Loan Agreement
(Modernization of Public Financial Management Systems Project)

between

REPUBLIC OF IRAQ

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated December 20, 2016
AGREEMENT dated December 28, 2016, between REPUBLIC OF IRAQ ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank 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 — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of forty-one million five hundred thousand Dollars ($41,500,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 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 Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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(e) of the General Conditions.
2.06. The Payment Dates are March 15 and September 15 in each year.

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

2.08. (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; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

(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.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05(c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out Part 1 of the Project through MoF, Part 2 of the Project through MoP and cause the Kurdistan Region to carry out Part 3 of the Project through KRG MoP, all in accordance with the provisions of Article V of the General Conditions.
3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower 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 Conditions of Effectiveness consist of the following:

(a) The Project Steering Committee has been established by the Borrower in accordance with Section I.A.1 of Schedule 2 to this Agreement.

(b) The Project Management Teams have been established by the Borrower and KRG respectively in accordance with Sections I.A.2 of Schedule 2 to this Agreement.

(c) The Project Operational Manual has been prepared by the Borrower in accordance with Section I.B of Schedule 2 to this Agreement.

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

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower’s Representative is its minister responsible for finance.

5.02. The Borrower’s Address is:

Ministry of Finance
Hay Alaloom
Bab Al Mu’dham
Baghdad, Iraq

5.03. The Bank’s Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
AGREED at Washington D.C., United States of America, as of the day and year first above written.

REPUBLIC OF IRAQ

By

Authorized Representative

Name: Dr. Mohamad Jawad Mahdi
Title: Charge d'Affaires

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Hafez M. H. Ghanem
Title: Regional Vice President
Middle East and North Africa Region
SCHEDULE 1

Project Description

The objective of the Project is to improve financial information management and transparency, cash management, public investment management and public procurement modernization at selected federal and governorate agencies.

The Project consists of the following parts:

Part 1: Public Financial Management

Carrying out of a comprehensive program of technical assistance and related support required for:

(a) The development and implementation of an IFMIS, including planning, project management, installation (including minor indoor renovations of MoF’s existing data center and data recovery center, and establishing last-mile connections between end-user office buildings and the Borrower’s central network backbone), configuration, technical support, and roll out in selected ministries and the Targeted Governorates; and (ii) provision of training to end-users and change management support to facilitate the transition to the said IFMIS.

(b) Capacity building for PFM to strengthen budget and financial management practices (including budget formulation and execution and financial accounting and reporting), through inter alia: (i) the development and implementation of a capacity development strategy; and (ii) the provision of training and change management support.

(c) Strengthening the internal audit function within MoF, including through the carrying out of an audit risk assessment, the development of strategic audit plans, and the execution of audit engagements.

(d) Strengthening of PFM systems in the Targeted Governorates, including through reinforcing accountability mechanisms; strengthening planning, budgeting, accounting, controls, reporting and procurement systems; and developing budget execution and monitoring systems.

(e) The provision of support to MoF for Project implementation and management, including procurement, financial management, and coordination.
Part 2: Public Investment Management and Public Procurement at the Federal Level

Carrying out of a comprehensive program of technical assistance and related support required for:

(a) The modernization and strengthening of the PIM system at the federal level, including through: (i) the carrying out of a capacity needs assessment for MoP; (ii) PIM capacity building for MoP staff and relevant government stakeholders; (iii) updating and improving project appraisal methodologies and guidelines, including instructions, guidelines and templates; (iv) development of a framework for ex-post project evaluation; (v) supporting the establishment of a specialized PIM unit within MoP; (vi) development of an integrated bank of investment projects, to support investment planning and decision making, to track and monitor investments, and to serve as an investment project registry; (vii) updating and strengthening the Borrower's legal and regulatory framework for PIM; and (viii) developing a PIM/IDMS interface within the IFMIS developed under Part 1 of the Project.

(b) The modernization and strengthening of public procurement at the federal level, including through: (i) the development of and roll out of standard bidding documents and framework agreements; (ii) the establishment of an electronic procurement portal; and (iii) capacity building and professionalization of the public sector procurement workforce.

(c) The provision of support to MoP for Project implementation and management, including procurement, financial management, and coordination.

Part 3: Public Investment Management and Public Procurement at the KRG Level

Carrying out of a comprehensive program of technical assistance and related support required for:

(a) The modernization and strengthening of KRG’s PIM system, including through: (i) the carrying out of an efficiency and functional review of the General Directorate of Capital Investment Budget within MoP; (ii) updating and improving project appraisal methodologies and guidelines, including instructions, guidelines and templates; (iii) strengthening and further development of the KDMS including through the establishment of an integrated bank of investment projects, to support investment planning and decision making, to track and monitor investments, and to serve as an investment project registry; and (iv) PIM capacity building for KRG MoP staff.
(b) The modernization and strengthening of public procurement in KRG, including through: (i) supporting the implementation of KRG’s procurement regulations, including strengthening the capacity of KRG MoP’s policy unit functions, the development of a complaints mechanism system, and provision of training to relevant agencies; (ii) development and rollout of standard bidding documents and framework agreements; (iii) the establishment of an electronic procurement portal; and (iv) capacity building and professionalization of the public sector procurement workforce, and capacity building for private sector stakeholders with respect to procurement under KRG’s procurement regulatory framework.

(c) The provision of support to KRG MoP for Project implementation and management, including procurement, financial management, and coordination.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Project Steering Committee

The Borrower shall establish and thereafter maintain, throughout the period of the implementation of the Project, a Project Steering Committee, with composition, terms of reference and resources satisfactory to the Bank. The Project Steering Committee shall be responsible for providing strategic guidance and ensuring effective coordination for the Project.

2. Project Management Teams

(a) The Borrower shall establish and thereafter maintain throughout the period of implementation of the Project, a Project Management Team within each of MoF and MoP in each case under the direction of qualified management provided with sufficient resources, and staffed with competent technical and other personnel in adequate numbers including, inter alia, a director, procurement officer, and a financial officer, and in the case of the PMT under MoF, an IFMIS manager, in each case with qualifications, experience and under terms of reference satisfactory to the Bank.

(b) The Borrower shall cause KRG to establish and thereafter maintain throughout the period of implementation of the Project, a Project Management Team within KRG MoP under the direction of qualified management provided with sufficient resources, and staffed with competent technical and other personnel in adequate numbers including, inter alia, a director, procurement officer and a financial officer, in each case with qualifications, experience and under terms of reference satisfactory to the Bank.

(c) Each such PMT shall be responsible for, inter alia: implementation, management and planning, procurement and financial management, and reporting for: (i) Part 1 of the Project in the case of MoF, (ii) Part 2 of the Project in the case of MoP; and (iii) Part 3 in the case of KRG MoP.

B. Project Operational Manual

1. The Borrower shall prepare, in accordance with terms of reference acceptable to the Bank, a Project operational manual, containing detailed arrangements and
procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) monitoring, evaluation, reporting and communication; and (e) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

2. The Borrower shall afford the Bank a reasonable opportunity to review such manual, and shall thereafter adopt such manual as shall have been approved by the Bank (“Project Operational Manual” or “POM”).

3. The Borrower shall, and shall cause KRG MoP to, carry out the Project in accordance with the POM and shall not amend, abrogate, waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision thereof, without the prior written agreement of the Bank.

4. In the event of any conflict between the provisions of the POM and those of this Agreement, the provisions of this Agreement shall prevail.

C. Anti-Corruption

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

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower shall (and with respect to Part 3 of the Project shall cause KRG MoP to) monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank and set forth in the POM. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Bank 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 Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower shall (and with respect to Part 3 of the Project shall cause KRG MoP to) prepare and furnish to the Bank, not later than forty-five (45) 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 Bank.
3. The Borrower shall (and with respect to Part 3 of the Project shall cause KRG MoP to) have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) 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 Loan 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 Loan 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 Bank 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 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, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding, subject to the additional provisions set forth in paragraph 3 below; (c) Shopping; (d) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Bank; and (e) Direct Contracting.
3. **Additional Provisions for National Competitive Bidding.** The following additional provisions shall apply to the procurement of goods, works and non-consulting services through National Competitive Bidding:

(a) Standard bidding documents approved by the Bank shall be used.

(b) Invitations to bid shall be advertised in at least one (1) widely circulated national daily newspaper and bidding documents shall be made available to prospective bidders, at least twenty-eight (28) days prior to the deadline for the submission of bids.

(c) Bids shall not be invited on the basis of percentage premium or discount over the estimated cost.

(d) Bidding documents shall be made available, by mail or in person, to all who are willing to pay the required fee.

(e) Foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders.

(f) Qualification criteria (in case pre-qualification has not been carried out) shall be stated in the bidding documents, and if a registration process is required, a foreign firm determined to be the lowest evaluated bidder shall be given reasonable opportunity to register without any hindrance, *i.e.* no non-registration status should be considered as a non-eligibility-to-bid criterion.

(g) Bidders may deliver bids, at their election, either in person or by courier service or by mail.

(h) Bids shall be open in public in one place preferably immediately, but no later than one (1) hour, after the deadline for submission of bids.

(i) Evaluation of bids shall be made in strict adherence to the criteria disclosed in the bidding documents, in a format, and within the specified period, agreed with the Bank.

(j) Bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the Bank.

(k) Split award or lottery in award of contracts shall not be carried out. When two or more bidders quote the same price, an investigation shall be made to determine any evidence of collusion, following which: (i) if collusion is determined, the parties involved shall be disqualified and the award shall then be made to the next lowest evaluated and qualified bidder; and (ii) if
no evidence of collusion can be confirmed, then fresh bids shall be invited after receiving the concurrence of the Bank.

(l) Contracts shall be awarded to the lowest evaluated bidders within the initial period. Extension of bid validity may be sought only under exceptional circumstances.

(m) Extension of validity shall not be allowed without the prior concurrence of the Bank: (i) for the first request for extension if it is longer than eight (8) weeks; and (ii) for all subsequent requests for extensions irrespective of the period.

(n) Negotiations shall not be allowed with the lowest evaluated or any other bidders.

(o) Re-bidding shall not be carried out without the Bank’s prior concurrence.

(p) All contractors or suppliers shall provide performance security as indicated in the contract documents. A contractor’s or a supplier’s performance security shall apply to a specific contract under which it was furnished.

(q) A provision shall be included in bidding documents and in contracts financed by the Loan requiring bidders, suppliers and contractors to permit the Bank to inspect their accounts and records and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by the Bank.

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 Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects”, dated May 2006, as revised from time to time by the Bank 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 Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, Operating Costs, Training and Workshops and consultants' services under Part 1 of the Project</td>
<td>29,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, Operating Costs, Training and Workshops and consultants' services under Part 2 of the Project</td>
<td>4,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, non-consulting services, Operating Costs, Training and Workshops and consultants’ services under Part 3 of the Project</td>
<td>4,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Unallocated</td>
<td>3,496,250</td>
<td></td>
</tr>
</tbody>
</table>
(5) Interest Rate Cap or Interest Rate Collar premium. 0 Amount due pursuant to Section 2.08(c) of this Agreement

(6) Front-end Fee 103,750

TOTAL AMOUNT 41,500,000

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed one million Dollars ($1,000,000) may be made for payments made prior to this date but on or after July 1, 2016, for Eligible Expenditures.

2. The Closing Date is November 30, 2021.
SCHEDULE 3

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.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 15, 2022</td>
<td>9.78%</td>
</tr>
<tr>
<td>September 15, 2022</td>
<td>9.83%</td>
</tr>
<tr>
<td>March 15, 2023</td>
<td>9.88%</td>
</tr>
<tr>
<td>September 15, 2023</td>
<td>9.93%</td>
</tr>
<tr>
<td>March 15, 2024</td>
<td>9.98%</td>
</tr>
<tr>
<td>September 15, 2024</td>
<td>10.03%</td>
</tr>
<tr>
<td>March 15, 2025</td>
<td>10.08%</td>
</tr>
<tr>
<td>September 15, 2025</td>
<td>10.13%</td>
</tr>
<tr>
<td>March 15, 2026</td>
<td>10.18%</td>
</tr>
<tr>
<td>September 15, 2026</td>
<td>10.18%</td>
</tr>
</tbody>
</table>

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


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


4. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012, with the modifications set forth in Section II of this Appendix.

5. “IDMS” means the Iraq Development Management System, the Borrower’s system for managing the preparation and implementation of investment projects.

6. “IFMIS” means integrated financial management information system.

7. “KDMS” means the Kurdistan Development Management System, KRG’s system for managing the preparation and implementation of investment projects.

8. “KRG” means Kurdistan Regional Government, the government of the Kurdistan Region, or any successor thereto.

9. “KRG MoP” means the Kurdistan Region’s Ministry of Planning, or any successor thereto.

10. “Kurdistan Region” means the Kurdistan Region in the Borrower’s territory.

11. “MoF” means the Borrower’s Ministry of Finance, or any successor thereto.

12. “MoP” means the Borrower’s Ministry of Planning, or any successor thereto.

13. “Operating Costs” means the reasonable costs incurred by the PMTs on account of Project implementation including costs for communication; translation and interpretation; printing; advertising; office supplies; banking charges; Project related travel (including per diems, accommodation and transportation); vehicle rental and fuel; postal fees; and other miscellaneous costs directly associated with
Project implementation subject to approval by the Bank, but excluding salaries and allowances of the Borrower's civil servants or other regular government staff.


15. “PIM” means public investment management.


17. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated July 20, 2016 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.

18. “Project Operational Manual” or “POM” means the Project operational manual to be prepared and adopted by the Borrower pursuant to Section I.B of Schedule 2 to this Agreement.

19. “Project Management Team” and “PMT” mean a Project management team to be established by the Borrower or KRG MoP pursuant to Section I.A.2 of Schedule 2 to this Agreement; and “Project Management Teams” and “PMTs” means more than one such team.

20. “Project Steering Committee” means the Project steering committee established by the Borrower pursuant to Section I.A.1 of Schedule 2 to this Agreement.

21. “Targeted Governorates” means the governorates of Baghdad and Babil in the Borrower’s territory or such other governorates as may be agreed to by the Borrower and the Bank.

22. “Training and Workshops” means the reasonable costs of training, seminars, workshops, conferences and study tours, including: (a) the fees of training institutions and courses; (b) domestic and international travel costs, lodging costs, and subsistence/per diem allowances for both trainers and trainees; (c) the rental of training facilities; and (d) preparation, purchase or reproduction of training materials.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs above.
2. Section 3.01. *(Front-end Fee)* is modified to read as follows:

"Section 3.01. **Front-end Fee; Commitment Charge**

(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").

(b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."

3. In the Appendix, **Definitions**, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.

4. The Appendix is modified by inserting a new paragraph 19 with the following definition of "Commitment Charge", and renumbering the subsequent paragraphs accordingly:

"19. "Commitment Charge" means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b)."