Loan Agreement

(Additional Financing for the Lifeline Road Network Improvement Project)

between

REPUBLIC OF ARMENIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated August 26, 2015
LOAN NUMBER 8523-AM

LOAN AGREEMENT

Agreement dated **August 26**, 2015, between REPUBLIC OF ARMENIA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") for the purpose of providing additional financing for 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 forty million Dollars ($40,000,000), 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the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 May 15 and November 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.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower, through MOTC and its TPIU, with the assistance of ARD, shall carry out the Project 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 Condition of Effectiveness consists of the following:

(a) that the Operational Manual is updated and adopted by the Borrower, through MOTC, in a manner acceptable to the Bank; and

(b) that the Borrower, through MOTC, appoints an environmental safeguard specialist and a social safeguards specialist, with qualifications and on terms and conditions satisfactory to the Bank;

4.02. The Effectiveness Deadline is the date one hundred and eighty (180) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower’s Representative is its Ministry of Finance.

5.02. The Borrower’s Address is:

Ministry of Finance
1 Melik-Adamyan Street
Yerevan 0010
Republic of Armenia

Facsimile:

+37411800132

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

Cable address: INTBAFRAD
Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
AGREED at Yerevan, Armenia, as of the day and year first above written.

REPUBLIC OF ARMENIA

By

Authorized Representative

Name: Gagik Khachatryan
Title: RA Minister of Finance

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Laver E. Bailey
Title: Country Manager
SCHEDULE 1

Project Description

The objective of the Project is to improve access of rural communities to markets and services through the upgrading of selected Lifeline Roads, and to strengthen the capacity of the MOTC to manage the Lifeline Road Network.

The Project consists of the following parts:

Part 1: Lifeline Road Improvement

(a) Carrying out of improvement works for approximately 360 kilometers of selected roads within the Lifeline Road Network.

(b) (i) Carrying out, on a pilot basis, rehabilitation and routine maintenance works of approximately 23.4 kilometers of selected segments of the Lifeline Road Network, under the terms of a Rehabilitation and Maintenance Contract; and (ii) carrying out rehabilitation and routine maintenance works of approximately 23 kilometers of selected segments of the Lifeline Road Network, under the terms of two Rehabilitation and Maintenance Contracts.

(c) Carrying out of detailed design studies, related technical supervision activities and independent technical audits for rehabilitation activities under the Project.

(d) Carrying out of road safety improvement works, including: (i) Black Spots improvements; (ii) works associated with the implementation of the Safe Villages in all roads rehabilitated under the Project; and (iii) the acquisition and installation of road signs.

(c) If an Eligible Emergency has occurred and the requirements set forth in this Agreement have been met, provide support to respond to an Eligible Emergency through the design and carrying out of selected roads sector investments within the Borrower’s territory.

Part 2: Project Management and Institutional Strengthening

(a) Provision of support for Project coordination and implementation through: (i) the financing of Operating Costs required for Project administration and monitoring; and (ii) the carrying out of Project financial audits.

(b) (i) Acquisition of a road asset management system database, including installation and training to ARD personnel for the use of said database, (ii) acquisition of road survey equipment for surveying road conditions and traffic; (iii) acquisition of road laboratory equipment for testing the quality of works
carried out under the Project; and (iv) carrying out Lifeline Road Network data collection for the road asset management system.

(c) Carrying out of a road safety program, including *inter alia*, (i) the detailed design for carrying out of Black Spots improvement works; (ii) the provision of technical assistance and training programs for ARD personnel; (iii) the carrying out of road safety educational practices in Safe Villages schools, (iv) the carrying out of road safety campaigns linked to the Lifeline Road Network; (v) the development of a road safety action plan; and (vi) the implementation of selected activities of the action plan developed under Part 2(c)(v) of the Project.

(d) Provision of technical assistance for, *inter alia*, the: (i) carrying out of a feasibility study for the rehabilitation and maintenance of roads using a performance-based approach, including the identification of at least one road section; (ii) carrying out of studies on social monitoring and evaluation related to the Project, as well as road sector financial sustainability; (iii) provision of training to MOTC staff and local contractors on the new concepts introduced by the Project, including design and implementation of multi-year performance based contracts, efficient design standards, and planning and contract monitoring for MOTC and ARD staff; (iv) carrying out of technical studies and detailed designs required for the preparation of potential future investments in the road sector; (v) preparing a strategic development plan for the Lifeline Road Network; and (vi) enhancing disaster risk preparedness for the road sector.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall maintain until completion of the Project the TPIU within MOTC, responsible for the management, coordination, implementation, monitoring and evaluation of the Project. TPIU shall have a structure, responsibilities, and key staff with functions, experience, responsibilities, qualifications and financing acceptable to the Bank.

2. The Borrower shall permit the use of standards recommended by the European committee for standardization on design and construction of roads and highways (in addition to the national standards) in the design and construction of road works under the Project.

B. Operational Manual

1. The Borrower shall:

   (a) update and adopt the Operational Manual, satisfactory to the Bank, which shall include the rules, methods, guidelines, standard documents and procedures for the carrying out of the Project, including the following: (i) the detailed description of Project implementation activities and the detailed institutional arrangements of the Project; (ii) criteria for selecting the road sections to be rehabilitated and/or maintained under the Project, based on economic return or/and population being served; (iii) guidelines to follow in case of unexpected findings of objects with possible cultural or archeological value; (iv) the Project administrative, accounting, auditing, reporting, financial (including cash flow aspects in relation thereto), procurement and disbursement procedures; (v) the monitoring indicators for the Project; and (vi) the ESMF and the RPF. In the event that any provision of the Operational Manual shall conflict with this Agreement, the terms of this Agreement shall prevail; and

   (b) carry out the Project in accordance with the Operational Manual.

2. Except as the Borrower and the Bank may otherwise agree in writing, the Borrower shall not abrogate, amend, suspend, waive or otherwise fail to enforce the Operational Manual or any provision thereof.
C. Anti-Corruption

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

D. Safeguards

1. The Borrower shall, through MOTC, implement the Project in accordance with:

   (a) the ESMF, and thereafter implement the pertinent EMPs, in accordance with their terms and in a manner acceptable to the Bank, ensuring that civil works will not commence in any road section unless the EMP for the respective section of the road has been prepared by the Borrower, disclosed, consulted and approved by the Bank; and

   (b) the RPF, and if Resettlement is foreseen for specific road sections, thereafter implement the pertinent resettlement action plan or abbreviated plan, as the case may be, all in accordance with their terms and in a manner acceptable to the Bank, ensuring that civil works will not commence in specific road section unless the pertinent resettlement action plan or abbreviated plan for the respective section of the road has been prepared, disclosed, consulted and approved by the Bank, and implemented by the Borrower.

2. The Borrower shall, through MOTC, ensure that: (i) the terms of reference for any consultancy required under Parts 2(c) and 2(d) of the Project shall be satisfactory to the Bank following its review thereof; and (ii) to that end, such terms of reference shall duly incorporate the requirements of the Bank’ Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance, including the public disclosure and consultation of the resulting environmental and social impact assessments in accordance with the Bank’s Safeguard Policies.

E. Implementation arrangements for Part 1(e) of the Project

1. In order to ensure the proper implementation of Part 1(e) of the Project after the occurrence of an Eligible Emergency, and prior to the carrying out any activities under said Part of the Project, the Borrower shall take the following measures:

   (a) determine that an Eligible Emergency has occurred and the Bank has agreed with said determination;

   (b) furnish to the Bank a list of proposed road sector investments and a request to finance the Eligible Expenditures under Category (2) in order to respond to said Eligible Emergency;
Section II. Project Monitoring Reporting and Evaluation

A. Project Reports and Mid-term Evaluation

1. The Borrower, through MOTC, 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 the 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 (1) month after the end of the period covered by such report.

2. By December 1, 2015, or such other date acceptable to the Bank, the Borrower, through MOTC, shall carry out jointly with the Bank a mid-term review of the implementation of activities under the Project (Mid-term Review). The Mid-term Review shall cover the progress achieved in the implementation of the Project. Following such Mid-term Review, the Borrower shall act promptly and diligently to take any corrective action as shall be recommended by the Bank.

B. Financial Management, Financial Reports and Audits

1. The Borrower, through MOTC, 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, through MOTC, shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.

3. The Borrower, through MOTC, shall have the Financial Statements of the Project 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, 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:

(a) National Competitive Bidding, subject to the following additional provisions:

(i) entities in which the Borrower owns a majority shareholding shall not be invited to participate in tenders unless they are, and can be shown to be, legally and financially autonomous and operate under commercial law;

(ii) pre-qualification shall be conducted for large and complex works projects;

(iii) pre- and post-qualification criteria shall only pertain to past contract performance, financial, managerial and technical
capabilities of bidders. Post-qualification shall only be conducted on the lowest evaluated responsive bidder;

(iv) joint venture partners shall be jointly and severally liable for their obligations;

(v) no bids shall be rejected at bid opening;

(vi) bids can be cancelled and new bids invited, only if the conditions of clause 2.61 - 2.64 of the Procurement Guidelines are met;

(vii) all bid evaluation criteria shall be quantifiable in monetary terms or expressed as a pass/fail criteria;

(viii) advance Bank’s approval is required for any substantial modifications in the contract scope/conditions during implementation; and

(ix) the Borrower shall use standard bidding documents, satisfactory to the Bank;

(b) Shopping;

(c) Direct Contracting; and

(d) Force Account

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 (j) 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.

E. Procurement of Emergency Expenditures under the IRM Part of the Project

Notwithstanding any provision to the contrary in this Section, the eligible expenditures required under Part 1(e) of the Project shall be procured in accordance with the procurement methods and procedures set forth in the Operational Manual.

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, consultants’ services, Operating Costs and Training under the Project (except for Parts 1(e) and 2(b)(i) of the Project)</td>
<td>39,900,000</td>
<td>80 %</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consultants’ services and Operating Costs under Part 1(e) of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
</tbody>
</table>
### 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; and

   (b) under Category (2) until the Borrower has: (i) determined that an Eligible Emergency has occurred and the Bank has agreed with said determination; (ii) furnished to the Bank a list of proposed road sector investments and a request to finance the eligible expenditures under Category (2) in order to respond to said Eligible Emergency, (iii) updated and adopted the Operational Manual as needed, defining the scope of activities, implementation arrangements, procurement and disbursement arrangements under Part 1(e) of the Project; (iv) prepared, disclosed and consulted all safeguards instruments required for said activities, in accordance with the provisions of Section I.C of this Agreement, all in a manner satisfactory to the Bank.

2. The Closing Date is December 30, 2019.

### Section V. Other Undertakings

1. The Borrower shall ensure, until completion of the Project, that adequate budgetary resources are allocated and made available for the maintenance of those sections of the Lifeline Road Network rehabilitated under the Project.

<table>
<thead>
<tr>
<th>(3) Front-end Fee</th>
<th>100,000</th>
<th>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL AMOUNT</td>
<td>$40,000,000</td>
<td></td>
</tr>
</tbody>
</table>
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>On each May 15 and November 15</td>
<td></td>
</tr>
<tr>
<td>Beginning May 15, 2030</td>
<td></td>
</tr>
<tr>
<td>through November 15, 2039</td>
<td>4.76%</td>
</tr>
<tr>
<td>On May 15, 2040</td>
<td>4.8%</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. “ARD” means the Armenian Roads Directorate, a Borrower non-commercial organization, established by the Borrower’s Decree No. 1720-N of December 2, 2004, responsible for maintaining interstate and republican main roads, or any successor thereto.

3. “Bank’s Safeguard Policies” means the Bank's operational safeguard policies and procedures, set forth in the Bank’s Operational Manual under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60, or such policies and procedures then in force.

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

5. “Black Spots” means accident-prone locations along any given road.


7. “Eligible Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Borrower, associated with a natural or man-made crisis or disaster.

8. “Environmental and Social Management Framework or ESMF” means the Borrower’s framework acceptable to the Bank, as published and available to the public on May 20, 2015, which contains guidelines for undertaking site-specific environmental and social measures for individual investments under the Project, including: (i) guidelines for the identification of existing environmental and social conditions and potential direct and indirect environmental and social impacts and risks resulting from the carrying out of the Project; (ii) guidelines for the carrying out of environmental assessments and the preparation of environmental management plans, when applicable; (iii) recommendation of mitigation measures for each negative impact identified; (iv) measures for enhancing each identified positive impact; and (v) guidelines for the preparation of environmental and social monitoring plans for tracking the application of the mitigation measures, as said framework may be amended from time to time with the Bank’s prior approval.

9. “Environmental Management Plan” or “EMP” means: any of the Borrower’s site-specific plans derived from the ESMF that have been prepared and will be prepared...
during the implementation of the Project previous to the commencement of any
civil works under the Project, all in a manner acceptable to the Bank.

10. “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.

11. “Lifeline Road” means any road within the Lifeline Road Network, collectively
referred to as “Lifeline Roads”.

12. “Lifeline Road Network” means a priority network comprised of about 4,000
kilometers comprised mainly by local roads and as well as republican roads,
connecting rural communities to at least one interstate road.

13. “Mid-term Review” means the review of the implementation of activities under
the Project referred to in Section II.A.2 of Schedule 2 to this Agreement.


15. “Operating Costs” means the reasonable operational costs (which would not have
been incurred absent the Project), incurred by the TPIU related to Project
implementation, including inter alia, the costs of communication, supplies,
printing and publications, vehicle operation and maintenance, office
refurbishment, maintenance and utilities, purchase and maintenance of office
equipment and furniture and facilities, local and international travel (including
accommodations, transportation costs and per diem), bank charges, staff salaries
(including associated taxes, and charges for insurance, but excluding salaries of
civil servants), logistics services, and such other expenditures as may be agreed
upon by the Bank.

16. “Operational Manual” means the manual prepared by the Borrower dated July 4,
2014 and referred to in Section I.A.2 of Schedule 2 to the Original Loan
Agreement, as the same may be amended from time to time with the agreement of
the Bank.

17. “Original Loan Agreement” means the loan agreement for the Original Project
between the Borrower and the Bank, dated February 11, 2013, as amended.

18. “Original Project” means the project set forth in Schedule 1 to the Original Loan
Agreement.

and Non-consulting Services under IBRD Loans and IDA Credits and Grants by

20. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated
June 22, 2015 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.

21. “Rehabilitation and Maintenance Contract” means a multi-year contract entered into by the Borrower through MOTC with a private sector contractor, which contract obligates said private sector contractor to undertake all phases of road rehabilitation and maintenance work as a single package.

22. “Resettlement” means the impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (i) standard of living adversely affected; or (ii) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently.

23. “Resettlement Policy Framework” or “RPF” means the document prepared by the Borrower and published and available to the public on May 20, 2015, and outlining general implementation procedures, mitigation measures and monitoring procedures for Resettlement under the Project, including the procedures for the preparation and implementation of resettlement action plans, as said framework may be amended from time to time with the Bank’s prior approval.

24. “Safe Villages” means the program that combines traffic calming measures, footway construction and an education program in schools located in villages near new improved roads, in order to prevent road accidents, especially those involving vulnerable road users such as pedestrians, children and the elderly.

25. “TPIU” means the Transport Project Implementation unit, a state institution within MOTC established by the Borrower’s Decree No. 1930-N of December 28, 2006 and referred to in Section I.A.1 of Schedule 2 to the Original Loan Agreement.

26. “Training” means the reasonable costs, as shall have been approved by the Bank, for training and workshops conducted under the Project, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants’ services).

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 below.
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).”

5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of “Front-end Fee” is modified by replacing the reference to Section 3.01 with Section 3.01 (a).

6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term “Loan Payment” is modified to read as follows:

“68. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”

7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest”.