
LOAN NUMBER 9161-GE

Loan Agreement

Log-In Georgia Project

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”). 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) 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 thirty-five million seven hundred thousand Euros (€35,700,000) as such amount may be converted from time to time through a Currency Conversion (“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 III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. 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of the Conversion Guidelines, the interest rate basis applicable to the aggregate principal amount of the Loan withdrawn during each Interest Period shall be converted from the initial Variable Rate to a Fixed Rate for the full maturity of such amount in accordance with the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.

- 2.07. The Payment Dates are April 15 and October 15 in each year.
- 2.08. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project, through Ministry of Finance, MOESD and ComCom, and shall also cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article V of the General Conditions and, Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) the Project Implementing Entity, MOESD, and ComCom have adopted a Project Operations Manual;
 - (b) the Project Implementing Entity has the necessary staffing, all with terms of reference satisfactory to the Bank; and
 - (c) the Subsidiary Agreement has been executed among the Ministry of Finance, representing the Borrower, MOESD, ComCom, and the Project Implementing Entity.
- 4.02. The Effectiveness Deadline is the date one-hundred and twenty (120) days after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower's Representative is the Minister of Finance.
- 5.02. 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

(b) the Borrower's Electronic Address is:

Email: publicdebt@mof.ge

- 5.03. 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:	E-mail:
248423(MCI) or 64145(MCI)	1-202-477-6391	smolineus@worldbank.org

AGREED as of the Signature Date.

GEORGIA

By

Ivane Matchavariani

Authorized Representative

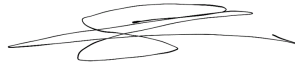
Name: Ivane Matchavariani

Title: Minister of Finance

Date: 31-Aug-2020

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: Sebastian-A Molineus

Title: Country Director for the South Caucasus

Date: 31-Aug-2020

SCHEDULE 1

Project Description

The objective of the Project is to increase access to affordable broadband internet, and to promote its use by individuals and enterprises, in selected rural settlements.

The Project consists of the following parts:

Part A. Increasing access to broadband

1. Support Georgia's Open Net Program to develop national infrastructure offering open access, wholesale, broadband-telecommunications services.
2. Support the improvement of Georgia's enabling environment for digital infrastructure development in accordance with the National Broadband Development Strategy, including through the (i) development of the legal and policy framework and support to institutional coordination, (ii) development of the regulatory framework, (iii) deployment of mechanisms to support broadband cost reduction, and (iv) measures to attract investment.

Part B. Promoting the use of broadband-enabled digital services

1. Support the improvement of Georgia's enabling environment for the development of a digital economy, including through the development of the legal, regulatory, and policy framework, and designing of measures to attract investment as per the upcoming National Digital Economy Development Strategy.
2. Support the increased use of broadband connectivity in selected rural settlements by promoting specific use-cases of broadband connectivity, including through stakeholder and citizen engagement, coordination between digital services providers, platform providers, and other public agencies and entities, and mobilization of facilitators to increase coordination, and training and outreach activities.
3. Support targeted interventions to boost digital inclusion for vulnerable groups, including through training programs to address digital exclusion, a pilot program to provide accessible technologies to facilitate digital accommodations, and monitoring of Project activities with a focus on analyzing their impact on vulnerable groups.

Part C. Project implementation support

Support Project implementation and management activities, including carrying out the following: (i) financial management and procurement; (ii) monitoring and evaluation; and (iii) other tasks related to overall administration, environmental and social aspects, and communication and outreach.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall vest responsibility for overall implementation of the Project to MOESD.
2. The Borrower shall, and shall cause, the Project to be implemented as follows:
 - (a) Parts A.1 and C by the Project Implementing Entity, in its role as a beneficiary;
 - (b) Parts A.2 (i), A.2 (iv), and B.1 by MOESD, with the support of the Project Implementing Entity, in its role as the agent of the Borrower; and
 - (c) Parts A.2 (ii), A.2 (iii), B.2, and B.3 by ComCom, with the support of the Project Implementing Entity, in its role as the agent of the Borrower.
3. The Borrower shall ensure that the Project Implementing Entity is maintained throughout the implementation of the Project with resources sufficient to operate, maintain, and sustain the assets, infrastructure, and services financed under the Project, and with adequate staff with experience, qualifications, and responsibilities necessary to carry out its functions under the Project and acceptable to the Bank.
4. The Borrower shall: (a) set up a Project Coordination Group in accordance with the Project Operations Manual; (b) maintain the Project Coordination Group throughout the implementation of the Project; and (c) ensure that the Project Coordination Group provides general direction, advice, and coordination to the Project Implementing Entity, MOESD, and ComCom with respect to Project implementation.

B. Project Operations Manual

1. The Borrower shall ensure that the Project Implementing Entity, MOESD, and ComCom implement the Project in accordance with the Project Operations Manual.
2. Except as the Bank shall otherwise agree, the Borrower shall ensure that the Project Implementing Entity, MOESD, and ComCom, do not amend, waive, suspend or

abrogate any provision of the Project Operations Manual. In case of any inconsistency between any of the provisions of the Project Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

C. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity under a subsidiary agreement among the Ministry of Finance, representing the Borrower, MOESD, ComCom, and the Project Implementing Entity, under terms and conditions approved by the Bank (“Subsidiary Agreement”), which shall include, *inter alia*, that:
 - (a) the proceeds of the Loan shall be: (i) granted by the Borrower to the Project Implementing Entity as a beneficiary, to carry out Parts A.1 and C of the Project; and (ii) made available by the Borrower to the Project Implementing Entity as an agent of the Borrower to enable: (A) MOESD to carry out Parts A.2 (i), A.2 (iv), and B.1 of the Project; and (B) ComCom to carry out Parts A.2 (ii), A.2 (iii), B.2, and B.3 of the Project;
 - (b) the Project Implementing Entity, shall carry out the Project, (i) with due diligence and efficiency and in accordance with appropriate technical, economic, financial, managerial, environmental and social standards and practices; (ii) in accordance with the terms and conditions set out in the Loan Agreement and the Project Operations Manual and (iii) provide, promptly as needed, the resources required for such purpose;
 - (c) the Borrower shall have the right to suspend or terminate the right of the Project Implementing Entity to use the proceeds of the Loan, or obtain a refund of all or any part of the amount of the Loan then withdrawn, upon the Project Implementing Entity’s failure to perform any of its obligations under the Subsidiary Agreement;
 - (d) a provision stipulating that, in case of conflict between any of the provisions of the Subsidiary Agreement or the Project Operational Manual, or the provisions of the Loan Agreement and the Subsidiary Agreement, the provisions of the Loan Agreement shall prevail; and
 - (e) the Project Implementing Entity shall exercise their rights under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

2. The Borrower shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

D. Environmental and Social Standards

1. The Borrower shall, and shall cause the Project Implementing Entity to, ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Borrower shall, and shall cause the Project Implementing Entity to, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Borrower shall, and shall cause the Project Implementing Entity to, ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Borrower shall, and shall cause the Project Implementing Entity to, ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which

interfere or threaten to interfere with the implementation of the ESCP; and
(iii) corrective and preventive measures taken or required to be taken to address such conditions; and

- (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Borrower shall, and shall cause the Project Implementing Entity to, establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
6. The Borrower shall, and shall cause the Project Implementing Entity to, ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

Section II. Project Monitoring, Reporting and Evaluation

The Borrower shall ensure that the Project Implementing Entity shall furnish to the Bank each Project Report covering: (a) the period of January 1 to June 30, no later than 30 days after June 30, and (b) the period of July 1 to December 31, no later than 30 days after December 31.

Section III. Withdrawal of Loan Proceeds

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Loan Allocated (expressed in Euro)	Percentage of Expenditures to be financed inclusive of Taxes
(1) Goods, works, non-consulting services, consulting services, and Operating Costs for the Project	35,610,750	100%
(2) Front-end Fee	89,250	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(3) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 4.05 (c) of the General Conditions
TOTAL AMOUNT	35,700,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed Euro one million (€1,000,000) may be made for payments made prior to this date but on or after July 1, 2020.
2. The Closing Date is December 31, 2025.

SCHEDULE 3

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 April 15 and October 15 Beginning October 15, 2034 through October 15, 2044	4.55%
On April 15, 2045	4.45%

APPENDIX

Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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 and as of July 1, 2016.
2. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. “ComCom” means Georgia’s national telecom regulatory agency established by the Parliament of Georgia through Law (N2329) of Georgia on Communications and Postal Services dated July 23, 1999.
4. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated July 30, 2020 as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
5. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; and (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
6. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018.
7. “MOESD” means Georgia’s Ministry of Economy and Sustainable Development.

8. “National Broadband Development Strategy” also known as the “National Broadband Development Strategy 2020-2025 and its Implementation Action Plan” means the strategy for supporting the development of broadband infrastructure throughout Georgia for the period of 2020-2025 as elaborated by MOESD through Government of Georgia Ordinance N. 60 dated January 10, 2020.
9. “Open Net Program” means the program for broadband, fiber-optic infrastructure development established by Georgia’s Innovation and Technology Agency of MOESD in accordance with Government of Georgia Resolution no. 375 dated July 28, 2016.
10. “Operating Costs” mean reasonable incremental expenses incurred by the Project Implementing Entity on account of Project management and implementation, including costs related to office equipment and supplies, vehicle operation and maintenance, shipping costs, office rentals, communication and insurance costs, office administration costs, bank charges, utilities, transport costs, travel, per diem and supervision costs, and salaries, including hazard/indemnity pay to health employees.
11. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017 and August 2018.
12. “Project Coordination Group” means the group vested with the overall coordination responsibility for the Project and referred to in Section I.A(4) of Schedule 2, and as constituted as per the Project Operations Manual.
13. “Project Implementing Entity” means Open Net NNLE established as per Government of Georgia resolution no. 375 dated July 28, 2016.
14. “Project Operations Manual” means the manual referred to in Schedule 2, Section I.B in form and substance satisfactory to the Bank, containing: detailed guidelines and procedures for the implementation of the Project, including with respect to: administration and coordination, monitoring and evaluation, financial management, procurement and accounting procedures, environmental and social safeguards, anti-corruption and fraud mitigation measures, a grievance redress mechanism, provisions on personal data collection and processing in accordance with good international practice, roles and responsibilities for Project implementation, including the specific roles and responsibilities of the agencies and units involved in Project implementation, annual Project implementation plan for sequencing of Project operations, and such other arrangements and procedures as shall be required for the effective implementation of the Project.
15. “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.