H.E. Gagik Khachatryan  
Minister of Finance  
Ministry of Finance  
1 Melik-Adamyan Street  
Yerevan  
Armenia

Subject: Republic of Armenia: Lifeline Road Network Improvement Project  
Loan No. 8229-AM  
Amendment No. 1 to the Loan Agreement

Excellency:

We refer to the Loan Agreement for the above-referenced Project ("the Original Agreement") between the Republic of Armenia ("Borrower") and the International Bank for Reconstruction and Development ("Bank"), dated February 11, 2013, and to your letters dated February 10, 2015 and May 8, 2015 requesting certain amendments to the Original Agreement. We are pleased to inform you that after due consideration, the Bank has agreed with your request, and accordingly, proposes to amend the Original Agreement as follows:

1. Schedule 1 of the Original Agreement is hereby amended to read in its entirety as set forth in Schedule 1 to the Agreement entered into between the Borrower and the Bank, dated August 26, 2015 providing additional financing for the above-referenced Project ("Additional Financing Agreement").

2. Section I.A.2 of Schedule 2 to the Original Agreement, is hereby amended to read in its entirety as set forth in section I.B. of Schedule 2 to the Additional Financing Agreement.

3. Section I.C of Schedule 2 to the Original Agreement is hereby amended to read in its entirety as set forth in Section I.D of Schedule 2 to the Additional Financing Agreement.

4. Section II.A of Schedule 2 to the Original Agreement is hereby amended to read in its entirety as set forth in Section II.A of Schedule 2 to the Additional Financing Agreement.

5. Section III.B.2 (d) of Schedule 2 to the Original Agreement is hereby deleted.

6. The table in Section IV.A.2 of Schedule 2 to the Original Agreement is hereby amended to read in its entirety as follows:
<table>
<thead>
<tr>
<th>&quot;Category&quot;</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>44,887,500</td>
<td>80%</td>
</tr>
<tr>
<td>(2) Front-end Fee</td>
<td>112,500</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>45,000,000</td>
<td></td>
</tr>
</tbody>
</table>

7. Section IV.B.2 of Schedule 2 to the Original Agreement is hereby amended to read as follows:

“The Closing Date is December 30, 2019.”

8. The Appendix to the Original Agreement is hereby amended as follows:

(a) The following definitions are added and placed in alphabetical order to read as follows:

""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) the 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 with the Bank’s prior approval."

""Environmental Management Plan" or "EMP" means: any of the Borrower’s site-specific plans derived from the ESMF and 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.”

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

"’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.”
“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.”

“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)."

(b) The following definitions are amended to read in their entirety as follows:

“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.”

“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.”

“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 involuntary 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.”

(c) The “EMF” definition is hereby removed (and the rest of the definitions are renumbered accordingly to maintain alphabetical order).

All other terms of the Original Agreement shall remain the same.
Please confirm your agreement with the foregoing amendment by signing and dating this letter in the spaces provided below. This amendment letter shall be executed in two counterparts each of which shall be an original and one of which shall be returned to us.

The provisions set forth in this amendment letter will become effective once: (i) the Bank receives legal opinion acceptable to the Bank confirming the completion of necessary internal procedures required for its entry into force under the Borrower's legislation; and (ii) all the conditions of effectiveness of the Additional Financing Agreement have been met. Upon compliance with the above mentioned conditions, the Bank will send a notice of effectiveness to the Borrower.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

[Signature]
Laura E. Bailey
Country Manager
World Bank Office, Armenia

CONFIRMED AND AGREED:

REPUBLIC OF ARMENIA

By: [Signature]
Authorized Representative

Name: Gagik Khachatryan
Title: RA Minister of Finance
Date: 26.08.2015