding any allocation of an amount of the Financing to a withdrawal category under the Financing Agreement, the Association may, by notice to the Recipient, reallocate any other amount of the Financing to such category if the Association reasonably determines at any time that such reallocation is appropriate for the purposes of the Program.

9. Section 6.01, *Cancellation by the Recipient*, is modified to read: "The Recipient may, by notice to the Association, cancel any amount of the Unwithdrawn Financing Balance."

10. Paragraph (d) of Section 6.03, *Cancellation by the Association*, entitled "*Misprocurement*", is deleted, and subsequent paragraphs are relettered accordingly.

11. Section 6.04, *Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Association*, is deleted in its entirety, and subsequent Sections in Article VI and references to such Sections are renumbered accordingly.

12. In the Appendix, *Definitions*, all references to Section numbers are modified, as necessary, to reflect the modifications set forth above. In addition, the definition of the term "Special Commitment" is deleted in its entirety, and all subsequent paragraphs are renumbered accordingly.