

Public Disclosure Authorized

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**OFFICIAL
DOCUMENTS**

LOAN NUMBER 8495-AM

Loan Agreement

(Electricity Transmission Network Improvement Project)

between

REPUBLIC OF ARMENIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated April 8, 2015

LOAN AGREEMENT

Agreement dated April 8, 2015, between the REPUBLIC OF ARMENIA (“Borrower”) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of fifty two million Dollars (\$52,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 15 and November 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

- 2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:
- (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency;
 - (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and
 - (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (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 cause: (a) HVEN to carry out Parts 1(a), 1(c), 1(d), 2 and 3(b) of the Project; and (b) YTPC to carry out Parts 1(b), 1(e) and 3(a) of the Project, all in accordance with the provisions of Article V of the General Conditions, the HVEN Project Agreement and the YTPC Project Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Events of Suspension consist of the following:
- (a) HVEN shall have failed to comply with any of its obligations under the HVEN Subsidiary Agreement.
 - (b) YTPC shall have failed to comply with any of its obligations under the YTPC Subsidiary Agreement.
- 4.02. The Additional Events of Acceleration consist of the following: namely, that any event specified Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the HVEN Subsidiary Agreement has been executed by the parties thereto in a manner acceptable to the Bank;
 - (b) the YTPC Subsidiary Agreement has been executed by the parties thereto in a manner acceptable to the Bank;
 - (c) HVEN has adopted the HVEN Operational Manual; and
 - (d) YTPC has adopted the YTPC Operational Manual.
- 5.02. The Additional Legal Matters consist of the following:
- (a) that the HVEN Subsidiary Agreement has been duly authorized or ratified by the Borrower and HVEN and is legally binding upon the Borrower and HVEN in accordance with its terms; and
 - (b) that the YTPC Subsidiary Agreement has been duly authorized or ratified by the Borrower and YTPC and is legally binding upon the Borrower and YTPC in accordance with its terms.
- 5.03. The Effectiveness Deadline is the date one 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:
243331 LADA SU

Facsimile:
7460700358

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.

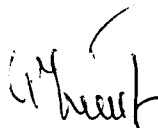
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AGREED at Yerevan, Armenia, as of the day and year first above written.

REPUBLIC OF ARMENIA

By



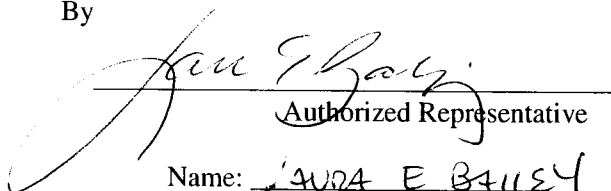
Authorized Representative

Name: Gagik Khachatryan

Title: Minister of Finance

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: LAURA E BAILEY

Title: COUNTRY MANAGER

SCHEDULE 1

Project Description

The objectives of the Project are to improve the reliability of the power transmission network and system management, and to support the Borrower's efforts in ensuring adequate electricity supply.

The Project consists of the following parts:

Part 1. Strengthening the power transmission network.

- (a) Rehabilitation of HVEN's electric substation located in Ashnak through, *inter alia*: (i) the complete or partial replacement and/or rehabilitation of the key equipment; (ii) the installation of a supervisory control and data acquisition system; and (iii) the construction of a new building for control rooms.
- (b) Rehabilitation of YTPC's electric substation through, *inter alia*, (i) the complete or partial replacement of the key equipment; (ii) the installation of a supervisory control and data acquisition system; (iii) the construction of a building for the control rooms; and (iv) the reconnection of overhead transmission lines required for the evacuation of power from said substation.
- (c) Acquisition of equipment including, *inter alia*, machinery and specialized vehicles, required for the carrying out of activities under Parts 1(a) and 1(b) of the Project.
- (d) Provision of Support to HVEN's to carry out its Respective Parts of the Project through, *inter alia*, the provision of technical assistance to supervise the works under said Parts of the Project, including compliance with the provisions of Schedule 2 to this Agreement.
- (e) Provision of Support to YTPC's to carry out its Respective Parts of the Project through, *inter alia*, the provision of technical assistance to supervise the works under said Parts of the Project, including compliance with the provisions of Schedule 2 to this Agreement.

Part 2. Improvement of the power system management

Develop a back-up dispatch center through, *inter alia*; (i) the renovation of the interior space of the selected building referred to in the HVEN Operational Manual; (ii) the acquisition and installation of required equipment; and (iii) the carrying out of other required works.

Part 3. Preparation of an electricity generation investment

- (a) Design a CCGT investment (excluding its implementation), including, *inter alia*: (i) carrying out: (A) a financial feasibility study; (B) an environmental and social impact assessment; (ii) providing technical assistance on transactions required for private sector financing; and (iii) providing other technical assistance required for the preparation of the CCGT investment.
- (b) The carrying out of Project audits.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Subsidiary Agreement

1. To facilitate the carrying out of HVEN's Respective Parts of the Project, the Borrower shall make part of the proceeds of the Loan (the HVEN Subsidiary Loan) available to the HVEN under an agreement (the HVEN Subsidiary Agreement) between the Borrower and HVEN, under terms and conditions acceptable to the Bank, which shall include, *inter alia*, the following:
 - (a) the amount of the HVEN Subsidiary Loan shall be made available in Dollars or any other currency that may be selected by the Borrower for the Loan from time to time in accordance with the provisions of Section 2.08 of this Agreement;
 - (b) the principal amount of the HVEN Subsidiary Loan shall be repaid by HVEN in Dollars or any other currency that may be selected by the Borrower for the Loan from time to time in accordance with the provisions of Section 2.08 of this Agreement to the Borrower in semi-annual installments over 25 years, including a grace period of 14.5 years; and
 - (c) (i) interest on the principal amount of the HVEN Subsidiary Loan withdrawn and outstanding from time to time at the rate applicable from time to time to the Loan pursuant to the provisions of Section 2.05 of this Agreement, plus a margin at a rate to be determined according to the terms of the HVEN Subsidiary Agreement; (ii) a commitment charge on the unwithdrawn HVEN Subsidiary Loan balance determined according to the provisions of Section 2.04 of this Agreement; (iii) a front-end fee to be deducted from the HVEN Subsidiary Loan amount and determined according to the provisions of Section 2.03 of this Agreement.
2. To facilitate the carrying out of YTPC's Respective Parts of the Project, the Borrower shall make part of the proceeds of the Loan (the YTPC Subsidiary Loan) available to the YTPC under an agreement (the YTPC Subsidiary Agreement) between the Borrower and YTPC, under terms and conditions acceptable to the Bank, which shall include the following:
 - (a) the amount of the YTPC Subsidiary Loan shall be made available in Dollars or any other currency that may be selected by the Borrower for the Loan from time to time in accordance with the provisions of Section 2.08 of this Agreement;
 - (b) the principal amount of the YTPC Subsidiary Loan shall be repaid by YTPC in Dollars or any other currency that may be selected by the Borrower for the Loan from time to time in accordance with the provisions of Section 2.08 of this Agreement to the Borrower in semi-annual installments over 25 years, including a grace period of 14.5 years; and

- (c) (i) interest on the principal amount of the YPC Subsidiary Loan withdrawn and outstanding from time to time at the rate applicable from time to time to the Loan pursuant to the provisions of Section 2.05 of this Agreement, plus a margin at a rate to be determined according to the terms of the YTPC Subsidiary Agreement; (ii) a commitment charge on the unwithdrawn YTPC Subsidiary Loan balance determined according to the provisions of Section 2.04 of this Agreement; (iii) a front-end fee to be deducted from the YTPC Subsidiary Loan amount and determined according to the provisions of Section 2.03 of this Agreement.
- 3. The Borrower shall exercise its rights under the HVEN Subsidiary Agreement and the YTPC Subsidiary 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 or waive the HVEN Subsidiary Agreement, the YTPC Subsidiary Agreement or any of their provisions.

B. Anti-Corruption

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

C. Safeguards.

- 1. The Borrower shall ensure that:
 - (a) HVEN shall carry out: (i) Part 1(a) of the Project in accordance with the HVEN Substation EMP; and (ii) Part 2 of the Project in accordance with the Dispatch Center EMP;
 - (b) YTPC shall carry out Part 1(b) of the Project in accordance with the YTPC Substation EMP;
 - (c) HVEN and YTPC shall: (i) store any hazardous waste under the Project in accordance with the EMPs; (ii) prior to the disposal of such hazardous waste consult with the Bank; and thereafter (iii) dispose said hazardous waste, all in a manner acceptable to the Bank;
 - (d) prior to the carrying out of any activity under Part 1(b) of the Project, YTPC shall hire an environmental safeguard specialist with qualifications and experience, and on terms and conditions satisfactory to the Bank; and
 - (e) YTPC ensures that: (i) the terms of reference for any consultancy required under Part 3(a) of the Project shall be satisfactory to the Bank following its review thereof; and (ii) to that end, such terms of reference shall duly incorporate the requirements of the Bank' Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance, including the public disclosure and consultation of the resulting environmental and social impact assessments in accordance with the Bank's Safeguard Policies.

2. Unless the Bank shall otherwise agree, the Borrower shall ensure that HVEN and YTPC do not abrogate, amend, suspend, waive or otherwise fail to enforce their respective EMPs or any provision thereof.

Section II. Project Monitoring Reporting and Evaluation

A. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain, and cause HVEN and YTPC to maintain, a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. The Borrower shall cause HVEN and YTPC 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 their Respective Parts of the Project covering the semester, in form and substance satisfactory to the Bank.
3. The Borrower shall cause HVEN to: (a) 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); and (b) furnish to the Bank the audited Financial Statements for each such period 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) National Competitive Bidding, subject to the following additional provisions:
 - (i) entities in which the Borrower owns a majority shareholding shall not be invited to participate in tenders unless they are, and can be shown to be, legally and financially autonomous and operate under commercial law;
 - (ii) pre-qualification shall be conducted for large and complex works projects;
 - (iii) pre- and post-qualification criteria shall only pertain to past contract performance, financial, managerial and technical capabilities of bidders. Post-qualification shall only be conducted on the lowest evaluated responsive bidder;
 - (iv) joint venture partners shall be jointly and severally liable for their obligations;
 - (v) no bids shall be rejected at bid opening;
 - (vi) 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;
 - (viii) advance Bank's approval is required for any substantial modifications in the contract scope/conditions during implementation; and
 - (ix) the Borrower shall use standard bidding documents, satisfactory to the Bank;
- (b) Shopping; and
- (c) Direct Contracting;

C. Particular Methods of Procurement of Consultants' Services

- 1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
- 2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based

on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Bank of Procurement Decisions

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

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, and consultants' services (including Project audits) and Training under Parts 1(a), 1(c), 1(d) 2 and 3(b) of the Project	21,740,000	80%
(2) Goods, works, non-consulting services, and consultants' services (including Project audits) and Training under Parts 1(b), 1(e) and 3(a) of the Project	30,130,000	80%
(3) Front-end Fee	130,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
<u>TOTAL AMOUNT</u>	<u>52,000,000</u>	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is December 31, 2019.

SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each May 15 and November 15 Beginning November 15, 2029 through May 15, 2039	4.76%
On November 15, 2039	4.8%

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. Bank’s Safeguard Policies” means the Bank’s operational safeguard policies and procedures, set forth in the 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, or such policies and procedures then in force.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “CCGT” means combined cycle gas turbine.
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. “Dispatch Center EMP” means HVEN’s site-specific environmental management plan for Part 2 of the Project acceptable to the Bank, disclosed locally on January 30, 2015, and on Infoshop on January 31, 2015 describing the environmental mitigation measures a for activities under Part 2 of the Project and the units responsible for monitoring construction and operational impacts, as the same may be amended from time to time with the prior approval of the Bank.
7. “EMPs” means the Dispatch Center EMP, the HVEN Substation EMP and the YTPC Substation EMP, or a subset of these documents, as the case might be.
8. “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.
9. “HVEN” or “Project Implementing Entity” mean the High Voltage Electric Networks Closed Joint Stock Company of the Republic of Armenia, a closed joint stock company, established pursuant to the Borrower’s Decrees No. 450 dated July 20, 1998 and No. 709, dated November 23, 1999, and registered in the State Register of the Borrower.
10. “HVEN Operational Manual” means HVEN’s manual referred to in section I.A.1 of Schedule 2 to the HVEN Project Agreement, as the same may be amended from time to time with the approval of the Bank.
11. “HVEN Project Agreement” means the Project Agreement entered into between HVEN and the Bank for purposes of carrying out Parts 1(a), 1(c), 1(d), 2 and 3(b) of the Project, as the same may be amended from time to time.
12. “HVEN Subsidiary Agreement” means the agreement referred to in Section I.A.1 of Schedule 2 to this Agreement.

13. "HVEN Subsidiary Loan" means the part of the proceeds of the Loan transferred to HVEN pursuant to the HVEN Subsidiary Agreement
14. "HVEN Substation EMP" means HVEN's site-specific environmental management plan for Part 1 (a) of the Project, acceptable to the Bank disclosed locally on January 30, 2015, and at Infoshop on January 31, 2015, describing the environmental mitigation measures anticipated for activities under Part 1(a) of the Project, including the proper storage of hazardous wastes, and the units responsible for monitoring construction and operational impacts, as the same may be amended from time to time with the prior approval of the Bank.
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 February 18, 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. "YTPC" or "Project Implementing Entity" mean the Yerevan Thermal Power Centre Closed Joint Stock Company of the Republic of Armenia, a closed joint stock company, established pursuant to the Borrower's Decree No. 169, dated March 19, 1999 and registered in the State Register of the Borrower.
18. "YTPC Operational Manual" means YTPC's manual referred to in Section I.A.1 of Schedule 2 to the YTPC Project Agreement, as the same may be amended from time to time with the approval of the Bank.
19. "YTPC Project Agreement" means the Project Agreement entered into between YTPC and the Bank for purposes of carrying out Parts 1(b), 1(e) and 3(a) of the Project, as the same may be amended from time to time.
20. "YTPC Subsidiary Agreement" means the agreement referred to in Section I.A.2 of Schedule 2 to this Agreement.
21. "YTPC Subsidiary Loan"; means the part of the proceeds of the Loan transferred to YTPC pursuant to the YTPC Subsidiary Agreement.
22. "YTPC Substation EMP" means YTPC's site-specific environmental management plan for Part 1(b) of the Project acceptable to the Bank, disclosed locally on January 30, 2015, and at Infoshop on January 31, 2015 describing the environmental mitigation measures for activities under Part 1(b) of the Project, including the proper storage of hazardous waste and the units responsible for monitoring of construction and operational impacts, as the same may be amended from time to time with the prior approval of 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:
 - (a) 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).”; and
 - (b) modifying the “Project Agreement” and “Project Implementing Entity” definitions as follows:

“Project Agreement” means the HVEN Project Agreement and/or the YTPC Project Agreement (as the case may be), as defined in the Loan Agreement.

“Project Implementing Entity” means HVEN and/or YTPC (as the case may be), as defined in the Loan Agreement.
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”.