

LOAN NUMBER 8520-IC

Loan Agreement

(Emergency Operation for Development Project)

between

REPUBLIC OF IRAQ

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated *July 12*, 2015

LOAN NUMBER 8520-100

LOAN AGREEMENT

AGREEMENT dated July 12, 2015, between REPUBLIC OF IRAQ ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I -- GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II -- LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of three hundred and fifty million Dollars (\$350,000,000), 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the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 1 and November 1 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.
- (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 Parts 1 and 6(a) of the Project through the Ministry of Electricity; Parts 2, 5(a), 5(d).(ii), and 6(b) of the Project through the Ministry of Municipalities and Public Works; Parts 3, 5(b), 5(c), and 6(c) of the Project through the Ministry of Construction and Housing; Parts 4, 5(e), and 6(d) of the Project through the Ministry of Health; and Parts 5(d).(i) and 6(e) of the Project through the Reconstruction Fund, 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 — TERMINATION

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

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower's Representative is its minister responsible for finance.
- 5.02. The Borrower's Address is:

Ministry of Finance
Hay Alaloom
Bab Al Mu'dham
Baghdad, Iraq

- 5.03. The Bank's Address is:

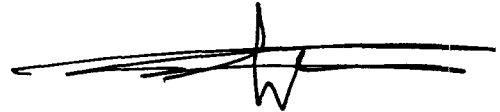
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

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

AGREED at Ministry of Finance,
of the day and year first above written. Baghdad, Iraq

REPUBLIC OF IRAQ

By



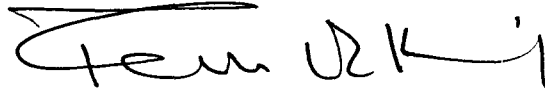
Authorized Representative

Name: Mr. Hoshyar Zakiari

Title: Minister of Finance

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: Mr. Ferid Belhadj

Title: Country Director

SCHEDULE 1

Project Description

The objective of the Project is to support the Borrower in the reconstruction of damaged infrastructure and the restoration of public services delivery in Targeted Municipal Areas.

The Project consists of the following parts:

Part 1: Restoring Electricity Infrastructure and Connectivity

- (a) Acquisition of equipment for the repair and reconstruction of damaged electricity distribution and transmission infrastructure in selected areas ("Electricity Subprojects"); and
- (b) provision of technical assistance for the supervision of the implementation of Electricity Subprojects.

Part 2: Restoring Municipal Waste, Water and Sanitation Services

Development and implementation of a program of subprojects and interventions for the repair, reconstruction and rehabilitation of water, wastewater, and solid waste services infrastructure in selected areas ("Water and Sanitation Subprojects"), including through: (i) carrying out of a water and sanitation damage and needs assessment and identification of Water and Sanitation Subprojects; (ii) preparation of detailed plans and designs for Water and Sanitation Subprojects; and (iii) provision of technical assistance for the supervision and implementation of Water and Sanitation Subprojects.

Part 3: Restoring Transport Infrastructure and Developing a Housing Reconstruction Subsidy Scheme

Transport Infrastructure

- (a) Development and implementation of a program of subprojects and interventions for the repair, reconstruction and rehabilitation of transport infrastructure (including road assets and bridges) in selected areas ("Transport Infrastructure Subprojects"), including through: (a) carrying out of a transport damage and needs assessment and identification of Transport Infrastructure Subprojects; (b) preparation of detailed plans and designs for Transport Infrastructure Subprojects; and (c) provision of technical assistance for the supervision and implementation of Transport Infrastructure Subprojects.

Housing

- (b) Provision of technical assistance for the design of a scheme for the provision of housing reconstruction subsidies (the "Housing Reconstruction Subsidy Scheme").

Part 4: Restoring Health Services

- (a) Acquisition of mobile clinics and mobile hospitals, medical equipment and ambulances in selected areas.

Part 5: Technical Assistance

Provision of technical assistance for:

- (a) the development of: (i) urban development and strategic investment master plans for selected municipalities and the carrying of related public consultation and awareness programs; and (ii) integrated solid waste management plans and designs;
- (b) the development of: (i) railway infrastructure rehabilitation and safety improvement plans and designs; and (ii) cross-governorate expressway corridors plans and designs;
- (c) the development of a pilot for the planning and design of infrastructure development at the governorate level;
- (d) development and implementation of:
 - (i) state/citizen trust-building and reconciliation promotion initiatives; and
 - (ii) a strategy for the sustainable management of physical cultural resources, including through: the carrying out of a damage assessment and identification of priority interventions; development of a reconstruction and restoration strategy (including related guidelines and standards); and design and preparation for the establishment of a fund to support the management of physical cultural resources; and
- (e) carrying out of a health sector needs assessment and development of a mid- to long-term health care services master plan.

Part 6: Project Management, Sensitization, and Monitoring and Evaluation

Provision of support for Project implementation and management, including safeguards, procurement and financial management, community sensitization and communication, and monitoring and evaluation for: (a) the PMT of MoE; (b) PMT of MoMPW; (c) PMT of MoCH; (d) PMT of MoH; and (e) the PCU.

SCHEDULE 2

Project Execution

Section I. Implementation and Institutional Arrangements

A. Institutional Arrangements

1. *Project Coordinating Unit.* The Borrower shall maintain, throughout the period of implementation of the Project, a Project Coordination Unit for the Reconstruction Fund under the Council of Ministers, with composition, terms of reference and resources satisfactory to the Bank. The PCU shall be responsible for, *inter alia*: coordination and facilitation of Project implementation (including among the PMTs), and providing overall strategy, guidance, and monitoring and evaluation for the Project.
2. *Project Management Teams*
 - (a) The Borrower shall establish, by no later than July 30, 2015, and thereafter maintain within each of MoE, MoMPW, RBD of MoCH, and MoH throughout the period of implementation of the Project, a Project Management Team, under the direction of qualified management provided with sufficient resources, and staffed with competent technical and other personnel in adequate numbers including, among others an environmental specialist, a social specialist, and financial management specialist, and a procurement specialist, in each case with qualifications, experience and under terms of reference satisfactory to the Bank.
 - (b) Each PMT shall be responsible for, *inter alia*: identification and implementation of Project activities and Subprojects; Project management and planning; fiduciary and safeguards management; and reporting for its respective Part of the Project.

B. Project Implementation Manual

1. The Borrower shall, by no later than thirty (30) days after the Effective Date, prepare and adopt a Project Implementation Manual, in form and substance satisfactory to the Bank.
2. The Borrower shall, and cause each of MoE, MoMPW, RBD of MoCH, and MoH to: (a) carry out the Project in accordance with the PIM, and in a manner satisfactory to the Bank; and (b) not amend, revise or waive, nor allow to be amended, revised, or waived, the provisions of the PIM or any part thereof without the prior written agreement of the Bank.

3. In the event of any inconsistency between the PIM and this Agreement, the provisions of this Agreement shall prevail.

C. Anti-Corruption

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

D. Sub-projects

1. The Borrower shall, through the PMTs, select Subprojects for financing under the Project in accordance with eligibility criteria and procedures satisfactory to the Bank and further elaborated in the PIM, which shall include the following:
 - (a) No proposed Subproject shall be eligible for financing unless the Borrower shall have determined, on the basis of an appraisal carried out in accordance with guidelines satisfactory to the Bank and elaborated in the PIM, that the proposed Subproject has fulfilled the requirements of the PIM and any applicable Safeguard Instrument.
 - (b) Without limitation on the foregoing, if, pursuant to the ESMF and/or RPF, one or more Safeguard Instruments for the Subproject are required, such proposed Subproject shall not be eligible for financing under the Project until such Safeguard Instruments have been prepared and approved by the Bank and all measures required to be carried out in accordance with Section I.F. of this Schedule prior to commencement of the activities covered by the Safeguard Instruments have been carried out.

E. Housing Reconstruction Subsidy Scheme

The Borrower shall: (a) by no later than eighteen (18) months after the Effective Date, prepare and furnish to the Bank, for its review and comment, a draft of the Housing Reconstruction Subsidy Scheme, and afford the Bank a reasonable opportunity to exchange views with the Bank on said draft Scheme; and (b) thereafter, by no later than twenty-four (24) months after the Effective Date, ensure that the said Scheme is finalized and adopted, taking into account the comments and views of the Bank, and in form and substance satisfactory to the Bank.

F. Safeguards

1. The Borrower shall implement the Project in accordance with the Safeguard Instruments, and shall not amend, suspend, abrogate, repeal or waive any provision of any of the Safeguard Instruments, without the prior written approval of the Bank and subject to compliance with applicable consultation and public disclosure requirements of the Bank.

2. Without limitation upon the foregoing, the Borrower shall, no later than three (3) months after the Effective Date, prepare and disclose in a manner satisfactory to the Bank an ESMF and a RPF, in form and substance satisfactory to the Bank.
3. The Borrower shall ensure that adequate information on the implementation of the Safeguards Instruments is suitably included in the Project Reports referred to in Section II.A of this Schedule, including details of: (a) measures taken in furtherance of the Safeguards Instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments; and (c) remedial measures taken or required to be taken to address such conditions.
4. The Borrower shall ensure that: (a) all measures identified and described in the Safeguards Instruments are taken in a timely manner, and (b) that the tender documents and each contract for civil works to be carried out under the Project includes the obligation of the relevant contractor to comply with the relevant Safeguards Instruments applicable to such civil works commissioned or awarded pursuant to said contract.
5. Without limitation upon the foregoing, the Borrower shall:
 - (a) prior to commencing Minor Civil Works for any activity under the Project to be carried out prior to the preparation of the ESMF in accordance with Section I.F.2 of this Schedule: (i) when required under the ESAP, prepare, adopt and disclose appropriate Simplified ESMP(s) in accordance with the ESAP, such Simplified ESMP(s) to be in form and substance satisfactory to the Bank; and (ii) when required under the Simplified ESMPs, carry out specific public consultation in form and in substance satisfactory to the Bank;
 - (b) prior to commencing civil works for any activity under the Project and when required under the ESMF, prepare, adopt and disclose appropriate ESIA(s), ESMP(s) and/or MWMP(s), as applicable, in accordance with the ESMF, such ESIA(s), ESMP(s), and MWMP(s) to be in form and substance satisfactory to the Bank;
 - (c) prior to commencing civil works for any activity under the Project and when required under the ESIAs, ESMPs, the RAPs, and the MWMPs, carry out specific public consultation in form and in substance satisfactory to the Bank; and
 - (d) prior to commencement of civil works for any activity of the Project involving involuntary resettlement or involuntary acquisition of land, prepare, adopt, disclose and implement 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.

6. In the event that any provision of the Safeguards Instruments shall conflict with any provision under this Agreement, the terms of this Agreement shall prevail.
7. The Borrower shall: (a) by no later than three (3) months after the Effective Date, establish and thereafter maintain throughout the period of implementation of the Project, a grievance redress mechanism, satisfactory to the Bank, for the management of complaints related to the Project; and (b) ensure that adequate measures, satisfactory to the Bank, are put in place to ensure that all aspects of Project implementation are carried out in an inclusive, non-discriminatory and participatory manner.
8. The Borrower shall ensure that all terms of reference for any technical assistance and studies to be carried out under the Project are prepared in form and substance satisfactory to the Bank and taking into account appropriate environmental and social safeguards measures.
9. The Borrower shall ensure that any area in which civil works under the Project will be implemented has been cleared of Explosive Remnants of War, and to that end, prior to commencing civil works for any activity under the Project, the Borrower shall provide a confirmation, in form and substance satisfactory to the Bank, that the area in which such civil works will be implemented has been declared safe and clear of Explosive Remnants of War.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one (1) calendar quarter, 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. Without limitation on the provisions of Part A of this Section, 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 the 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: (a) Limited International Bidding; (b) National Competitive Bidding, subject to the additional provisions set forth in paragraph 3 below; (c) Shopping; (d) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Bank; (e) Direct Contracting; (f) Force Account; (g) Procurement from UN Agencies; and (h) Community Participation procedures which have been found acceptable to the Bank.

3. **Additional Provisions for National Competitive Bidding.** The following additional provisions shall apply to the procurement of goods, works and non-consulting services through National Competitive Bidding:
- (a) Standard bidding documents approved by the Bank shall be used.
 - (b) Invitations to bid shall be advertised in at least one (1) widely circulated national daily newspaper and bidding documents shall be made available to prospective bidders, at least twenty eight (28) days prior to the deadline for the submission of bids.
 - (c) Bids shall not be invited on the basis of percentage premium or discount over the estimated cost.
 - (d) Bidding documents shall be made available, by mail or in person, to all who are willing to pay the required fee.
 - (e) Foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders.
 - (f) Qualification criteria (in case pre-qualification has not been carried out) shall be stated in the bidding documents, and if a registration process is required, a foreign firm determined to be the lowest evaluated bidder shall be given a reasonable opportunity to register without any hindrance, *i.e.* no non-registration status should be considered as a non-eligibility-to-bid criterion.
 - (g) Bidders may deliver bids, at their election, either in person or by courier service or by mail.
 - (h) Bids shall be open in public in one place preferably immediately, but no later than one (1) hour, after the deadline for submission of bids.
 - (i) Evaluation of bids shall be made in strict adherence to the criteria disclosed in the bidding documents, in a format, and within the specified period, agreed with the Bank.
 - (j) Bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the Bank.
 - (k) Split award or lottery in award of contracts shall not be carried out. When two or more bidders quote the same price, an investigation shall be made to determine any evidence of collusion, following which: (i) if collusion is determined, the parties involved shall be disqualified and the award shall then be made to the next lowest evaluated and qualified bidder; and (ii) if

no evidence of collusion can be confirmed, then fresh bids shall be invited after receiving the concurrence of the Bank.

- (l) Contracts shall be awarded to the lowest evaluated bidders within the initial period of bid validity. Extension of bid validity may be sought only under exceptional circumstances.
- (m) Extension of validity shall not be allowed without the prior concurrence of the Bank: (i) for the first request for extension if it is longer than eight (8) weeks; and (ii) for all subsequent requests for extensions irrespective of the period.
- (n) Negotiations shall be not allowed with the lowest evaluated or any other bidders
- (o) Re-bidding shall not be carried out without the Bank's prior concurrence.
- (p) All contractors or suppliers shall provide performance security as indicated in the contract documents. A contractor's or a supplier's performance security shall apply to a specific contract under which it was furnished.
- (q) A provision shall be included in bidding documents and in contracts financed by the Loan requiring bidders, suppliers and contractors to permit the Bank to inspect their accounts and records and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by the Bank.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Selection of UN Agencies; (g) Selection of consultants under Indefinite Delivery Contract or Price Agreement; (h) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (i) 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 USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, non-consulting services, consultants' services, and Operating Costs for Parts 1 and 6(a) of the Project	70,000,000	100%
(2) Goods, works, non-consulting services, consultants' services, and Operating Costs, for Parts 2, 5(a), 5(d).ii, and 6(b) of the Project	62,000,000	100%
(3) Goods, works, non-consulting services, consultants' services, and Operating Costs, for Parts 3, 5(b), 5(c), and 6(c) of the Project	137,000,000	100%
(4) Goods, non-consulting services, consultants services, and Operating Costs for Parts 4, 5(e), and 6(d) of the Project	40,100,000	100%
(5) Goods, non-consulting services, consultants' services, Operating Costs, and Training and Workshops for Parts 5(d).i, and 6(e) of the Project	9,200,000	100%
(6) Unallocated	30,825,000	100%
(7) Front-end Fee	875,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions
(8) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 2.08(c) of the Agreement
TOTAL AMOUNT	350,000,000	

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 fifteen million Dollars (\$15,000,000) may be made for payments made prior to this date but on or after January 1, 2015, for Eligible Expenditures under Categories (1), (2), (3), (4), and (5).
2. The Closing Date is June 30, 2020.

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)
November 1, 2020	4.32%
May 1, 2021	4.38%
November 1, 2021	4.45%
May 1, 2022	4.52%
November 1, 2022	4.59%
May 1, 2023	4.65%
November 1, 2023	4.72%
May 1, 2024	4.79%
November 1, 2024	4.87%
May 1, 2025	4.94%
November 1, 2025	5.01%
May 1, 2026	5.09%
November 1, 2026	5.16%
May 1, 2027	5.24%
November 1, 2027	5.32%
May 1, 2028	5.40%
November 1, 2028	5.48%
May 1, 2029	5.56%
November 1, 2029	5.65%
May 1, 2030	5.86%

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

Section I. Definitions

1. “Affected Person” means a person who as a result of: (a) the involuntary taking of land under the Project is affected in any of the following ways: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas suffers adverse impacts on his or her livelihood.
2. “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.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “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).
5. “Council of Ministers” means the Borrower’s Council of Ministers, or any successor thereto.
6. “Electricity Subproject” means a subproject referred to in Part 1 of the Project.
7. “ESAP” means the Environmental and Social Action Plan, dated June 11, 2015, setting forth a time-bound plan for the steps and the sequential planning and coordination of project activities and the preparation by the Borrower of the Safeguards Instruments; as such plan may be amended from time to time with the prior written agreement of the Bank.
8. “ESIA” means an environmental and social impact assessment to be prepared by the Borrower pursuant to the ESMF, in each case identifying and assessing the potential environmental and social impacts of a proposed Project activity; and “ESIAs” means more than one such ESIA, as such ESIAs may be amended from time to time with the prior written agreement of the Bank.
9. “ESMF” means the environmental and social management framework to be prepared by the Borrower in accordance with Section I.F.2 of Schedule 2 to this Agreement, setting forth the modalities for environmental and social screening for the Project, and outlining environmental and social implementation, mitigation and monitoring measures and procedures, including procedures for the management of chance finds of physical cultural resources, and the preparation and

implementation of ESIAs and ESMPs; as such ESMF may be amended from time to time with the prior written agreement of the Bank.

10. “ESMP” means an environmental and social management plan to be prepared by the Borrower pursuant to the ESMF, in each case setting forth appropriate mitigation, monitoring and institutional measures designed to mitigate the potential adverse environmental and social impacts of a proposed Project activity; and “ESMPs” means more than one such ESMP, as such ESMPs may be amended from time to time with the prior written agreement of the Bank.
11. “Explosive Remnants of War” means explosive remnants of war, including but not limited to, unexploded ordnance, improvised explosive devices and landmines.
12. “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.
13. “Housing Reconstruction Subsidy Scheme” means the scheme to be developed by the Borrower referred to in Part 3(b) of the Project and Section I.E of Schedule 2 to this Agreement.
14. “Ministry of Construction and Housing” and “MoCH” mean the Borrower’s Ministry of Construction and Housing, or any successor thereto.
15. “Ministry of Electricity” and “MoE” mean the Borrower’s Ministry of Electricity, or any successor thereto.
16. “Ministry of Finance” and “MoF” means the Borrower’s Ministry of Finance, or any successor thereto.
17. “Ministry of Health” and “MoH” mean the Borrower’s Ministry of Health, or any successor thereto.
18. “Ministry of Municipalities and Public Works” and “MoMPW” mean the Borrower’s Ministry of Municipalities and Public Works or any successor thereto.
19. “Minor Civil Works” means small scale civil works with low environmental and social impacts, required to effect minor repairs to roads, water distribution networks, and electricity distribution networks, and meeting the eligibility criteria for minor civil works set forth in the ESAP.
20. “MWMP” means a medical waste management plan to be prepared by the Borrower pursuant to the ESMF, setting forth the measures to be taken for the management and safe handling of medical waste; and “MWMPs” means more than one such MWMP, as such MWMPs may be amended from time to time with the prior written agreement of the Bank.

21. “Operating Costs” means the reasonable costs incurred by the PCU and the PMTs on account of Project implementation including costs for communication; translation and interpretation; printing; advertising; office supplies; banking charges; Project related travel (including per diems, accommodation and transportation); vehicle rental and fuel; postal fees; and other miscellaneous costs directly associated with Project implementation subject to approval by the Bank, but excluding salaries and allowances of the Borrower’s civil servants or other regular government staff.
22. “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).
23. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated June 11, 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.
24. “Project Coordination Unit” and “PCU” mean the Borrower’s Project coordination unit, referred to in Section I.A.1 of Schedule 2 to this Agreement.
25. “Project Implementation Manual” and “PIM” mean the Project implementation manual, to be prepared and adopted by the Borrower pursuant to Section I.B of Schedule 2 to this Agreement, containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) monitoring, evaluation, reporting and communication; (e) social and environmental safeguards including gender and social inclusion; (f) detailed procedures and arrangements, including eligibility criteria and selection procedures, for Subprojects; and (g) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.
26. “Project Management Team” and “PMT” mean a Project management team to be established by the Borrower pursuant to Section I.A.2 of Schedule 2 to this Agreement; and “Project Management Teams” and “PMTs” means more than one such team.
27. “RAP” means a resettlement action plan or abbreviated resettlement action plan to be prepared by the Borrower pursuant to the RPF, describing, for a proposed Project activity, the compensation and other resettlement assistance to be provided, consultation to be conducted with Affected Persons about acceptable alternatives, institutional responsibilities for the implementation, procedures for grievance redress, and arrangements for monitoring and evaluation; and “RAPs” means more

than one such RAP, as such RAPs may be amended from time to time with the prior written agreement of the Bank.

28. “Reconstruction Fund” means the Borrower’s Reconstruction Fund for Areas Affected by Terroristic Operations, established and operating pursuant to Article 28 of the General Federal Budget Law for Fiscal Year 2015, Law No. 2 of 2015, of the laws of the Borrower; or any successor thereto.
29. “Roads and Bridges Directorate” and “RBD” mean the Roads and Bridges Directorate under the MoCH, responsible for the management of the Borrower’s roads and bridges assets, or any successor thereto.
30. “RPF” means the resettlement policy framework to be prepared by the Borrower in accordance with Section I.F.2 of Schedule 2 to this Agreement, setting forth the guidelines, procedures, timetables and other specifications for the provision of compensation, rehabilitation and resettlement assistance to Affected Persons, and for the preparation and implementation of RAPs; as such RPF may be amended from time to time with the prior written agreement of the Bank.
31. “Safeguard Instruments” means, collectively, the ESAP, ESMF, the ESIAs, the ESMPs, the Simplified ESMPs, the RPF, the RAPs, and the MWMPs; and “Safeguard Instrument” means any one such instrument.
32. “Simplified ESMP” means a simplified environmental and social management plan to be prepared by the Borrower pursuant to the ESAP, in each case setting forth appropriate mitigation, monitoring and institutional measures designed to mitigate the potential adverse environmental and social impacts of proposed Minor Civil Works; and “Simplified ESMPs” means more than one such Simplified ESMP, as such Simplified ESMPs may be amended from time to time with the prior written agreement of the Bank.
33. “Subprojects” means, collectively, Electricity Subprojects, Water and Sanitation Subprojects, and Transport Infrastructure Subprojects.
34. “Targeted Municipal Areas” means the cities of Tikrit, Dour, Al-Alam and Al-Dalooeeya located in the Salah Al-Din Governorate, and Jalula, As-Sadiya and Al-Aazeem in Diyala Governorate, in each case in the territory of the Borrower, and any other areas as may be agreed to by the Borrower and the Bank.
35. “Training and Workshops” means the reasonable costs of training, seminars, workshops, conferences and study tours, including: (a) the fees of training institutions and courses; (b) domestic and international travel costs, lodging costs, and subsistence/per diem allowances for both trainers and trainees; (c) the rental of training facilities; and (d) preparation, purchase or reproduction of training materials.

36. “Transport Infrastructure Subproject” means a subproject referred to in Part 3(a) of the Project.
37. “Water and Sanitation Subproject” means a subproject referred to in Part 2 of the Project.

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).”