



LOAN NUMBER 8483-AM

Loan Agreement

(Social Investment and Local Development Project)

between

REPUBLIC OF ARMENIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated *April 8*, 2015

LOAN NUMBER 8483-AM

LOAN AGREEMENT

Agreement dated April 8, 2015, between REPUBLIC OF ARMENIA (“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 thirty million Dollars (\$30,000,000), 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 April 1 and October 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.

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 ASIF in accordance with the provisions of the Project Agreement, the Operational Manual and 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 Events of Suspension consist of the following, namely that ASIF'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 ASIF to perform any of its obligations under the Project Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following:
- (a) The Implementation Agreement has been executed on behalf of the Borrower and ASIF, in a manner acceptable to the Bank.
 - (b) The Operational Manual, has been updated and adopted by ASIF, in a manner satisfactory to the Bank.
- 5.02. The Additional Legal Matter consists of the following: namely, that the Implementation Agreement has been duly authorized or ratified by the Borrower and ASIF and is legally binding upon the Borrower and ASIF in accordance with its terms.
- 5.03. The Effectiveness Deadline is the date hundred and eighty (180) 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 of the Republic of Armenia
1 Melik-Adamyán Street
Yerevan 0010
Republic of Armenia

Telex:	Facsimile:
243331 LADA SU	374 60700358

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

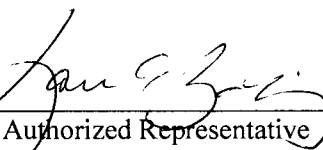
Name: Gagik Khachatryan

Title: Minister of Finance

INTERNATIONAL BANK FOR
RECONSTRUCTION AND

DEVELOPMENT

By



Authorized Representative

Name: LAUDA E BAILEY

Title: COUNTRY MANAGER

SCHEDULE 1**Project Description**

The objective of the Project is to improve quality and use of, and access to, community and inter-community infrastructure.

The Project consists of the following parts:

Part A: Support to Socio-Economic Development and Capacity Building at Local Level

1. Carrying out community micro-projects (Microprojects), with the assistance of Project Implementation Committees ("PICs"), including, *inter-alia*: (i) the construction, renovation, rehabilitation, and/or expansion of key social infrastructure covering education, health, and social services (such as schools, kindergartens, health clinics, community based centers, gymnasiums, and playgrounds); (ii) the installation/rehabilitation of water supply and sanitation systems; and (iii) execution of minor irrigation and rural electrification works.
2. Providing: (i) technical assistance to ensure proper design, and supervision of Microprojects; and (ii) institutional and financial capacity building at community level.
3. Providing furniture and equipment for infrastructure investments benefited by Microprojects, such as rehabilitated schools, kindergartens and community centers; as well as for other social infrastructure in accordance with criteria set forth in the Operational Manual.

Part B: Support to Inter-Community Social and Economic Development Initiatives

1. Supporting the Borrower's territorial reform, through the carrying out of innovative development initiatives (Subprojects), involving two or more communities, as follows:
 - a) Design of the Subprojects' program;
 - b) Piloting the carrying out of Subprojects to generate experiences and execution models; and
 - c) Scaling up the carrying out of Subprojects thereafter, all in accordance with a timetable set forth in the Operational Manual.
2. Providing: (i) technical assistance to ensure proper design and supervision of Subprojects; and (ii) institutional and financial capacity building at the community level.
3. Providing furniture and equipment for infrastructure investments benefited by Subprojects.

Part C: Institutional Strengthening and Project Management

Providing institutional support, capacity building (including fund-raising capacity), and technical assistance to ASIF for Project management, fiduciary oversight (including Project audits), safeguards oversight, including the provision of training, and Operating Costs, required therefor.

SCHEDULE 2**Project Execution****Section I. Implementation Arrangements****A. Implementation Agreement and Institutional arrangements**

1. For purposes of implementing the Project, the Borrower shall make the proceeds of the Loan available to ASIF, under an implementation agreement between the Borrower and ASIF, under terms and conditions satisfactory to the Bank (“Implementation Agreement”).
2. The Borrower shall exercise its rights and carry out its obligations under the Implementation Agreement 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, terminate, waive, or fail to enforce the Implementation Agreement or any of its provisions.

B. Anti-Corruption

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

C. Safeguards

1. The Borrower shall cause ASIF to take the following measures:
 - (a) If any activities included in the Project, pursuant to the ESMF, require the carrying out of an EMP, no works for such activities shall be procured unless and until an EMP for such activities has been: (A) prepared, in a manner satisfactory to the Bank and in accordance with the ESMF; (B) publicly disclosed and discussed with local stakeholders as required by the ESMF; and (C) included into the bidding documents (in a manner acceptable to the Bank); and
 - (b) If any activities involving Subprojects under Part B.1 of the Project would, pursuant to the RPF, require the carrying out of a RAP, no works for such activities shall be procured unless and until:
 - (i) a RAP for such activities has been: (A) prepared in a manner satisfactory to the Bank and in accordance with the requirements of the RPF; and (B) disclosed as required by the RPF; and
 - (ii) (A) all measures required to be taken under said RAP prior to the initiation of any works for said activities have been taken, including, without limitation to the above, providing funds for Resettlement compensation and assistance when and if required

under a RAP; (B) a report, in form and substance satisfactory to the Bank, on the status of compliance with the requirements of said RAP has been prepared and furnished to the Bank; and (C) the Bank has confirmed that said activities may be commenced.

- (c) The Borrower shall ensure that the Project activities are carried out in accordance with the pertinent EMP and RAP (in respect of Subprojects), as applicable.

Section II. Project Monitoring Reporting and Evaluation

A. 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 ASIF 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 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 conditions 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 of clause 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, advance Bank's approval is required for any modification in the contract scope/conditions during implementation.
(b)	Shopping
(c)	Framework Agreement
(d)	Direct Contracting
(e)	Community Participation in Procurement

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>

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) Works, goods and consultants' services under Part A of the Project.	17,600,000	72.15%
(2) Works, goods and consultants' services under Part B of the Project.	10,100,000	75.00%
(3) Goods, consultants' services (including for Project audits) and Training under Part C of the Project	573,000	72.45%
(4) Operating Costs under Part C of the Project	1,652,000	50% until December 31, 2015; 45% from January 1, 2016 to December 31, 2016, both inclusive; 40% from January 1, 2017 to December 31, 2017, both inclusive; 35% from January 1, 2018 to December 31, 2018, both inclusive; and 30% thereafter.
(3) Front-end Fee	75,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
<u>TOTAL AMOUNT</u>	<u>30,000,000</u>	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed three million United States Dollars (\$3,000,000) may be made for payments made prior to this date but on or after November 20, 2014, for Eligible Expenditures, as follows: (i) up to an amount not to exceed two million eight hundred thousand United States Dollars (\$2,800,000) under Category (1) and (ii) up to an amount not to exceed two hundred thousand United States Dollars (\$200,000) under Category (4) of the Table described in paragraph A.2 of this Section.
 - (b) under Category (2), unless ASIF has submitted evidence satisfactory to the Bank that the Operational Manual has been updated, as referred to in Section I. B. 2 of the Project Agreement..
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)
On each April 1 and October 1, Beginning October 1, 2029 through April 1, 2039.	4.76 %
On October 1, 2039	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 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. “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. “ASIF Legislation” means the Borrower’s Decrees No. 162, dated April 11, 2000, No. 772- A, dated June 8, 2006, No. N 1521-N dated December 25, 2014; ASIF’s Charter and any other supplemental regulations related to ASIF’s creation and operations.
3. “ASIF” or “Project Implementation Entity” mean the “Armenian Social Investment Fund” or any successor thereto acceptable to the Bank, established with legal personality pursuant to ASIF’s Legislation.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “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).
6. “Eligible Beneficiary” means *inter-alia*, any community, municipality, marz, community-based organization, local council, and school board that qualifies as such in accordance with criteria set forth in the Operational Manual to benefit under a Microproject or a Subproject.
7. “EMP(s)” means any site-specific Environmental Management Plan(s) to be prepared and adopted by ASIF pursuant to Section I.C.1.(a) of Schedule 2 to this Agreement, in accordance with the Operational Manual and the ESMF, all satisfactory to the Bank, defining, *inter-alia*: (i) specific measures to manage potential environmental risks and mitigate, (ii) reduce and/or offset adverse environmental impacts associated with the implementation of activities under the Project, (iii) monitoring and reporting arrangements to ensure proper implementation of activities and regular feedback on compliance with its terms; as the same may be amended and supplemented from time to time with the Bank’s prior written approval.
8. “ESMF” means the Environmental and Social Management Framework, acceptable to the Bank, dated October 24, 2014 prepared and adopted by the ASIF, disclosed on October 31, 2014 and in the Bank’s InfoShop on November 14, 2014, and referred to in Section I.C.1.(a) (i) of Schedule 2 to this Agreement, and satisfactory to the Bank, describing the rules, guidelines and procedures to assess environmental impacts of the Project’s activities and defining measures to reduce, mitigate or offset adverse environmental impacts and enhance the positive impacts

of the Project's activities, as the same shall be amended from time to time with the prior approval of the Bank.

9. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012, with the modifications set forth in Section II of this Appendix.
10. "Implementation Agreement" means the agreement referred to in Section I.A.1 of Schedule 2 to this Agreement pursuant to which the Borrower shall make the proceeds of the Loan available to ASIF.
11. "Microproject Agreement" means any of the agreements referred to in Section I. D. 1 (b) of the Project Agreement.
12. "Microproject" means any specific community-based investment/activity referred to in Part A.1 of the Project that qualifies to be financed in accordance with criteria set forth in the Operational Manual.
13. "Operating Costs" means the expenses incurred by ASIF for the incremental expenses on account of Project implementation and monitoring, including: office equipment, utilities, office supplies, communications, printing and publication, translation and interpretation expenses, local travel and per diems, vehicle insurance and inspection, office and vehicle maintenance and repair, and the portion of ASIF'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.
14. "Operational Manual" means ASIF's manual referred to in Section I. B. 1 of the Project Agreement; as the same may be amended from time to time with the agreement of the Bank, including the update referred to in Section I.B.2 of the Project Agreement.
15. "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).\
16. "Procurement Plan" means the Borrower's procurement plan for the Project, dated January 29, 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.
17. "Project Agreement" means the agreement between the Bank and ASIF of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement.

18. “Project Implementing Committees” or “PICs” means the selected community-based organization representing the pertinent Eligible Beneficiary in respect of any given Microproject and assisting ASIF in the implementation of said Microproject.
19. “RAP/s” means any site-specific resettlement action plan to be prepared by ASIF in accordance with the RPF and approved by the Bank, pursuant to Section I. C.1 (b) of Schedule 2 to this Agreement.
20. “Resettlement” means the involuntary taking of land resulting in: (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.
21. “RPF” means the resettlement policy framework acceptable to the Bank, dated October 29, 2014, prepared and adopted by ASIF and disclosed, following the approval of the Bank, on October 31, 2014, referred to in Section I. C.1. (b) of Schedule 2 to this Agreement, defining the modalities for Resettlement and compensation of the affected persons and providing guidance for the preparation and implementation of RAPs under the Project, if required.
22. “Subproject Agreement” means any of the agreements referred to in Section I. D. 1 (d) of the Project Agreement.
23. “Subproject” means any specific inter-community or multi-community based activity under the Subproject program referred to in Part B.1 of the Project that meets the criteria set forth in the Operational Manual.
24. “Training” means expenses incurred by ASIF in connection with carrying out training activities under the Project including travel costs and per diem for local trainees and trainers, study tours and workshops, rental of training facilities, equipment and materials and related supplies, based on annual budgets, all as agreed with the Bank.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.
2. Section 3.01. (*Front-end Fee*) is modified to read as follows:

“Section 3.01. *Front-end Fee; Commitment Charge*

(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the “Front-end Fee”).

(b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty (60) 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".