

**OFFICIAL
DOCUMENTS**

**CREDIT NUMBER 5504-AM
CREDIT NUMBER 5505-AM**

Financing Agreement

**(Second Community Agricultural Resource Management and Competitiveness
Project)**

between

REPUBLIC OF ARMENIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated *August 6*, 2014

CREDIT NUMBER 5504-AM
CREDIT NUMBER 5505-AM

FINANCING AGREEMENT

AGREEMENT dated *August 6*, 2014, entered into between the REPUBLIC OF ARMENIA (“Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association 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 — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to six million two hundred sixty thousand Special Drawing Rights (SDR 6,260,000) (variously, “Credit” and “Financing”), out of which (a) two million four hundred sixty thousand Special Drawing Rights (SDR 2,460,000) will be extended under the terms and conditions set forth in this Agreement (“Portion A of the Credit” or “IDA 5505-AM”); and (b) three million eight hundred thousand Special Drawing Rights (SDR 3,800,000) will be extended under the terms and conditions set forth in this Agreement (“Portion B of the Credit” or “IDA 5504-AM”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance of Portion A of the Credit (IDA 55050-AM) shall be equal to one and a quarter percent (1.25%) per annum. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance of Portion B of the Credit (IDA 55040-AM) shall be equal to one point four percent (1.4%) per annum.
- 2.06. The Payment Dates are February 1 and August 1 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Agriculture (hereinafter “MoA”) in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient 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 Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals thereunder, except only the effectiveness of the Financing Agreement have been fulfilled.
 - (b) The Project Operational Manual (including the annexes for the Community Fund financing and Targeted Sub-Project Grants under Part

I (b) and II (a) of the Project), acceptable to the Association, has been approved by the Association and adopted by the Recipient.

- 4.02 The Effectiveness Deadline is the date one hundred and eighty (180) days after the date of this Agreement.
- 4.03 For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is the Minister of Finance.

5.02. The Recipient's Address is:

Ministry of Finance
1 Melik-Adamyant Street
Yerevan 0010
Republic of Armenia

Facsimile:

374 60700358

5.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

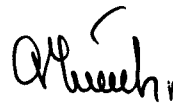
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AGREED at Yerevan, Armenia, as of the day and year first above written.

REPUBLIC OF ARMENIA

By



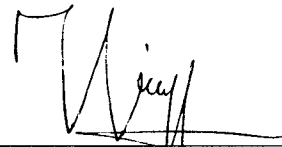
Authorized Representative

Name: Gagik Khachatryan

Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Sean-Michel Happe

Title: Country Manager

SCHEDULE 1

Project Description

The objectives of the Project are to: (i) improve productivity and sustainability of pasture and livestock systems in targeted communities; and (ii) increase the marketed production from selected livestock and high value agri-food value chains.

The Project consists of the following parts:

Part I. Community Pasture/Livestock Management System

Carrying out a program of activities to strengthen the capacity, knowledge, and involvement of Pasture User Cooperatives (PUCs), including:

- (a) Development of sustainable Pasture Management and Livestock Development Plans (PMLDPs) by the Community Pasture Management and Livestock Development Committees (CPMLDCs) (supported by Marz Support Teams and technical experts), based on participatory technical pasture and fodder assessments.
- (b) Provision of Community Fund financing to implement all necessary activities identified in the PMLDPs.
- (c) Provision of training and mobilization activities targeting women and rural youth to (i) enhance their participation in the PUCs and communal decision making-processes around livestock and pasture management, and (ii) encourage women and youth in the development of food business.
- (d) Provision of support to the APIU component coordinators and the Marz coordinators in the areas of coordination, supervision, communication and outreach for activities under this Part I of the Project.

Part II. Value Chain Development

- (a) Provision of Targeted Sub-Project Grants for the implementation of sub-projects detailed in business plans aiming to meet domestic demand and access international market opportunities, addressing the bottlenecks of the food value chains of fodder-based milk and meat, processed fruits and vegetables.
- (b) Carrying out of a survey of food business operators (FBOs) to provide *inter-alia*, a data base of FBOs, including capacity, product range, certifications, types of business linkages, and food safety measures.

- (c) Support to the Recipient through the financing of prioritization workshops, publicity, training, information sessions to FBOs, and the operations of a small secretariat to manage the Targeted Sub-Project Grants, including technical review of proposals, submission of applications to the approval committee (which includes Ministry of Agriculture staff and technical experts), monitor progress of sub-projects' implementation, and the implementation of the corresponding impact assessments.

Part III. Strengthening Public Sector Institutions

Provision of capacity building activities for public sector institutions to facilitate business development and market access in selected value chains supported under Parts I and II of the Project. Said activities to include:

- (a) Financing animal health services, including: (i) the mobilization, training, and equipping of around twenty (20) community veterinarians (CVs), and (ii) the construction and equipment of four regional-level Veterinary Service Centers (VSCs) to be operated by the CVs.
- (b) Financing food safety activities to: (i) strengthen the capacity of food safety institutions for inspection and regulation, (ii) strengthen and support State Service for Food Safety (SSFS) laboratories, and (iii) provide additional equipment for vaccination programs undertaken by the Ministry of Agriculture's Center for Veterinary, Food Safety and Phytosanitary Services (SNCO).
- (c) Financing the seeds and seedling development program of the Scientific Center of Vegetable and Industrial Crops (SCVIC), including civil works and the provision of equipment aiming to improve the production of seeds and seedlings.
- (d) Financing of the introduction of Good Agricultural Practices (GAP) through, *inter-alia*: (i) the carrying out of a workshop with advisors and stakeholders on GAP concepts, (ii) the carrying out of farmer surveys by the Republic Agriculture Support Centers (RASCs), (iii) the elaboration and publication of three selected agricultural practices guidelines, (iv) the training of advisors on content of guidelines, (v) the dissemination of guidelines to farmers, and (vi) the support to the Agrochemical Service State Non-Commercial Organization to improve its capacity to proper soil analysis.
- (e) Provision of support to the APIU component coordinator in the areas of coordination, supervision, communication and outreach for activities under this Part III of the Project.

Part IV. Project Coordination and Management

Support to the APIU in the areas of overall Project coordination, supervision, financial management, procurement, communication and outreach, supervision of implementation of environmental and social Safeguards Instruments, monitoring and evaluation including through the provision of , technical assistance, training, incremental operating costs, costs of impact assessments including Project evaluations, and audit.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Agriculture Projects Implementation Unit

In order to ensure proper and efficient implementation of the Project, the Recipient shall maintain, at all times during Project implementation, the Agriculture Projects Implementation Unit State Agency (APIU) within the Ministry of Agriculture, with a mandate, staffing and other resources and terms of reference satisfactory to the Association. To this end, the APIU shall: (a) be comprised of qualified and competent staff in adequate numbers; including a core group of technical, administrative, and support staff; (b) be responsible for day to day Project coordination and implementation, including: (i) create and maintain a small secretariat in charge of the processing of Targeted Sub-Project Grants under Part II of the Project; (ii) carry out Project financial management and procurement activities all satisfactory to the Association; (iii) ensure compliance with Safeguard Instruments for Project activities; (iv) monitor and evaluate Project activities and preparing Project progress reports and monitoring and evaluation reports; and (v) hire and thereafter maintain, at all times during Project implementation or as agreed with the Association, an environmental/social specialist and a monitoring/evaluation specialist, whose qualifications, experience, and terms of reference shall be acceptable to the Association.

2. Project Operational Manual:

2.1. The Recipient shall prepare, in accordance with terms of reference acceptable to the Association, and furnish to the Association, a proposed implementation manual for the Project ("Project Operational Manual") containing detailed: (a) implementation procedures and arrangements for general Project activities, including grievance redress mechanisms, as well as the requirements, criteria, and decision making processes for the selection of the Community Fund financing and Targeted Sub-Project Grants; and (b) administrative, financial management, procurement; accounting; safeguards, monitoring and evaluation procedures and arrangements for the Project. Such Project Operational Manual shall include specific annexes related to the Community Fund financing and Targeted Sub-Project Grants which form an integral part of said manual. The Project Operational Manual shall be adopted by the Recipient after its approval by the Association.

2.2. For purposes of the carrying out of the activities related to the Community Fund financing and Targeted Sub-Project Grants under Part I (b) and II (a) of the Project, the Recipient shall furnish to the Association for approval, a detailed proposal for the Project Operational annexes including the design and implementation of corresponding activities. Upon approval by the Association of the detailed proposal, the Recipient shall prepare in accordance with terms of reference acceptable to the Association, the Project Operational annexes for the Community Fund financing and the Targeted Sub-Project Grants, respectively, containing detailed: (A) technical, (B) administrative, (C) procurement, (D) environmental and social, (E) financial and accounting; and (F) monitoring and evaluation procedures and arrangements, as applicable. Said manuals to further include, *inter alia*, (i) description of implementation arrangements and legal agreements, if applicable, as well as the rules, methods, guidelines, requirements, eligibility criteria, decision making processes for the selection of activities and their respective financing, including grievance mechanisms; (ii) flow of funds and management; and (iii) the mechanisms for verification of compliance with the provision of the respective financing/Grants.

2.3. The Recipient shall carry out the Project in accordance with the Project Operational Manual; and shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned manual, or any provision thereof, without the prior written agreement of the Association.

2.4. Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the Project Operational Manual and those of the Financing Agreement, the provisions of the Financing Agreement shall prevail.

2.5. The Recipient shall establish and implement, throughout the Project implementation, an easily accessible grievance redress mechanism, acceptable to the Association, to address feedback and grievances relating to the Project.

B. Anti-Corruption

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

C. Community Fund Sub-Projects / Targeted Sub-Projects

1. The Recipient shall: (a) appraise, review, approve, and monitor the Community Fund Sub-projects and Targeted Sub-Project; and (b) make the respective Community Fund financing available for implementation on PLMPDs to benefit selected Community Fund Beneficiaries, and issue Grants to the Targeted Sub-Project Beneficiaries, all in accordance with the eligibility criteria and procedures set forth in the Project Operational Manual and in this Section I.C.

2. Except as the Association may otherwise agree in writing, no proposed Community Fund Sub-Project and Targeted Sub-Project shall be eligible for financing under Part I (b) and/or Part II (a) of the Project unless the Recipient has determined that said Sub-Project satisfies the following eligibility criteria and such additional criteria as may be specified in the Project Operational Manual:
 - (a) the proposed Community Fund Sub-Project/Targeted Sub-Project is economically, financially and technically feasible, environmentally sound, and to be carried out by eligible Beneficiaries in selected areas of the Recipient's territory;
 - (b) the proposed Community Fund Sub-Project and Targeted Sub-Project consists of specific development activities under Part I (b) and II (a) of the Project, respectively, and further elaborated in the Project Operational Manual and complies with all applicable laws and regulations of the Recipient;
 - (c) the proposed Community Fund Sub-Project and Targeted Sub-Project does not involve land acquisition (permanent or temporary) or physical resettlement, satisfies the eligibility criteria for safeguards specified in the Project Operational Manual, and is in compliance with the provisions of the safeguards frameworks and other safeguards documents required; and
 - (d) if, on the basis of the environmental screening conducted for the Community Fund Sub-Project and Targeted Sub-Project pursuant to the Project Operational Manual, an EMP and/or RAP shall be required, such EMP and/or RAP shall have been prepared pursuant to the EMF and/or RPF and shall have been approved by the Association.
3. For purposes of implementation of activities under Part I (b) of the Project, from the proceeds of the Financing, a Community Fund will be available to finance activities included in the approved PLMPDs and implemented directly by the APIU with the participation of the PUCs and communities.
4. For purposes of implementation of activities under Part II (a) of the Project, the Recipient shall make available from the proceeds of the Financing, Targeted Sub-Project Grants to selected Beneficiaries under a Grant Agreement with the respective Beneficiary on terms and conditions approved by the Association and outlined in the Project Operational Manual, which shall include terms through which the Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Grant; or (ii) obtain a refund of all or any part of the amount of the Grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Grant Agreement.

5. The Recipient shall require each Beneficiary to:
- (i) carry out its Community Fund Sub-Project or Targeted Sub-Project, as applicable, with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of financing proceeds other than the Recipient;
 - (ii) implement EMPs and RAPs when applicable;
 - (iii) provide, promptly as needed, the resources required for the purpose of carrying out the Sub-Projects;
 - (iv) procure the goods, works and services to be financed out of the Grant in accordance with the provisions of this Agreement, (in the case of the Targeted Sub-Project Beneficiary);
 - (v) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Community Fund Sub-Project or the Targeted Sub-Project, as applicable, and the achievement of its objectives;
 - (vi) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to Community Fund Sub-Project or the Targeted Sub-Project; and (B) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association;
 - (vii) enable the Recipient and the Association to inspect Community Fund Sub-Project or the Targeted Sub-Project, its operation and any relevant records and documents; and
 - (viii) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.
6. The Recipient shall exercise its rights under each Grant Agreement in such manner as to protect the interests of the Recipient and the Association and to

accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Grant Agreement or any of its provisions.

E. Safeguards

1. The Recipient shall carry out the Project in accordance with the Safeguard Frameworks and all Safeguard Documents. To this end, the Recipient shall take the following measures:
 - (a) If any activities included in the Project, pursuant to the ESMF, require the carrying out of an EMP, no such activities shall be implemented unless and until:
 - (i) an EMP for such activities has been: (A) prepared, in accordance with the ESMF and furnished to the Association as part of the Annual Work Plan; (B) disclosed locally as required by the ESMF; and (C) approved by the Association and publicly disclosed; and
 - (b) If any activities included in the Project would, pursuant to the RPF, require the carrying out of a RAP, no such activities shall be implemented unless and until:
 - (i) a RAP for such activities has been: (A) prepared in accordance with the requirements of the RPF and furnished to the Association; (B) disclosed as required by the RPF; and (C) approved by the Association; and
 - (ii) (A) all measures required to be taken under said RAP prior to the initiation of said activities have been taken, including, without limitation to the above, providing funds for resettlement compensation when and if required under a RAP; (B) a report, in form and substance satisfactory to the Association, on the status of compliance with the requirements of said RAP has been prepared and furnished to the Association; and (C) the Association has confirmed that said activities may be commenced.
2. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall regularly collect, compile and submit to the Association upon request, reports, in form and substance satisfactory to the Association, on the status of compliance with the Safeguard Instruments, as appropriate:
 - (a) measures taken in furtherance of such Safeguard Instruments;

- (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Instruments; and
 - (c) remedial measures taken or required to be taken to address such conditions.
3. The Recipient shall afford the Association a reasonable opportunity to review the reports prepared under paragraph 2 of this Part C, and thereafter shall carry out or cause to be carried out, with due diligence, all remedial measures agreed with the Association so as to ensure the proper implementation of the Project in accordance with the Safeguard Instruments.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

- 1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.
- 2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than four (4) months before the Closing Date.

B. Financial Management, Financial Reports and Audits

- 1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
- 2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association, 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 Association.
- 3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six 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 Financing 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 Financing 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 Association 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 of the Recipient may be used for procurement of goods, works 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 Republic of Armenia owns a majority shareholding shall not be invited to participate in tenders for the Government unless they are and can be shown to be legally and financially autonomous and operate under commercial law;(ii) post-qualification criteria shall only pertain to past contract performance, financial, managerial and technical capabilities of |

| Procurement Method | |
|---------------------------|--|
| | 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; |
| (vi) | no bids shall be rejected solely because they exceed the estimated price. Bids can be cancelled and new bids invited, only if the conditions of clause 2.61- 2.64 of the Procurement Guidelines are met; |
| (vii) | all bid evaluation criteria shall be quantifiable in monetary terms or expressed as a pass/fail criteria; and |
| (viii) | advance Association's approval is required for any modifications in the contract scope/conditions during implementation. |
| (b) | Shopping |
| (c) | Framework Agreement |
| (d) | Direct Contracting |
| (f) | Community Participation in Procurement |

C. Particular Methods of Selection of Consultants' Services

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

| Selection Method | |
|-------------------------|--|
| (a) | Quality-based Selection |
| (b) | Fixed-Budget Selection |
| (c) | Least Cost Selection |
| (d) | Selection Based on Consultants Qualification |
| (e) | Single Source Selection |
| (f) | Procedures set forth in paragraphs 5.1 through 5.6 of the Consultants Guidelines for the Selection of Individual Consultants |

D. Review by the Association of Procurement Decisions

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

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association 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 Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

| Category | Amount of Portion A of the Credit (IDA 5505-AM) Allocated (expressed in SDR) | Amount of Portion B of the Credit (IDA 5504-AM) Allocated (expressed in SDR) | Percentage of Expenditures to be Financed (inclusive of Taxes) |
|---|---|---|---|
| (1) Goods, works, non-consulting services, consultants' services, Training and Incremental Operating Costs under the Project (except for activities under Part I (b) and Part II (a) of the Project). | 450,000 | 930,000 | 75% |
| (2) Community Fund financing and Targeted Sub-Project Grants under Part I (b) and Part II (a) of the Project. | 1,050,000 | 2,170,000 | 100% of the agreed amounts |
| (3) Unallocated | 960,000 | 700,000 | |
| TOTAL AMOUNT | <u>2,460,000</u> | <u>3,800,000</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 May 31, 2020.

SCHEDULE 3
Repayment Schedule

| Date Payment Due | Principal Amount of the Credit repayable (Portion A of the Credit – IDA 55050 and Portion B of the Credit – IDA 55040) (expressed as a percentage)* |
|--|--|
| On each February 1 and August 1: | |
| Commencing on August 1, 2019 to and including February 1, 2029 | 1.65% |
| Commencing on August 1, 2029 to and including February 1, 2039 | 3.35% |

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

APPENDIX

Section I. Definitions

1. “Agrochemical Service State Non-Commercial Organization” means the Recipient’s non-commercial entity that provides agrochemical services, under the oversight of the MoA.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
3. “APIU” means the Recipient’s Agriculture Projects Implementation Unit, as referred to in Section I.A.1 of Schedule 2 to this Agreement in charge of general coordination, preparation, implementation and monitoring and evaluation of Project activities.
4. “Beneficiary” means either individuals or groups that will benefit from activities implemented through the Community Fund financing, or individuals or groups that will benefit from Targeted Sub-Project Grants; and “Beneficiaries” means, collectively, more than one Beneficiary.
5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
6. “Community Pasture Management and Livestock Development Committee” or “CPMLDC” means the committee established in each selected community, in charge of the development of the PMLDPs.
7. “Community Fund” means funds to be allocated for the implementation of activities under approved PLMDPs under Part I (b) of the Project out of the proceeds of the Loan, pursuant to eligibility criteria, principles and procedures and implementation arrangements set forth in the Project Operational Manual.
8. “Community Fund Sub-Project” means a set of activities within the approved PLMDPs to be financed under Part I (b) of the Project.
9. “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.
10. “Environmental Management Plan” and “EMP” means an environmental management plan for the respective Sub-Projects to be prepared and implemented in accordance with the ESMF and pursuant to the provisions of

Section I. E. of Schedule 2 to this Agreement; and “EMPs” means, collectively, more than one EMP.

11. “Environmental and Social Management Framework” and “ESMF” each means the Recipient’s framework entitled “Environmental and Social Management Framework”, disclosed in the Recipient’s territory on March 14, 2014 and re-disclosed on March 26, 2014, and at the Association’s *Infoshop* on March 26, 2014, detailing: (a) the measures to be taken during the implementation and operation of the Project to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels; and (b) the actions needed to implement these measures, including monitoring and institution strengthening.
12. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
13. “Grant(s)” means financing under Part II (a) of the Project, referred to in Schedule I to this Agreement, for Targeted Sub-Projects selected and approved in accordance with Section I.D of Schedule 2 to this Agreement and the Project Operational Manual.
14. “Grant Agreement” means each agreement entered into between the Recipient and a Beneficiary of the Targeted Sub-Project, pursuant to which a Grant shall be made by the Recipient, to such Beneficiary.
15. “Incremental Operating Costs” means expenditures (other than those for consultants’ services and non-consultant services) incurred by the Recipient or the PIU in connection with the implementation of the Project, all which would not have been incurred absent the Project, including *inter-alia*: (i) maintenance and operation of equipment and vehicles procured or used for the management of the Project: (ii) salaries paid to staff hired for the purposes of the Project and pertinent costs of their health insurance premiums, (iii) travel costs and per diems, (iv) consumables office supplies, (v) communication, printing and publications, and (vi) costs of translation and interpretation, (vi) audit of the project, and (vii) office rent; but excluding salaries of members of the Recipient’s civil service; all based on annual budgets acceptable to the Association.
16. “Loan Agreement” means the loan agreement for the Project between the Republic of Armenia and the Bank, dated the same date as this Agreement, as such loan agreement may be amended from time to time. “Loan Agreement” includes all appendices, schedules and agreements supplemental to the Loan Agreement.
17. “MoA” means the Recipient’s Ministry of Agriculture or its legal successor thereto.

18. "Pasture Management and Livestock Development Plans" or "PMLDPs" means the plans developed by the CPMLDC aiming to improve pasture management, livestock, and infrastructure, to be financed through Community Fund financing under Part I (b) of the Project.
19. "Pasture User Cooperatives" or "PUCs" means the community-based groups established as "cooperatives" under Armenian law, to which the community farmers/users of the land transfer their rights and obligations of the management of land/pastures to improve productivity.
20. "Pest Management Plan" and "PMP" means the Recipient's pest management plan for the Project, if required, setting out the measures to be taken for the development and implementation of integrated pest management in the course of Project implementation, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to such plan.
21. "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.
22. "Procurement Plan" means the Recipient's procurement plan for the Project, dated March 31, 2014 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.
23. "Project Operational Manual" means the manual for the Project (including the Sub-Manual for Community Fund financing and Targeted Sub-Project Grants) to be updated and adopted in accordance with the provisions of Section I. A. 2 of Schedule 2 to this Agreement.
24. "Republican Agriculture Support Center" or "RASC" means the Recipient's closed joint stock company, in charge of providing advisory services and training to regional agriculture centers and farmers.
25. "Resettlement Action Plan" and "RAP" each means a resettlement action plan to be prepared and implemented in accordance with the RPF and pursuant to the provisions of Schedule II Section I. E. to this Agreement; and "RAPs" means more than one such RAP.
26. "Resettlement Policy Framework" and "RPF" each means the Recipient's framework entitled "Resettlement Policy Framework", disclosed in the Recipient's territory on March 14, 2014 and re-disclosed on March 26, 2014 and at the Association's *Infoshop* on March 26, 2014 containing the guidelines, procedures, timetables and other specifications for the provision of

compensation, rehabilitation and resettlement assistance for the project affected people.

27. "Safeguard Documents" means any EMP, RAP or other supplemental social and environmental safeguard document as required under the terms of the Safeguard Frameworks.
28. "Safeguard Frameworks" means, collectively, the ESMF, PMP, and the RPF.
29. "Safeguards Instruments" means, collectively, the Safeguards Frameworks and the Safeguards Documents.
30. "Scientific Center of Vegetable and Industrial Crops" or "SCVIC" means the Recipient's non-commercial entity established with the mandate of providing services such as: selection of crops, seed breeding, cultivation methods, etc.
31. "Sub-Project" means either (i) a set of activities under approved PLMDPs to be carried out by APIU under Part I (b) of the Project, or (ii) a specific development project to be carried out by a Beneficiary under Part II (a) of the Project; ; and "Sub-Projects" means more than one Sub-Project.
32. "Targeted Sub-Project" means the specific development project to be carried out under Part II (a) of the Project.
33. "Targeted Sub-Project Grants" means funds to be provided to selected Beneficiaries under Part II (a) of the Project out of the proceeds of the Financing, pursuant to eligibility criteria, principles and procedures and implementation arrangements set forth in the Project Operational Manual.
34. "Training" means the expenses incurred by the Recipient or the APIU in connection with study tours, training courses, seminars, workshops and other training-related activities under the Project including travel costs and per diem for participants, trainers and trainees, trainers' fees, rental of training facilities, preparation and reproduction of training materials and other activities incidental to the preparation and implementation of training activities, and other expenses as agreed with the Association, all based on annual budgets acceptable to the Association.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

“Section 3.02. *Service Charge and Interest Charge*

- (a) *Service Charge*. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.
- (b) *Interest Charge*. The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.”

2. Paragraph 16 of the Appendix (“Credit Account”) is modified to read as follows:

““Credit Account” means the accounts opened by the Association in its books in the name of the Recipient to each of which the amounts of Portion A and Portion B of the Credit specified in the Financing Agreement are respectively credited.”

3. Paragraph 28 of the Appendix (“Financing Payment”) is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”.

4. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the remaining paragraphs accordingly:

“32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b).”

5. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.

6. Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02 (a).