Loan Agreement

(Additional Financing for the Second Rural Investment Project)

between

REPUBLIC OF AZERBAIJAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated October 22, 2014
LOAN NUMBER 8403-AZ

LOAN AGREEMENT

Agreement dated October 12, 2014, between the REPUBLIC OF AZERBAIJAN ("Borrower") and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). 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 fifty million United States Dollars ($50,000,000), 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 ("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 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 Fixed 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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.
2.05. The Payment Dates are April 1 and October 1 in each year.

2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 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 unwritten, 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 the Project through the PMU, 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.

3.03. Without limitation upon the provisions of Section 3.01 of this Agreement, the Borrower shall:

(a) maintain, until the completion of the Project, a Project Account in Manat on terms and conditions acceptable to the Bank, to finance its counterpart contribution to the expenditures of the Project;

(b) deposit into the Project Account the amounts required to cover the Borrower’s counterpart contributions as determined by the Borrower and the Bank; and

(c) ensure that the funds deposited into the Project Account shall be used exclusively to finance the Borrower’s counterpart contributions to the Project.

ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Event of Suspension consists of namely that the Operational Manual shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the carrying out of the Project.

4.02. The Additional Event of Acceleration consists of namely the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — TERMINATION

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

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower’s Representative is the Minister of Finance.
6.02. The Borrower’s Address is:

Ministry of Finance
83 Samed Vurgun Street
Baku AZ1022
Republic of Azerbaijan

Telex: 142116 BNKSL
Facsimile: (944-12) 404-47-20
(944-12) 404-47-21

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: INTBAFRAD
Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391

AGREED at Baku, Republic of Azerbaijan, as of the day and year first above written.

REPUBLIC OF AZERBAIJAN

By

Authorized Representative

Name: Haydar Khanish Asadov
Title: Minister of Agriculture

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Larisa Leshchenko
Title: Country Manager
SCHEDULE 1

Project Description

The objectives of the Project are to improve access to, and use of community-driven rural infrastructure and to expand economic activities for rural households.

The Project consists of the Original Project as modified as follows:

Part A: Rural Community Infrastructure and Livelihoods

Provision of grants to finance eligible demand-driven Micro-projects: (1) in rural infrastructure, including the connector roads pilot; and (2) in livelihoods support, in accordance with the Operational Manual.

Part B: Technical Assistance for Rural Infrastructure and Livelihoods

1. Provision of training and consultants’ services to support micro-project development by enhancing the capacity of engaged local stakeholders, including communities, local authorities, Regional Grant Approval Committees and staff in the ROOs, in all aspects of micro-project program development related to contracting, procurement, financial management and participatory monitoring and evaluation.

2. Provision of training and consultants’ services to carry out livelihood support services in twenty-six (26) communities, that have already implemented successfully, Micro-projects focused on economic infrastructure for the purpose of developing the capacity of involved stakeholders, such as local communities, groups and individuals to identify, plan and implement income-generating Micro-projects.

Part C: Project Management and Results Monitoring

Provision of goods and consultants’ services to assist the PMU and its ROOs for the purposes of effective management and implementation of Project activities, including the monitoring and evaluation of the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall carry out the Project in accordance with the Operational Manual and shall not amend, suspend, abrogate, repeal or waive any provision of said Manual without the prior written approval of the Bank.

2. The Borrower shall, until the completion of the Project, maintain the PMU within SAAC and shall ensure that the PMU is adequately staffed by personnel with qualifications and under terms of reference and functions at all times in accordance with procedures necessary and appropriate for the carrying out of the Project, and satisfactory to the Bank.

3. The Borrower shall, until the completion of the Project, ensure that the Working Group shall be maintained with broad stakeholder representation satisfactory to the Bank.

B. Anti-Corruption

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

C. Micro-projects

1. The Borrower shall make Grants to Beneficiaries in accordance with eligibility criteria and procedures acceptable to the Bank, which shall include the following:

   (a) Grant(s) shall be denominated in Manat.

   (b) Grants for financing Micro-projects under Part A of the Project shall be:

      (i) made available to: (A) community-based organizations registered as legal entities, which consist of representatives of rural communities with populations of more than 1,000 and less than 10,000 (including clusters of smaller communities that add up to 1,000); and (B) any other associations and organizations as the Borrower and the Bank may agree, subject to the eligibility criteria set forth in the Operational Manual; and
(ii) used to finance the following four (4) categories of Micro-
projects which meet eligibility criteria acceptable to the Bank as
set forth in the Operational Manual: (A) new Micro-projects,
including connector roads on a pilot basis; (B) second and third
generation Micro-projects; (C) cluster Micro-projects; and (D)
livelihoods support Micro-Projects.

(c) ROOs shall launch a promotion and outreach campaign, issue requests
for Micro-project proposals and assist in the preparation of Micro-project
proposals.

(d) Micro-project Committees formed as part of community mobilization, as
defined in the Operational Manual, shall submit proposals of Micro-
projects to ROOs on behalf of their respective community.

(e) ROOs shall appraise and evaluate Micro-project proposals based on the
following: (i) impact on the community; (ii) institutional capacity to
implement the service intended by the Micro-project; (iii) financing
viability; and (iv) technical and environmental safety.

(f) Any Micro-project involving land expropriation shall not be eligible for
consideration.

(g) ROOs shall register the results and forward the summary evaluation of
proposals to the respective Regional Grant Approval Committees for
approval or rejection. Any members of the Regional Grant Approval
Committees who may have a potential conflict of interest in a particular
proposal shall recuse themselves from making a decision on that
particular proposal.

(h) The amount of individual grants shall be based upon the estimated cost
of goods, works services and operating costs that will be required for the
Micro-project, and shall not exceed 90% of the overall costs of Micro-
projects.

(i) The Borrower shall take necessary actions, satisfactory to the Bank, to
ensure that, where proposals approved by the Regional Grant Approval
Committees call for implementation of Micro-projects by community-
based organizations that are not already registered as legal entities, such
organizations shall be registered in accordance with the laws of the
Borrower in a timely manner.

2. The Borrower shall make each Grant under a Grant Agreement with the
respective Beneficiary on terms and conditions approved by the Bank, which
shall include the following:
(a) The Beneficiary shall ensure that the grant funds are used exclusively for the purposes specified for the Micro-project approved by the Regional Grant Approval Committee.

(b) The Beneficiary shall provide no less than 10% of the total cost of the Micro-project, in cash or in kind.

(c) The Borrower shall obtain rights adequate to protect its interests and those of the Bank, including the right to: (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Grant, or obtain a refund of all or any part of the amount of the Grant then withdrawn, upon the Beneficiary’s failure to perform any of its obligations under the Grant Agreement; and (ii) require each Beneficiary to: (A) carry out its Micro-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Grant in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Micro-project and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Micro-project; and (2) at the Bank’s or the Borrower’s request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower and the Bank; (F) enable the Borrower and the Bank to inspect the Micro-project, its operation and any relevant records and documents; (G) prepare and furnish to the Borrower and the Bank all such information as the Borrower or the Bank shall reasonably request relating to the foregoing; and (H) implement the site-specific EMP(s) related to the respective Micro-Project in a manner satisfactory to the Bank.

(d) The Borrower shall exercise its rights under each Grant Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive any Grant Agreement or any of its provisions.
D. Safeguards

1. The Borrower shall ensure that the Project is carried out by the Project Implementing Entity in accordance with the provisions of the EMPF and/or site-specific EMP(s). The Borrower shall not assign, amend, abrogate or waive the EMPF and/or site-specific EMP(s), or any provision thereof, without the prior approval of the Bank.

2. For purposes of Part A of the Project, the Borrower shall: (a) ensure that all activities undertaken for the purpose of carrying out any Micro-project comply with environmental standards and guidelines satisfactory to the Bank; (b) ensure that the selection of any Micro-project under Part A of the Project is done in accordance with the provisions of the EMPF; (c) ensure the complete implementation of the site-specific EMP(s) in a manner acceptable to the Bank, including all necessary measures to minimize and to mitigate any adverse environmental impacts caused by the implementation of the Micro-project; and (d) maintain the PMU with competent environmental specialists in adequate numbers and with such responsibilities and functions acceptable to the Bank as shall enable the PMU to manage, coordinate and monitor the implementation of the site-specific EMP(s).

3. Prior to the commencement of works for each proposed site, the Borrower shall cause the PMU to ensure that: (a) the related site-specific EMP(s) are prepared in accordance with the EMPF; (b) the proposed design and site for said works incorporate the provisions of site-specific EMP(s); (c) the provisions of said site-specific EMP(s) are adequately included in the proposed contract for said works; and (d) such works are carried out in accordance with the respective site-specific EMP(s). The Bank shall conduct a post-review of the documentation related to the design, contracts and site-specific EMP(s) for selected works and field visits of such selected works as part of regular Project supervision.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower shall 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. Each Project Report shall cover the period of one calendar semester and shall be furnished to the Bank not later than one month 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. The Borrower shall 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 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 fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the 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, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding, subject to the following additional provisions:</td>
</tr>
<tr>
<td>(i) there shall be no eligibility restrictions based on nationality of bidder;</td>
</tr>
<tr>
<td>(ii) entities in which the State or a State official owns a shareholding of whatever size shall not be invited to participate in tenders for the Government unless they are and can be shown to be legally and financially autonomous and they operate under commercial law;</td>
</tr>
<tr>
<td>(iii) no national preferences may be applied on the basis of the origin of products or labor;</td>
</tr>
<tr>
<td>(iv) joint venture partners shall be jointly and severally liable for their obligations;</td>
</tr>
<tr>
<td>(v) no “participation fee” shall be required of bidders for the purchase of bidding documents. The only charge shall be equivalent to the cost of producing (copying) the bidding documents;</td>
</tr>
<tr>
<td>(vi) in the evaluation of bids, bids may not be rejected where they differ substantially from the estimated prices calculated by the procuring entity, except where the bid prices exceed the available budget;</td>
</tr>
<tr>
<td>(vii) rebidding shall not be carried out without prior approval of the Bank;</td>
</tr>
<tr>
<td>(viii) works contracts of more than eighteen (18) months’ duration shall include appropriate price adjustment provisions;</td>
</tr>
<tr>
<td>(ix) prior approval of the Bank shall be required for any modification in the contract scope and conditions during implementation; and</td>
</tr>
<tr>
<td>(x) standard bidding documents approved by the Bank shall be used.</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
</tbody>
</table>

-11-
<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(c) Direct Contracting</td>
</tr>
<tr>
<td>(d) Procedures set forth in paragraphs 3.19 of the Procurement Guidelines for Community Participation in Procurement for goods, works and non-consulting services under Part A of the Project</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Selection Under a Fixed Budget</td>
</tr>
<tr>
<td>(b) Least-cost Selection</td>
</tr>
<tr>
<td>(c) Selection Based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(d) Single Source Selection</td>
</tr>
<tr>
<td>(e) Procedures set forth in paragraphs 5.1 through 5.6 of the Consultant Guidelines for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

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 (Net of VAT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, and consultants' services, Training, and Operating Costs for the Project</td>
<td>18,800,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Grants</td>
<td>31,075,000</td>
<td>90%</td>
</tr>
<tr>
<td>(3) Front-end Fee</td>
<td>125,000</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>(4) 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>
<tr>
<td>TOTAL AMOUNT</td>
<td>50,000,000</td>
<td></td>
</tr>
</tbody>
</table>
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.

2. The Closing Date is September 30, 2018.
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>October 1, 2018</td>
<td>3.09%</td>
</tr>
<tr>
<td>April 1, 2019</td>
<td>3.17%</td>
</tr>
<tr>
<td>October 1, 2019</td>
<td>3.25%</td>
</tr>
<tr>
<td>April 1, 2020</td>
<td>3.33%</td>
</tr>
<tr>
<td>October 1, 2020</td>
<td>3.41%</td>
</tr>
<tr>
<td>April 1, 2021</td>
<td>3.50%</td>
</tr>
<tr>
<td>October 1, 2021</td>
<td>3.58%</td>
</tr>
<tr>
<td>April 1, 2022</td>
<td>3.67%</td>
</tr>
<tr>
<td>October 1, 2022</td>
<td>3.77%</td>
</tr>
<tr>
<td>April 1, 2023</td>
<td>3.86%</td>
</tr>
<tr>
<td>October 1, 2023</td>
<td>3.96%</td>
</tr>
<tr>
<td>April 1, 2024</td>
<td>4.05%</td>
</tr>
<tr>
<td>October 1, 2024</td>
<td>4.16%</td>
</tr>
<tr>
<td>April 1, 2025</td>
<td>4.26%</td>
</tr>
<tr>
<td>October 1, 2025</td>
<td>4.37%</td>
</tr>
<tr>
<td>April 1, 2026</td>
<td>4.48%</td>
</tr>
<tr>
<td>October 1, 2026</td>
<td>4.59%</td>
</tr>
<tr>
<td>April 1, 2027</td>
<td>4.70%</td>
</tr>
<tr>
<td>October 1, 2027</td>
<td>4.82%</td>
</tr>
<tr>
<td>April 1, 2028</td>
<td>4.94%</td>
</tr>
<tr>
<td>October 1, 2028</td>
<td>5.06%</td>
</tr>
<tr>
<td>April 1, 2029</td>
<td>5.19%</td>
</tr>
<tr>
<td>October 1, 2029</td>
<td>5.32%</td>
</tr>
<tr>
<td>April 1, 2030</td>
<td>5.47%</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 Withdawn 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

Definitions


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

3. “Beneficiary” means a recipient of a grant under Part A of the Project, meeting the criteria referred to in paragraph 1 of Part C of Section I of Schedule 2 to this Agreement.


5. “Eligible Social Charges” means the contribution of the PMU to social charges assessed by the Borrower on the employment contracts with the PMU and ROOs.

6. “EMPF” means the Borrower’s Environmental Management Plan Framework, dated March 4, 2014, satisfactory to the Bank, outlining the procedures for: (a) screening Micro-projects based on their expected impacts on the natural and social environment; (b) evaluating their risks; (c) defining a need for environmental assessment as part of the procedure for preparing EMP(s); (d) disclosure; and (e) management, related to the selection and implementation of the Micro-projects under the Project.

7. “EMP(s)” means the 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 EMPF and approved by the Bank, describing environmental mitigation, monitoring and institutional measures under the Project.


9. “Grant(s)” means financing of Micro-projects under Part A of the Project in accordance with the Operational Manual.

10. “Micro-project” means a specific development project or activity to be carried out by the Beneficiary, utilizing the proceeds of a grant under Part A of the Project.
11. “Micro-project Committees” means the committees established in rural villages, assisting the villages to identify their priorities in formulating proposals for grants under Part A of the Project, consisting of approximately five to eleven voluntary members elected by the people in rural village(s).

12. “Operating Costs” means operating costs incurred by the PMU and ROOs on account of Project implementation for communications, utilities, office supplies and maintenance, fuel and vehicle operation and its maintenance, salaries of support staff, excluding those who are civil servants, Eligible Social Charges and other reasonable and necessary activities directly related to Project implementation, management and monitoring, all based on the annual budgets acceptable to the Bank.

13. “Operational Manual” means the manual, satisfactory to the Bank, dated November 18, 2013, setting forth the policies and guidelines, as well as comprehensive operating procedures for the Project, including selection criteria and procedures for Part A of the Project and the functioning of the PMU, as the same may be amended from time to time by agreement between the Bank and the Borrower.

14. “Original Loan Agreement” means the loan agreement for a Second Rural Investment Project between the Borrower and the Bank, dated October 19, 2012, as amended to the date of this Agreement (Loan No. 8189-AZ).

15. “Original Project” means the Project described in the Original Loan Agreement.

16. “PMU” means the Project Management Unit established pursuant to Order No. 270 dated August 11, 2004, or any successor thereto acceptable to the Bank.


18. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated April 16, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

19. “ROOs” means the Regional Operational Offices of the PMU.

20. “Regional Grant Approval Committees” mean the committees which review the processing of all registered proposals and approve appraised proposals for the respective region under Part A of the Project, consisting of representatives from local government, local representatives of central government and civil society.
21. "SAAC" means the State Agency for Agricultural Credits under the Borrower's Ministry of Agriculture, in charge of overseeing international rural development projects.

22. "Training" means expenditures incurred for the training activities, including costs of workshops, travel and per diem of trainees, all based on the annual budgets acceptable to the Bank.

23. "Working Group" means the committee established by the State Agency Agricultural Credits of the Borrower, pursuant to Order No. 271 dated August 11, 2004, as amended to date, and shall include representatives from the central government, parliament and civil society, providing guidance on operational procedures under the Project.