

LOAN NUMBER 8547-GE

Loan Agreement

(East West Highway Corridor Improvement Project)

between

GEORGIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated *February 10*, 2016

LOAN NUMBER 8547-GE

LOAN AGREEMENT

Agreement dated *February 10*, 2016, between GEORGIA (“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 one hundred forty million Dollars, (USD 140,000,000), 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 June 1 and December 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: (i) carry out Parts A, B.1, C, and D of the Project through the Roads Department (RD); and (ii) carry out Part B.2 of the Project through the Ministry of Economy and Sustainable Development (MESD) with the assistance of RD; all in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Borrower, through RD, has submitted to the Bank the Project Operations Manual in form and substance acceptable to the Bank.
 - (b) The Project Implementation Agreement between MESD, RD (under MRDI), and TRRC has been executed by the parties thereto in a manner acceptable to the Bank.
- 4.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower's Representative is its Minister of Finance.
- 5.02. The Borrower's Address is:

Ministry of Finance
16 Gorgasali Street
0114 Tbilisi
Georgia

Facsimile:

995322262423

5.03. The Bank's Address is:

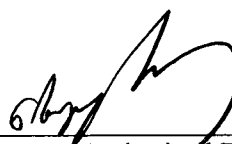
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

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

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

GEORGIA

By



Authorized Representative

Name: Nodar Khaduri

Title: Minister of finance

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: Mercy Tembran

Title: Regional Director

SCHEDULE 1

Project Description

The objectives of the Project are to: (i) reduce road user costs along the East-West Highway Corridor section upgraded under the Project; and (ii) strengthen the capacity of the RD and MESD to respectively manage the road network and provide an enabling environment to improve logistics services.

The Project consists of the following parts:

Part A: Improvement and Asset Management of the East-West Highway Corridor

1. Upgrading of approximately 8 km of the existing 2-lane East-West Highway Corridor to a 2-lane dual carriageway from Zemo- Osiauri km 5.8 to Chumateleti km 13.8.
2. Carrying out construction supervision and providing quality assurance services for all civil works financed under the Project and on the section of the road from km 0 (in the location of Zemo Osiauri) to km 5.8 within the East-West Highway Corridor.

Part B: Institutional Strengthening

1. Providing support for capacity building to the RD's Intelligent Transport System (ITS) Unit, including: (i) design and installation of ITS equipment along critical locations of the East-West Highway Corridor; and (ii) the development of annual road users' satisfaction surveys.
2. Providing technical assistance to MESD for the following activities:
 - (i) the consolidation and further development of a national logistics strategy;
 - (ii) the creation of a public-private logistics steering committee for developing a sustainable working relationship with the private sector;
 - (iii) the implementation of key activities identified in the national logistics strategy developed under (i) above, or recommended by the public-private steering committee set up under (ii) above, including, *inter alia*, a feasibility study to identify priority logistics sites; and
 - (iv) capacity building in relation to logistics activities and Project management.

Part C: Project Management

Strengthening the technical capacity of RD to carry out the Project.

Part D: Preparation of Future Investments

Preparation of designs and supporting studies for future investments for the development of the road network.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower, through RD, shall be responsible for the overall coordination and oversight of the Project implementation. To that end, the Borrower shall provide RD with the resources and staff necessary for implementing the Project.
2. The Borrower, through RD, shall maintain, throughout the implementation of the Project, a Foreign Project Unit (FPU), with a composition, terms of reference, and resources, satisfactory to the Bank.
3. The Borrower, through MRDI, shall: (a) operate and maintain the TRRC with a composition, terms of reference, and resources, satisfactory to the Bank; and (b) ensure that the financial management responsibilities under the Project is carried out by TRRC in accordance with the Project Implementation Agreement.
4. Without limitation to the provision of Section 5.03 of the General Conditions, the Borrower shall ensure that adequate budgetary resources are made available for the Project in the Borrower's annual budgets in respect of each year of Project implementation, in a manner acceptable to the Bank.

B. Project Operations Manual

1. Without limitation to the provisions of Article V of the General Conditions, the Borrower, through RD, shall: (a) carry out the Project in accordance with the Project Operations Manual (POM); and (b) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of said POM or any part thereof without the Bank's prior written consent.
2. In the event of any inconsistency between the POM and this Agreement, the provisions of this Agreement shall prevail.

C. Project Implementation Agreement

For purposes of coordinating the implementation of the Project, MESD, RD (under MRDI), and TRRC shall enter into a Project Implementation Agreement, satisfactory to the Bank, which shall include, *inter alia*, the obligations set forth under this Schedule as applicable to RD, MESD and TRRC, respectively.

D. Anti-Corruption

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

E. Safeguards

1. The Borrower, through RD, shall ensure that the Project is implemented in accordance with the provisions of the ESIA, including the EMP, the RPF, and RAP(s) in a manner satisfactory to the Bank.
2. The Borrower shall not abrogate, amend or waive, or permit to be abrogated, amended or waived, the ESIA, the EMP, the RPF or the RAP(s) or any provision thereof, without prior approval in writing by the Bank.
3. For works under Part A.1 of the Project, the Borrower, through RD shall:(i) prior to the carrying out of any said works, prepare and furnish to the Bank, a RAP acceptable to the Bank (which RAP(s) shall be consistent with the pertinent provisions of the RPF); (ii) disclose and carry out consultations for said RAP(s); and (iii) thereafter, implement said RAP(s) in accordance with its terms and in a manner acceptable to the Bank.
4. The Borrower through the RD, shall: (a) maintain satisfactory terms of reference in respect of any consultancy in connection with the Project (including review of the feasibility study and preparation of detailed engineering design described in Part D of the Project) following the Bank's review thereof and; (b) ensure that such terms of reference duly incorporate the requirements of the Bank's Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance.
5. If as a result of the upgrading works on the section of the road from km 0 (in the location of Zemo Osiauri) to km 5.8 within the East-West Highway Corridor, as such section is included in the RPF, it is determined that Resettlement is involved, the Borrower shall: (i) prior to the carrying out of any said works, prepare and furnish to the Bank, a RAP acceptable to the Bank (which RAP(s) shall be consistent with the pertinent provisions of the RPF); (ii) disclose and carry out consultations for said RAP(s); and (iii) thereafter, implement said RAP in accordance with its terms and in a manner acceptable to the Bank.
6. The Borrower shall carry out the upgrading works referred to in paragraph 5 above, in accordance with the ESIA, the EMP, the RPF and the RAP(s).

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower, through the RD, 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 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.
2. Without limitations to the provisions set forth in Section II.A. 1 above, the Borrower, through RD, shall:
 - (a) not later than one month prior to the mid-term review referred to in paragraph (b) herein furnish to the Bank a report, in such scope and detail as the Bank shall reasonably request, on the progress of the Project as of the date of said report;
 - (b) not later than December 15, 2017, undertake with the Bank, a comprehensive mid-term review of the Project, based on the report mentioned in (a) herein, including: compliance with the performance indicators and the Borrower's obligations under this Agreement; and
 - (c) following the mid-term review, act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project, or to implement such other measure as may be required in furtherance of the objectives of the Project, resulting from said mid-term review.

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, through TRRC, shall 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, through TRRC, 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 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)	National Competitive Bidding, subject to the additional provisions set forth in below: <ol style="list-style-type: none">(i) "Open competitive procedures" (i.e. "public tender") shall be the default rule. A single envelope procedure shall be used for the submission of goods, works, or non-consulting services.

Procurement Method	
(ii)	Invitations to bid shall be advertised in at least one widely circulated national daily newspaper allowing a minimum of thirty (30) days for the preparation and submission of bids. Advertisements published in foreign language newspapers shall be in compliance with such a 30-day-minimum in number of days for bids preparation and submission.
(iii)	Bidding shall not be restricted to pre-registered firms. If registration is required, it shall not be denied to eligible bidders for reasons unrelated to their capacity and resources to successfully perform the contract (e.g., mandatory membership in professional organizations, classification, etc.). Post-qualification shall be conducted to verify that the bidder has the capability and resources to successfully perform the contract.
(iv)	Government-owned enterprises in Georgia shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the Government. Government-owned enterprises will be subject to the same bid and performance security requirements as other bidders.
(v)	Procuring entities shall use the appropriate Bank's sample bidding documents, including pre-qualification documents, for the procurement of goods, works, or non-consulting services, and such documents shall contain draft contract and conditions of contract including clauses on fraud and corruption, audit and publication of award, all acceptable to the Bank.
(vi)	Bids shall be opened in public, immediately after the deadline for submission of bids. Bidder's representatives shall be permitted to attend the bid opening.
(vii)	Extension of bid validity shall be allowed once only for not more than thirty (30) days. No further extensions should be requested without the prior approval of the Bank.
(viii)	Evaluation of bids shall be based on quantifiable criteria expressed in monetary terms as defined in the bidding documents, no merit point system and no domestic preference shall be used in the evaluation of bids. Contracts shall be awarded to qualified bidders having submitted the lowest

Procurement Method	
	evaluated substantially responsive bid and no negotiations shall be carried out prior to contract award.
(ix)	Civil works contracts of long duration (e.g. more than eighteen (18) months) shall contain an appropriate price adjustment clause acceptable to the Bank.
(x)	No bid shall be rejected purely on the basis that the bid price is higher than the estimated budget for that procurement. All bids shall not be rejected and new bids shall not be solicited without the Bank's prior concurrence.
(b)	Shopping
(c)	Direct Contracting

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the

“World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consultants’ services, Training, and Incremental Operating Costs for the Project	139,650,000	100%
(2) Front-end Fee	350,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(3) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 2.08(c) of this Agreement
TOTAL AMOUNT	<u>140,000,000</u>	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed twenty (20%) of the total Loan amount may be made for payments made prior to this date but on or after July 1, 2015, for Eligible Expenditures under the Project.
2. The Closing Date is December 31, 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 June 1 and December 1 Beginning June 1, 2026 through June 1, 2040	3.33%
On December 1, 2040	3.43%

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. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
4. "Displaced Persons" means persons who, on account of the execution of the Project, would suffer direct economic and social impacts resulting in Resettlement.
5. "East-West Highway Corridor" means the highway corridor of approximately 450 km, comprising of the sections of highway E-60 (between Red Bridge, at the border with Azerbaijan, to Poti) and highway E-70 (between Poti to Sarpi, at the border with Turkey), all within the Borrower's territory, and as highways E-60 and E-70 are defined in the European Agreement on Main International Traffic Arteries (AGR) signed at Geneva on November 15, 1975.
6. "Environmental and Social Impact Assessment" or "ESIA" means the Borrower's environmental and social impact assessment report for the Project applicable to the Project and to the works referred to in Section I.E. 5 of Schedule 2 to this Agreement and included in the ESIA; satisfactory to the Bank, and disclosed in the Borrower's territory and published in the *InfoShop* on June 18, 2015 which sets forth, *inter alia*, the mitigating, monitoring and institutional measures to be taken during the implementation and operation of the Project to offset or reduce potential adverse environmental and social impacts to levels acceptable to the Bank.
7. "Environmental Management Plan" or "EMP" means, the plan included in the ESIA, prepared by the Borrower in accordance with the ESIA, applicable to the Project and to the works referred to in Section I.E. 5 of Schedule 2 to this Agreement; in form and substance satisfactory to the Bank, and setting forth, *inter alia*: (i) the measures for mitigating the environmental risks and impacts associated with the implementation of Project activities; (ii) the measures for eliminating, offsetting or mitigating any adverse cultural resources impact; and (iii) the administrative and monitoring arrangements for ensuring the implementation of said plans, as said plans may be revised from time to time with the prior written agreement of the Bank, and such term includes any annexes or schedules to such plans.

8. "Foreign Projects Unit" or "FPU" means the division established within the RD responsible for the implementation of projects financed through external funding, and referred to under Section I.A.2 of Schedule 2 to this Agreement.
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. "Incremental Operating Costs" means the reasonable and necessary incremental expenses incurred by the Borrower with respect to Project implementation, including: management and monitoring costs, salaries of contracted staff (excluding salaries of the Borrower's civil servants), communication, editing, printing and publication, translation, vehicle operation and maintenance, bank charges, local travel costs and field trip expenses, office rentals, utilities, equipment and supplies.
11. "MESD" means the Borrower's Ministry of Economy and Sustainable Development, or any legal successor thereto.
12. "MRDI" means the Borrower's Ministry of Regional Development and Infrastructure, or any legal successor thereto.
13. "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).
14. "Procurement Plan" means the Borrower's procurement plan for the Project, dated May 20, 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.
15. "Project Implementation Agreement" means the agreement referred to in Section I. C of Schedule 2 to this Agreement, as said agreement may be amended from time to time with the approval of the Bank.
16. "Project Operations Manual" or "POM" means the Borrower's manual, acceptable to the Bank, including all appendices and schedules thereto, and setting forth the policies and procedures that apply to the carrying out of the Project, including, *inter alia*: (a) the roles and responsibilities of the RD, MESD, TRRC; (b) the staffing requirements for the Project; (c) the estimated implementation schedule; (d) the procedures for accessing, disbursing and accounting for funds under the Project; (e) the procedures for Project monitoring, supervision and evaluation, including the format and content of the Project Reports; and (f) the procurement and financial management procedures, as said manual may be amended from time to time with the prior written approval of the Bank.

17. “Resettlement” means: (a) the involuntary taking of land resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; and (iii) loss of income sources or means of livelihood, whether or not the affected persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of said person.
18. “Resettlement Action Plan” or “RAP” means the resettlement action plan, including any abbreviated resettlement plan, to be adopted by the Borrower, in accordance with the RPF and this Agreement; satisfactory to the Bank and containing, *inter alia*, a program of actions, measures and policies for compensation and resettlement of Displaced Persons, including compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on, compliance with its terms for each site.
19. “RD” means the Borrower’s Roads Department of the MRDI responsible for managing the Borrower’s road network or any legal successor thereto, acceptable to the Bank.
20. “Resettlement Policy Framework” or “RPF” means the Borrower’s resettlement policy framework, acceptable to the Bank, applicable to the Project and to the works referred to in Section I.E. 5 of Schedule 2 to this Agreement and included in the ESIA; disclosed in country on May 18, 2015 and in the Bank *InfoShop* on May 27, 2015, setting forth, *inter alia*, the modalities for resettlement and compensation of Displaced Persons under the Project.
21. “Safeguards Policies” means the World Bank’s operational policies and procedures then in force, and which currently are set forth in the World Bank’s Operational Manual under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60 as said manual is published under www.WorldBank.org/opmanual.
22. “Training” means expenditures incurred by the Borrower in connection with carrying out training activities under the Project, including travel costs and *per diem* for local trainees, study tours, workshops, conferences, rental of facilities and equipment and training materials and related supplies.
23. “TRRC” means the Borrower’s Investment Center of Eurasian Transport Corridor established pursuant to Decree No. 153, dated April 3, 2015, or any legal successor thereto acceptable to 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 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”.