

**OFFICIAL
DOCUMENTS**

LOAN NUMBER 8420-MK

Loan Agreement

(National and Regional Roads Rehabilitation Project)

between

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

and

PUBLIC ENTERPRISE FOR STATE ROADS

Dated *OCTOBER 21*, 2014

LOAN AGREEMENT

Agreement dated *October 21*, 2014, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and PUBLIC ENTERPRISE FOR STATE ROADS (“Borrower”). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.1. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.2. 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 fifty-two million Euro (€52,000,000) 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 October 15 and April 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; and (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.

- (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 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 Decision or the by-laws of the Borrower governing the Borrower’s activities have been amended, suspended, abrogated, repealed or waived, or the Guarantor shall have enacted new legislation or issued new directives, so as to affect materially and adversely the ability of the Borrower to perform any of its obligations under this Agreement.
- 4.02. The Additional Event of Acceleration consists of the following: namely that the event specified in Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) that the Borrower has adopted the Project Operational Manual in a manner satisfactory to the Bank;
 - (b) that full-time, qualified and experienced procurement and financial management officers have been selected and hired to work in the PMT in a manner satisfactory to the Bank; and

(c) that the Enterprise Resource Planning (ERP) System is operational.

5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower's Representative is its Director.

6.02. The Borrower's Address is:

Public Enterprise for State Roads
Dame Gruev 14
1000 Skopje
Macedonia

Telephone:

(389-2) 3118-044

Facsimile:

389 232 20535

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:

INTBAFRAD
Washington, D.C.

Telex:

248423(MCI) or
64145(MCI)

Facsimile:

1-202-477-6391

AGREED at Skopje, Macedonia, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



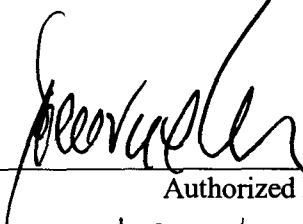
Authorized Representative

Name: Tadiana Proskuryakova

Title: Country Manager

PUBLIC ENTERPRISE FOR STATE ROADS

By



Authorized Representative

Name: Ljupcho GECHEVANOV

Title: Acting Director

SCHEDULE 1

Project Description

The objectives of the Project are: (i) to enhance the connectivity of selected national and regional roads, primarily to Corridors X and VIII; and (ii) to improve the Borrower's capacity for road safety and climate resilience.

The Project consists of the following parts:

Part 1: Road Civil Works

- 1.1 Carrying out of (i) rehabilitation works on about 112 km of selected national and regional road sections, and (ii) black spots improvement in selected areas.
- 1.2 Carrying out of independent technical audits of rehabilitation works under the Project.
- 1.3 Carrying out of land slide remediation in selected areas.

Part 2: Institutional Strengthening and Project Management

- 2.1 (i) Strengthening the technical capacity of the PMT through the provision of technical assistance; and (ii) carrying out the annual financial audits of the Project.
- 2.2 Carrying out of road safety activities, including, inter alia: (i) the development of a nation-wide road safety program including the identification of black spots and their improvement; (ii) preparation of road safety audits guidelines and manuals; (iii) Training and (iv) carrying out of an iRAP Survey of the national and regional roads network.
- 2.3 (i) Provision of equipment for and carrying out of network data collection activities to survey road conditions and collect traffic data for three years, and (ii) providing technical assistance for the preparation of a Strategic Program of periodic maintenance and rehabilitation works.
- 2.4 Provision of technical assistance for the preparation of potential future investments in the Borrower's road sector, including: (i) the preparation of best practice manuals; (ii) carrying out of Training for the Borrower's staff and local contractors; (iii) carrying out of an economic evaluation of road investments, road safety audits, and climate resilience measures; (iv) review of current maintenance practices and standards and provision of recommendations for improvement; and (v) monitoring activities, beneficiary satisfaction activities, as well as mid-term and impact evaluation surveys.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Borrower shall be responsible for day-to-day Project implementation and for procurement, financial management, disbursement and monitoring, and reporting for the entire Project. To that end, the Borrower shall maintain a Project Management Team (“PMT”) with adequate staff and resources, in a manner satisfactory to the Bank, with qualifications, terms of reference and a composition satisfactory to the Bank, including a Project director, at least three engineering specialists, a procurement specialist, a financial management specialist and an office administrator/translator.

B. Anti-Corruption

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

C. Project Operational Manual and Safeguards

1. The Borrower shall:

- (a) take all necessary measures to implement the Project in accordance with the Project Operational Manual, the ESAMF, the RPF, the ESARs and EMPs;
- (b) not amend, suspend, abrogate, repeal or waive any provision of the Project Operational Manual, the ESAMF, the RPF, the ESARs, and the EMPs, without the prior approval of the Bank; and
- (c) ensure that adequate information on the implementation of the ESAMF, the RPF, the ESARs, and the EMPs is suitably included in the Project Reports referred to in Section II.A.1 and in the report referred to in Section II.A.2 (a) of this Schedule 2.

2. The Borrower shall ensure that all measures identified and described in the ESAMF, the RPF, the ESARs, and the EMPs are taken in a timely manner.

3. The Borrower shall:

- (a) prior to commencing civil works for any specific road section and when required under the ESAMF, carry out an ESAR in form and in substance satisfactory to the Bank;
- (b) in the event that an ESAR determines that such civil works, if carried out, would have, in the opinion of the Bank, a potential for adverse environmental impact,

not approve the carrying out of such civil works until an appropriate EMP under the ESAMF has been prepared by the Borrower and agreed upon by the Bank to mitigate such potential negative impact; and

(c) thereafter carry out such EMP.

4. Prior to the commencement of civil works for any specific road section involving involuntary resettlement or involuntary acquisition of land, the Borrower shall prepare and implement an appropriate RAP or RAPs, as the case may be, for compensation or resettlement in accordance with the RPF, such RAP or RAPs to be in form and substance satisfactory to the Bank.

D. Financial Covenants

1. (a) Except as the Bank shall otherwise agree, beginning December 31, 2014, the Borrower shall not incur any debt unless a reasonable forecast of the revenues and expenditures of the Borrower shows that the estimated net revenues of the Borrower 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 the Borrower in such year on all debt of the Borrower including the debt to be incurred.

(b) For the purposes of this Section:

(i) The term "debt" means any indebtedness of the Borrower 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 the Borrower not earlier than twelve months prior to the incurrence of the debt in question, which both the Bank and the Borrower accept as reasonable and as to which the Bank has notified the Borrower 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 the Borrower.

(vii) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Guarantor, 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.

2. (a) Except as the Bank shall otherwise agree, beginning December 31, 2014, the Borrower shall maintain a ratio of current assets to current liabilities of not less than 1 (one).
- (b) Before June 30 in each of its fiscal years, the Borrower shall, on the basis of forecasts prepared by the Borrower and satisfactory to the Bank, review whether it would meet the requirements set forth in paragraph (a) in respect of such year and the next following fiscal year and shall furnish to the Bank the results of such review upon its completion.
- (c) If any such review shows that the Borrower would not meet the requirements set forth in paragraph (a) for the Borrower's fiscal years covered by such review, the Borrower shall promptly take all necessary measures (including, without limitation, adjustments of the structure or levels of its rates) in order to meet such requirements.
- (d) For the purposes of this Section:
- (i) The term "current assets" means cash, all assets which could in the ordinary course of business be converted into cash within twelve months, including account receivable, marketable securities, inventories and pre-paid expenses properly chargeable to operating expenses within the next fiscal year.

- (ii) The term "current liabilities" means all liabilities which will become due and payable or could under circumstances then existing be called for payment within twelve months, including accounts payable, customer advances, debt service requirements, taxes and payments in lieu of taxes, and dividends.
- (iii) 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.
- (iv) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Guarantor, 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.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. 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 agreed with the Bank. Each Project Report shall cover the period of one calendar year, and shall be furnished to the Bank not later than one month after the end of the period covered by such report.
2. Without limitation on the provisions in paragraph 1 of this Sub-section, the Borrower shall:
 - (a) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, eighteen (18) months after the Effective Date or such later date as the Bank shall determine, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph 1 of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the period following such date; and
 - (b) review with the Bank, nineteen (19) months after the Effective Date or such later date as the Bank shall determine, the report referred to in paragraph (a) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of the said report and the Bank's views on the matter.

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 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 have its 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 (6) months after the end of such period.
3. The Borrower shall have its entity financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one fiscal year of the Borrower, and the Borrower shall ensure that its audited entity financial statements for each period shall be: (a) furnished to the Bank not later than six (6) months after the end of the 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 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 procedures.

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 requirements set forth in the Annex to this Schedule 2; (b) Shopping; and (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 methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) 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.

Category	Amount of the Loan Allocated (expressed in Euro)	Percentage of Expenditures to be financed (exclusive of Taxes)
(1) Goods, Works, Consultants’ Services, Training, and Incremental Operating Costs for the Project	51,870,000	100%
(2) Front-end Fee	130,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
TOTAL AMOUNT	<u>52,000,000</u>	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments prior to the date of this Agreement.
2. The Closing Date is September 30, 2019.

Additional Provisions for National Competitive Bidding

In order to ensure economy, efficiency, transparency and broad consistency with the provisions of Section I of the Guidelines, the following criteria shall be followed in procurement under National Competitive Bidding procedures:

(a) *Generalities*

Bidding shall be conducted using “Open Procedures.” Furthermore, restricted procedure shall not be used without the express consent of the Bank and is subject to the following conditions:

- the contracting authority shall invite all the candidates that meet the selection criteria; and
- no maximum number of selected candidates shall apply.

(b) *Registration*

- Bidding shall not be restricted to pre-registered firms.
- Where registration is required, bidders (1) shall be allowed a reasonable time to complete the registration process, and (2) shall not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.
- Foreign bidders not from the territory of the Borrower shall not be precluded from bidding. If a registration process is required, a foreign bidder, a foreign bidder declared the lowest evaluated bidder shall be given a reasonable opportunity to register.

(c) *Advertising, time for submission of bids*

- Invitations to bid shall be advertised in at least one widely circulated national daily newspaper. Invitations could be also advertised on the web sites of the Public Procurement Bureau and respective ministry.
- Time allowed for the preparation and submission of bids shall not be less than thirty (30) days from the time of the invitation to bid or the date of availability of bidding documents, whichever is later.

(d) *Pre-qualification*

- When pre-qualification shall be required for large or complex works, invitations to pre-qualify for bidding shall be advertised in at least one (1) widely circulated national daily newspaper. Invitations could be also published on the web sites of the Public Procurement Bureau and respective ministry.
- Time allowed for the preparation and submission of bids shall not be less than thirty (30) days from the time of the invitation to bid or the date of availability of bidding documents, whichever is later.
- Minimum experience, and technical and financial requirements, shall be explicitly stated in the pre-qualification documents.

(e) *Participation of Publicly-owned enterprises*

Publicly-owned enterprises 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 contracting authority. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

(f) *Bidding Documents*

Procuring entities shall use the appropriate standard bidding documents acceptable to the Bank for procurement of goods and works.

(g) *Bid Opening, Bid Evaluation and Contract Award*

- Bids shall be submitted in a single envelope containing the bidder's qualification information, technical and price bids, which shall be opened simultaneously at the public bid opening.
- No bids shall be rejected at the bid opening except for late bids and bids shall not be evaluated as part of bid opening process.
- The economic, financial and technical capacity of the bidders cannot be guaranteed by another entity, except joint venture and observing those criteria set up in the bidding documents.
- Evaluation of bids shall be made in strict adherence to the quantifiable criteria declared in the bidding documents and evaluation criteria other than price shall be quantified in monetary terms.
- Bids not substantially responsive shall be rejected.
- Extensions of bid validity will be allowed once only for not more than 30 days. No further extensions shall be requested without the prior approval of the Bank.
- Contracts shall be awarded to the qualified bidder having submitted the lowest-evaluated and substantially responsive bid. No negotiation shall take place.

(h) *Rejection of all bids*

All bids shall not be rejected and a new procurement process starts without the Bank's prior concurrence.

(i) *Price Adjustment*

Civil works contracts of long duration (more than 18 months) shall contain an appropriate price adjustment clause.

(j) *Securities*

- Bid security and performance security should follow the generally accepted practice used in the local market.

- Alternative methods such as bid securing declaration may be acceptable, in which case the Borrower may require bidders to sign a declaration accepting that if they withdraw or modify their bids during the period of validity or they are awarded the contract and they fail to sign the contract or to submit a performance security before the deadline defined in the bidding documents, the bidder will be suspended for bidding in any contract with the implementing unit.
- No advance payment shall be made to contractors without a suitable advance payment security. These securities shall be included in the bidding documents in a text and format acceptable to the Bank.

(k) *Right to inspect and audit*

Each contract financed from the proceeds of the Loan shall provide that the suppliers, contractors and subcontractors shall permit the Bank, at its request, to inspect their accounts and records relating to the procurement and performance of the contract and to have said accounts and records audited by auditors appointed by the Bank. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to obstructive practice.

(l) *Fraud & Corruption*

The Bank shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Bank, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the World Bank Group.

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.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each October 15 and April 15 Beginning October 15, 2020 through October 15, 2036	2.94%
On April 15, 2037	2.98%

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

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
4. “Decision” means the Guarantor’s Decision on Establishing a Public Enterprise for State Roads (Decision number 41-10147/1 of December 28, 2012 (Official Gazette 1/13)) pursuant to which the Borrower was established and is operating.
5. “Enterprise Resource Planning System” or “ERP System” means a computerized and integrated information system which includes, in modular form, financial and management accounting, human resources, project management, and legal services, established for the purpose of enhancing decision making by the Borrower.
6. “ESAMF” means the Environmental and Social Assessment and Management Framework, satisfactory to the Bank and adopted by the Borrower on March 18, 2014, setting forth procedures for the environmental screening of the activities under the Project, as well as details for the carrying out of the ESARs and the preparation of the EMPs.
7. “ESAR” means an Environmental and Social Assessment Report, including public consultation, satisfactory to the Bank, to be carried out, as the case may be, in respect of the activities under Part I or Part II of the Project.
8. “EMP” means an Environmental Management Plan, satisfactory to the Bank, to be prepared and adopted by the Borrower, describing the mitigation, monitoring and institutional measures to be implemented in order to eliminate, offset or reduce any adverse environmental and social aspects in respect of the activities under the Project.
9. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012.
10. “Incremental Operating Costs” means incremental operating costs incurred by the PMT (other than those for consultants’ services and non-consultant services) on account of Project implementation, management and monitoring, including dissemination of Project related information and publications, maintenance and repair of office and equipment, local travel, communication, translation and interpretation, bank charges, and other

miscellaneous costs directly associated with the Project, but excluding salaries of members of the Borrower's civil service, and all based on annual budgets acceptable to the Bank.

11. "iRAP" means the International Road Assessment Programme which assesses roads all over the world and aims to significantly reduce road casualties by improving the safety of road infrastructure.
12. "iRAP Survey" means a road safety survey carried out following the iRAP methodology.
13. "PMT" means the Borrower's Project Management Team, referred to in Section I.A of Schedule 2 to this Agreement.
14. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011.
15. "Procurement Plan" means the Borrower's procurement plan for the Project, dated July 14, 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.
16. "Project Operational Manual" means the manual referred to in Section 5.01 (a) of this Agreement, describing procedures for implementation of the Project, consistent with the provisions of this Agreement and, the by-laws of the Borrower and the national laws and regulations of the Guarantor and including, *inter alia*: (i) procedures governing administrative, procurement, accounting, financial management, including adequate measures for procurement and forensic audits, and monitoring and evaluation arrangements; (ii) targets to be achieved under the Project; (iii) sample formats for required Project reports; and (iv) a financial management manual, as the same may be amended from time to time with the agreement of the Bank.
17. "RAP" means a Resettlement Action Plan, satisfactory to the Bank, to be prepared by an independent environmental assessment expert and adopted by the Borrower, describing the details for land acquisition, resettlement and rehabilitation in respect of the activities under the Project, as applicable.
18. "RPF" means the Resettlement Policy Framework satisfactory to the Bank and adopted by the Borrower on March 18, 2014, outlining the modalities for land acquisition, resettlement and rehabilitation in respect of the activities under the Project, as well as details for the preparation of the RAPs.
19. "Road Asset Management System" means a digitized inventory of the road network including information on its condition and traffic levels; the equipment to measure roughness and deflections of the road network; data on unit cost of road works and road user costs, and other organizational needs to implement and utilize such system, serving as a tool to assist decision makers on planning, programming, monitoring and economic

justification of road investments and maintenance and assessment of the appropriateness of the functional classification of roads.

20. "Strategic Program" means a five-year program to be prepared by the Borrower which will include a set of activities for periodic maintenance and rehabilitation works based on the network data from the Road Asset Management System.
21. "Training" means training activities (other than consultants' services) to be carried out under the Project, as approved by the Bank on the basis of annual training and study tour plans acceptable to the Bank, including the reasonable and necessary local and international travel and visa expenses incurred by participants in training workshops, as well as lodging, subsistence, local and international per diem allowances according to the guidelines of the Guarantor, registration, tuition and facilitators' fees, minor organizational expenses (including costs of stationery, handouts and training materials), translation and interpretation costs, facility rental costs, and other expenditures directly relating to the training workshop and study tour activity, as may be agreed with the Bank.