Loan Agreement

(Third Secondary and Local Roads Project)

between

GEORGIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated July 9, 2014
LOAN AGREEMENT

Agreement dated July 9, 2014, between GEORGIA ("Borrower") and the 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 seventy five million United States dollars (US$75,000,000), 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 June 15 and December 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.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project 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, namely that the Borrower has submitted to the Bank the Project’s Operations Manual in form and substance acceptable to the Bank.

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

ARTICLE V—REPRESENTATIVE; ADDRESSES

5.01. The Borrower’s Representative is the Minister of Finance.

5.02. The Borrower’s Address is:

Ministry of Finance
16 Gorgasali Street
0114 Tbilisi
Georgia

Facsimile:

995-32-2261461

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 Tbilisi, Georgia, as of the day and year first above written.

GEORGIA

By

Authorized Representative

Name: NODAR KIADURI

Title: MINISTER OF FINANCE

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: HENRY KERAI

Title: REGIONAL DIRECTOR
SCHEDULE 1

Project Description

The objectives of the Project are to reduce transport costs on Project roads and improve the sustainability of the secondary and local road asset management.

The Project consists of the following parts:

Part A: Rehabilitation and improvement of secondary and local roads

1. Rehabilitation and improvement of about 200 km of secondary and local roads, including: (a) about 53 km of local roads; and (b) about 147 km of secondary roads including 15 km of the Gurjaani-Bakurtsikhe bypass.

2. Preparing detailed designs of about 110 km of roads and conducting construction supervision and quality assurance services for all civil works financed under the Project.

3. Preparation of designs and supporting studies for future transport projects.

Part B: Capacity Building and Strengthening in Local and Secondary Roads' Management

1. Capacity building of MRDI to provide technical oversight in local roads asset management through the provision of consultants' services, and Training.

2. Carrying out a study to determine the feasibility of piloting local roads routine maintenance using a micro-enterprising approach through the provision of consultants' services.

3. Strengthening the capacity of RD in: (a) Project management and implementation; and (b) secondary roads management, through the provision of goods, consultants' services, and Training.

4. Institutional support to TRRC related to Project financial management and audits through the provision of consultants' services.

Part C: Road Safety Technical Assistance

Developing and implementing road safety measures on secondary and local roads through: (1) the implementation of additional road safety engineering measures including sidewalks, pedestrian crossing, installation of speed bumps, barriers, blinking traffic lights near schools and other public places outside the scope of rehabilitation or improvement works; (2) education and publicity campaigns targeting residents living along these three local roads and other road users; and (3) enhancing technical capacity in
road safety management to cover engineering, enforcement and emergency response, through the provision of goods, consultants’ services, and Training.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall carry out the Project, through the RD, with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, public utility, environmental practices and in accordance with the Operations Manual and shall provide the RD with the resources and staff necessary for implementing the Project. The RD shall be responsible for the overall coordination and oversight of the Project implementation.

2. By not later than one month as of the Effective Date, the MRDI, RD and TRRC shall duly amend the Project Implementation Agreement for the purposes of setting forth the obligations of the parties thereto in relation to the Project implementation in a manner satisfactory to the Bank. Pursuant to the terms and conditions of the Project Implementation Agreement, the RD shall be assisted in Project-related financial management and disbursement by the TRRC. The Borrower shall: (a) maintain the TRRC with terms of reference, resources and staff necessary for proper Project implementation and satisfactory to the Bank; and (b) require TRRC to carry out the financial management and disbursement for the Project in accordance with the Project Implementation Agreement.

3. During Project implementation, the RD shall maintain the FPU with terms of reference, resources and staff necessary for proper Project implementation and satisfactory to the Bank, to assist RD in Project-related procurement, monitoring and evaluation and Project reporting.

4. The Borrower shall permit the use of standards for construction, planning and design of roads adopted by the European Union (in addition to the national standards), acceptable to the Bank, in the design, construction and maintenance of road works under the Project.

5. The Borrower shall ensure that adequate budgetary resources are made available for the Project in the Borrower's annual budget for the duration of the Project.

6. The Borrower shall cause TRRC to maintain a financial auditor under terms of reference and conditions satisfactory to the Bank.
B. Anti-Corruption

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

C. Safeguards

1. The Borrower shall ensure that the Project is carried out in accordance with the provisions of the ESMF, EMP(s), RPF and RAP(s). The Borrower shall not assign, amend, abrogate or waive the ESMF, EMP(s), RPF and/or RAP(s) or any provision thereof, without the prior approval of the Bank.

2. For purposes of Part A of the Project, the Borrower shall: (a) prior to the issuance of the bidding documents for the works contract for each segment of the road, prepare and submit to the Bank for its approval: (i) the proposed design and site for said works and, the related site-specific Environmental and Social Impact Assessment (ESIA) report, including EMP, or a self-standing EMP as relevant in form and substance satisfactory to the Bank; and (ii) the draft contract for said works to ensure that the provisions of said site-specific EMP are adequately included in said contract; (b) prior to the signing of the contract for said works which require land acquisition, prepare and submit to the Bank for its approval the site-specific RAP(s) in form and substance satisfactory to the Bank; and (c) prior to the commencement of the works, ensure that the owners and users of the land where said works are to be implemented are fully compensated in accordance with the provisions of the RAP(s).

3. The Borrower shall: (a) ensure that all activities undertaken for the purpose of carrying out of the Project comply with environmental standards and guidelines satisfactory to the Bank; (b) ensure that the selection of any road section under Part A of the Project is done in accordance with the provisions of the ESMF; (c) ensure the complete implementation of the 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 (d) maintain the RD’s environmental unit with competent staff in adequate numbers and with such responsibilities and functions acceptable to the Bank as shall enable the RD to manage, coordinate and monitor the implementation of the EMPs.

4. The Borrower shall: (a) ensure that the RD prepares RAPs according to the RPF; (b) maintain or cause to be maintained by RD, and publicize or cause to be publicized by RD, 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 resettled (as that term is defined in the RAP) or by those in host communities who are adversely affected by the implementation of the RPF, and take all measures necessary to
implement the determinations made under such grievance procedures; (c) through RD, employ a resettlement expert, satisfactory to the Bank, to conduct an ex post review of the implementation of the RAPs; (d) through RD, furnish promptly to the Bank the findings and recommendations for follow up action resulting from each such review; and (e) through RD, implement all such recommendations for follow up action as are agreed with the Bank.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower shall, through RD, 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 cause TRRC to 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 shall have the Project Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. **Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following 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:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding, subject to the additional provisions set forth in below:</td>
</tr>
<tr>
<td>(i) “Open competitive procedures” (i.e. “public tender”) shall be the default rule. A single envelope procedure shall be used for the submission of goods, works, or non-consulting services.</td>
</tr>
<tr>
<td>(ii) Invitations to bid shall be advertised in at least one widely circulated national daily newspaper allowing a minimum of thirty (30) days for the preparation and submission of bids. Advertisements published in foreign language newspapers shall be in compliance with such a 30-day-minimum in number of days for bids preparation and submission.</td>
</tr>
<tr>
<td>(iii) Bidding shall not be restricted to pre-registered firms. If registration is required, it shall not be denied to eligible bidders for reasons unrelated to their capacity and resources to successfully perform the contract (e.g., mandatory membership in professional organizations, classification, etc). Post-</td>
</tr>
<tr>
<td><strong>Procurement Method</strong></td>
</tr>
<tr>
<td>------------------------</td>
</tr>
<tr>
<td>qualification shall be conducted to verify that the bidder has the capability and resources to successfully perform the contract.</td>
</tr>
<tr>
<td>(iv) Government-owned enterprises in Georgia shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the Government. Government-owned enterprises will be subject to the same bid and performance security requirements as other bidders.</td>
</tr>
<tr>
<td>(v) Procuring entities shall use the appropriate Bank’s sample bidding documents, including pre-qualification documents, for the procurement of goods, works, or non-consulting services, and such documents shall contain draft contract and conditions of contract including clauses on fraud and corruption, audit and publication of award, all acceptable to the Bank.</td>
</tr>
<tr>
<td>(vi) Bids shall be opened in public, immediately after the deadline for submission of bids. Bidder’s representatives shall be permitted to attend the bid opening.</td>
</tr>
<tr>
<td>(vii) Extension of bid validity shall be allowed once only for not more than thirty (30) days. No further extensions should be requested without the prior approval of the Bank.</td>
</tr>
<tr>
<td>(viii) Evaluation of bids shall be based on quantifiable criteria expressed in monetary terms as defined in the bidding documents, no merit point system and no domestic preference shall be used in the evaluation of bids. Contracts shall be awarded to qualified bidders having submitted the lowest evaluated substantially responsive bid and no negotiations shall be carried out prior to contract award.</td>
</tr>
<tr>
<td>(ix) Civil works contracts of long duration (e.g. more than eighteen (18) months) shall contain an appropriate price adjustment clause.</td>
</tr>
<tr>
<td>(x) No bid shall be rejected purely on the basis that the bid price is higher than the estimated budget for that procurement. All bids shall not be rejected and new bids solicited without the Bank’s prior concurrence.</td>
</tr>
</tbody>
</table>
C. Particular Methods of Procurement of Consultants' Services

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

2. **Other Methods of Procurement of Consultants' Services.** The following 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 Consultants' Qualifications</td>
</tr>
<tr>
<td>(e) Single-Source Selection of consulting firms</td>
</tr>
<tr>
<td>(f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(g) Single-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 (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, and consultants’ services,</td>
<td>74,812,500</td>
<td>80%</td>
</tr>
<tr>
<td>Training and Incremental Operating Costs for the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Front-end Fee</td>
<td>187,500</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>(3) Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
<td>Amount due pursuant to Section 2.07(c) of this Agreement</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>75,000,000</td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $1,600,000 equivalent may be made for payments made prior to this date but on or after May 7, 2014, for Eligible Expenditures under Category (1).

2. The Closing Date is September 30, 2018.
SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each June 15 and December 15</td>
<td></td>
</tr>
<tr>
<td>Beginning December 15, 2024</td>
<td>3.33%</td>
</tr>
<tr>
<td>through December 15, 2038</td>
<td></td>
</tr>
<tr>
<td>On June 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.


4. "EMP(s)" means the Borrower’s site specific environmental management plan(s), acceptable to the Bank, prepared or to be prepared by the Borrower during the Project implementation, in accordance with the ESMF and approved by the Bank, describing environmental mitigation, monitoring and institutional measures for selected road sections under the Project.

5. "ESIA report(s)" means the Borrower’s site specific Environmental and Social Impact Assessment report(s), acceptable to the Bank, prepared or to be prepared by the Borrower during the Project implementation, in accordance with the ESMF and approved by the Bank, providing overview of environmental and social aspects of the designed works, estimating their expected positive and negative impacts, prescribing measures for risk mitigation, and outlining environmental monitoring plan.

6. "ESMF" means the Borrower’s Environmental and Social Management Framework, dated April 16, 2014, outlining the procedures for the environmental and social screening, impact assessment, risk management, information disclosure, consultation, and monitoring, related to the selection and rehabilitation of the road sections under the Project.

7. "FPU" means the Foreign Projects Unit referred to under Part A.3 of Section I of Schedule 2 to this Agreement.


9. "Incremental Operating Costs" means reasonable and necessary incremental expenses incurred by the Borrower with respect to Project implementation, management and monitoring, including the costs of staff salaries (excluding salaries of the Borrower’s civil service staff), communication, editing, printing
and publication, translation, vehicle operation and maintenance, bank charges, local travel costs and field trip expenses, office rentals, utilities, equipment and supplies, based on the annual budget acceptable to the Bank.

10. “MRDI” means the Borrower’s Ministry of Regional Development and Infrastructure any legal successor thereto.

11. “Operations Manual” means the Borrower’s operations manual referred to Part A.1 of Section I of Schedule 2 to this Agreement as such manual may be updated from time to time by agreement between the Borrower and the Bank.


13. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated May 7, 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 Implementation Agreement” means the agreement between the MRDI, RD and the TRRC, dated October 29, 2013 as amended pursuant to Part A.2 of Section I of Schedule 2 to this Agreement, setting forth the obligations of the parties thereto in relation to the Project implementation in a manner satisfactory to the Bank.

15. “RAP” or “RAPs” means the site specific resettlement action plan(s) satisfactory to the Bank, to be prepared by the Borrower pursuant to Part C of Section I of Schedule 2 to this Agreement, setting out, inter alia, the principles and objectives of the RAP, the affected persons’ eligibility criteria, compensation, assistance and rehabilitation entitlements, as well as the monitoring and reporting arrangements in conformity with the RPF.

16. “RD” means the Borrower’s Roads Department of the Ministry of Regional Development and Infrastructure responsible for managing the Borrower’s road network or any legal successor thereto.

17. “RPF” means the Borrower’s resettlement policy framework, acceptable to the Bank, dated April 16, 2014, and referred to in Part C of Section I of Schedule 2 to this Agreement, describing the policies, procedures, plans and actions (including the resettlement action plan(s)), and institutional measures related to land acquisition and other social impacts that may arise during the Project and other phases related to the Project, and satisfactory to the Bank.
18. "Training" means expenditures incurred by the Borrower in connection with Project-related study tours, training courses, seminars, workshops and other training activities, including travel and per diem costs of trainees and trainers, based on the semi-annual budget acceptable to the Bank.

19. "TRRC" or "Transport Reform and Rehabilitation Center" means the Eurasia Transport Corridor Investment Center established pursuant to Presidential Decree No. N-161, dated April 21, 2000, or any legal successor thereto.