Loan Agreement

(Additional Financing for the Armenia Electricity Supply Reliability Project)

between

REPUBLIC OF ARMENIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated August 6, 2014
LOAN AGREEMENT

Agreement dated August 6, 2014, between the REPUBLIC OF ARMENIA ("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 forty million United States 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 2.07 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 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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.

2.05. The Payment Dates are February 15, and August 15 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 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 objectives of the Project. To this end, the Borrower shall cause the Project to be carried out by HVEN in accordance with the provisions of the Project Agreement, the Operational Manual and 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 — REMEDIES OF THE BANK

4.01. The Additional Events of Suspension consist of the following:

(a) Legislation related to the creation of HVEN has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of HVEN to perform any of its obligations under the Project Agreement.

(b) HVEN shall have failed to comply with any of its obligations under the Project Agreement.
ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following: namely, that the Subsidiary Agreement has been executed on behalf of the Borrower and HVEN.

5.02. The Additional Legal Matter consists of the following: namely, that the Subsidiary Agreement has been duly authorized or ratified by the Borrower and HVEN and is legally binding upon the Borrower and HVEN in accordance with its terms.

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

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower’s Representative is its Minister of Finance.

6.02. The Borrower’s Address is:

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

Telex: Facsimile:
243331 LADA SU 374 60700358

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

REPUBLIC OF ARMENIA

By __________________________
Authorized Representative

Name: Giagik Khachatryan
Title: Minister of Finance

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By __________________________
Authorized Representative

Name: Jean-Michel Happi
Title: Country Manager
SCHEDULE 1

Project Description

The objective of the Project is to increase the reliability and capacity of the power transmission network.

The Project consists of the following:

Part A: Strengthening of the power transmission network

A.1. Provision of works, goods, and technical assistance for the replacement of an existing power transmission line from the Hrazdan Thermal Power Plant to Shinuhayr substation, including compensation and grievance mechanisms for land acquisition and resettlement.

A.2. Provision of works, goods, and technical assistance for (i) the rehabilitation and extension of Haghtanak electrical sub-station, and (ii) the rehabilitation of Charentsavan-3, and Vanadzor-1 electrical sub-stations.

Part B: Technical Assistance

Provision of goods, technical assistance, Training, and Operating Costs, to HVEN to strengthen its capacity in: operation and maintenance of power transmission assets, technical supervision, planning, procurement, financial management, and Project management.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Subsidiary Agreement

1. For purposes of implementing Part A.2 and B of the Project, the Borrower shall make the proceeds of the Additional Financing available to HVEN, under a new subsidiary loan agreement between the Borrower and HVEN or an amendment to the subsidiary loan agreement that was established for the Original Project, under terms and conditions approved by the Bank, including those set forth in Section A.3 below (“Subsidiary Agreement”).

2. The Borrower shall exercise its rights under the Subsidiary 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 the Subsidiary Agreement or any of its provisions.

3. The Borrower shall, and shall cause HVEN to ensure that the Subsidiary Agreement shall comply with the following terms and conditions:

(a) the amount of the Subsidiary Loan shall be made available in United States Dollars or Drams or any other currency that may be selected by the Borrower for the Loan from time to time in accordance with the provisions of Section 2.07 of this Agreement;

(b) the principal amount of the Subsidiary Loan shall be repaid by HVEN in Dollars or Drams or any other currency that may be selected by the Borrower for the Loan from time to time in accordance with the provisions of Section 2.07 of this Agreement to the Borrower in semi-annual installments over 25 years, including a grace period of 10 years;

(c) (i) interest on the principal amount of the Subsidiary Loan withdrawn and outstanding from time to time at the rate applicable from time to time to the Loan pursuant to the provisions of Section 2.04 of this Agreement, plus a margin at a rate to be determined according to the terms of the Subsidiary Agreement; and (ii) a front-end fee in the amount determined according to the provisions of Section 2.03 of this Agreement, to be deducted from the amount of the Subsidiary Loan; and

(d) HVEN shall carry out activities under the Project in accordance with the Anti-corruption Guidelines.
4. The Borrower shall, and shall cause HVEN, to maintain the updated Operational Manual of the Original Project, and shall duly perform all its obligations under it and shall not assign, amend, abrogate or waive the updated Operational Manual without obtaining the prior approval of 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. Safeguards

1. For purposes of implementation of Part A.2 and Part B of the Project, except as the Bank shall otherwise agree, the Borrower shall, and shall cause HVEN to:

(a) (i) apply to all activities under the Project the criteria, policies, procedures and arrangements set out in the EMPs, the RPF, and RAPs (if required); and (ii) not amend or waive, or permit to be amended or waived the EMPs, the RPF, and RAPs (if required), or any provision thereof, in a manner which, in the opinion of the Bank, may materially and adversely affect the implementation of the Project;

(b) ensure that: (i) the bidding documents for the selection of a contractor and a contract to be entered into with the contractor for implementation of the activities under Part A.2 of the Project include a requirement for the contractor to comply with the EMPs, the RPF, and RAPs (if required); and (ii) adequate budget is available for implementation of the activities and penalties for non-compliance with the site-specific EMPs and RAPs (if required);

(c) ensure that during the implementation of civil works under Part A.2 of the Project, the selected contractor: (i) implements the site-specific EMPs 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 Project; and (ii) does not assign, amend, abrogate, or waive any provision of the site-specific EMP without prior review and approval of the Bank;

(d) ensure that:

(i) prior to commencing the civil works under Part A.2 of the Project, the selected contractor: (A) develops, if applicable, site-specific RAPs based on guidelines, principles and procedures set forth in the RPF, and submits them to the Bank for review and approval; (B) makes arrangements for public review and comment of the site-specific RAPs, any comments received have been responded to in a manner acceptable to the Bank, and the final approved version of the RAPs have been disclosed locally; (C) ensures, if applicable, that compensation is paid and other measures implemented in accordance with the RAP provisions and procedures, following the Bank’s review and approval of the RAPs; and
during the implementation of civil works under Part A.2 of the Project, the selected contractor: (A) carries out the contract in compliance with the rules, principles and procedures of the site-specific RAP (if applicable); (B) maintains or causes to be maintained and publicizes or causes to be publicized, if applicable, the availability of grievance procedures to hear and determine fairly and in good faith, in accordance with the RPF, all complaints raised in relation to the implementation of the RAPs by those being affected and/or resettled (as that term is defined in the site-specific RAPs) or by those communities who are adversely affected by the implementation of site-specific RAPs, as the case may be, and take all measures necessary to implement the RAPs determinations made under such grievance procedures; and (C) ensures that any provision of the site-specific RAPs, if applicable, is not assigned, amended, abrogated or waived without prior review and approval of the Bank; and

(e) take all such other actions necessary, including: (i) furnishing promptly to the Bank, if applicable, the site-specific RAPs findings and recommendations for follow up action resulting from each review; (ii) implementing, if applicable, all site-specific RAPs recommendations for follow up action as are agreed with the Bank; and (iii) any other actions the Bank may decide are necessary and appropriate.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower shall, or shall cause HVEN 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 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 month after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall, or shall cause HVEN to maintain 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, or shall cause HVEN 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, or shall cause HVEN to have the Project and HVEN 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 Borrower shall ensure that the audited Financial Statements for each such period shall be: (a) furnished to the Bank not later than six months after the
end of such period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

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 the Procurement Guidelines, or 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 table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used.
**Procurement Method**

(a) National Competitive Bidding of the Recipient may be used for procurement of goods and works for the Project, provided that the following provisions are complied with:

(i) entities in which the Republic of Armenia owns a majority shareholding 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 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;

(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.

(ix) the Recipient shall use standard bidding documents, satisfactory to the Bank.

(b) Shopping

(c) Direct Contracting

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 table specifies the methods of procurement, other than Quality- and Cost-based Selection,
which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-Based selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed budget</td>
</tr>
<tr>
<td>(c) Least Cost selection</td>
</tr>
<tr>
<td>(d) Selection based on the Consultant’s Qualifications</td>
</tr>
<tr>
<td>(e) Single Source Selection</td>
</tr>
<tr>
<td>(f) Selection of Individual Consultants</td>
</tr>
<tr>
<td>(g) Sole Source Procedures 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 (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services, including Training and audit, and Operating Costs for Project under Part A.2 and Part B of the Project</td>
<td>39,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Front-end Fee</td>
<td>100,000</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>TOTAL AMOUNT</td>
<td>40,000,000</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 from the Loan Account for payments made prior to the date of this Agreement.

2. The Closing Date is December 31, 2018.

Section V. Other Undertakings

For purposes of implementation of Part A.2 and Part B of the Project, the Subsidiary Agreement shall include the following provisions:

1. (a) Except as the Bank shall otherwise agree, HVEN shall not incur any debt unless a reasonable forecast of the revenues and expenditures of HVEN shows that the estimated net revenues of HVEN for each Fiscal Year during the term of the debt to be incurred shall be at least 1.2 times the estimated debt service requirements of HVEN in such year on all debt of HVEN including the debt to be incurred.

   (b) For the purposes of this Section:

   (i) The term “debt” means any indebtedness of HVEN maturing by its terms more than one year after the date on which it is originally incurred.
(ii) Debt shall be deemed to be incurred: (A) under a loan contract or agreement or other instrument providing for such debt or for the modification of its terms of payment on the date of such contract, agreement or instrument; and (B) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.

(iii) The term "net revenues" means the difference between:

(A) the sum of revenues from all sources related to operations and net non-operating income; and

(B) the sum of all expenses related to operations including administration, adequate maintenance, taxes and payments in lieu of taxes, but excluding provision for depreciation, other non-cash operating charges and interest and other charges on debt.

(iv) The term "net non-operating income" means the difference between:

(A) revenues from all sources other than those related to operations; and

(B) expenses, including taxes and payments in lieu of taxes, incurred in the generation of revenues in (A) above.

(v) The term "debt service requirements" means the aggregate amount of repayments (including sinking fund payments, if any) of, and interest and other charges on, debt.

(vi) The term "reasonable forecast" means a forecast prepared by HVEN not earlier than twelve (12) months prior to the incurrence of the debt in question, which both the Bank and HVEN accept as reasonable and as to which the Bank has notified HVEN of its acceptability, provided that no event has occurred since such notification which has, or may reasonably be expected in the future to have, a material adverse effect on the financial condition or future operating results of HVEN.

(vii) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Borrower, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to the Bank.
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 February 15 and August 15</td>
<td></td>
</tr>
<tr>
<td>Beginning August 15, 2024, through August 15, 2038</td>
<td>3.33%</td>
</tr>
<tr>
<td>On February 15, 2039</td>
<td>3.43%</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

Definitions


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


5. “EMP/s” means the site-specific environmental management plans developed for selected electric substations prepared by HVEN and approved by the Bank pursuant to Section I.C. of Schedule 2 to this Agreement, describing the environmental mitigation and monitoring measures under the Project.


8. “Legislation related to the creation of HVEN” means the Government Decrees No. 450 (July 20, 1998) and No. 709 (November 23, 1999) pursuant to which HVEN has been established and is operating.

9. “Operating Costs” means expenditures incurred on account of the Project implementation such as salaries of staff members, except for those who are civil servants, office supplies, minor office equipment, field trips, consuming materials, utilities, operation and maintenance costs, mass media and printing costs, in-country travel costs, communication costs, reasonable banking charges and other costs directly associated with the Project implementation, based on the annual budgets and acceptable to the Bank.

10. “Operational Manual” means the updated manual adopted by HVEN on April 22, 2014, describing procedures for the implementation of the Project, consistent with the provisions of this Agreement and with the national laws and regulations of the Borrower, including procedures governing administrative, procurement, accounting, financial
management, monitoring and evaluation arrangements for the Project; as the same may be amended from time to time with the agreement of the Bank.


13. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated April 23, 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.

14. “Project Agreement” means the agreement between the Bank and HVEN of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement.

15. “RPF” means the resettlement policy framework updated by the Borrower and disclosed, following the approval of the Bank, on April 7, 2014, pursuant to Section I. C of Schedule 2 to this Agreement, defining the modalities for involuntary resettlement and compensation of the affected persons and providing guidance for the preparation and implementation of RAPs under the Project, if required.

16. “RAP/s” means the site-specific resettlement action plan/s to be prepared by the Borrower and approved by the Bank, for the selected substations, pursuant to Section I. C. of Schedule 2 to this Agreement, if required, in accordance with the RPF.

17. “Subsidiary Agreement” means the Subsidiary Agreement referred to in Section I. A. of Schedule 2 to this Agreement pursuant to which the Borrower shall make the proceeds of the Loan available to HVEN.

18. “Training” means expenses incurred by HVEN in connection with carrying out training activities under the Project including travel costs and per diem for local trainees and trainers, study tours and workshops, rental of facilities and equipment and training materials and related supplies, based on the annual budgets and acceptable to the Bank.