H. E. Mr. Samir Sharifov
Minister of Finance
Ministry of Finance
Baku
Republic of Azerbaijan

Re: Republic of Azerbaijan: Additional Financing for the Judicial Modernization Project
(Loan No. 8068-AZ - Credit No. 4961-AZ)
Amendment to the Loan and Financing Agreements

Excellency:

We refer to: (a) the Loan Agreement between the Republic of Azerbaijan (the “Borrower”) and the International Bank for Reconstruction and Development (the “Bank”) dated November 22, 2011 for the Additional Financing for the Judicial Modernization Project (the “Loan Agreement (Loan No. 8068-AZ)’’); and (b) the Financing Agreement between the Recipient and the Association dated November 22, 2011 for the Additional Financing for the Judicial Modernization Project (the “Financing Agreement (Credit No. 4961-AZ)’’). We also refer to your letter dated July 20, 2012 and further discussions with the Bank and the Association, requesting the Bank and the Association to make certain amendments to the afore mentioned Agreements.

Consequently, the aforementioned Agreements are hereby amended as follows:

A. Loan Agreement (Loan No.8068-AZ):

1. Under Section I.C of Schedule 2 to the Loan Agreement (Loan No. 8068-AZ) a new paragraph 3 shall be added to read as follows:

“3. The Borrower shall ensure that for any activity to be undertaken under the Project involving the involuntary acquisition of land or the temporary or permanent involuntary resettlement or displacement of the occupants or owners of such land, a Resettlement Action Plan satisfactory to the Bank as defined shall be prepared and implemented in accordance with the Resettlement Policy Framework. Prior to the commencement of works for any proposed site, the Borrower shall ensure that: (a) the related Site-specific EMPs are prepared in accordance with the EMP; (b) the proposed design and site for said works incorporate the provisions of Site-specific EMPs; (c) the provisions of said Site-specific EMPs are adequately included in the proposed contract for said works; and (d) such works are carried out in accordance with the respective Site-specific EMPs. The Bank shall conduct a post-review of the documentation related to the design,
contracts and Site-specific EMPs for selected works and field visits of such selected works as part of regular Project supervision.”

2. Under Section II.A of Schedule 2 to the Loan Agreement (Loan No. 8068-AZ) a new paragraph 4 shall be added to read as follows:

“They Borrower, through its Ministry of Justice, shall submit semi-annual monitoring and evaluation reports, on the basis of an outline agreed with the Bank, indicating (a) implementation progress and project results; and (b) monitoring environmental and social impacts and mitigation measures related to safeguard policies and identified by the EMP, the Site-specific EMP(s), the Resettlement Policy Framework and the RAP, beginning with a first such report covering the period till December 31, 2012 (due to the Bank by March 15, 2013), with subsequent reports due within 45 days of the end of each semi-annual reporting period.”

3. Under Section III.C.2 of Schedule 2 to the Loan Agreement (Loan No. 8068-AZ) a new method of procurement of Consultants’ Services shall be added to read as follows:

“(e) Single-source Selection of consulting firms.”

4. The table under Section IV.A.2 of Schedule 2 to the Loan Agreement (Loan No. 8068-AZ) shall be amended as follows:

<table>
<thead>
<tr>
<th>“Category”</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (Net of VAT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works including non-consulting services</td>
<td>21,520,355</td>
<td>60%</td>
</tr>
<tr>
<td>(2) Goods</td>
<td>2,497,246</td>
<td>60%</td>
</tr>
<tr>
<td>(3) Consultants’ services including Audit</td>
<td>121,899</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Front-end Fee</td>
<td>60,500</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>(5) Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
<td>Amount due pursuant to Section 2.07(c) of this Agreement</td>
</tr>
</tbody>
</table>

**TOTAL AMOUNT** 24,200,000*

5. Section IV.B of Schedule 2 to the Loan Agreement (Loan No. 8068-AZ) shall be amended as follows:

**“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 $861,123 equivalent may be made for payments made prior to this date but on or after January 1, 2011, for Eligible Expenditures.

2. The Closing Date is December 31, 2014.”

6. The definition of “EMP” under the Appendix to the Loan Agreement (Loan No. 8068-AZ) shall be amended to read as follows:

“6. “EMP” means the environmental management plan, satisfactory to the Bank, adopted by the Borrower and submitted to the Bank, on April 19, 2006, incorporated into the Operational Manual, setting forth the framework for measures to mitigate any adverse impacts to the environment under Component 2 of the Project as further updated and submitted to the Bank on June 28, 2012.”

7. The definition of “Incremental Operating Costs” under the Appendix to the Loan Agreement (Loan No. 8068-AZ) shall be amended to read as follows:

“7. “Incremental Operating Costs” means incremental expenses incurred by the JMT on account of Project implementation, such as communications, office supplies and materials, vehicle maintenance, fuel, bank charges and such other expenditures as may be agreed upon by the Bank.”

8. The Appendix to the Loan Agreement (Loan No. 8068-AZ) shall be revised to include new definitions to read as follows:

“17. “Resettlement Action Plan” or “RAP” means the resettlement action plan, satisfactory to the Bank, to be prepared and implemented by the Borrower for carrying out the Project in accordance with the Resettlement Policy Framework (as hereinafter defined), to set out, inter alia, the principles and objectives of the RAP, 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).

18. “Resettlement Policy Framework” means the Borrower’s framework, dated July 19, 2012 satisfactory to the Bank, 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 Bank.

19. “Site-specific EMP(s)” means the Borrower’s site specific environmental management plan(s), acceptable to the Bank prepared or to be prepared by the Borrower during the Project implementation in accordance with the EMP and approved by the Bank, describing environmental mitigation, monitoring and institutional measures under the Project.”

9. All the terms and conditions of the Loan Agreement (Loan No. 8068-AZ) that have not been amended hereby shall remain unchanged and in full force and effect.

B. Financing Agreement: Credit No. 4961-AZ:

1. Under Section 1.C of Schedule 2 to the Financing Agreement (Credit No. 4961-AZ) a new paragraph 3 shall be added to read as follows:
3. The Recipient shall ensure that for any activity to be undertaken under the Project involving the involuntary acquisition of land or the temporary or permanent involuntary resettlement or displacement of the occupants or owners of such land, a Resettlement Action Plan satisfactory to the Association as defined shall be prepared and implemented in accordance with the Resettlement Policy Framework. Prior to the commencement of works for any proposed site, the Recipient shall ensure that: (a) the related Site-specific EMPs are prepared in accordance with the EMP; (b) the proposed design and site for said works incorporate the provisions of Site-specific EMPs; (c) the provisions of said Site-specific EMPs are adequately included in the proposed contract for said works; and (d) such works are carried out in accordance with the respective Site-specific EMPs. The Association shall conduct a post-review of the documentation related to the design, contracts and Site-specific EMPs for selected works and field visits of such selected works as part of regular Project supervision.”

2. Under Section II.A of Schedule 2 to the Financing Agreement a new paragraph 4 shall be added to read as follows:

“4. The Recipient, through its Ministry of Justice, shall submit semi-annual monitoring and evaluation reports, on the basis of an outline agreed with the Association, indicating (a) implementation progress and project results; and (b) monitoring environmental and social impacts and mitigation measures related to safeguard policies and identified by the EMP, the Site-specific EMP(s), the Resettlement Policy Framework and the RAP, beginning with a first such report covering the period till December 31, 2012 (due to the Association by March 15, 2013), with subsequent reports due within 45 days of the end of each semi-annual reporting period.”

3. Under Section III.C.2 of Schedule 2 to the Financing Agreement (Credit No. 4961-AZ) a new method of procurement of Consultants’ Services shall be added to read as follows:

“(e) Single-source Selection of consulting firms.”

4. The table under Section IV.A.2 of Schedule 2 to the Financing Agreement (Credit No. 4961-AZ) shall be amended as follows:

<table>
<thead>
<tr>
<th>“Category”</th>
<th>Amount of the Credit Allocated (Expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (Net of VAT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works</td>
<td>924,192</td>
<td>60%</td>
</tr>
<tr>
<td>(2) Goods</td>
<td>2,099,158</td>
<td>60%</td>
</tr>
<tr>
<td>(3) Consultants’ Services, including Audits and Training</td>
<td>2,463,430</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Incremental Operating Costs</td>
<td>313,220</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Unallocated</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>5,800,000</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
5. Section IV.B of Schedule 2 to the Financing Agreement (Credit No. 4961-AZ) shall be amended as follows:

   **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 $1,676,590 equivalent may be made for payments made prior to this date but on or after January 1, 2011, for Eligible Expenditures.

   2. The Closing Date is December 31, 2014.”

6. The definition of “EMP” under the Appendix to the Financing Agreement (Credit No. 4961-AZ) shall be amended to read as follows:

   “6. “EMP” means the environmental management plan, satisfactory to the Association, adopted by the Recipient and submitted to the Association, on April 19, 2006, incorporated into the Operational Manual, setting forth the framework for measures to mitigate any adverse impacts to the environment under Component 2 of the Project as further updated and submitted to the Association on June 28, 2012.”

7. The definition of “Incremental Operating Costs” under the Appendix to the Financing Agreement (Credit No. 4961-AZ) shall be amended to read as follows:

   “7. “Incremental Operating Costs” means incremental expenses incurred by the JMT on account of Project implementation, such as communications, office supplies and materials, vehicle maintenance, fuel, bank charges and such other expenditures as may be agreed upon by the Association.”

8. The Appendix to the Financing Agreement (Credit No. 4961-AZ) shall be revised to include new definitions to read as follows:

   “17. “Resettlement Action Plan” or “RAP” means the resettlement action plan, satisfactory to the Association, to be prepared and implemented by the Recipient for carrying out the Project in accordance with the Resettlement Policy Framework (as hereinafter defined), to set out, *inter alia*, the principles and objectives of the RAP, 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).

   18. “Resettlement Policy Framework” means the Recipient’s framework, dated July 19, 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.

   19. “Site-specific EMP(s)” means the Recipient’s site specific environmental management plan(s), acceptable to the Bank prepared or to be prepared by the Recipient during the Project implementation in accordance with the EMP and approved by the Association, describing environmental mitigation, monitoring and institutional measures under the Project.”

9. All the terms and conditions of the Financing Agreement (Credit No. 4961-AZ) that have not been amended hereby shall remain unchanged and in full force and effect.
Please confirm your agreement to the foregoing by countersigning both copies of this amendment letter and returning one of the countersigned copies to us. Upon receipt by the Bank/the Association of the copy of this amendment letter countersigned by you, this amendment letter will become effective as of the date of your countersignature.

Sincerely yours,

Henry G. Kerali  
Country Director  
South Caucasus Country Department  
Europe and Central Asia Region

CONFIRMED: 
REPUBLIC OF AZERBAIJAN  
By:  
Authorized Representative

Name: Samir Sharifov  
Title:  
Date: 16 August, 2015