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**LOAN NUMBER 7928-MK**

# **Loan Agreement**

**(Real Estate Cadastre and Registration Project – Additional Financing)**

**between**

**FORMER YUGOSLAV REPUBLIC OF MACEDONIA  
(the Borrower)**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
(the Bank)**

**Dated September 24, 2010**

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## **LOAN NUMBER 7928-MK**

### **LOAN AGREEMENT**

Agreement dated September 24, 2010, between the BORROWER and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing additional financing (“Additional Financing”) for activities related to the Original Project (as defined in the Appendix to this Agreement). 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 equal to nine million Euros (EUR 9,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 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 interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower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 (d) of the General Conditions.

- 2.05. The Payment Dates are March 15 and September 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.
- 2.07. (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; and (ii) a change of the interest rate basis applicable to 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.
- (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 objectives of the Project. To this end, the Borrower shall carry out (a) Parts B,C,D and E of the Project, through its Agency for Real Estate Cadastre (AREC); and (b) Part F of the Project, through its Authority for Legal and Property Affairs (ALPA), all in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV - EFFECTIVENESS; TERMINATION**

- 4.01. The Additional Conditions of Effectiveness consist of the following:
  - (a) The Project Operations Manual has been updated in form and substance satisfactory to the Bank, and adopted by AREC and the Ministry of Finance, on behalf of ALPA.

(b) AREC and the Ministry of Finance, on behalf of ALPA, have entered into arrangements satisfactory to the Bank setting forth their agreement on the PMU's responsibilities for the implementation of the fiduciary functions of the Project.

4.02. The Effectiveness Deadline is the date ninety (90) 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  
Dame Gruev 14  
1000 Skopje

Cable address:	Telex:	Facsimile:
	51119	(389-2) 311-7280

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 Skopje, as of the day and year first above written.

**BORROWER**

By /s/ Zoran Stavreski

Authorized Representative

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

By /s/ Lilia Burunciuc

Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to build an efficient and effective real estate cadastre and registration system, contributing to the development of efficient land and real estate markets in the territory of the Borrower.

The Project consists of the following parts:

#### **Part A: Completing Real Estate Cadastre and Registration of Rights**

No activities will be undertaken within this component under this Additional Financing.

#### **Part B: Institutional Development and Improving Service Delivery**

1. Provision for institutional development and capacity building to AREC with focus on developing AREC into an efficient and public service oriented agency with the goal of self-financing, through implementation of an integrated financial management, human resources management and monitoring, analysis and reporting system, including the provision of necessary software, software customization, hardware, data migration, training and technical assistance.
2. Provision of support for public awareness campaigns and for carrying out customer surveys/market research and other related activities as needed to support institutional development and to improve the public service delivery.

#### **Part C: Development of Land Policy**

1. Support for the development of government capacity to develop policies and a regulatory framework, through a consultative process, including support for the development of a policy and strategy for a national spatial data infrastructure.
2. Support for the formulation of specific land and real estate policies for the full functioning of land and real estate markets.

#### **Part D: Project Management**

1. Support to AREC to manage the Project, through financing the PMU expenses, including contract staff, incremental operating costs, equipment, vehicles and training, as well as provision of support for the coordination of public relations and information dissemination activities under Part B of the Project.

2. Support for the establishment of an integrated monitoring and evaluation system for Project implementation.

**Part E: Digital Cadastre Map and Web-GIS**

1. Provision of support for the digitization and vectorization of the existing maps and necessary quality control; upgrading the digital cadastre map database and software for maintenance, and provision of training on the application and necessary quality control.
2. Provision of support for the development of the platform for data sharing and exchange with the public, private sector and other government institutions.
3. Provision of support for upgrading the geodetic reference infrastructure of AREC.

**Part F: Support to ALPA**

1. Provision of training and technical assistance to support ALPA's functions.
2. Provision of equipment and networking for ALPA to enable improved customer service provision.
3. Support for automation of business processes and digitization of existing records for the creation of a digital archive.
4. Financing of civil works to renovate and outfit ALPA offices (including, but not limited to, provision of office furnishings) to improve customer reception areas.
5. Support to ALPA, through financing incremental operating costs.

**SCHEDULE 2****Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements**

1. Except as the Bank shall otherwise agree, AREC shall have the sole responsibility for the implementation of Parts B, C, D and E of the Project, and ALPA shall have the sole responsibility for the implementation of Part F of the Project. The Borrower shall cause AREC and ALPA to carry out the Project in accordance with the provisions of the Project Operations Manual and shall not amend, suspend, abrogate, repeal or waive any provision of the Project Operations Manual without prior approval of the Bank.

2. Except as the Bank shall otherwise agree, the PMU, of the composition and terms of reference satisfactory to the Bank, shall be responsible for overall Project coordination and management, including the performance of all fiduciary functions for the entire Project, including Part F. The PMU, *inter alia*, shall be responsible for Project: (i) planning and budgeting; (ii) procurement; (iii) financial management; (iv) technical coordination; (v) public relations and community participation; and (vi) monitoring and evaluation. The Borrower shall cause AREC to maintain the PMU until completion of the Project with staff, resources and terms of reference satisfactory to the Bank.

3. The Borrower shall establish an interagency committee at the government level that will be responsible for developing and implementing the national spatial data infrastructure on a national basis under Part C.1 of Schedule 1 to this Agreement.

4. The Borrower shall ensure that each of AREC and ALPA submit to the Bank annual work plans (including training plans) and budgets for the Project for the Bank's review and comments by July 31 of each year.

5. The Borrower shall ensure that AREC retains its current legal form and status as a government agency.

**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**

The Borrower, AREC and ALPA shall carry out the Project in accordance with the SESG and shall not amend, suspend, abrogate, repeal or waive any provision of the SESG without prior approval of the Bank.

**Section II. Project Monitoring Reporting and Evaluation****A. Project Reports**

1. The Borrower, through AREC, 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 agreed with the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than one (1) month after the end of the period covered by such report.
2. For purposes of Section 5.08 (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 Bank not later than six (6) months after the Closing Date.
3. The Borrower shall cause AREC to maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis.

**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 quarter, interim unaudited financial reports for the Project covering the quarter, 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 (1) 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 Works.** All goods and works 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>	
(a)	National Competitive Bidding subject to the requirements set forth in the Annex to this Schedule 2
(b)	Shopping
(c)	Direct Contracting

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>	
(a)	Selection under a Fixed Budget
(b)	Least Cost Selection
(c)	Selection Based on Consultants' Qualifications
(d)	Single Source Selection
(e)	Individual Consultants including Sole-Source Selection

**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.

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in Euro)</b>	<b>Percentage of Expenditures to be financed</b>
(1) Works, Goods, Consultants' services, (including auditing services) and Training under Parts B,C,D,E of the Project and Incremental Operating Costs	7,898,000	100%
(2) Works, Goods, Consultants' services, (including auditing services), and Training under Part F of the Project and Incremental Operating Costs	1,079,500	100%
(3) Front-end Fee	22,500	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
<b>TOTAL AMOUNT</b>	<u>9,000,000</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, 2013.

**Annex to Schedule 2****Additional Provisions for National Competitive Bidding**

In order to ensure economy, efficiency, transparency and broad consistency with the provisions of Section I of the Guidelines, the following criteria shall be followed in procurement under National Competitive Bidding procedures:

(a) *Generalities*

Bidding shall be conducted using “Open Procedures.” Furthermore, restricted procedure shall not be used without the express consent of the Bank and is subject to the following conditions:

- the contracting authority shall invite all the candidates that meet the selection criteria; and
- no maximum number of selected candidates shall apply.

(b) *Registration*

- Bidding shall not be restricted to pre-registered firms.
- Where registration is required, bidders: (1) shall be allowed a reasonable time to complete the registration process; and (2) shall not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.
- Foreign bidders not from the territory of the Borrower shall not be precluded from bidding. If a registration process is required, a foreign bidder declared the lowest evaluated bidder shall be given a reasonable opportunity to register.

(c) *Advertising, time for submission of bids*

- Invitations to bid shall be advertised in at least one widely circulated national daily newspaper. Invitations could be also advertised on the web sites of the Public Procurement Bureau and respective ministry.
- Time allowed for the preparation and submission of bids shall not be less than thirty (30) days from the time of the invitation to bid or the date of availability of bidding documents, whichever is later.

(d) *Pre-qualification*

- When pre-qualification shall be required for large or complex works, invitations to pre-qualify for bidding shall be advertised in at least one (1) widely circulated national daily newspaper. Invitations could be also published on the web sites of the Public Procurement Bureau and respective ministry.
- Time allowed for the preparation and submission of bids shall not be less than thirty (30) days from the time of the invitation to bid or the date of availability of bidding documents, whichever is later.
- Minimum experience, and technical and financial requirements, shall be explicitly stated in the pre-qualification documents.

(e) *Participation of Publicly-owned enterprises*

Publicly-owned enterprises shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the contracting authority. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

(f) *Bidding Documents*

Procuring entities shall use the appropriate standard bidding documents acceptable to the Bank for procurement of goods and works.

(g) *Bid Opening, Bid Evaluation and Contract Award*

- Bids shall be submitted in a single envelope containing the bidder's qualification information, technical and price bids, which shall be opened simultaneously at the public bid opening.
- No bids shall be rejected at the bid opening except for late bids and bids shall not be evaluated as part of bid opening process.
- The economic, financial and technical capacity of the bidders cannot be guaranteed by another entity, except joint venture and observing those criteria set up in the bidding documents.
- Evaluation of bids shall be made in strict adherence to the quantifiable criteria declared in the bidding documents and evaluation criteria other than price shall be quantified in monetary terms.

- Bids not substantially responsive shall be rejected.
- Extensions of bid validity will be allowed once only for not more than thirty (30) days.
- No further extensions shall be requested without the prior approval of the Bank.
- Contracts shall be awarded to the qualified bidder having submitted the lowest-evaluated and substantially responsive bid. No negotiation shall take place.

(h) *Rejection of all bids*

All bids shall not be rejected and a new procurement process starts without the Bank's prior concurrence.

(i) *Price Adjustment*

Civil works contracts of long duration (more than 18 months) shall contain an appropriate price adjustment clause.

(j) *Securities*

- Bid security and performance security should follow the generally accepted practice used in the local market.
- Alternative methods such as bid securing declaration may be acceptable, in which case the Borrower may require bidders to sign a declaration accepting that if they withdraw or modify their bids during the period of validity or they are awarded the contract and they fail to sign the contract or to submit a performance security before the deadline defined in the bidding documents, the bidder will be suspended for bidding in any contract with the implementing unit.
- No advance payment shall be made to contractors without a suitable advance payment security. These securities shall be included in the bidding documents in a text and format acceptable to the Bank.

(k) *Right to inspect and audit*

Each contract financed from the proceeds of the Loan shall provide that the suppliers, contractors and subcontractors shall permit the Bank, at its request, to inspect their accounts and records relating to the procurement and performance of the contract and to have said accounts and records audited by auditors appointed by the Bank. The

deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to obstructive practice.

(1) *Fraud & Corruption*

The Bank shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Bank, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the World Bank Group.



**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.

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
On each March 15 and September 15 Beginning September 15, 2018 through September 15, 2034	2.94%
On March 15, 2035	2.98%

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. “ALPA” means the Borrower’s Authority for Legal and Property Affairs within the Borrower’s Ministry of Finance.
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.
3. “AREC” means the Borrower’s Agency for Real Estate Cadastre and is the legal successor of the State Authority for Geodetic Works. AREC has been established by the Law on Real Estate Cadastre dated April 2008, as amended, and includes any successor thereto.
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 by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
6. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008) with the modifications set forth in Section II of this Appendix.
7. “Incremental Operating Costs” means reasonable and necessary incremental expenditures, approved by the Bank on the basis of annual budgets prepared by AREC and ALPA respectively, acceptable to the Bank, (a) incurred by AREC on account of Project implementation, management and monitoring, (including for performance of the fiduciary functions under Part F of the Project) including the cost of office rent, equipment maintenance and repair, vehicle operation (including fuel costs), maintenance and repair, materials and supplies, communication costs, support for information systems, translation and interpretation costs, bank charges; (b) on account of local travel costs and per diem allowances for the AREC staff and ALPA staff assigned to field and office work on the Project where local travel is involved; and (c) other miscellaneous costs directly associated with the implementation of Project activities but excluding salaries of officials of the Borrower’s civil service.

8. “Original Loan Agreement” means the loan agreement for a Real Estate Cadastre and Registration Project between the Borrower and the Bank, dated June 6, 2005 as amended to the date of this Agreement (Loan No. 4768 MK).
9. “Original Project” means the Project described in the Original Loan Agreement.
10. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
11. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated March 10, 2010, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
12. “PMU” means the Project Management Unit, established within the AREC (as hereafter defined) by order of the Director of AREC No. 02-76/1 dated January 11, 2005, and referred to in A.2 of Section 1 of Schedule 2 to this Agreement.
13. “Project Operations Manual” means the manual, referred to in Section I.A.1 of Schedule 2 to this Agreement, prepared for the Original Project and dated November 2005, as amended, which sets forth the organizational arrangements, procedures and responsibilities for the execution of the Project, as such manual may be amended from time to time.
14. “SESG” means the social and environmental safeguards guidelines, dated December 14, 2004, and amended May 2009, adopted by AREC for purposes of the Project and referred to in Section I.C of Schedule 2 to this Agreement.
15. “Training” means training activities (other than consultants’ services) to be carried out for AREC and for ALPA, as approved by the Bank on the basis of annual training plans prepared by AREC and ALPA respectively, including the reasonable and necessary local and international travel incurred by participants in training seminars, workshops and study tours, as well as reasonable lodging, subsistence, local and international per diem allowances, registration, tuition and facilitators’ fees, minor organizational expenses (including costs of stationery, handouts and training materials), translation and interpretation costs, facility rental costs, and other expenditures directly relating to the training workshop and the study tour activity.

**Section II.      Modifications to the General Conditions**

The modifications to the General Conditions are as follows:

The term “Conversion Date” is modified to read as follows: “Conversion Date” means, in respect of a Conversion, the Execution Date (as herein defined) or such other date as requested by the Borrower and accepted by the Bank, on which the Conversion enters into effect, and as further specified in the Conversion Guidelines.