
LOAN NUMBER 9143-GE

Loan Agreement

**Economic Management and Competitiveness Development Policy Operation:
COVID-19 Supplemental Loan**

between

GEORGIA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between GEORGIA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Borrower has already taken under the Program and which are described in Section I of Schedule 1 to the Original Loan Agreement; (ii) the progress achieved by the Borrower in carrying out the Program; and (iii) the Borrower’s maintenance of an adequate macroeconomic policy framework. The Borrower and the Bank therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 the amount of forty-five million Euro (EUR 45,000,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”).
- 2.02. The Front-end Fee is 0.25% of the Loan amount.
- 2.03. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.04. The interest rate is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion.
- 2.05. The Borrower elects to apply the Automatic Rate Fixing Conversion to the Loan. Accordingly, without limitation upon the provisions of Article IV of the General Conditions and unless otherwise notified by the Borrower to the Bank in accordance with the provisions of the Conversion Guidelines, the interest rate basis applicable to consecutive withdrawals from the Loan Account which in the aggregate equal or exceed *forty five million Euro (EUR 45,000,000)* shall be converted from the initial Variable Rate to a Fixed Rate for the full maturity of

such amount in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

- 2.06. The Payment Dates are February 15 and August 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.
- 2.08. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
 - (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program;
 - (b) without limitation upon paragraph (a) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any actions taken under the Program including any actions specified in Section I of Schedule 1 to the Original Loan Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, namely that, a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following, namely that, the Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its Minister of Finance.
- 6.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower's address is:

Ministry of Finance
16 Gorgasali Street
0114 Tbilisi
Georgia; and

(b) the Borrower's Electronic Address is:

Email: publicdebt@mof.ge

- 6.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

| | |
|------------------------------|----------------|
| Telex: | Facsimile: |
| 248423(MCI) or 64145(MCI) | 1-202-477-6391 |

AGREED as of the Signature Date.

GEORGIA

By

Ivane Matchavariani

Authorized Representative

Name: Ivane Matchavariani

Title: Minister of Finance

Date: 07-Jul-2020

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: Sebastian-A Molineus

Title: Country Director for the South Caucasus

Date: 06-Jul-2020

SCHEDULE 1

Availability of Loan Proceeds

Section I. Availability of Loan Proceeds

- A. General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.
- B. Allocation of Loan Amounts.** The Loan except for amounts required to pay the Front-end Fee) is allocated in a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:

| Allocations | Amount of the Loan (expressed in Euros) |
|---|--|
| (1) Single Withdrawal Tranche | 44,887,500 |
| (2) Front-end Fee | 112,500 |
| (3) Interest Rate Cap or Interest Rate Collar premium (Amount due pursuant to Section 4.05 (c) of the General Conditions) | 0 |
| TOTAL AMOUNT | 45,000,000 |

C. Withdrawal Tranche Release Conditions.

No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied: (a) with the Program being carried out by the Borrower; and (b) with the adequacy of the Borrower's macroeconomic policy framework.

D. Deposit of Loan Amounts.

The Borrower, within thirty (30) days after the withdrawal of the Loan from the Loan Account, shall report to the Bank: (a) the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; (b) the details of the account to which the Local Currency equivalent of the Loan proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Borrower's budget management systems; and (d) the statement of receipts and disbursement of the account referred to in Section 2.03 (a) of the General Conditions.

E. Closing Date. The Closing Date is March 31, 2021.

SCHEDULE 2

Commitment-Linked Amortization Repayment Schedule

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”).

Level Principal Repayments

| Principal Payment Date | Installment Share |
|--|--------------------------|
| On each February 15 and August 15, Beginning August 15, 2034 through August 15, 2044 | 4.55% |
| On February 15, 2045 | 4.45% |

APPENDIX

Section I. Definitions

1. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing”, dated December 14, 2018, with the modifications set forth in Section II of this Appendix.
2. “Original Loan Agreement” means the Loan Agreement dated March 30, 2020 between the Borrower and the Bank relating to the Program.
3. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated May 29, 2020 from the Borrower to the Bank declaring the Borrower’s commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to the Original Loan Agreement, and actions to be taken consistent with the program’s objectives.
4. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
5. “Single Withdrawal Tranche” means the amount of the Loan allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section I of Schedule 1 to this Agreement.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Paragraph (e) of Section 3.02 (*Interest*) is deleted in its entirety and the definitions, respectively, in paragraphs 31, 32, 33, and 34 in the Appendix of “Default Interest Period”, “Default Interest Rate”, “Default Reference Rate”, “Default Variable Rate” are all deleted in their entirety and the remaining definitions and paragraphs (as the case may be) renumbered accordingly.