Loan Agreement

(Micro, Small and Medium Enterprise Access to Finance Project)

between

JOINT STOCK COMPANY "DEVELOPMENT BANK
OF THE REPUBLIC OF BELARUS"

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated October 12, 2017
LOAN AGREEMENT

Agreement dated October 12, 2017, between JOINT STOCK COMPANY “DEVELOPMENT BANK OF THE REPUBLIC OF BELARUS” (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of sixty million Dollars ($60,000,000), 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. The Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.

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 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment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 (30) 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 April 15 and October 15 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with the provisions of 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 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 — REMEDIES OF THE BANK

4.01. The Additional Event of Suspension consists of the following, namely, that the Edict of the President of the Republic of Belarus No. 261, dated June 21, 2011, has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of the Borrower to perform any of its obligations under this Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Subsidiary Financing Agreement has been executed on behalf of the Borrower with at least two (2) Eligible PFIs.

(b) The Borrower has adopted the Project Operational Manual acceptable to the Bank.

(c) The Borrower has established the Project Implementation Unit pursuant to paragraph 1 of Section I.A of Schedule 2 to this Agreement.

5.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower’s Representative is the Chairperson of its Management Board.

6.02. The Borrower’s Address is:

Joint Stock Company Development Bank of the Republic of Belarus
35 Masherova Avenue
Minsk, 220002
Republic of Belarus

Telephone.: +375 17 309 66 47    Facsimile: +375 17 292 70 16
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

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

AGREED at Washington, District of Columbia, United States of America, as of the day and year first above written.

JOINT STOCK COMPANY "DEVELOPMENT BANK OF THE REPUBLIC OF BELARUS"

By: 
Authorized Representative
Name: SERGEI ROUMAS
Title: CHAIRPERSON OF THE MANAGEMENT BOARD

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: 
Authorized Representative
Name: CYRIL MULLER
Title: REGIONAL VICE PRESIDENT EUROPE AND CENTRAL ASIA
SCHEDULE 1

Project Description

The objective of the Project is to improve access to finance for MSMEs and to enhance the governance and institutional capacity of the Borrower.

The Project consists of the following parts:

Part 1: Line of Credit

Provision of Sub-loans by Eligible PFIs to support investment and working capital financing needs of Eligible Beneficiaries.

Part 2: Institutional Strengthening

Provision of support to DBRB for: (a) strengthening its operational capacity through: (i) defining and implementing robust operating policies and procedures; (ii) designing and rolling out new financing instruments; and (iii) developing and implementing monitoring, disclosure and evaluation practices and impact assessment methodologies; (b) enhancing its ICT systems and processes; (c) designing and carrying out knowledge and awareness raising campaigns on the activities under the Project; and (d) carrying out of relevant capacity building activities in support of Eligible PFIs and MSMEs.

Part 3: Project Management

Strengthening the Borrower’s capacity for Project management, monitoring and evaluation, including carrying out Eligible Beneficiaries’ satisfaction survey and Project financial audit, through provision of goods and consultants’ services, as well as financing of Training and Operating Costs.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall establish and thereafter maintain, throughout Project implementation, the Project Implementation Unit composed of key staff in sufficient number (including a coordinator, a fiduciary specialist, a social and environmental specialist, and a procurement specialist), with functions, experience, responsibilities, qualifications, adequate funds, facilities, and other resources necessary for the implementation of the Project, all acceptable to Bank.

2. The Borrower shall: (a) prepare and adopt the Project Operational Manual under terms and conditions acceptable to the Bank; and (b) thereafter, carry out the Project in accordance with the requirements set forth in the Project Operational Manual, including: (i) specific provisions on detailed arrangements for the carrying out of the Project; (ii) the procurement, financial management and disbursement requirements thereof; (iii) the template of a Subsidiary Financing Agreement (including the terms and conditions of a Sub-Loan Agreement); (iv) the procedure for the selection of the Eligible PFIs; (v) the eligibility criteria for the selection of Eligible Beneficiaries; and (vi) the EMF. The Borrower shall not assign, amend, abrogate or waive any provision of the Project Operational Manual without prior approval of the Bank. In case of any conflict between the terms of the Project Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

B. Line of Credit

1. Prior to the provision of any Sub-Loan under Part 1 of the Project, the Borrower shall:

   (a) select each Eligible PFI in accordance with the criteria set forth in the Project Operational Manual;

   (b) make part of the proceeds of the Loan available to each Eligible PFI under a Subsidiary Financing Agreement between the Borrower and the Eligible PFI, under terms and conditions acceptable to the Bank and set forth in the Project Operational Manual including, inter alia, the Eligible PFI’s obligations to: (i) provide Sub-Loans to Eligible Beneficiaries; and (ii) comply with the Anti-Corruption Guidelines and the pertinent provisions of this Agreement (including the pertinent obligations set forth
(c) ensure that, prior to the provision of a Sub-Loan to an Eligible Beneficiary by a pertinent Eligible PFI, said Eligible PFI enters into a Sub-Loan Agreement with said Eligible Beneficiary, under terms and conditions acceptable to the Bank and set forth in the Project Operational Manual including, *inter alia*: (i) the Eligible Beneficiary’s obligation to carry out the activities under Part 1 of the Project in accordance with the pertinent obligations of this Schedule, including Anti-Corruption Guidelines, the Project Operational Manual, the EMF and, when applicable, prepare environmental management plans in accordance with the EMF, in form and substance satisfactory to the Bank, and to implement said activities in accordance with the relevant environmental management plan; and (ii) the right of the Eligible PFI to take or permit to be taken all actions to comply with its obligations under each Sub-loan Agreement.

2. The Borrower shall:

(a) exercise its rights and carry out its obligations under each Subsidiary Financing Agreement in such a manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. The Borrower shall not amend, suspend, terminate or waive any provision of any Subsidiary Financing Agreement in such a manner so as to affect materially and adversely, in the opinion of the Bank, the ability of the Borrower to comply with its Project related obligations set forth in this Agreement; and

(b) ensure that each Eligible PFI exercises its rights and carries out its obligations under each Sub-Loan Agreement in such a manner as to protect the interests of the Eligible PFI, the Borrower and the Bank and to accomplish the purposes of the Loan. The Borrower shall ensure that each Eligible PFI shall not amend, suspend, terminate or waive any provision of any Sub-Loan Agreement in such a manner so as to affect materially and adversely, in the opinion of the Bank, the ability of said Eligible PFI and the Borrower to comply with its Project related obligations set forth in this Agreement.

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

For purposes of carrying out the activities under Part 1 of the Project:

1. The Borrower shall, and shall cause Eligible PFIs to, comply with the EMF. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the EMF or any of its provisions.

2. The Borrower shall, and shall cause the Eligible PFIs to cause the Eligible Beneficiaries to, when applicable, prior to carrying out any investment under Part 1 of the Project, prepare environmental management plans in accordance with the EMF, in form and substance satisfactory to the Bank, and to implement said investments in accordance with the relevant environmental management plan.

3. The Borrower shall ensure that no investments involving Involuntary Resettlement or any other investment included in the negative list of investments included in the EMF, are financed out of the Loan proceeds.

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 forty five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. The Borrower shall prepare and furnish to the Bank, as part of the Project Reports, interim unaudited financial reports for the Project covering each calendar semester during the period of the Project implementation, in form and substance satisfactory to the Bank.

3. The Borrower shall have its financial statements prepared in accordance with consistently applied accounting standards acceptable to the Bank and audited by independent auditors acceptable to the Bank. Each audit of these financial statements shall cover the period of one fiscal year of the Borrower. The audited financial statements for each such period shall be: (a) furnished to the Bank not
later than six (6) months after the end of such period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

4. Except as the Bank shall otherwise agree, the Borrower shall, during implementation of the Project:

(a) operate on a financially sustainable basis; and

(b) comply with the applicable secure functioning requirements established by the "Instructions on Secure Functioning Requirements for Banks, the Joint Stock Company ‘Development Bank of the Republic of Belarus’ and Non-Bank Financial Institutions", approved by NBRB through Resolution No. 137 dated September 28, 2006, as subsequently amended, and confirm such compliance through an official certification from NBRB, all in accordance with the relevant terms and conditions established in the Project Operational Manual. Said certifications shall be furnished to the Bank no later than thirty (30) days from the date of their issuance.

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 (including Annex A to this Schedule).

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 additional provisions set forth in Annex A to this Schedule; (b) Shopping; (c) Direct Contracting; and (d) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Bank.

C. **Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Bank; (g) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (h) Single-source procedures for the Selection of Individual Consultants.

D. **Review by the Bank of Procurement Decisions**

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

**Section IV. Withdrawal of Loan Proceeds**

A. **General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Sub-loans under Part 1 of the Project</td>
<td>56,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, consultants’ services, Training and Operating Costs under Parts 2 and 3 of the Project</td>
<td>3,800,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>60,000,000</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:
   (a) from the Loan Account until the Bank has received payment in full of the Front-end Fee; or
   (b) for payments made prior to the date of this Agreement.

2. The Closing Date is December 31, 2022.
ANNEX A

to
SCHEDULE 2

Additional Provisions Relating to Procurement of Goods, Works and Non-Consulting Services under Bank-Financed Contracts Subject to National Competitive Bidding

Without limitation upon the provisions of Section III of Schedule 2 to this Agreement or the Procurement Guidelines, the procurement procedure to be followed for National Competitive Bidding shall be the Open Tender procedure set forth in the Public Procurement Law of the Guarantor (Law No. 419-3 on Public Procurement of Goods (Works, Services), dated 13 July 2012) (the “PPL”), and subject to the following provisions:

A. Eligibility

The eligibility of bidders shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Bank for reasons other than those provided in Section I of the Procurement Guidelines.

Bidding shall not be restricted to domestic bidders. No restrictions in respect of eligibility to participate in bidding for contracts shall be placed on the basis of nationality of the bidder and/or the origin of goods other than those set forth in paragraph 1.10 of the Procurement Guidelines. No restriction of any kind shall be applied to foreign bidders who wish to submit a bid.

Bidding shall not be restricted to pre-registered or invited firms, and foreign bidders shall not be required to be registered with local authorities as a prerequisite for submitting bids.

B. Procedures

(a) Invitations to bid shall be advertised in the Guarantor’s Official Gazette or in at least one widely circulated national daily newspaper or in an electronic portal of free access allowing a minimum of thirty (30) calendar days for the preparation and submission of bids, from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later.

(b) The sale and/or issuance of bidding documents shall not be restricted only to entities invited by the procuring entity.
(c) Bids shall be submitted as paper documents and subsequent procurement process (bid opening, bid evaluation, the contract finalization) shall be conducted using conventional paper formats. The Borrower shall be able to use an electronic system permitting bidders to submit bids by electronic means, provided the Bank is satisfied with the adequacy of the system, including *inter alia*, that the system is secure, maintains the integrity, confidentiality, and authenticity of bids submitted, and uses an electronic signature system or equivalent to keep bidders bound to their bids.

(d) Prequalification procedures acceptable to the Bank shall be used for large, complex and/or specialized contracts.

C. Assessment of Bidders' Qualifications

In the procurement of goods, works and non-consulting services, where pre-qualification is not used, the qualifications of the bidder who is recommended for award of contract shall be assessed by post-qualification, applying minimum experience, technical and financial requirements which shall be explicitly stated in the bidding documents and which shall be determined by a 'pass/fail' method acceptable to the Bank.

D. Participation by Guarantor's Government-owned Enterprises

Guarantor's Government-owned enterprises shall be eligible to participate in bidding only if they meet the requirement set forth in paragraph 1.10 (b) of the Procurement Guidelines. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

E. Participation by Joint Ventures

Participation shall be allowed from joint ventures on the condition that such joint venture partners will be jointly and severally liable under the pertinent contract.

F. Bidding Documents

The procuring entities shall use the appropriate bidding documents, including contractual conditions, acceptable to the Bank, which shall be prepared so as to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines.

G. Bid Evaluation

(a) Evaluation criteria, other than price, shall be quantified in monetary terms in a manner acceptable to the Bank.
(b) Evaluation of bids shall be made in strict adherence to the monetarily-quantifiable criteria declared in the bidding documents and a merit point system shall not be used.

(c) An extension of bid validity, if justified by exceptional circumstances, may be requested in writing from all bidders before the bid validity expiration date and shall be allowed once only for the minimum period required to complete the evaluation or award a contract, but not more than thirty (30) calendar days from the date of the decision to extend the bid validity. No further extensions shall be requested without the prior approval of the Bank.

(d) Bids containing material deviations from the bidding document requirements shall be rejected. Non-material documentary deviations or quantifiable minor deviations may not be the reason for the rejection of bids.

(e) 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.

(f) Contracts shall be awarded to qualified bidders having submitted the lowest evaluated substantially responsive bid, and no negotiation as to the price or substance of the bid shall take place.

(g) No domestic preference shall apply under National Competitive Bidding.

(h) Bid evaluation shall be confidential and no information shall be disclosed until the notification of the award.

H. Price Adjustment

Civil works contracts of long duration (i.e. more than eighteen (18) months) shall contain an appropriate price adjustment clause acceptable to the Bank.

I. Rejection of All Bids

All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited, without the Bank’s prior written concurrence.

J. Securities

Performance securities should not exceed ten percent (10%) of the contract price. No advance payments shall be made to the suppliers/contractors without a suitable advance
payment security. The wording of all such securities shall be included in the bidding documents and shall be acceptable to the Bank. Bidders shall be given at least twenty-eight (28) calendar days from the receipt of notification of contract award to submit Performance securities, and Bid securities shall remain valid for such period.

K. **Contract Modification and Termination**

With respect to contracts subject to the Bank’s prior review, the Borrower shall obtain the Bank’s no objection before agreeing to: (a) a material extension of the stipulated time for performance of a contract; (b) any substantial modification of the scope of services or other significant changes to the terms and conditions of the contract; (c) any variation order or amendment which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than fifteen percent (15%); or (d) the proposed termination of the contract. A copy of all contract amendments shall be provided to the Bank.

L. **Fraud and Corruption**

Each bidding document and contract financed out of the proceeds of the Loan shall include provisions stating the Bank’s policy to sanction firms or individuals found to have engaged in fraud and corruption, as defined in paragraph 1.16(a) of the Procurement Guidelines.

M. **Audit Rights**

In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Loan shall provide that: (i) bidders, suppliers, contractors and subcontractors shall permit the Bank, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Bank; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.16(a)(v) of the Procurement Guidelines.
SCHEDULE 3

Amortization Schedule

The Borrower shall repay the principal amount of the Loan in full on October 15, 2032.
APPENDIX

Section I. Definitions


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


5. “Eligible Beneficiary” means a MSME, eligible for receiving a Sub-Loan under Part 1 of the Project, based on the criteria set forth in the Project Operational Manual; collectively referred to as “Eligible Beneficiaries”.

6. “Eligible PFI” means a commercial bank registered according to the applicable laws and regulations of the Guarantor and selected by the Borrower, with approval by the Bank, to participate in Part 1 of the Project pursuant to criteria set forth in the Project Operational Manual.

7. “EMF” means the Environmental Management Framework prepared by Guarantor and the Borrower, acceptable to the Bank, as published on July 7, 2016, which contains: (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 investments under the Project; (ii) a list of activities not eligible for financing under the Project; (iii) recommendation of mitigation measures for each negative impact identified; and (iv) measures for enhancing each identified positive impact, as said framework may be amended from time to time with the Bank’s prior approval.

8. “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.

10. "ICT" means information and communication technologies.

11. "Involuntary Resettlement" means the impact of: (a) 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; or (b) an involuntary restriction of access to legally designated parks and protected areas (including reserves) which causes an adverse impact on the livelihoods of the affected persons.

12. "MSME" means a micro, small or medium-sized enterprise, defined as such in the Project Operational Manual; collectively referred to as "MSMEs".


14. "Operating Costs" means the reasonable operational costs (which would not have been incurred absent the Project), incurred by the Borrower related to the implementation of the Project, including *inter alia*, the costs of communication, supplies, printing and publications, office maintenance and utilities, bank charges, salaries of staff working for the Project (including associated taxes and charges for insurance, as determined by the Bank, but excluding salaries of the Guarantor's civil servants), logistics services (other than those related to Training), and such other expenditures as may be agreed upon by the Bank, all based on semi-annual budgets acceptable to the Bank.


16. "Procurement Plan" means the Borrower's procurement plan for the Project, dated July 13, 2017 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.

17. "Project Implementation Unit" or "PIU" means the unit to be established by the Borrower for the purposes of the Project implementation pursuant to paragraph 1 of Section I.A of Schedule 2 to this Agreement.
18. "Project Operational Manual" means the manual referred to in paragraph 2 of Section IA of Schedule 2 to this Agreement, which may be amended from time to time in a manner acceptable to the Bank.

19. "Sub-loan" means a loan made by an Eligible PFI, out of the proceeds of the Loan allocated from time to time to Category (1) of the table set forth in Section IV.A of Schedule 2 to this Agreement, for purposes of financing all or a portion of the expenditures incurred by an Eligible Beneficiary for the carrying out of activities under Part 1 of the Project.

20. "Sub-Loan Agreement" means the agreement entered or to be entered into between an Eligible PFI and each Eligible Beneficiary pursuant to Section I.B.1 (c) of Schedule 2 to this Agreement.

21. "Subsidiary Financing Agreement" means the agreement entered or to be entered into between the Borrower and an Eligible PFI pursuant to Section I.B.1 (b) of Schedule 2 to this Agreement.

22. "Training" means expenditures (other than those for consultants’ services) incurred by the Borrower to finance the reasonable travel costs (i.e. accommodation, transportation, travel insurance and per diem, inter alia) of trainees and trainers (if applicable), training registration fees, catering, rental of training facilities and equipment, logistics and printing services, as well as training materials, all for the purposes of, and directly related to, the training activities (including seminars and study tours) under the Project, all based on the semi-annual budgets acceptable to the Bank.

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”.