

LOAN NUMBER 8572-AM

Loan Agreement

(Local Economy and Infrastructure Development Project)

between

REPUBLIC OF ARMENIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated February 23, 2016

LOAN AGREEMENT

Agreement dated February 23, 2016, between the REPUBLIC OF ARMENIA ("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 fifty-five million Dollars (\$55,000,000), 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.
- 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 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead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 May 15 and November 15 in each year.

- 2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in 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 cause the Project to be carried out by the Project Implementing Entity, with the assistance of the Project Steering Committee and Working Group, in accordance with the provisions of Article V of the General Conditions and the Project Agreement.
- 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 namely of the following, that the Project Implementing Entity's Legislation 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 Project Implementing Entity to perform any of its obligations under the Project Agreement or the Agency Contract.

- 4.02. The Additional Event of Acceleration consists namely, that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of ninety (90) days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Agency Contract has been executed by the parties thereto in a manner satisfactory to the Bank.
 - (b) The Project Implementing Entity has adopted the Operation Manual, in form and substance, satisfactory to the Bank.
 - (c) The Borrower has established the Project Steering Committee in a manner satisfactory to the Bank.
 - (d) The Borrower has established the Working Group in a manner satisfactory to the Bank.
- 5.02. The Additional Legal Matter consists of namely of the following, that the Agency Contract has been duly authorized or ratified by the Borrower and the Project Implementing Entity and is legally binding upon the Borrower and the Project Implementing Entity in accordance with its terms.
- 5.03. The Effectiveness Deadline is the date one hundred and fifty (150) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its Minister of Finance.
- 6.02. The Borrower's Address is:

Ministry of Finance
1 Meliq Adamyany Street
0010 Yerevan
REPUBLIC OF ARMENIA

Facsimile:

+37411 800 132

6.03. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED at Yerevan, Armenia, as of the day and year first above written.

REPUBLIC OF ARMENIA

By

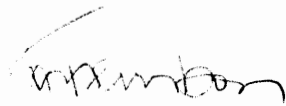


Authorized Representative

Name: Gagik Khachatryan
Title: Minister of Finance

INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT

By



Authorized Representative

Name: Mercy Tembon
Title: Country Director

SCHEDULE 1

Project Description

The objective of the Project is to improve infrastructure services and institutional capacity for increased tourism contribution to local economy in the Selected Regions of the Borrower's territory.

The Project consists of the following parts:

Part 1 Heritage Hub Regeneration and Tourism Circuit Development

- a) Provision of Investment Subproject Financing to Participating Beneficiaries to finance the carrying out of urban regeneration activities; including, but not limited to, restoration of public infrastructure, building facades and roofs, public spaces, museums, access roads, water and sanitation, drainage and street lighting all in the old towns of Goris and Meghri, and the heritage villages of Areni, Tatev and Tandzatap.
- b) Provision of Investment Subproject Financing to Participating Beneficiaries to finance the carrying out of cultural heritage preservation and improved site management activities which activities may include, *inter-alia*: i) implementation of site management plans recommendations, ii) construction of a visitor facilities with information centers, cafes, public toilets and safe parking area, iii) preservation of cultural heritage monuments, museums, and surrounding houses; and iv) improvement of connectivity with access roads and public infrastructure, all in selected locations of the touristic circuit: Temple and Gorge in Garni, Geghard Monastery, Dvin Museum, Khor Virap Monastery, Areni marketplace and cave, Mozrov cave, Zorats Qarer (Karahunge/Stonehendge), Khndzoresk, Haghpata and Sanahin.
- c) Provision of Investment Subproject Financing to Participating Beneficiaries to finance the carrying out of investments for the creation of public infrastructure to attract private investments in tourism or agribusiness including *inter-alia*: construction of roads, sidewalks, water, sanitation, communication and other public infrastructures all in the Selected Regions.
- d) Provision of:
 - (i) technical assistance to the Project Implementing Entity to ensure proper design, implementation and supervision of Investment Subprojects, including *inter-alia* the carrying out of: (1) construction supervision, and monitoring of environmental and social safeguards aspects of the Project; (2) outreach and public

awareness activities; and (3) feasibility studies and design of Investment Subprojects; and

- (ii) provision of support on Project management to, inter alia: (1) carry out Project audits; (2) comply with the financial management and procurement obligations under the Project; (3) monitor and evaluate Project activities; and (4) provide training and the acquisition of goods required thereof and finance Operating Costs.

Part 2 Institutional Development

Carrying out of institutional capacity building activities for the Project Implementing Entity, the Development Foundation Armenia (DFA), the MoE, the Historical and Culture Heritage Protection Agency (HCHPA), and for any other selected local and regional entity, which activities may include, *inter-alia*: (i) setting up destination management organization and offices in the Selected Regions; (ii) marketing and promotion; (iii) preparation of sustainable site management plans for selected cultural and natural heritage sites; (iv) training for skilled workforce development and capacity building; (v) advisory services on improvement capacity for protection and management of the World Heritage Sites; (vi) advisory services to SMEs for business start-up/expansion in the tourism sector; and (vii) performance monitoring and evaluation activities.

Part 3 Contingent Emergency Response

Provision of support for community services and infrastructure rehabilitation and reconstruction to respond to an Eligible Emergency within the Selected Regions, as needed.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements:

1. The Borrower shall vest the responsibilities of the high level coordination and policy support of the Project to the MoE.
2. The Borrower shall establish and maintain throughout the implementation of the Project, the Project Steering Committee chaired by the Deputy Prime Minister and composed by the MoE, MoTA&ES, MoC, MoF, MoNP, MoUD, DFA and the Project Implementing Entity with responsibilities of multi-agency coordination, high-level strategic decisions, approval of Investment Subproject proposals, and overall oversight of Project implementation.
3. The Borrower shall establish and thereafter operate and maintain, throughout the implementation of the Project, a Working Group, composed by the technical representatives of, *inter alia*, MoE, MoTA&ES, MoC, MoF, MoUD, HCHPA, MoNP, the Project Implementing Entity, DFA, the Armenian Apostolic Holy Church, and local-self-governments benefitting from the Project, to ensure effective inter-agency communication, with the responsibility of facilitating Project implementation and providing technical recommendations to the Project Steering Committee.
4. The Borrower shall cause the Project Implementing Entity to:
 - (a) prepare, in accordance with terms of reference satisfactory to the Bank, an operation manual (“Operation Manual”) setting out the operational and administrative procedures and arrangements for Project implementation including: (i) the procurement and financial management procedures; (ii) the eligibility criteria for the selection of Investment Subprojects in Participating Beneficiaries; (iii) the terms and conditions for Investment Subproject Financing; (iv) the procurement and implementation arrangements for Investment Subprojects; (v) the staffing and management responsibilities of the Project Implementing Entity; (vi) the procedures of the implementation of the ESMF; (vii) the procedures of the implementation of the RPF; (viii) the establishment and implementation procedures for the grievance redress mechanism; and emergency response procedures for approval of investments referred to in Part 3 of the Project;
 - (b) carry out the Project in accordance with an Operation Manual satisfactory to the Bank; and

- (c) furnish to the Bank for its prior approval, any proposed amendment to the provisions of the Operation Manual and, thereafter, put into effect such amendment as shall have been agreed with the Bank.

B. Agency Contract

1. To facilitate the carrying out of the Project, the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity, on a grant basis, pursuant to an Agency Contract to be entered into between the Borrower, through the Minister, Chief of Staff of the Republic of Armenia Government, and the Project Implementing Entity, under terms and conditions approved by the Bank ("Agency Contract").
2. The Borrower shall exercise its rights and carry out its obligations under the Agency Contract in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, waive, fail to enforce, or terminate the Subsidiary Agreement or any of its provisions.

C. Anti-Corruption

The Borrower shall, and shall cause the Project Implementing Entity to, carry out the Project in accordance with the provisions of the Anti-Corruption Guidelines.

D. Safeguards

Environmental Management

1. The Borrower shall cause the Project Implementing Entity to:
 - (a) (i) carry out the Project in accordance with the ESMF in a manner satisfactory to the Bank and necessary to ensure that the Project is implemented in accordance with sound environmental and social practices and standards; (ii) if applicable, and prior to the initiation of any Investment Subproject, prepare and disclose, and carry out stakeholder consultations on, the corresponding ESMP and (iii) immediately thereafter include said ESMP in the relevant tender documents and carry out said ESMP in accordance with its terms and in a manner acceptable to the Bank;
 - (b) (i) provide to the Bank for its prior review any revision proposed to be introduced into the ESMF, ESCRS, ESIAs, ESRs, or ESMPs, as the case may be, in order to achieve the respective objectives, and (ii) immediately thereafter introduce such revision into the pertinent document as shall have been agreed with the Bank; and
 - (c) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the

implementation of the ESMF as well as of each ESCRS, ESR and ESMP and the achievement of their respective objectives.

Resettlement

2. The Borrower shall cause the Project Implementing Entity to carry out the following:
 - (a) (i) Wherever implementation of the Project, any Investment Subproject, or any part thereof, would give rise to Affected Persons, provide to the Bank for its review, resettlement action plans prepared in accordance with the principles and procedures set forth in the RPF and, thereafter, implement in a manner satisfactory to the Bank, such resettlement action plans as shall have been accepted by the Bank as being satisfactory; and (ii) works on any specific Project site that give rise to Affected Persons shall not commence until: (1) the respective RAP is fully implemented; and (2) a report on the status of compliance with the RAP is prepared and furnished to the Bank, all in a manner satisfactory to the Bank.
 - (b) Provide to the Bank for its prior review, any revision proposed to be introduced into the RPF or RAP, as the case may be, to achieve the respective document's objectives, and thereafter introduce such revision into such document as shall have been agreed with the Bank.
 - (c) Maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the RPF and RAPs, and the achievement of their respective objectives.

Grievance Redress Mechanism

3. The Borrower shall cause the Project Implementing Entity to establish and implement, throughout the Project implementation, an easily accessible grievance redress mechanism, acceptable to the Bank, to address feedback and grievances relating to the Project as set forth in the Operation Manual.

International Waterways

4. The Borrower shall cause the Project Implementing Entity to ensure, when any activity under an Investment Subproject will involve any international waterway (as defined in the Bank's Operational Policy 7.50), that:
 - (a) such activity shall be limited to ongoing schemes, projects involving additions or alterations that require rehabilitation, construction, or other changes that: (i) will not adversely change the quality or quantity of water flows to the other riparian; and (ii) will not be adversely affected by the other riparian's possible water use; and

- (b) such activity shall be limited to only minor additions or alterations to the ongoing scheme and it does not cover works and activities that would exceed the original scheme, change its nature, or so alter or expand its scope and extent as to make it appear new or different scheme.

E. Implementation arrangements for Part 3 of the Project

1. After the occurrence of an Eligible Emergency, and prior to the carrying out any activities under Part 3 of the Project, the Borrower shall take the following measures:

- (a) determine that an Eligible Emergency has occurred and the Bank has agreed with said determination;
- (b) declare the State of Disaster and Emergency upon the occurrence of said Eligible Emergency;
- (c) cause the Project Implementing Entity to furnish to the Bank a list of proposed community services and infrastructure sector investments and a request to finance the Emergency Expenditures under Category (3) of the Project in order to respond to said Eligible Emergency;
- (d) cause the Project Implementing Entity to update and adopt the Operational Manual as needed, defining the scope of activities, implementation arrangements, procurement and disbursement arrangements under Part 3 of the Project;
- (e) cause the Project Implementing Entity to: (i) prepare or update, as the case may be, the environmental and social safeguard instruments referred to in Section I.D 1 and 2 of this Schedule, and thereafter, disclose and consult said instruments, and (ii) ensure that actions which are required under said instruments have been implemented; and

all under terms and in a manner satisfactory to the Bank.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower shall cause the Project Implementing Entity to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one (1) 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 the Project Implementing Entity 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 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 (1) 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.

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 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:

Procurement Method	
(a)	<p>National Competitive Bidding of the Borrower may be used for procurement of goods, works and non-consulting services for the Project, provided that the following provisions are complied with:</p> <ul style="list-style-type: none"> (i) entities in which the Borrower owns a majority shareholding shall not be invited to participate in tenders for the Borrower unless they are and can be shown to be legally and financially autonomous and operate under commercial law; (ii) post-qualification criteria shall only pertain to past contract performance, financial, managerial and technical capabilities of bidders; (iii) joint venture partners shall be jointly and severally liable for their obligations; (iv) estimated contract prices shall not be advertised; (v) no bids shall be rejected at bid opening. The opening procedures shall comply with provisions of Section 2.45 of the Procurement Guidelines; (vi) no bids shall be rejected solely because they exceed the estimated price. Bids can be cancelled and new bids invited, only if the conditions set forth in sections 2.61- 2.64 of the Procurement Guidelines are met; (vii) all bid evaluation criteria shall be quantifiable in monetary terms or expressed as a pass/fail criteria; and (viii) without limitation to paragraph 3 of the Appendix 1 to the Procurement Guidelines, the Bank's prior review is required before agreeing to any modification in the contract scope/conditions during implementation.
(b)	Shopping
(c)	Framework Agreement
(d)	Direct Contracting
(e)	Community Participation procedures which have been found acceptable to the Bank

C. Particular Methods of Selection 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:

<u>Selection Method</u>	
(a)	<u>Quality-based Selection</u>
(b)	<u>Fixed-Budget Selection</u>
(c)	<u>Least Cost Selection</u>
(d)	<u>Selection Based on Consultants Qualification</u>
(e)	<u>Single Source Selection of consulting firms</u>
(f)	<u>Procedures set forth in paragraphs 5.1 through 5.5 of the Consultants Guidelines for the Selection of Individual Consultants</u>
(g)	<u>Single Source procedures for the selection of Individual Consultants</u>
(h)	<u>Selection of United Nation Agencies (UNESCO)</u>

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.

E. Procurement of Emergency Expenditures for Part 3 of the Project

Notwithstanding any provision to the contrary in this Section, the eligible expenditures required under Part 3 of the Project shall be procured in accordance with the procurement methods and procedures set forth in the Operational Manual.

Section IV. Withdrawal of Loan Proceeds

1. General

2. 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.
3. 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 US\$)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consultants' services, and/or Training under Parts 1 and 2 of the Project	53,962,500	80%
(2) Operating Costs	900,000	80%
(3) Front-end Fee	137,500	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(4) Goods, works, non-consulting services, consultants' services under Part 3 of the Project	0	100%
TOTAL AMOUNT	<u>55,000,000</u>	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part 1 of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement; and
 - (b) under Category (4) until the Borrower has furnished evidence, satisfactory to the Bank that the measures referred to in Sections I.E.1 of Schedule 2 of this Agreement and Section I.E of the Schedule of the Project Agreement, have been taken by the Borrower or by the Project Implementing Entity, as provided by said sections.
2. The Closing Date is April 30, 2021.

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 May 15 and November 15 Beginning November 15, 2030 through May 15, 2040	4.76%
On November 15, 2040	4.80%

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 (2) 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

Section I. Definitions

1. “Affected Persons” means persons that 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.
2. “Agency Contract” means the legal agreement referred to in Section I. B.1 of Schedule 2 to this Agreement, as said agreement may be amended from time to time with the agreement of the Bank.
3. “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.
4. “Armenian Apostolic Holy Church” means the supreme authority of the Armenian Apostolic Holy Church.
5. “ATDF”, or “Project Implementing Entity” means the “Armenia Territorial Development Fund” or any successor thereto acceptable to the Bank, established with legal personality pursuant to ATDF’s Legislation.
6. “ATDF Legislation” means the Borrower’s Decrees No. 162, dated April 11, 2000, No. 772- A, dated June 8, 2006 and No. N 1521-N dated December 25, 2014, ATDF’s Charter and any other supplemental regulations related to ATDF’s creation and operations.
7. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
8. “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 (revised July 2014).
9. “DFA” means the “Development Foundation Armenia” an agency created pursuant to the Borrower’s Decree No. 1523-N dated December 18, 2014 and responsible for tourism development, investment and export promotion.
10. “Eligible Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Borrower, associated with a natural or man-made crisis or disaster.
11. “Emergency Expenditures” means any of the Eligible Expenditures set forth in the list referred to in Section I.E.1 (C) of Schedule 2 to this Agreement, and required for the activities included in Part 3 of the Project.

12. “Environmental and Social Impact Assessment” or “ESIA” means the social and environmental assessment of a proposed activity under the Project, which has been classified as high risk Category B, for which the exact nature and magnitude of expected negative impacts may not be identified and mitigation measures may not be developed without collecting additional information and carrying out in-depth research, including the pertinent report and related ESMP.
13. “Environmental and Social Management Framework” or “ESMF” means the framework, satisfactory to the Bank, disclosed by the Borrower on November 2, 2015, and in the Bank’s Infoshop on November 2, 2015, which sets forth, *inter alia*, the policies and procedures for: carrying out ESCRS, ESIA’s, ESRs; and the preparation of ESMPs (including, the requirements for mitigation measures to be included in the ESMPs), as said framework may be amended from time to time with the agreement of the Bank.
14. “Environmental and Social Review” or “ESR” means the review of each proposed Investment Subproject which has been classified as high risk environmental Category B through the ESCRS and involving Affected Persons, and carried out in accordance with the ESMF, to: (a) describe the biophysical environment in and around the proposed Investment Subproject site, (b) identify and assess any potential environmental, social and cultural resource impact during the implementation of such Investment Subproject; and (c) evaluate alternatives, and design appropriate mitigation, management, and monitoring measures, as reflected in the related ESMP.
15. “Environmental and Social Management Plan” or “ESMP” means any specific environmental and social management plan developed for an Investment Subproject in accordance with the ESMF and satisfactory to the Bank; as said ESMP may be part of an ESIA report or an ESR, or a self-standing document prepared using a template for checklist environmental and social management plans for small construction and rehabilitation works included in the ESMF.
16. “Environmental, Social and Cultural Resource Screening” or “ESCRS” means the mandatory review of each proposed Investment Subproject which has been carried out in accordance with the ESMF for purposes of categorizing each Investment Subproject by expected environmental, social and cultural risks and impacts, filtering out each Investment Subproject proposal based on degree of detriment, and identifying the need for preparing an ESIA report, an ESR, an ESMP and/or RAP for the pertinent Investment Subprojects.
17. “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.
18. “HCHPA” means the Borrower’s “Historical and Cultural Heritage Protection Agency” created pursuant to RA Government decision No. 202, dated March 6, 2002 and responsible for provision of services in the field of historical and cultural monuments preservation or any successor thereto.

19. "Investment Subproject Agreement" means any of the agreements referred to in Section I.E.1 of the Schedule to the Project Agreement.
20. "Investment Subproject Financing" means a grant made or to be made out of the proceeds of the Loan by the Project Implementing Entity to a Participating Beneficiary, in accordance with the provisions of Section I.E of Schedule to the Project Agreement.
21. "Investment Subproject" means any of the investments referred to in Part 1 (a) (b) or (c) of the Project.
22. "MoC" means the Borrower's Ministry of Culture or any successor thereto.
23. "MoE" means the Borrower's Ministry of Economy or any successor thereto.
24. "MoF" means the Borrower's Ministry of Finance or any successor thereto.
25. "MoNP" means the Borrower's Ministry of Nature Protection or any successor thereto.
26. "MoTA&ES" means the Borrower's Ministry of Territorial Administration and Emergency Situations or any successor thereto.
27. "MoUD" means the Borrower's Ministry of Urban Development or any successor thereto.
28. "Operating Costs" means reasonable and necessary incremental expenses incurred by the Project Implementing Entity with respect to Project implementation, management and monitoring, and outreach and awareness campaigns including: office rental, utilities, office supplies, communications, printing and publication, translation and interpretation expenses, local travel costs, field trip expenses and per diems, vehicle insurance and inspection, office and vehicle maintenance and repair, and the portion of the Project Implementing Entity's staff salaries and pertinent costs of their health insurance premiums which are incremental to the Project, as determined by the Bank (excluding any salaries for the Borrower's civil servants); and other reasonable and necessary activities directly related to Project implementation, management and monitoring as may be agreed upon with the Bank in an annual basis.
29. "Operation Manual" means the manual referred to in Section I.A.4 of Schedule 2 to this Agreement and which manual includes the Environmental and Social Management Framework and the Resettlement Policy Framework, as such manual may be amended from time to time with the agreement of the Bank.
30. "Participating Beneficiaries" means any municipality, community, marz, community based organization, local self-government, local or national agency or entity involved with the tourism sector or with the administration of religious organizations that meets the criteria set forth in the Operation Manual to carry out an Investment Subproject.

31. “Private Investor Agreement” means any of the agreements referred to in Section I.E.4 of the Schedule to the Project Agreement
32. “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 (revised July 2014).
33. “Procurement Plan” means the procurement plan for the Project dated November 12, 2015, 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.
34. “Project Steering Committee” means the committee referred in Section I.A.2 of Schedule 2 of in this Agreement.
35. “Resettlement Action Plan” or “RAP” means any specific resettlement action plan developed for Project activities in accordance with the RPF and satisfactory to the Bank, and “Resettlement Action Plans” means, collectively, all such Resettlement Action Plans.
36. “Resettlement Policy Framework” or “RPF” means the resettlement policy framework disclosed by the Borrower on November 2, 2015, and in the Bank’s Infoshop on November 2, 2015 which sets forth *inter alia*: (a) the description of areas covered by the Project; (b) the legal basis and screening process for land acquisition, resettlement and land use in connection with works and construction activities to be carried out under the Project; (c) the resettlement principles and entitlements of Affected Persons based on different categories of impact; (d) the procedures for consultation, valuation, compensation, livelihoods restoration and other assistance provided to the Affected Persons, including the grievance process; and (e) the responsibilities, procedures and requirements for the development and implementation of site-specific RAPs, as said framework may be amended from time to time with the agreement of the Bank.
37. “SME” means small and medium enterprises.
38. “Selected Regions” means the Borrower’s regions of Ararat, Vayots Dzor and Syunik, Kotayk and Lori, and any other region acceptable to the Bank.
39. “State of Disaster and Emergency” means a formal declaration by the Borrower according to its regulations, of a state of disaster and emergency after a natural or man-made crisis or disaster has occurred
40. “Training” means expenditures incurred by the Project Implementing Entity in connection with carrying out training activities under Part 2 of the Project, including travel costs and *per diem* for local trainees, study tours, workshops, conferences, and non-degree fellowships, rental of facilities and equipment and training materials and related supplies based on a semi-annual budget agreed with the Bank.

41. "Working Group" means the working group referred to in Section I. A. 3 of this Agreement.
42. "World Heritage Site" means any property that is included in the UNESCO's World Heritage List.

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”.