Loan Agreement

Irrigation and Land Market Development 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") for the purpose of providing additional financing for activities related to the Original Project. 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 eighteen million two hundred thousand Euro (EUR 18,200,000), 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 Variable Spread, or such rate as may apply following a Conversion; subject to Section 3.02 (e) of the General Conditions.

2.06. The Payment Dates are June 15 and December 15 in each year.

2.07. 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 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 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 its Minister of Finance.

5.02. The Borrower’s Address is:

                          Ministry of Finance
                          16 Gorgasali Street
                          0114 Tbilisi
                          Georgia

                          Email: publicdebt@mof.ge

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; and

                          Email: smolineus@worldbank.org
AGREED as of the Signature Date.

GEORGIA

By

Authorized Representative

Name: Ivane Matehavariouni
Title: Minister of Finance
Date: 30-Mar-2020

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

Sebastian-A Molineus

Authorized Representative

Name: Sebastian-A Molineus
Title: Country Director for the South Caucasus
Date: 30-Mar-2020
SCHEDULE 1

Project Description

The objectives of the Project are to: (a) improve delivery of the irrigation and drainage services in selected areas; and (b) develop improved policies, procedures, and systems as a basis for a national land management program.

The Project consists of the following components:

Component 1. Irrigation and Drainage Improvement

1.1 Rehabilitation and modernization of selected existing irrigation and drainage schemes, which consist of primary, secondary, and tertiary canals and other major irrigation and drainage structures, such as head-works and dams.

1.2 Strengthening the Borrower’s National Agency for Sustainable Land Management and Land Use Monitoring through *inter alia*: (a) creation of a spatial land use and management system; (b) preparation of land use legislation; (c) economic valuation of land market; (d) monitoring land use through remote sensing; and (e) building institutional and operational capacity.

1.3 Increasing the security, reliability, and efficiency of current and future irrigation water supplies by supporting a feasibility assessment of the Borrower’s proposed program for rehabilitation and construction of reservoirs.

Component 2. Land Market Development

2.1 Carrying out a pilot for land registration in selected areas.

2.2 Enhancing NAPR’s capacity by providing support for: (a) maintenance and optimization of the current registration and cadastre system; (b) design, development, and implementation of a new immovable property registration system; and (c) training activities.

Component 3. Project Management

3.1 Supporting Project management, including coordination and technical supervision of the implementation, financial management, procurement, monitoring and evaluation and progress reporting for Component 1 of the Project.

3.2 Supporting Project management, including coordination and technical supervision of the implementation, financial management, procurement, monitoring and evaluation and progress reporting for Component 2 of the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Borrower shall: (a) carry out Components 1 and 3.1 of the Project through MEPA; and (b) carry out Components 2 and 3.2 through NAPR under the supervision of MOJ, in accordance with this Agreement, and the Operational Manual for Components 1 and 3.1 and the Operational Manual for Components 2 and 3.2 of the Project. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, or waive any provision of the said manuals without the prior written approval of the Bank.

B. Anti-Corruption

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

C. Safeguard Instruments

1. The Borrower shall ensure that the Project is carried out in accordance with the Safeguards Instruments. The Borrower shall not assign, amend, abrogate, or waive the Safeguard Instruments without the prior written approval of the Bank.

2. The Borrower shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors, and supervising entities to comply with the relevant aspects of Safeguard Instruments.

3. The Borrower shall: (a) ensure that all activities undertaken for the purpose of carrying out of the Project comply with environmental standards and guidelines satisfactory to the Bank; and (b) maintain competent environmental and social staff in adequate numbers and with such responsibilities and functions acceptable to the Bank, as shall enable MEPA to manage, coordinate and monitor the implementation of the ESMPs.

4. For the purpose of carrying out Component 1 of the Project, the Borrower shall maintain the Dam Safety Panel, throughout the Project implementation period.

5. The Borrower shall include in the Project Reports referred to in Section II of this Schedule, adequate information on the implementation of the Safeguard Instruments, giving details of:
(a) the status of implementation of the Safeguard Instruments;
(b) measures taken in furtherance of the Safeguard Instruments;
(c) conditions, if any, which interfere or threaten to interfere with the implementation of the Safeguard Instruments; and
(d) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of the Safeguard Instruments.

Section II.  Project Monitoring, Reporting and Evaluation

The Borrower, through MEPA and NAPR, shall furnish to the Bank each Project Report not later than one (1) month after the end of each calendar quarter, covering the calendar quarter.

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in Euro)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consulting services, Training, and Incremental Operating Costs for Components 1 and 3.1 of the Project</td>
<td>8,490,000</td>
<td>100 %</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consulting services, Training, and Incremental Operating Costs for Components 2 and 3.2 of the Project</td>
<td>9,664,500</td>
<td>100 %</td>
</tr>
<tr>
<td>(3) Front-end Fee</td>
<td>45,500</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>(4) Interest Rate Cap or Interest Rate Collar premium</td>
<td></td>
<td>Amount due pursuant to Section 4.05 (c) of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>18,200,000</td>
<td></td>
</tr>
</tbody>
</table>

### B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
   
   (a) for payments made prior to the Signature Date;
   
   (b) under Category (1) until the Borrower through MEPA has adopted the Operational Manual for Components 1 and 3.1; and
   
   (c) under Category (2) until the Borrower through NAPR has adopted the Operational Manual for Components 2 and 3.2 of the Project.

2. The Closing Date is September 30, 2022.
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**

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each June 15 and December 15</td>
<td>7.14 %</td>
</tr>
<tr>
<td>Beginning June 15, 2036 through June 15, 2042</td>
<td></td>
</tr>
<tr>
<td>On December 15, 2042</td>
<td>7.18 %</td>
</tr>
</tbody>
</table>
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 of Schedule 2 to this Agreement.

3. “Dam Safety Panel” means the Borrower’s panel for dam safety established by Ministerial Order No. 2-102 of MEPA dated April 30, 2015, as amended by Ministerial Order No. 2-495, dated June 6, 2019, chaired by the Deputy Minister of MEPA.

4. "ESMF" means the Borrower’s framework, dated January 29, 2014, as updated on November 20, 2019, or any amendments thereto, referred to in Section I.C of Schedule 2 to this Agreement, setting forth the modalities for environmental and social screening and procedures/actions for the preparation and implementation of environmental assessments and/or management plans under the Project, monitoring of environmental and social performance of Project-financed activities, and reporting on the status of compliance with management plans.

5. “ESMP” means the environmental and social management plan(s) to be drafted, disclosed, consulted with stakeholders, finalized through incorporation of relevant feedback and adopted by the Borrower in accordance with the ESMF with respect to the Project activities in accordance with Section I.C of Schedule 2 to this Agreement.


7. "GIS" means Geographic Information System.

8. "Guidelines for Land Registration" means the Borrower’s guidelines acceptable to the Bank, prepared in compliance with the Bank’s Safeguard Policies setting forth the policies and procedures for land registration for carrying out land registration on a pilot basis under Component 2 of the Project.

9. "Incremental Operating Costs" mean reasonable incremental expenses incurred by the Borrower on account of Project implementation and monitoring, including costs for office rent, printing and publication, translation, office equipment and
supplies, internet connection and communications, vehicle operation and maintenance, information systems support, bank charges, utilities, travel and per diem, accommodation costs related to lodging, and salaries of contractual staff, and other reasonable expenses directly related to Project implementation, based on the Project semi-annual budget satisfactory to the Bank.

10. “MEPA” means the Borrower’s Ministry of Environmental Protection and Agriculture, or any successor thereto.

11. “MOF” means Borrower’s Ministry of Finance, or any successor thereto.

12. “MOJ” means the Borrower’s Ministry of Justice, or any successor thereto.

13. “NAPR” or “Legal Entity of Public Law National Agency of Public Registry” means the Borrower’s agency for public registry established by virtue of Law of Georgia on State Registry, dated June 1, 2004, or any successor thereto.

14. “National Agency for Sustainable Land Management and Land Use Monitoring” means the Borrower’s agency for monitoring national land management and land use established as per Article 4, Section 1 of the Law of Georgia on target land distribution and sustainable management of agricultural land, dated June 25, 2019, or any successor thereto.

15. “Operational Manual for Components 1 and 3.1 of the Project” means the manual adopted by MEPA specifying the administrative, engineering, financial, and environmental policies and procedures for the execution of the Project, as such manual may be amended from time to time with the agreement of the Bank.

16. “Operational Manual for Components 2 and 3.2 of the Project” means the manual adopted by NAPR specifying the administrative, engineering, financial, and environmental policies and procedures for the execution of the Project, as such manual may be amended from time to time with the agreement of the Bank.


18. “Original Project” means the Project described in Schedule 1 of the Original Financing Agreement.

20. "RAP" means a resettlement action plan to be adopted and disclosed by the Borrower for carrying out activities under the Project in accordance with the RPF, to set out, inter alia, its principles and objectives, the affected persons' eligibility criteria, compensation, assistance and rehabilitation entitlements, and monitoring and reporting arrangements.

21. "RPF" means the Borrower's framework dated January 29, 2014, as updated on November 20, 2019, or any amendments thereto, referred to in Definition 22 of this Appendix, defining the modalities for land acquisition, resettlement and rehabilitation of displaced persons under Component 1 of the Project, and describing the policies, procedures, plans and actions (including the RAP), and institutional measures related to land acquisition and other social impacts that may arise during the Project and other phases related to Component 1 of the Project.

22. "Safeguard Instruments" mean collectively, the ESMF, ESMPs, RPF, and RAP(s), and "Safeguard Instrument" means any of such Safeguard Instruments.

23. "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.

24. "Training" means expenditures incurred by the Borrower in connection with carrying out of training activities under the Project, including: (i) reasonable travel costs for trainers and trainees for accommodation, transportation and per diem charges associated with the training activities; (ii) reasonable costs related to study tours, workshops, and conferences; (iii) course fee costs; and (iv) costs related to rental of facilities, equipment, training materials and related supplies, catering, logistics, and printing services.