

**OFFICIAL
DOCUMENTS**

LOAN NUMBER 8539- AM

Loan Agreement

(Third Public Sector Modernization Project)

between

REPUBLIC OF ARMENIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated *November 18*, 2015

LOAN AGREEMENT

Agreement dated *November 18*, 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 twenty one million Dollars (\$21,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.06. The Payment Dates are November 1 and May 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 carry out the Project 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 consists of the following: namely, that the Borrower has adopted the Project Operational Manual in form and substance satisfactory to the Bank.
- 4.02. The Effectiveness Deadline is the date hundred and eighty (180) 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 of the Republic of Armenia
1 Melik-Adamyany Street
Yerevan 0010
Republic of Armenia

Telex:	Facsimile:
243331 LADA SU	+ 37411800132

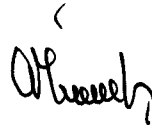
5.03. The Bank's Address is:

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

REPUBLIC OF ARMENIA

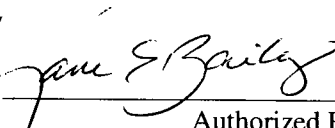
By 

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 objective of the Project is to improve quality of the public financial reporting and to improve access to selected enhanced e-government services.

The Project consists of the following parts:

Part 1. Public Financial Management Information Systems

1. Design, development, and implementation of a Government Financial Management Information System (GFMIS) through:
 - (a) development of GFMIS software, IT modules, and toolkits, related to, *inter-alia*: budget planning, budget execution, public procurement, debt management, accounting, budget reporting, and the general ledger; and
 - (b) (i) acquisition of GFMIS hardware, goods, equipment, ICT licenses, (ii) provision of training related to the implementation of the GFMIS, and (iii) provision of GFMIS maintenance.
2. Support the Borrower's implementation of public financial management reforms and change management processes related to public expenditure and budget preparation and execution, through, *inter-alia*: (i) the provision of advisory services and technical assistance to support implementation of financial management reforms; (ii) the carrying out of capacity building activities for preparation upstream and downstream aspects of public financial management (budgeting, public accounting and audit); and (iii) the carrying out of capacity building activities for the roll out of the APSAS.

Part 2. e-Governance Solutions for Improved Service Delivery

1. Support the Borrower's e-Governance policy and institutional reforms through, *inter-alia*: (i) the review and assessment of existing ICT policies, legal and regulatory frameworks, and technical standards; (ii) the strengthening of existing, or development of new, policies, strategies, regulatory frameworks, and technical standards, as recommended by said initial assessment; (iii) the development of an institutional set up and business model for e-Governance platforms and e-services; and (iv) the carrying out of capacity building, training and awareness campaigns activities related to e-Governance platforms and e-services.
2. Support the Borrower's e-Governance platforms and services enhancement through, *inter-alia*: (i) the design and implementation of an interoperability platform to obtain data integration and interconnection across the Borrower's key line agencies (as set forth in the Project Operational Manual); (ii) the carrying out of investments on IT systems architecture, design, deployment, hardware, and software, including the provision of technical assistance required therefor; (iii) the establishment of a data center or the upgrade of the storage capacity of the existing data center; (iv) the upgrade and integration of the

Borrower's internal electronic management systems for public servants (HRM, EDMS); and (v) the enhancement of selected e-services.

3. Establishment of feed-back mechanisms to facilitate citizens and businesses' access to government services and address grievances, and to monitor client satisfaction, including the development of a unified e-services portal which incorporates an integrated feedback collection mechanism.

Part 3. Capacity Building and Small Capacity Building Interventions

1. Strengthen the institutional capacity of the CSC and AAPA, through *inter-alia*: (i) the transfer of skills to both entities on the management of information technology, evidence-based decision making, and consultation and citizen engagement; (ii) the revision and systemization of CSC's existing civil service training system; (iii) the improvements in the AAPA's curriculum to meet long term training needs and for continuous training; (iv) the carrying out of training of trainers and secondment activities for faculty members; (v) the development of CSC's capacity to conduct training needs assessments based on the performance assessment results and government strategies; and (vi) the improvement of AAPA's capacity to deliver high quality continuous training to public servants.
2. Provision of technical assistance to the PSRC on its coordination role and implementation of the public sector modernization and governance reforms, including, provision of support to change management dimension of e-Governance reforms across Borrower's institutions and carrying out other capacity building interventions across Borrower's institutions required during Project implementation.

Part 4. Project Management

Provision of (i) administrative support and technical assistance to PMG, and FFPMC in relation to implementation, procurement, financial management, monitoring and evaluation of the Project, including *inter-alia*, the carrying out of: (A) the Project financial audits, (B) monitoring and evaluation activities, (C) public awareness/communication campaigns and gender-sensitive consultations; (ii) training to PMG and FFPMC staff; and (iii) Incremental Operating Costs for the Project.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Borrower shall:
 - a) for the purpose of ensuring the proper oversight, coordination and execution of the Project, vest the overall responsibility for implementation of the Project in the PSRC which shall: (i) act as the Project Steering Committee; (ii) be headed by the Borrower's Minister-Chief of the Government Staff, who is also the Project Director; and (iii) be responsible for providing strategic guidance for the Project and approving the Project Operational Manual, Project annual budgets, and key financial management and procurement documents.
 - b) for the purpose of day to day implementation of the Project, operate and maintain the PMG with functions and responsibilities satisfactory to the Bank, including the responsibility for developing and updating the Project Operational Manual, providing advice, support, and technical coordination to the various Borrower's institutions and other stakeholders participating in the Project and reporting to the PSRC on Project implementation; consisting of a Project manager and adequate number of staff, all with terms of reference and qualifications satisfactory to the Bank; and
 - c) for the purpose of complying with the fiduciary aspects of the Project, vest in FFPMC the responsibilities of financial management and procurement, and ensure that FFPMC has adequate number of staff with terms of reference and qualifications satisfactory to the Bank to fulfill its responsibilities with respect to Project implementation.
2. For purposes of carrying out activities under Part 1.1 of the Project, the Borrower shall: (i) maintain throughout the duration of the Project, a working group (the "GFMIS Working Group") for the implementation of the GFMIS, responsible for addressing business requirements of the GFMIS and ICT related issues; (ii) ensure that the contractual arrangements for the GFMIS include provisions: (A) for the development of a blueprint which shall be used for software development, testing, and operational acceptance; and (B) for the obligation to seek the Bank's no-objection to any material change to said blueprint (as determined by the Bank).

B. Project Operational Manual

1. The Borrower shall adopt, and immediately thereafter, carry out the Project in accordance with the provisions of a manual (the Project Operational Manual), which sets forth, *inter alia*: (i) a detailed description of the activities and institutional arrangements; and (ii) the administrative, budgeting, accounting, auditing, reporting, financial (including cash flow aspects in relation thereto), procurement and disbursement procedures.
2. Unless the Bank shall otherwise agree, the Borrower shall not abrogate, amend, suspend, waive or otherwise fail to enforce the Project Operational Manual.

3. In case of a conflict between the terms of the Project Operational Manual and those in this Agreement, the terms of this Agreement shall prevail.

C. Anti-Corruption

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

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one 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.
1. Without limitation to the provisions of paragraph 1 of this Section II.A, the Borrower shall (a) not later than March 1 of each year of Project implementation, provide the Bank an annual monitoring, an evaluation report and an updated Procurement Plan; all in form and substance satisfactory to the Bank, (b) thereafter, carry out the recommendations set forth in the pertinent annual report, all in a manner satisfactory to the Bank.
2. The Borrower shall carry out, jointly with the Bank, a mid-term review for the Project by December 28, 2018 (or such later date as the Bank shall establish).

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar 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 and Non-consulting Services.** All goods 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 V 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 and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan:

Procurement Method	
(a)	National Competitive Bidding of the Borrower may be used for procurement of goods and non-consulting services for the Project, provided that the following provisions are complied with: <ol 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, operate under commercial law and are not dependent agencies of the Borrower;(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;

Procurement Method	
(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 Sections 2.61- 2.64 of the Procurement Guidelines are met; and
(vii)	all bid evaluation criteria shall be quantifiable in monetary terms or expressed as a pass/fail criteria; and
(b)	Shopping
(c)	Direct Contracting

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>Fixed-Budget Selection</u>
(b)	<u>Least Cost Selection</u>
(c)	<u>Selection Based on Consultants Qualification</u>
(d)	<u>Single Source Selection of consulting firms</u>
(e)	<u>Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the selection of Individual Consultants</u>
(f)	<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 (exclusive of Taxes)
(1) Goods, non-consulting services, and consultants’ services, Training, and Incremental Operating Costs for Parts 1.2, 2, 3, and 4 of the Project	14,663,500	100%
(2) Goods non-consulting services, consultants’ services, and Training for activities under Part 1.1 (a) of the Project	6,284,000	100%
(3) Front-end Fee	52,500	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
TOTAL AMOUNT	<u>21,000,000</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, 2020.

Section V. Other Undertakings

Without limitation to the provisions of Section 5.03 of the General Conditions, the Borrower shall ensure that adequate financial resources are allocated to ensure the implementation of activities under Part 1.1 (b) of the Project.

SCHEDULE 3

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 November 1 and May 1 Beginning May 1, 2030 through November 1, 2039.	4.76%
On May 1, 2040	4.80%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
- (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
 - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two 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.

implementation, including, *inter-alia*: non-durable goods (such as, office supply, minor office equipment, vehicle and equipment maintenance, costs for fuel, literature, field trips, meetings and in-country travel costs related to the Project (including accommodations, transportation costs and per diem), FPPMC's and PMG's staff salaries (excluding civil servants' salaries) staff health insurance and social benefits, communication costs, reasonable banking charges and media advertisement costs, and other expenses that may be agreed with the Bank during the Project implementation.

14. "MoF" means the Borrower's Ministry of Finance or its legal successor thereto.
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 August 21, 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 Operational Manual" means the Borrower's operational manual referred to in Section I.B.1 of Schedule 2 to this Agreement, as such manual may be updated from time to time with prior agreement of the Bank.
18. "PMG" or "Project Management Group" means the unit referred to in Section I.A.1.(b) of Schedule 2 to this Agreement.
19. "PSRC" means the Public Sector Reform Commission consisting of representatives from various **government ministries and agencies** as well as the non-governmental organizations established pursuant to the Prime Minister's Decree No. 544 dated September 3, 1999, or any legal successor thereto.
20. "Republic of Armenia Government Staff" means the Borrower's Office of the Government under the Prime Minister, established pursuant to the Borrower's Decree No. 726 of May 2, 2002.
21. "Training" means expenses incurred by the Borrower (other than those for consultants' services) in connection with the carrying out of the training activities under the Project including travel costs and per diem for local trainees and trainers, study tours and workshops, rental of facilities and equipment and training materials and related supplies.

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”.

APPENDIX

Section I. Definitions

1. “AAPA” or the “Armenian Academy of Public Administration” means the Borrower’s legal successor of the School of Management, which was established in accordance with the Borrower’s Decree N240 dated May 24, 1994 as an entity responsible for providing education and training to civil servants on public administration.
2. “APSAS” means the Armenian Public Sector Accounting Standards developed by the MoF based on International Public Accounting Standards.
3. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
4. “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. “CSC” means the Borrower’s Civil Service Council, duly established and operating pursuant to the requirements of the Civil Service Law No 272 of December 4, 2001.
7. “EDMS” or “Electronic Document Management System” means the Borrower’s electronic management system for documents’ management, workflow, and storage.
8. “FFPMC” means the Foreign Financial Project Management Center within the MoF established and operating pursuant to the MoF’s Decree No. 37 dated March 29, 2000, or any legal successor thereto.
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. “GFMIS” or “Government Financial Management Information System” means the Borrower’s system consisting of a series of automation solutions that enable the Borrower to plan, execute and monitor its budgets and assist it with the compliance of financial regulations and reporting standards; including supporting decentralized budget operations through a centralized web-based ICT.
11. “HRM” means Human Resource Management.
12. “ICT” means Information and Communication Technology.
13. “Incremental Operating Costs” means the reasonable operational costs (which would not have been incurred absent the Project) incurred by PMG and FFPMC related to Project