

Սույնով հավաստվում է, որ կցված տեքստը Հայաստանի Հանրապետության և Եվրոպական ներդրումային բանկի միջև «Հայաստան. Սիսիան-Քաջարան ճանապարհահատվածի ծրագիր» Կայուն զարգացման եվրոպական հիմնադրամ + Հատուկ ներդրումային պատուհան 1» ֆինանսական պայմանագրի՝ Հայաստանի Հանրապետության արտաքին գործերի նախարարության միջազգային պայմանագրերի պահոցում (դեպոզիտում) պահվող բնօրինակի նույնական պատճենն է:

**Հայաստանի Հանրապետության
արտաքին գործերի նախարարության
միջազգային պայմանագրերի և
իրավունքի վարչության պետ՝**




Լևոն Սարգսյան



Contract Number (FI N°) 96752

Operation Number (Serapis N°) 2023-0365

ARMENIA SISIAN-KAJARAN ROAD PROJECT

EFSD+ Dedicated Investment Window 1

Finance Contract

between the

The Republic of Armenia

and

The European Investment Bank

Yerevan, 12 November 2024

Luxembourg, 12 November 2024



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THIS CONTRACT IS MADE BETWEEN:

The Republic of Armenia,
represented by the Minister of
Finance, Mr. Vahe Hovhannisyan

(the "**Borrower**")

on the first part, and

the European Investment Bank
having its seat at 100 blvd Konrad
Adenauer, Luxembourg, L-2950
Luxembourg, represented by
Rafal Rybacki and
Helen Williams

(the "**Bank**")

of the second part.

The Bank and the Borrower together are referred to as the "**Parties**" and any of them is a "**Party**".

**WHEREAS:**

- (a) The Borrower has stated that it is undertaking a project of construction of a new alignment between Sisian and Kajaran in the southern and mountainous region of Syunik, as a key part of Armenia's North-South Highway as more particularly described in the technical description (the "**Technical Description**") set out in Schedule A.1 (the "**Project**").
- (b) The total cost of the Project, as estimated by the Bank, is EUR 1,344,000,000.00 (one billion three hundred forty four million euros) and the Borrower has stated that it intends to finance the Project as indicated below.

Source	Amount (up to in EUR m)
Armenian government	636
Credit from the Bank	236
Loan from EBRD	236
Loan from ADB	236
TOTAL	1 344

- (c) The financing under this Contract is provided pursuant to the European Fund for Sustainable Development Plus ("**EFSD+**"), an integrated financial package supplying financing capacity in the form of grants, budgetary guarantees and financial instruments worldwide; and in particular under the exclusive investment window of the NDICI-GE Regulation ("**EFSD+ DIW1**"). Pursuant to article 36.8 of the NDICI-GE Regulation, on 29 April 2022, the Bank and the European Union, represented by the European Commission, entered into an EFSD+ guarantee agreement (the "**EFSD+ DIW1 Guarantee Agreement**") whereby the European Union granted to the Bank a comprehensive guarantee for eligible financing operations of the Bank in respect of projects carried out in countries within the geographic areas referred to in article 4(2) of the NDICI-GE Regulation. The Republic of Armenia is an eligible country pursuant to the NDICI-GE Regulation.
- (d) The Republic of Armenia and the Bank concluded on 29 February 2008 a framework agreement governing the Bank's activities in the territory of the Republic of Armenia (the "**Framework Agreement**"). By signing this Contract, the Borrower gives its formal consent to the loan financing to be provided hereunder falling within the scope of the Framework Agreement.
- (e) In order to fulfil the financing plan set out in Recital (b), the Borrower has requested from the Bank a credit of EUR 236,000,000.00 (two hundred thirty six million euros).
- (f) The Bank, considering that the financing of the Project falls within the scope of its functions and having regard to the statements and facts cited in these Recitals, has decided to give effect to the Borrower's request providing to it a credit in an amount of EUR 236,000,000.00 (two hundred thirty six million euros) under this finance contract (the "**Contract**"); provided that the amount of the Bank's loan under this Contract shall not, in any case, exceed 50% (fifty per cent) of the total cost of the Project set out in Recital (b).
- (g) The government of Armenia has authorised the borrowing of the sum of EUR 236,000,000.00 (two hundred thirty six million euros) represented by this credit on the terms and conditions set out in this Contract.
- (h) The Asian Development Bank (the "**ADB**") has entered or will enter into an agreement with the Borrower (the "**ADB Loan Agreement**") whereby the ADB agreed or will agree to provide the Borrower with a loan for the purpose of financing the Project.
- (i) The European Bank for Reconstruction and Development (the "**EBRD**") has entered into an agreement with the Borrower (the "**EBRD Loan Agreement**"), signed on 15 May 2024, whereby the EBRD agreed to provide the Borrower with a loan for the purpose of financing the Project.



- (j) The Statute of the Bank provides that the Bank shall ensure that its funds are used as rationally as possible in the interests of the European Union; and, accordingly, the terms and conditions of the Bank's loan operations must be consistent with relevant policies of the European Union.
- (k) The Bank considers that access to information plays an essential role in the reduction of environmental and social risks, including human rights violations, linked to the projects it finances and has therefore established its transparency policy, the purpose of which is to enhance the accountability of the Bank's group towards its stakeholders.
- (l) The Bank supports the implementation of international and European Union standards in the field of anti-money laundering and countering the financing of terrorism and promotes tax good governance standards. It has established policies and procedures to avoid the risk of misuse of its funds for purposes which are illegal or abusive in relation to applicable laws. The Bank's group statement on tax fraud, tax evasion, tax avoidance, aggressive tax planning, money laundering and financing of terrorism is available on the Bank's website and offers further guidance to the Bank's contracting counterparties.¹
- (m) The Bank has established an overarching policy framework that allows the Bank's Group to focus on sustainable and inclusive development, committing to a just and fair transition and supporting the transition to economies and communities that are climate and disaster resilient, low carbon, environmentally sound and more resource-efficient. The policy framework includes the EIB Group Environmental and Social Policy and the EIB Environmental and Social Standards. The EIB Group Environmental and Social Policy and the EIB Environmental and Social Standards are available on the Bank's website and offers further guidance to the Bank's contracting counterparties.

¹ <http://www.eib.org/about/compliance/tax-good-governance/index.htm?f=search&media=search>



NOW THEREFORE it is hereby agreed as follows:

INTERPRETATION AND DEFINITIONS

Interpretation

In this Contract:

- (a) references to "Articles", "Recitals", "Schedules" and "Annexes" are, save if explicitly stipulated otherwise, references respectively to articles of, and recitals, schedules and annexes to this Contract;
- (b) references to "law" or "laws" mean:
 - (i) any applicable law and any applicable treaty, constitution, statute, legislation, decree, normative act, rule, regulation, judgement, order, writ, injunction, determination, award or other legislative or administrative measure or judicial or arbitral decision in any jurisdiction which is binding or applicable case law; and
 - (ii) EU Law;
- (c) references to "applicable law", "applicable laws" or "applicable jurisdiction" mean:
 - (i) a law or jurisdiction applicable to the Borrower, its rights and/or obligations (in each case arising out of or in connection with this Contract), its capacity and/or assets and/or the Project; and/or, as applicable
 - (ii) a law or jurisdiction (including in each case the Bank's Statute) applicable to the Bank, its rights, obligations, capacity and/or assets;
- (d) references to a provision of law or a treaty are references to that provision as amended or re-enacted;
- (e) references to any other agreement or instrument are references to that other agreement or instrument as amended, novated, supplemented, extended or restated;
- (f) words and expressions in plural shall include singular and vice versa; and
- (g) references to "month" mean a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that and subject to the definition of Payment Date, Article 5.1 and Schedule B and unless provided otherwise in this Contract:
 - (i) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day; and
 - (ii) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (h) a reference in this Contract to a page or screen of an information service displaying a rate shall include:
 - (i) any replacement page of that information service which displays that rate; and
 - (ii) the appropriate page of such other information service which displays that rate from time to time in place of that information service,
 and, if such page or service ceases to be available, shall include any other page or service displaying that rate specified by the Bank.

Definitions

In this Contract:

"Accepted Tranche" means a Tranche in respect of which a Disbursement Offer has been duly accepted by the Borrower in accordance with its terms on or before the Disbursement Acceptance Deadline.



"**ADB**" has the meaning given in Recital (i).

"**ADB Loan Agreement**" has the meaning given in Recital (i).

"**Agreed Deferred Disbursement Date**" has the meaning given to it in Article 1.5.A(2)(b).

"**Authorisation**" means an authorisation, permit, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

"**Authorised Signatory**" means a person authorised to sign individually or jointly (as the case may be) Disbursement Acceptances on behalf of the Borrower and named in the most recent List of Authorised Signatories and Accounts received by the Bank prior to the receipt of the relevant Disbursement Acceptance.

"**Biodiversity Offset Management Plan**" or "**BOMP**" means the plan referred to the ESAP that includes biodiversity offset measures proposed for priority biodiversity features or critical habitat, which demonstrates that the project's significant residual impacts on biodiversity are adequately mitigated.

"**Business Day**" means a day (other than a Saturday or Sunday) on which the Bank and commercial banks are open for general business in Luxembourg.

"**Cancelled Tranche**" has the meaning given to it in Article 1.6.C(2).

"**Chance Finds Procedure**" or "**CFP**" means the project-specific procedure which is to be followed if previously unknown cultural heritage is encountered during project activities. The CFP sets out how chance finds associated with the project will be managed.

"**Change of Law Event**" has the meaning given to it in Article 4.3.A(3).

"**Climate Vulnerability Risk Assessment**" or "**CVRA**" means assessment which aims to identify the main climate exposures and risks associated with the project.

"**Compliance Certificate**" means a certificate substantially in the form set out in Schedule E.

"**Contract**" has the meaning given to it in Recital (f).

"**Contract Number**" means the Bank generated number identifying this Contract and indicated on the cover page of this Contract after the letters "FI N°".

"**Credit**" has the meaning given to it in Article 1.1.

"**Cultural Heritage Management Plan**" or "**CHMP**" means an overarching plan that stipulates how affected cultural heritage will be managed throughout the project.

"**Date of Effectiveness**" has the meaning given in Article 12.3.

"**Declaration on Honour**" means the "Declaration on Honour" under EFSD+ signed by the Borrower on October 1, 2024.

"**Deferment Fee**" means a fee calculated on the amount of an Accepted Tranche deferred or suspended at the rate of the higher of:

- (a) 0.125% (12.5 basis points), per annum; and
- (b) the percentage rate by which:
 - (i) the interest rate that would have been applicable to such Tranche had it been disbursed to the Borrower on the Scheduled Disbursement Date, exceeds
 - (ii) EURIBOR (one month rate) less 0.125% (12.5 basis points), unless such rate is less than zero in which case it shall be set at zero.

Such fee shall accrue from the Scheduled Disbursement Date to the Disbursement Date or, as the case may be, until the date of cancellation of the Accepted Tranche in accordance with this Contract.

"**Disbursement Acceptance**" means a copy of the Disbursement Offer duly countersigned by the Borrower in accordance with the List of Authorised Signatories and Accounts.



"Disbursement Acceptance Deadline" means the date and time of expiry of a Disbursement Offer, as specified therein.

"Disbursement Account" means, in respect of each Tranche, the bank account to which disbursements may be made under this Contract, as set out in the most recent List of Authorised Signatories and Accounts.

"Disbursement Date" means the date on which disbursement of a Tranche is made by the Bank.

"Disbursement Offer" means a letter substantially in the form set out in Schedule C.

"Dispute" has the meaning given to it in Article 11.2.

"Disruption Event" means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with this Contract; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of either the Bank or the Borrower, preventing that Party from:
 - (i) performing its payment obligations under this Contract; or
 - (ii) communicating with the other Party,

and which disruption (in either such case as per (a) or (b) above) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

"EBRD" has the meaning given in Recital (i).

"EBRD Loan Agreement" has a meaning given in Recital (i).

"EFSD+" has the meaning given in Recital (c).

"EFSD+ DIW1" has the meaning given in Recital (c).

"EFSD+ DIW1 Guarantee" has the meaning given in Recital (c).

"EFSD+ DIW1 Guarantee Agreement" has the meaning given in Recital (c).

"EIB Environmental and Social Standards" means the EIB Environmental and Social Standards of 2018/2022 which are published on the Bank's website and which describe the environmental and social requirements that all EIB-financed projects must meet and the responsibilities of the various parties, including the Borrower and the Promoter.

"Environment" means the following:

- (a) fauna and flora, living organisms including the ecological systems;
- (b) land, soil, water (including marine and coastal waters), air, climate and the landscape (natural or man-made structures, whether above or below ground);
- (c) cultural heritage (natural, tangible and intangible);
- (d) the built environment; and
- (e) human health and wellbeing.

"Environmental and Social Impact Assessment" means procedure to assess and predict potential adverse social and environmental impacts and to develop suitable mitigation measures.

"Environmental and Social Impact Assessment Study" means a study or report as an outcome of the environmental and social impact assessment identifying and assessing the likely significant environmental and social impacts and/or risks associated with the proposed project and recommending measures to avoid, minimise and/or remedy any impacts and/or risks. This study is subject to public consultation with direct and indirect project stakeholders.



"Environmental and Social Standards" means:

- (a) Environmental Laws and Social Laws applicable to the Project or the Borrower;
- (b) the EIB Environmental and Social Standards; and
- (c) the Environmental and Social Documents.

"Environmental or Social Approval" means any Authorisation required by an Environmental Law or a Social Law.

"Environmental or Social Claim" means any claim, proceeding, formal notice or investigation by any person in respect of any breach or alleged breach of any Environmental and Social Standards.

"Environmental Law" means:

- (a) EU Law, including principles and standards, to the extent implemented by the laws of the Republic of Armenia or specified by the Bank prior to the date of this Contract;
- (b) laws and regulations of the Republic of Armenia; and
- (c) international treaties and conventions signed and ratified by or otherwise applicable and binding on, the Republic of Armenia

in each case of which a principal objective is the preservation, protection or improvement of the Environment.

"Environment Social Management Plan" or **"ESMP"** means a plan which considers and develops adequate measures and controls to minimize and mitigate the potential environment and social risks and impacts identified during the project implementation.

"Environment Social Management System" or **"ESMS"** means a set of policies, procedures, tools and internal capacity to identify and manage a company's exposure to the environmental and social risks.

"EU Law" means the *acquis communautaire* of the European Union as expressed through the Treaties of the European Union, the regulations, directives, delegated acts, implementing acts, and the case law of the Court of Justice of the European Union.

"EUR" or **"euro"** means the lawful currency of the Member States of the European Union, which adopt or have adopted it as their currency in accordance with the relevant provisions of the Treaty on European Union and the Treaty on the Functioning of the European Union.

"EURIBOR" has the meaning given to it in Schedule B.

"Event of Default" means any of the circumstances, events or occurrences specified in Article 10.1.

"Final Availability Date" means sixty (60) months after the Date of Effectiveness and if such day is not a Relevant Business Day, then the preceding Relevant Business Day.

"Financing of Terrorism" means the provision or collection of funds, by any means, directly or indirectly, with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out any of the offences listed in the Directive (EU) 2017/541 of the European Parliament and of the Council of 15 March 2017 on combating terrorism and replacing Council Framework Decision 2002/475/JHA and amending Council Decision 2005/671/JHA (as amended, replaced or re-enacted from time to time).

"Financial Regulation" means Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EC, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

"Fixed Rate" means an annual interest rate determined by the Bank in accordance with the applicable principles from time to time laid down by the governing bodies of the Bank for loans made at a fixed rate of interest, denominated in the currency of the Tranche and bearing



equivalent terms for the repayment of capital and the payment of interest. Such rate shall not be of negative value.

"Fixed Rate Tranche" means a Tranche on which the Fixed Rate is applied.

"Floating Rate" means a fixed-spread floating annual interest rate, determined by the Bank for each successive Floating Rate Reference Period equal to the Relevant Interbank Rate plus the Spread. If the Floating Rate for any Floating Rate Reference Period is calculated to be below zero, it will be set at zero.

"Floating Rate Reference Period" means each period from one Payment Date to the next relevant Payment Date; the first Floating Rate Reference Period shall commence on the date of disbursement of the Tranche.

"Floating Rate Tranche" means a Tranche on which the Floating Rate is applied.

"Framework Agreement" has the meaning given in Recital (d).

"GAAP" means generally accepted accounting principles in the Republic of Armenia.

"Grievance Redress Mechanism" or **"GRM"** means a locally based, formalized way to accept, assess, and resolve stakeholders feedback or complaints.

"Guide to Procurement" means the Guide to Procurement published on EIB's website² that informs the promoters of projects financed in whole or in part by the EIB of the arrangements to be made for procuring works, goods and services required for the Project.

"IFRS" means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

"Illegality Event" has the meaning given to it in Article 4.3.A(4).

"ILO" means the International Labour Organisation.

"ILO Standards" means any treaty, convention or covenant of the ILO signed and ratified by or otherwise applicable and binding on the Republic of Armenia, and the Core Labour Standards (as defined in the ILO Declaration on Fundamental Principles and Rights at Work).

"Indemnifiable Prepayment Event" means a Prepayment Event other than the Non-EIB Financing Prepayment Event or Illegality Event.

"Interest Revision/Conversion" means the determination of new financial conditions relative to the interest rate, specifically the same interest rate basis ("**revision**") or a different interest rate basis ("**conversion**") which can be offered for the remaining term of a Tranche or until the next Interest Revision/Conversion Date, if any, in respect of any Tranche denominated in EUR;

"Interest Revision/Conversion Date" means the date, which shall be a Payment Date, specified by the Bank in the Disbursement Offer.

"Interest Revision/Conversion Proposal" means a proposal made by the Bank under Schedule D.

"Interest Revision/Conversion Request" means a written notice from the Borrower, delivered at least 75 (seventy-five) days before an Interest Revision/Conversion Date, requesting the Bank to submit to it an Interest Revision/Conversion Proposal. The Interest Revision/Conversion Request shall also specify:

- (a) the Payment Dates chosen in accordance with the provisions of Article 3.1;
- (b) the amount of the Tranche for which the Interest Revision/Conversion shall apply; and
- (c) any further Interest Revision/Conversion Date chosen in accordance with Article 3.1.

"List of Authorised Signatories and Accounts" means a list, in form and substance satisfactory to the Bank, setting out:

² <https://www.eib.org/en/publications/guide-to-procurement.htm>



- (a) the Authorised Signatories, accompanied by evidence of signing authority of the persons named on the list and specifying if they have individual or joint signing authority;
- (b) the specimen signatures of such persons;
- (c) the bank account(s) to which disbursements may be made under this Contract (specified by IBAN code if the country is included in the IBAN Registry published by SWIFT, or in the appropriate account format in line with the local banking practice), BIC/SWIFT code of the bank and the name of the bank account(s) beneficiary, together with evidence that such account(s) have been opened in the name of the beneficiary; and
- (d) the bank account(s) from which payments under this Contract will be made by the Borrower (specified by IBAN code if the country is included in the IBAN Registry published by SWIFT, or in the appropriate account format in line with the local banking practice), BIC/SWIFT code of the bank and the name of the bank account(s) beneficiary, together with evidence that such account(s) have been opened in the name of the beneficiary.

"Loan" means the aggregate of the amounts disbursed from time to time by the Bank under this Contract.

"Loan Outstanding" means the aggregate of the amounts disbursed from time to time by the Bank under this Contract that remains outstanding.

"Market Disruption Event" means any of the following circumstances:

- (a) there are, in the opinion of the Bank, events or circumstances adversely affecting the Bank's access to its sources of funding;
- (b) in the opinion of the Bank, funds are not available from the Bank's ordinary sources of funding in order to adequately fund a Tranche in the relevant currency and/or for the relevant maturity and/or in relation to the reimbursement profile of such Tranche; or
- (c) in relation to a Floating Rate Tranche:
 - (i) the cost to the Bank of obtaining funds from its sources of funding, as determined by the Bank, for a period equal to the Floating Rate Reference Period of such Tranche (i.e. in the money market) would be in excess of the applicable Relevant Interbank Rate; or
 - (ii) the Bank determines that adequate and fair means do not exist for ascertaining the applicable Relevant Interbank Rate for the relevant currency of such Tranche.

"Material Adverse Change" means, any event or change of condition, which, in the opinion of the Bank has a material adverse effect on:

- (a) the ability of the Borrower to perform its obligations under this Contract or the ability of the Promoter to perform its obligations in respect of the Project;
- (b) the business, operations, property, condition (financial or otherwise) or prospects of the Borrower or Promoter;
- (c) the legality, validity or enforceability of, or the effectiveness or ranking of, or the value of the Guarantee or any Security granted to the Bank in relation with this Contract or the rights or remedies of the Bank under this Contract or any agreement creating Security in favour of the Bank in relation with this Contract.

"Maturity Date" means the last Repayment Date of a Tranche specified pursuant to Article 4.1.A(b)(iv).

"Money Laundering" means:

- (a) the conversion or transfer of property, knowing that such property is derived from criminal activity or from an act of participation in such activity, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of such activity to evade the legal consequences of his action;



- (b) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is derived from criminal activity or from an act of participation in such activity;
- (c) the acquisition, possession or use of property, knowing, at the time of receipt, that such property was derived from criminal activity or from an act of participation in such activity; or
- (d) participation in, association to commit, attempts to commit and aiding, abetting, facilitating and counselling the commission of any of the actions mentioned in the foregoing points.

"NDICI-GE Regulation" means Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe.

"Non-EIB Financing" has the meaning given to it in Article 4.3.A(2).

"Non-EIB Financing Prepayment Event" has the meaning given to it in Article 4.3.A(2).

"Northern Road Section" means section 1 (from Sisian to Shenatagh) of the Sisian-Kajaran road project.

"Payment Account" means the bank account from which payments under this Contract will be made by the Borrower, as set out in the most recent List of Authorised Signatories and Accounts.

"Payment Date" means 20 March and 20 September of each year until the Interest Revision/Conversion Date, if any, or the Maturity Date, save that, in case any such date is not a Relevant Business Day, it means:

- (a) for a Fixed Rate Tranche either:
 - (i) the following Relevant Business Day, without adjustment to the interest due under Article 3.1; or
 - (ii) the preceding Relevant Business Day with adjustment (but only to the amount of interest due under Article 3.1 that accrued over the last interest period), in case repayment of principal is made in a single instalment in accordance with Schedule D point C; and
- (b) for a Floating Rate Tranche, the following Relevant Business Day in that month, or, failing that, the nearest preceding Relevant Business Day, in all cases with corresponding adjustment to the interest due under Article 3.1.

"Prepayment Amount" means the amount of a Tranche to be prepaid by the Borrower in accordance with Article 4.2.A or Article 4.3.A, as applicable.

"Prepayment Date" means the date, as requested by the Borrower and agreed by the Bank or indicated by the Bank (as applicable) on which the Borrower shall effect prepayment of a Prepayment Amount.

"Prepayment Event" means any of the events described in Article 4.3.A.

"Prepayment Indemnity" means in respect of any principal amount to be prepaid, the amount communicated by the Bank to the Borrower as the present value (calculated as of the Prepayment Date) of the excess, if any, of:

- (a) the interest that would accrue thereafter on the Prepayment Amount over the period from the Prepayment Date to the Interest Revision/Conversion Date, if any, or the Maturity Date, if it were not prepaid; over
- (b) the interest that would so accrue over that period, if it were calculated at the Redeployment Rate, less 0.19% (nineteen basis points).

The said present value shall be calculated at a discount rate equal to the Redeployment Rate, applied as of each relevant Payment Date.



"Prepayment Notice" means a written notice from the Bank to the Borrower in respect of prepayment of a Fixed Rate Tranche and/or a Floating Rate Tranche in accordance with Article 4.2.C, specifying the Prepayment Amount, the Prepayment Date, the accrued interest due, the fee under Article 4.2.D, if any, and in respect of Fixed Rate Tranches only, the Prepayment Indemnity, if any, due on the Prepayment Amount.

"Prepayment Offer" means a written notice from the Bank to the Borrower in accordance with Article 4.2.C.

"Prepayment Request" means a written request from the Borrower to the Bank to prepay all or part of the Loan Outstanding, in accordance with Article 4.2.A.

"Prohibited Conduct" means any Financing of Terrorism, Money Laundering or Prohibited Practice.

"Prohibited Practice" means any:

- (a) Coercive Practice, meaning the impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of a party to influence improperly the actions of a party;
- (b) Collusive Practice, meaning an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
- (c) Corrupt Practice, meaning the offering, giving, receiving or soliciting, directly or indirectly, of anything of value by a party to influence improperly the actions of another party;
- (d) Fraudulent Practice, meaning any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party in order to obtain a financial (including, for the avoidance of taxation related) or other benefit or to avoid an obligation;
- (e) Obstructive Practice, meaning in relation to an investigation into a Coercive, Collusive, Corrupt or Fraudulent Practice in connection with this Loan or the Project, (a) destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators, with the intent to impede the investigation; (b) threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (c) acts intending to impede the exercise of the EIB Group's contractual rights of audit or inspection or access to information;
- (f) Tax Crime, meaning all offences, including tax crimes relating to direct taxes and indirect taxes and as defined in the national law of Armenia, which are punishable by deprivation of liberty or a detention order for a maximum of more than one year; or
- (g) Misuse of EIB Group Resources and Assets, meaning any illegal activity committed in the use of the EIB Group's resources or assets (including the funds lent under this Contract) knowingly or recklessly; or
- (h) any other illegal activity that may affect the financial interests of the European Union, according to the applicable laws.

"Project" has the meaning given to it in Recital (a).

"Project Cost Reduction Event" has the meaning given to it in Article 4.3.A(1).

Project Implementation Agency means the Road Department Fund established by Decree No.1304-A of the Government of the Republic of Armenia on 15 December 2016.

"Project Management Consultant" or "PMC" means an international consultant paid by the IFIs to be recruited by the Promoter to assist with the implementation of the Project.

"Promoter" means the Ministry of Territorial Administration and Infrastructure.

"Redeployment Rate" means the fixed annual rate determined by the Bank, being a rate which the Bank would apply on the day of the indemnity calculation to a loan that has the same currency, the same terms for the payment of interest and the same repayment profile to the



Interest Revision/Conversion Date, if any, or the Maturity Date as the Tranche in respect of which a prepayment or cancellation is proposed or requested to be made. Such rate shall not be of negative value.

"Relevant Business Day" means for EUR, a day on which real time gross settlement system operated by the Eurosystem (T2), or any successor system, is open for settlement of payments in EUR.

"Relevant Interbank Rate" means EURIBOR for a Tranche denominated in EUR.

"Relevant Party" has the meaning given to it in Article 8.3.

"Relevant Person" means:

- (a) with respect to the Borrower, any ministries, other central executive government bodies, central bank or other governmental sub-divisions or any of their officials or representatives, or any other person acting for any of them, on its behalf, or under its control, having the authority to manage and/or supervise the Credit, the Loan or the Project; and
- (b) with respect to the Promoter, any member of its management bodies, or any person acting for it, on its behalf, or under its control, having the power to give directions and/or exercise control with respect to the Credit, the Loan or the Project.

"Repayment Date" shall mean each of the Payment Dates specified for the repayment of the principal of a Tranche in the Disbursement Offer, in accordance with Article 4.1.

"Requested Deferred Disbursement Date" has the meaning given to it in Article 1.5.A(1)(a)(ii).

"Resettlement Action Plan" or **"RAP"** means the document with the procedures that will be followed and the actions that will be taken to mitigate adverse effects, compensate losses, and provide development benefits to persons and communities affected by an investment project.

"Road Safety Audit" means a road safety audit prepared by RDF for the Project, a road safety audit being a formalised examination of an existing or future road or traffic project or any project which interacts with road users, in which an independent, qualified examiner reports on the project's crash potential and safety performance.

"Sanctioned Person" means any individual or entity (for the avoidance of doubt, the term entity includes, but is not limited to, any government, group or terrorist organisation) who is a designated target of, or who is otherwise a subject of, Sanctions (including, without limitation, as a result of being owned or otherwise controlled, directly or indirectly, by any individual or entity, who is a designated target of, or who is otherwise a subject of, Sanctions).

"Sanctions" means the economic or financial sanctions laws, regulations, trade embargoes or other restrictive measures (including, in particular, but not limited to, measures in relation to the financing of terrorism) enacted, administered, implemented or enforced from time to time by any of the following:

- (a) the United Nations including, *inter alia*, the United Nations Security Council;
- (b) the European Union including, *inter alia*, the Council of the European Union and the European Commission, and any other competent bodies/institutions or agencies of the European Union;
- (c) the government of the United States of America, and any department, division, agency, or office thereof, including, *inter alia*, the Office of Foreign Asset Control (OFAC) of the United States Department of the Treasury, the United States Department of State and/or the United States Department of Commerce; and
- (d) the government of the United Kingdom, and any department, division, agency, office or authority including, *inter alia*, the Office of Financial Sanctions Implementation of His Majesty's Treasury and the Department for International Trade of the United Kingdom.

"Scheduled Disbursement Date" means the date on which a Tranche is scheduled to be disbursed in accordance with Article 1.2.B, which shall be a Relevant Business Day falling at



least 10 (ten) days after the date of the Disbursement Offer and on or before the Final Availability Date.

"Section 2" means section 2 (Bargushat Tunnel) of the Sisian-Kajaran road project.

"Security" means any mortgage, pledge, lien, charge, assignment, hypothecation, or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"Social Law" means each of:

- (a) any law, rule or regulation applicable in the Republic of Armenia in each case of which a principal objective is the protection or improvement of Social Matters;
- (b) any ILO Standards;
- (c) any United Nations treaty, convention or covenant on human rights signed and ratified by or otherwise applicable and binding on the Republic of Armenia.

"Social Matters" means all, or any of, the following:

- (a) labour and working conditions;
- (b) occupational health and safety;
- (c) rights and interests of vulnerable groups;
- (d) rights and interests of indigenous peoples;
- (e) gender equality;
- (f) public health, safety and security;
- (g) avoidance of forced evictions and alleviation of hardship arising from involuntary resettlement; and
- (h) stakeholder engagement.

"Southern Road Section" means section 3 of the Sisian-Kajaran road project (approx. 27 km).

"Spread" mean the fixed spread (being of either positive or negative value) to the Relevant Interbank Rate, as determined by the Bank and notified to the Borrower in the relevant Disbursement Offer, or in the Interest Revision/Conversion Proposal.

"Stakeholder Engagement Plan" or **"SEP"** means plan which guides information disclosure and meaningful engagement with Project stakeholders, as well as a grievance mechanism.

"Sub-Project 1" means all works pertaining to the Northern Road Section.

"Sub-Project 2" means all works pertaining to the Southern Road Section.

"Tax" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"Technical Description" has the meaning given to it in Recital (a).

"Traffic Management Plan" means a plan which outlines the traffic control and traffic management procedures to manage potential hazards associated with the traffic environment during the Project.

"Tranche" means each disbursement made or to be made under this Contract. In case no Disbursement Acceptance has been received, Tranche shall mean a Tranche as offered under Article 1.2.B.

"Wildfire Prevention Plan" or **"WPP"** means the plan which improves wildfire mitigation and preparedness efforts in advance of wildfires.



ARTICLE 1

Credit and Disbursements

1.1 Amount of Credit

By this Contract the Bank establishes in favour of the Borrower, and the Borrower accepts, a credit in an amount of EUR 236,000,000.00 (two hundred thirty six million euros) for the financing of the Project (the "**Credit**").

1.2 Disbursement procedure

1.2.A Tranches

The Bank shall disburse the Credit in up to 20 (twenty) Tranches. The amount of each Tranche shall be in a minimum amount of EUR 5,000,000.00 (five million euros) or (if less) the entire undrawn balance of the Credit.

1.2.B Disbursement Offer

Upon request by the Borrower and subject to Article 1.4.A, provided that no event mentioned in Article 1.6.B has occurred and is continuing, the Bank shall send to the Borrower within 5 (five) Business Days after the receipt of such request a Disbursement Offer for the disbursement of a Tranche. The latest time for receipt by the Bank of such Borrower's request is 15 (fifteen) Business Days before the Final Availability Date. The Disbursement Offer shall specify:

- (a) the amount of the Tranche in EUR;
- (b) the Scheduled Disbursement Date, which shall be a Relevant Business Day, falling at least 10 (ten) days after the date of the Disbursement Offer and on or before the Final Availability Date;
- (c) the interest rate basis of the Tranche, being: (i) a Fixed Rate Tranche; or (ii) a Floating Rate Tranche, in each case, pursuant to the relevant provisions of Article 3.1;
- (d) the Payment Dates and the first interest Payment Date for the Tranche;
- (e) the terms for repayment of principal for the Tranche, in accordance with the provisions of Article 4.1;
- (f) the Repayment Dates and the first and the last Repayment Date for the Tranche;
- (g) the Interest Revision/Conversion Date, if requested by the Borrower, for the Tranche;
- (h) for a Fixed Rate Tranche, the Fixed Rate and for a Floating Rate Tranche the Spread, applicable to the Tranche until the Interest Revision/Conversion Date, if any or until the Maturity Date; and
- (i) the Disbursement Acceptance Deadline.

1.2.C Disbursement Acceptance

The Borrower may accept a Disbursement Offer by delivering a Disbursement Acceptance to the Bank no later than the Disbursement Acceptance Deadline, to be followed by registered letter in accordance with Article 12.1.A. The Disbursement Acceptance shall be signed by an Authorised Signatory with individual representation right or two or more Authorised Signatories with joint representation right and shall specify the Disbursement Account to which the disbursement of the Tranche should be made in accordance with Article 1.2.D.

If a Disbursement Offer is duly accepted by the Borrower in accordance with its terms on or before the Disbursement Acceptance Deadline, the Bank shall make the Accepted Tranche available to the Borrower in accordance with the relevant Disbursement Offer and subject to the terms and conditions of this Contract.



The Borrower shall be deemed to have refused any Disbursement Offer which has not been duly accepted in accordance with its terms on or before the Disbursement Acceptance Deadline.

The Bank may rely on the information set out in the most recent List of Authorised Signatories and Accounts provided to the Bank by the Borrower. If a Disbursement Acceptance is signed by a person defined as Authorised Signatory under the most recent List of Authorised Signatories and Accounts provided to the Bank by the Borrower, the Bank may assume that such person has the power to sign and deliver in the name and on behalf of the Borrower such Disbursement Acceptance.

1.2.D Disbursement Account

Disbursement shall be made to the Disbursement Account specified in the relevant Disbursement Acceptance, provided that such Disbursement Account is acceptable to the Bank.

Notwithstanding Article 5.2(e), the Borrower acknowledges that payments to a Disbursement Account notified by the Borrower shall constitute disbursements under this Contract as if they had been made to the Borrower's own bank account.

Only one Disbursement Account may be specified for each Tranche.

1.3 Currency of disbursement

The Bank shall disburse each Tranche in EUR.

1.4 Conditions of disbursement

1.4.A Condition precedent to the first request for Disbursement Offer

The Bank shall have received from the Borrower in form and substance satisfactory to the Bank:

- (a) evidence of the payment in full of the appraisal fee in accordance with Article 1.8 (*Appraisal fee*);
- (b) evidence that the execution of this Contract by the Borrower has been duly authorised and that the person or persons signing this Contract on behalf of the Borrower is/are duly authorised to do so together with the specimen signature of each such person or persons;
- (c) at least 2 (two) originals of this Contract duly executed by all Parties;
- (d) the List of Authorised Signatories and Accounts,

prior to requesting a Disbursement Offer under Article 1.2.B by the Borrower. Any request for a Disbursement Offer made by the Borrower without the above documents having been received by the Bank and to its satisfaction shall be deemed not made.

1.4.B First Tranche for Sub-Project 1

The disbursement of the first Tranche for Sub-Project 1 under Article 1.2 is conditional upon receipt by the Bank, in form and substance satisfactory to it, on or before the date falling 6 (six) Business Days before the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively) for the proposed Tranche, of the following documents or evidence:

- (a) evidence that the Borrower has obtained all necessary Authorisations, required in connection with this Contract and the Project;



- (b) a legal opinion issued by the Ministry of Justice of the Republic of Armenia in the English language on the due execution by the Borrower of this Contract and on the legal, valid, binding and enforceable character of the Borrower's obligations under this Contract and the relevant documentation. Such legal opinion shall be supported/accompanied by all relevant documents evidencing the Borrower's authority to enter into the Contract as well as evidence of due ratification of this Contract in accordance with the applicable laws of the Republic of Armenia;
- (c) evidence, to the satisfaction of the Bank, that a fully functional Project Implementation Agency (RDF) was established;
- (d) evidence, to the satisfaction of the Bank, that an external Project Management Consultant (PMC) contract has been signed and that the appointed team has sufficient qualifications and expertise for E&S including but not limited to environment, social, biodiversity, cultural heritage, resettlement and stakeholder consultation is in place;
- (e) evidence that the Construction Supervision Consultant (CSC) contract has been signed and that the appointed team includes qualified national and international Environment and Social (E&S) standards in accordance with the description contained in the Environmental Social Management Plan;
- (f) evidence that the Contractor team includes qualified national and international Environment and Social (E&S) standards in accordance with the description contained in the Environmental and Social Management Plan (ESMP).
- (g) a copy of the final version of the Resettlement Action Plan (RAP), to the satisfaction of the Bank;
- (h) a copy of the final version of the Stakeholder Engagement Plan (SEP), to the satisfaction of the Bank;
- (i) evidence, to the satisfaction of the Bank, that the Grievance Redress Mechanism (GRM) for the Project is operational;
- (j) evidence, to the satisfaction of the Bank, that the land has been made available (aligned with the compensations as well as physical relocation measures set out in the final approved Resettlement Action Plan) prior to commencement of construction of works in the relevant road sections according to the work calendar;
- (k) a copy of the updated procurement / implementation plan for all three sections of the Sisian-Kajaran road project;
- (l) evidence, to the satisfaction of the Bank, that a Construction and Supervision Consultant (CSC) contract has been signed and that the appointed team includes road safety and traffic management specialists;
- (m) evidence, to the satisfaction of the Bank, (α) of the appointment of a specialist within the contractor's team responsible for road safety management during construction, for preparation, approval and implementation of the Traffic Management Plans, and for the integration of Road Safety Audit (RSA) recommendations during construction and early operation and (β) that all relevant civil works contracts are signed; and
- (n) the Borrower shall have taken all action necessary to exempt from taxation for all payments of principal, interest and other sums due hereunder and to permit the payment of all such sums gross without deduction of tax at source shall have been taken.

1.4.C First Tranche for Sub-Project 2

The disbursement of the first Tranche for Sub-Project 2 under Article 1.2 is conditional upon receipt by the Bank, in form and substance satisfactory to it, on or before the date falling 6 (six) Business Days before the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively) for the proposed Tranche, of the following documents or evidence:

- (a) evidence that the Borrower has obtained all necessary Authorisations, required in connection with this Contract and the Project;



- (b) a legal opinion issued by the Ministry of Justice of the Republic of Armenia in the English language on the due execution by the Borrower of this Contract and on the legal, valid, binding and enforceable character of the Borrower's obligations under this Contract and the relevant documentation. Such legal opinion shall be supported/accompanied by all relevant documents evidencing the Borrower's authority to enter into the Contract as well as evidence of due ratification of this Contract in accordance with the applicable laws of the Republic of Armenia;
- (c) evidence, to the satisfaction of the Bank, that a fully functional Project Implementation Agency (RDF) was established;
- (d) evidence, to the satisfaction of the Bank, that an external Project Management Consultant (PMC) contract has been signed and that the appointed team has sufficient qualifications and expertise for E&S including but not limited to environment, social, biodiversity, cultural heritage, resettlement and stakeholder consultation is in place;
- (e) evidence that the Construction Supervision Consultant contract has been signed and that the appointed team includes qualified national and international E&S standards in accordance with the description contained in the Environmental and Social Management Plan (ESMP);
- (f) a copy of the final version of the Resettlement Action Plan (RAP), to the satisfaction of the Bank;
- (g) a copy of the final version of the Stakeholder Engagement Plan (SEP), to the satisfaction of the Bank;
- (h) evidence, to the satisfaction of the Bank, that the Grievance Redress Mechanism (GRM) for the Project is operational;
- (i) evidence, to the satisfaction of the Bank, that the land has been made available (aligned with the compensations as well as physical relocation measures set out in the final approved Resettlement Action Plan) prior to commencement of construction of works in the relevant road sections according to the work calendar;
- (j) a copy of the updated procurement / implementation plan for all three sections of the Sisian-Kajaran road project;
- (k) evidence, to the satisfaction of the Bank, that a Construction Supervision Consultant (CSC) contract has been signed and that the appointed team includes road safety and traffic management specialists;
- (l) evidence, to the satisfaction of the Bank, (α) of the appointment of a specialist within the contractor's team responsible for road safety management during construction, for preparation, approval and implementation of the Traffic Management Plans, and for the integration of Road Safety Audit (RSA) recommendations during construction and early operation and (β) that all relevant civil work contracts are signed; and
- (m) the Borrower shall have taken all action necessary to exempt from taxation for all payments of principal, interest and other sums due hereunder and to permit the payment of all such sums gross without deduction of tax at source shall have been taken.

1.4.D All Tranches for Sub-Project 1

The disbursement of each Tranche for Sub-Project 1 under Article 1.2, including the first, is subject to the following conditions:

- (a) that the Bank has received, in form and substance satisfactory to it, on or before the date falling 6 (six) Business Days before the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively) for the proposed Tranche, of the following documents or evidence:



- (i) a certificate from the Borrower in the form of Schedule E.1 signed by an authorised representative of the Borrower and dated no earlier than the date falling 30 Business Days before the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively).
- (b) that on the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, on the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively) for the proposed Tranche:
 - (i) the representations and warranties which are repeated pursuant to Article 6 are correct in all respects; and
 - (ii) no event or circumstance which constitutes or would with the passage of time or the giving of notice or the making of any determination under this Contract (or any combination of the foregoing) constitute:
 - (1) an Event of Default; or
 - (2) a Prepayment Event,
 has occurred and is continuing unremedied or unwaived or would result from the disbursement of the proposed Tranche.

1.4.E All Tranches for Sub-Project 2

The disbursement of each Tranche for Sub-Project 2 under Article 1.2, including the first, is subject to the following conditions:

- (a) that the Bank has received, in form and substance satisfactory to it, on or before the date falling 6 (six) Business Days before the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively) for the proposed Tranche, of the following documents or evidence:
 - (i) a certificate from the Borrower in the form of Schedule E.1 signed by an authorised representative of the Borrower and dated no earlier than the date falling 30 Business Days before the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively).
- (b) that on the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, on the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively) for the proposed Tranche:
 - (i) the representations and warranties which are repeated pursuant to Article 6 are correct in all respects; and
 - (ii) no event or circumstance which constitutes or would with the passage of time or the giving of notice or the making of any determination under this Contract (or any combination of the foregoing) constitute:
 - (1) an Event of Default; or
 - (2) a Prepayment Event,
 has occurred and is continuing unremedied or unwaived or would result from the disbursement of the proposed Tranche.

1.4.F Subsequent Tranches for Sub-Project 1

The disbursement of each Tranche for Sub-Project 1 under Article 1.2, excluding the first, is subject to the following conditions:



- (a) that the Bank has received, in form and substance satisfactory to it, on or before the date falling 6 (six) Business Days before the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively) for the proposed Tranche, of the following documents or evidence:
- (i) evidence that insurances in accordance with the requirements of Article 6.5 (c) are in place;
 - (ii) evidence, to the satisfaction of the Bank, on completion of the site selection, E&S surveys and relevant assessment and design works for the SDAs and other auxiliary facilities which are not sited;
 - (iii) evidence that the Project's Resettlement Action Plan, Stakeholder Engagement Plan, Environment Social Management Plan, Environmental Social Action Plan and all respective management plans are being implemented to the Bank's satisfaction prior to commencement of works in the relevant road sections in accordance with the work calendar and will be monitored throughout the Project's progress;
 - (iv) a copy of the draft change management procedure integrated to the Environment Social Management System (ESMS);
 - (v) evidence, to the satisfaction of the Bank, that draft labour and Health and Safety (H&S) management plans form part of the project Environment Social Management System;
 - (vi) a Biodiversity Offset Management Plan (BOMP) based on principles explained in the Biodiversity Action Plan (BAP), to the satisfaction of the Bank;
 - (vii) a Wildfire Prevention Plan for road construction and operation, to the satisfaction of the Bank;
 - (viii) a Climate Vulnerability Risk Assessment (CVRA) and accordingly updated Project design, to the satisfaction of the Bank;
 - (ix) a copy of the Cultural Heritage Management Plan (CHMP) including the Chance Finds procedure developed in agreement with the competent authority;
 - (x) evidence that the financing documentation pertaining to Section 2 has been dully executed and delivered and all conditions precedent to its effectiveness have been fulfilled or waived and that the Borrower has the right to make drawings thereunder; and
 - (xi) evidence that the ADB Loan Agreement and the EBRD Loan Agreement, have been duly executed and delivered and all conditions precedent to their effectiveness have been fulfilled or waived and that the Borrower has the right to make drawings thereunder.

1.4.G Subsequent Tranches for Sub-Project 2

The disbursement of each Tranche for Sub-Project 2 under Article 1.2, excluding the first, is subject to the following conditions:

- (a) that the Bank has received, in form and substance satisfactory to it, on or before the date falling 6 (six) Business Days before the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively) for the proposed Tranche, of the following documents or evidence:
- (i) evidence that insurances in accordance with the requirements of Article 6.5 (c) are in place;
 - (ii) evidence, to the satisfaction of the Bank, on completion of the site selection, E&S surveys and relevant assessment and design works for the SDAs and other auxiliary facilities which are not sited;



- (iii) evidence that the Project's Resettlement Action Plan, Stakeholder Engagement Plan, Environment Social Management Plan, Environmental Social Action Plan and all respective management plans are being implemented to the Bank's satisfaction prior to commencement of works in the relevant road sections in accordance with the work calendar and will be monitored throughout the Project's progress;
- (iv) a copy of the draft change management procedure integrated to the Environment Social Management System (ESMS);
- (v) evidence, to the satisfaction of the Bank, that draft labour and health and safety (H&S) management plans form part of the project Environment Social Management System;
- (vi) a Biodiversity Offset Management Plan (BOMP) based on principles explained in the Biodiversity Action Plan (BAP), to the satisfaction of the Bank;
- (vii) a Wildfire Prevention Plan for road construction and operation, to the satisfaction of the Bank;
- (viii) a Climate Vulnerability Risk Assessment (CVRA) and accordingly updated Project design, to the satisfaction of the Bank;
- (ix) a copy of the Cultural Heritage Management Plan (CHMP) including the Chance Finds procedure developed in agreement with the competent authority;
- (x) where applicable, evidence, to the satisfaction of the Bank, of the geohazards identification and assessment studies and accordingly updated Project design;
- (xi) where applicable, evidence of the inclusion of green bridges in the Project design as per the Environmental and Social Impact Assessment (ESIA);
- (xii) evidence that the financing documentation pertaining to Section 2 has been duly executed and delivered and all conditions precedent to its effectiveness has been fulfilled or waived and that the Borrower has the right to make drawings thereunder;
- (xiii) evidence that the ADB Loan Agreement and the EBRD Loan Agreement, have been duly executed and delivered and all conditions precedent to their effectiveness have been fulfilled or waived and that the Borrower has the right to make drawings thereunder.

1.5 **Deferment of disbursement**

1.5.A **Grounds for deferment**

1.5.A(1) **BORROWER'S REQUEST**

- (a) The Borrower may send a written request to the Bank requesting the deferral of the disbursement of an Accepted Tranche. The written request must be received by the Bank at least 7 (seven) Business Days before the Scheduled Disbursement Date of the Accepted Tranche and specify:
 - (i) whether the Borrower would like to defer the disbursement in whole or in part, and if in part, the amount to be deferred; and
 - (ii) the date until which the Borrower would like to defer a disbursement of the above amount (the "**Requested Deferred Disbursement Date**"), which must be a date falling not later than:
 - (1) 6 (six) months from its Scheduled Disbursement Date;
 - (2) 30 (thirty) days prior to the first Repayment Date; and
 - (3) the Final Availability Date.
- (b) Upon receipt of such a written request, the Bank shall defer the disbursement of the relevant amount until the Requested Deferred Disbursement Date.



1.5.A(2) FAILURE TO SATISFY CONDITIONS TO DISBURSEMENT

- (a) The disbursement of an Accepted Tranche shall be deferred if any condition for disbursement of such Accepted Tranche referred to in Article 1.4 is not fulfilled both:
 - (i) at the date specified for fulfilment of such condition in Article 1.4; and
 - (ii) at its Scheduled Disbursement Date (or, where the Scheduled Disbursement Date has been deferred previously, the date expected for disbursement).
- (b) The Bank and the Borrower shall agree the date until which the disbursement of such Accepted Tranche shall be deferred (the "**Agreed Deferred Disbursement Date**"), which must be a date falling:
 - (i) not earlier than 6 (six) Business Days following the fulfilment of all conditions of disbursement; and
 - (ii) not later than the Final Availability Date.
- (c) Without prejudice to the Bank's right to suspend and/or cancel the undisbursed portion of the Credit in whole or in part pursuant to Article 1.6.B, the Bank shall defer disbursement of such Accepted Tranche until the Agreed Deferred Disbursement Date.

1.5.A(3) DEFERMENT FEE

If disbursement of an Accepted Tranche is deferred pursuant to paragraphs 1.5.A(1) or 1.5.A(2) above, the Borrower shall pay the Deferment Fee.

1.5.B Cancellation of a disbursement deferred by 6 (six) months

If a disbursement has been deferred by more than 6 (six) months in aggregate pursuant to Article 1.5.A, the Bank may notify the Borrower in writing that such disbursement shall be cancelled and such cancellation shall take effect on the date of such written notification. The amount of the disbursement which is cancelled by the Bank pursuant to this Article 1.5.B shall remain available for disbursement under Article 1.2.

1.6 Cancellation and suspension

1.6.A Borrower's right to cancel

- (a) The Borrower may send a written notice to the Bank requesting a cancellation of the undisbursed Credit or a portion thereof.
- (b) In its written notice, the Borrower:
 - (i) must specify whether the Credit shall be cancelled in whole or in part and, if in part, the amount of the Credit to be cancelled; and
 - (ii) must not request any cancellation of an Accepted Tranche, which has a Scheduled Disbursement Date falling within 7 (seven) Business Days of the date of such written notice.
- (c) Upon receipt of such written notice, the Bank shall cancel the requested portion of the Credit with immediate effect.

1.6.B Bank's right to suspend and cancel

- (a) At any time upon the occurrence of the following events, the Bank may notify the Borrower in writing that the undisbursed portion of the Credit shall be suspended and/or cancelled in whole or in part:
 - (i) a Prepayment Event;
 - (ii) an Event of Default; or
 - (iii) an event or circumstance which would with the passage of time or the giving of notice or the making of any determination under this Contract (or any combination of the foregoing) constitute a Prepayment Event or an Event of Default;



- (b) On the date of such written notification from the Bank the relevant portion of the Credit shall be suspended and/or cancelled with immediate effect. Any suspension shall continue until the Bank ends the suspension or cancels the suspended amount.

1.6.C Indemnity for suspension and cancellation of a Tranche

1.6.C(1) SUSPENSION

If the Bank suspends an Accepted Tranche upon the occurrence of an Indemnifiable Prepayment Event or an Event of Default or of an event or circumstance which would, with the passage of time or the giving of notice or the making of any determination under this Contract (or any combination of the foregoing) constitute an Indemnifiable Prepayment Event or an Event of Default, the Borrower shall pay to the Bank the Deferment Fee calculated on the amount of such Accepted Tranche.

1.6.C(2) CANCELLATION

- (a) If an Accepted Tranche which is a Fixed Rate Tranche (the "**Cancelled Tranche**") is cancelled:

- (i) by the Borrower pursuant to Article 1.6.A; or
- (ii) by the Bank upon an Indemnifiable Prepayment Event or an event or circumstance which would, with the passage of time or the giving of notice or the making of any determination under this Contract (or any combination of the foregoing) constitute an Indemnifiable Prepayment Event or pursuant to Article 1.5.B,

the Borrower shall pay to the Bank an indemnity on such Cancelled Tranche.

- (b) Such indemnity shall be:

- (i) calculated assuming that the Cancelled Tranche had been disbursed and repaid on the same Scheduled Disbursement Date or, to the extent the disbursement of the Tranche is currently deferred or suspended, on the date of the cancellation notice; and
- (ii) in the amount communicated by the Bank to the Borrower as the present value (calculated as of the date of cancellation) of the excess, if any, of:
 - (1) the interest that would accrue thereafter on the Cancelled Tranche over the period from the date of cancellation pursuant to this Article 1.6.C(2), to the Interest Revision/Conversion Date, if any, or the Maturity Date, if it were not cancelled; over
 - (2) the interest that would so accrue over that period, if it were calculated at the Redeployment Rate, less 0.19% (nineteen basis points).

The said present value shall be calculated at a discount rate equal to the Redeployment Rate applied as of each relevant Payment Date of the applicable Tranche.

- (c) If the Bank cancels any Accepted Tranche upon the occurrence of an Event of Default, the Borrower shall indemnify the Bank in accordance with Article 10.3.

1.7 Cancellation after expiry of the Credit

On the day following the Final Availability Date, unless otherwise specifically notified in writing by the Bank to the Borrower, any part of the Credit in respect of which no Disbursement Acceptance has been received in accordance with Article 1.2.C shall be automatically cancelled, without any further notice from the Bank to the Borrower and without any liability arising on the part of either Party.



1.8 **Appraisal fee**

The Borrower shall pay or cause to be paid to the Bank an appraisal fee of EUR 50,000.00 (fifty thousand euros) in respect of the appraisal conducted by the Bank in relation to the Project. Such appraisal fee shall be paid before the first disbursement under the Contract.

1.9 **Non-utilisation fee**

- (a) The Borrower shall pay to the Bank a non-utilisation fee calculated on the daily undrawn and uncanceled balance of the Credit from the date falling 48 (forty-eight) months from the Date of Effectiveness until the Final Availability Date at a rate of 0.1% (ten basis points) per annum.
- (b) The accrued non-utilisation fee shall be payable by the Borrower on:
 - (i) each Payment Date until the Final Availability Date; and
 - (ii) the Final Availability Date; or if the Credit is cancelled in full under Article 1.6 prior to the Final Availability Date, on the payment date mentioned under (i) above immediately following the date of cancellation.
- (c) The fee will be calculated using the day count convention of a year of 360 (three hundred and sixty) days and the number of days elapsed.
- (d) If the date on which the non-utilisation fee is due to be paid is not a Relevant Business Day, payment shall be made on the next day, if any, of that month that is a Relevant Business Day or, failing that, the nearest preceding day that is a Relevant Business Day, in all cases with a corresponding adjustment to the amount of non-utilisation fee due.
- (e) Sums due under this Article 1.9 (*Non-utilisation fee*) shall be payable in the currency of the Credit.

1.10 **Sums due under Articles 1.5 and 1.6**

Sums due under Articles 1.5 and 1.6 shall be payable:

- (a) in EUR; and
- (b) within 15 (fifteen) days of the Borrower's receipt of the Bank's demand or within any longer period specified in the Bank's demand.

ARTICLE 2

The Loan

2.1 **Amount of Loan**

The Loan shall comprise the aggregate amount of Tranches disbursed by the Bank under the Credit, as confirmed by the Bank pursuant to Article 2.3.

2.2 **Currency of payments**

The Borrower shall pay interest, principal and other charges payable in respect of each Tranche in the currency in which such Tranche was disbursed.

Other payments, if any, shall be made in the currency specified by the Bank having regard to the currency of the expenditure to be reimbursed by means of that payment.



2.3 Confirmation by the Bank

The Bank shall deliver to the Borrower the amortisation table referred to in Article 4.1, if any, showing the Disbursement Date, the currency, the amount disbursed, the repayment terms and the interest rate for each Tranche, not later than 10 (ten) calendar days after the Scheduled Disbursement Date for such Tranche.

ARTICLE 3

Interest

3.1 Rate of interest

3.1.A Fixed Rate Tranches

The Borrower shall pay interest on the outstanding balance of each Fixed Rate Tranche at the Fixed Rate semi-annually in arrear on the relevant Payment Dates as specified in the Disbursement Offer, commencing on the first such Payment Date following the Disbursement Date of the Tranche. If the period from the Disbursement Date to the first Payment Date is 15 (fifteen) days or less then the payment of interest accrued during such period shall be postponed to the following Payment Date.

Interest shall be calculated on the basis of Article 5.1(a).

3.1.B Floating Rate Tranches

The Borrower shall pay interest on the outstanding balance of each Floating Rate Tranche at the Floating Rate semi-annually in arrear on the relevant Payment Dates, as specified in the Disbursement Offer commencing on the first such Payment Date following the Disbursement Date of the Tranche. If the period from the Disbursement Date to the first Payment Date is 15 (fifteen) days or less then the payment of interest accrued during such period shall be postponed to the following Payment Date.

The Bank shall notify the Borrower of the Floating Rate within 10 (ten) days following the commencement of each Floating Rate Reference Period.

If pursuant to Articles 1.5 and 1.6 disbursement of any Floating Rate Tranche takes place after the Scheduled Disbursement Date, the Relevant Interbank Rate applicable to the first Floating Rate Reference Period shall be determined, in accordance with Schedule B, for the Floating Rate Reference Period commencing on the Disbursement Date and not the Scheduled Disbursement Date.

Interest shall be calculated in respect of each Floating Rate Reference Period on the basis of Article 5.1(b).

3.1.C Revision or Conversion of Tranches

Where the Borrower exercises an option to revise or convert the interest rate basis of a Tranche, it shall, from the effective Interest Revision/Conversion Date (in accordance with the procedure set out in Schedule D) pay interest at a rate determined in accordance with the provisions of Schedule D.

3.2 Interest on overdue sums

Without prejudice to Article 10 and by way of exception to Article 3.1, if the Borrower fails to pay any amount payable by it under this Contract on its due date, interest shall accrue on any overdue amount payable under the terms of this Contract from the due date to the date of actual payment at an annual rate equal to:

- (a) for overdue sums related to Floating Rate Tranches, the applicable Floating Rate plus 2% (200 basis points);



- (b) for overdue sums related to Fixed Rate Tranches, the higher of:
 - (i) the applicable Fixed Rate plus 2% (200 basis points); or
 - (ii) the Relevant Interbank Rate (one month) plus 2% (200 basis points); and
- (c) for overdue sums other than under (a) or (b) above, the Relevant Interbank Rate (one month) plus 2% (200 basis points),

and shall be payable in accordance with the demand of the Bank. For the purpose of determining the Relevant Interbank Rate in relation to this Article 3.2 (b) and (c), the relevant periods within the meaning of Schedule B shall be successive periods of one (1) month commencing on the due date. Any unpaid but due interest may be capitalised in conformity with article 1154 of the Luxembourg Civil Code. For the avoidance of doubt, capitalisation of interest shall occur only for interest due but unpaid for a period of more than one year. The Borrower hereby agrees in advance to have the unpaid interest due for a period of more than one year compounded and that as of the capitalisation, such unpaid interest will in turn produce interest at the interest rate set out in this Article 3.2.

Notwithstanding Article 3.2 (c) above, if the overdue sum is in a currency for which no Relevant Interbank Rate is specified in this Contract, the relevant interbank rate, or as determined by the Bank, the relevant risk-free rate that is generally retained by the Bank for transactions in that currency shall apply plus 2% (200 basis points), calculated in accordance with the market practice for such rate.

3.3 **Market Disruption Event**

If at any time:

- (a) from the receipt by the Bank of a Disbursement Acceptance in respect of a Tranche; and
- (b) until the date falling 20 (twenty) Business Days prior to the Scheduled Disbursement Date for Tranches to be disbursed in EUR,

a Market Disruption Event occurs, the Bank may notify the Borrower that this Article 3.3 has come into effect.

The rate of interest applicable to such Accepted Tranche until the Maturity Date or the Interest Revision/Conversion Date if any, shall be the percentage rate per annum which is the rate (expressed as a percentage rate per annum) which is determined by the Bank to be the all-inclusive cost to the Bank for the funding of the relevant Tranche based upon the then applicable internally generated Bank reference rate or an alternative rate determination method reasonably determined by the Bank.

The Borrower shall have the right to refuse in writing such disbursement within the deadline specified in the notice and shall bear charges incurred as a result, if any, in which case the Bank shall not effect the disbursement and the corresponding portion of the Credit shall remain available for disbursement under Article 1.2. If the Borrower does not refuse the disbursement in time, the Parties agree that the disbursement in EUR and the conditions thereof shall be fully binding for all Parties. The Spread or Fixed Rate previously accepted by the Borrower shall no longer be applicable.



ARTICLE 4

Repayment

4.1 Normal repayment

4.1.A Repayment by instalments

- (a) The Borrower shall repay each Tranche by instalments on the Repayment Dates specified in the relevant Disbursement Offer in accordance with the terms of the amortisation table delivered pursuant to Article 2.3.
- (b) Each amortisation table shall be drawn up on the basis that:
 - (i) in the case of a Fixed Rate Tranche without an Interest Revision/Conversion Date, repayment shall be made semi-annually or annually by equal instalments of principal or constant instalments of principal and interest;
 - (ii) in the case of a Fixed Rate Tranche with an Interest Revision/Conversion Date or a Floating Rate Tranche, repayment shall be made by equal semi-annual or annual instalments of principal;
 - (iii) the first Repayment Date of each Tranche shall fall not earlier than 30 (thirty) days from the Scheduled Disbursement Date and not later than the Repayment Date immediately following the 5th anniversary of the Scheduled Disbursement Date of the Tranche; and
 - (iv) the last Repayment Date of each Tranche shall fall not earlier than 4 (four) years and not later than 30 (thirty) years from the Scheduled Disbursement Date.

4.2 Voluntary prepayment

4.2.A Prepayment option

Subject to Articles 4.2.B, 4.2.C and 4.4, the Borrower may prepay all or part of any Tranche, together with accrued interest and indemnities if any, upon giving a Prepayment Request not earlier than 60 (sixty) and not later than 30 (thirty) calendar days' prior notice specifying:

- (a) the Prepayment Amount;
- (b) the Prepayment Date;
- (c) if applicable, the choice of application method of the Prepayment Amount in line with Article 5.5.C(a); and
- (d) the Contract Number.

The Prepayment Request shall be irrevocable.

4.2.B Prepayment indemnity

4.2.B(1) FIXED RATE TRANCHE

Subject to Article 4.2.B(3) below, if the Borrower prepays a Fixed Rate Tranche, the Borrower shall pay to the Bank on the Prepayment Date the Prepayment Indemnity in respect of the Fixed Rate Tranche which is being prepaid.

4.2.B(2) FLOATING RATE TRANCHE

Subject to Article 4.2.B(3) below, the Borrower may prepay a Floating Rate Tranche without indemnity.



4.2.B(3) REVISION/CONVERSION

Prepayment of a Tranche on its Interest Revision/Conversion Date may be effected without indemnity except if the Borrower has accepted pursuant to Schedule D a Fixed Rate under an Interest Revision/Conversion Proposal.

4.2.C Prepayment mechanics

Upon presentation by the Borrower to the Bank of a Prepayment Request, the Bank shall issue a Prepayment Notice to the Borrower, not later than 15 (fifteen) days prior to the Prepayment Date. The Prepayment Notice shall specify the Prepayment Amount, the accrued interest due thereon, the Prepayment Indemnity payable under Article 4.2.B or, as the case may be, that no indemnity is due, the method of application of the Prepayment Amount and, if a Prepayment Indemnity is applicable, the deadline by which the Borrower may accept the Prepayment Notice.

If the Borrower accepts the Prepayment Notice no later than by the deadline (if any) specified in the Prepayment Notice, the Borrower shall effect the prepayment. In any other case, the Borrower may not effect the prepayment.

The Borrower shall accompany the payment of the Prepayment Amount by the payment of accrued interest, the Prepayment Indemnity due on the Prepayment Amount, as specified in the Prepayment Notice, and the fee under Article 4.2.D, if any.

4.2.D Administrative Fee

If the Bank exceptionally accepts, solely upon the Bank's discretion, a Prepayment Request with prior notice of less than 30 (thirty) calendar days, the Borrower shall pay to the Bank a fee of EUR 10,000.00 (ten thousand euros) per each Tranche requested to be prepaid, partly or in full, in consideration of the administrative costs incurred by the Bank in connection with such voluntary prepayment. In such case, the Bank shall not be under an obligation to observe the deadlines to send a Prepayment Offer and/or the Prepayment Notice, as applicable, pursuant to this Contract.

4.3 Compulsory prepayment and cancellation

4.3.A Prepayment Events

4.3.A(1) PROJECT COST REDUCTION EVENT

- (a) The Borrower shall promptly inform the Bank if a Project Cost Reduction Event has occurred or is likely to occur. At any time after the occurrence of a Project Cost Reduction Event the Bank may, by notice to the Borrower, cancel the undisbursed portion of the Credit and/or demand prepayment of the Loan Outstanding up to the amount by which the Credit exceeds the limits referred to in paragraph (c) below together with accrued interest and all other amounts accrued and outstanding under this Contract in relation to the proportion of the Loan Outstanding to be prepaid.
- (b) The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date falling not less than 30 (thirty) days from the date of the demand.
- (c) For the purpose of this Article, "**Project Cost Reduction Event**" means that the total cost of the Project falls below the figure stated in Recital (b) so that the amount of the Credit exceeds:
 - (i) 50% (fifty per cent); and/or
 - (ii) when aggregated with the amount of any other funds from the European Union made available for the Project, 90% (ninety per cent),
 of such total cost of the Project.



4.3.A(2) NON-EIB FINANCING PREPAYMENT EVENT

- (a) The Borrower shall promptly inform the Bank if a Non-EIB Financing Prepayment Event has occurred or is likely to occur. At any time after the occurrence of a Non-EIB Financing Prepayment Event the Bank may, by notice to the Borrower, cancel the undisbursed portion of the Credit and demand prepayment of the Loan Outstanding, together with accrued interest and all other amounts accrued and outstanding under this Contract in relation to the proportion of the Loan Outstanding to be prepaid.
- (b) The proportion of the Credit that the Bank may cancel and the proportion of the Loan Outstanding that the Bank may require to be prepaid shall be the same as the proportion that the prepaid amount of the Non-EIB Financing bears to the aggregate outstanding amount of all Non-EIB Financing.
- (c) The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date being a date falling not less than 30 (thirty) days from the date of the demand.
- (d) Paragraph (a) does not apply to any voluntary prepayment (or repurchase or cancellation, as the case may be) of a Non-EIB Financing:
 - (i) made with a prior written consent of the Bank;
 - (ii) made within a revolving credit facility; or
 - (iii) made out of the proceeds of any financial indebtedness having a term at least equal to the unexpired term of such Non-EIB Financing prepaid.
- (e) For the purposes of this Article:
 - (i) **"Non-EIB Financing Prepayment Event"** means any case where the Borrower voluntarily prepays (for the avoidance of doubt, such prepayment shall include a voluntary repurchase or cancellation of any creditor's commitment, as the case may be) a part or the whole of any Non-EIB Financing; and
 - (ii) **"Non-EIB Financing"** means any financial indebtedness (save for the Loan and any other direct financial indebtedness from the Bank to the Borrower), or any other obligation for the payment or repayment of money originally made available to the Borrower) for a term of more than 3 (three) years.

4.3.A(3) CHANGE OF LAW EVENT

The Borrower shall promptly inform the Bank if a Change-of-Law Event has occurred or is likely to occur. In such case, or if the Bank has reasonable cause to believe that a Change-of-Law Event has occurred or is about to occur, the Bank may request that the Borrower consult with it. Such consultation shall take place within 30 (thirty) days from the date of the Bank's request. If, after the lapse of 30 (thirty) days from the date of such request for consultation the Bank is of the opinion that:

- (a) such Change-of-Law Event would materially impair the Borrower's ability to perform its obligations under this Contract, and
- (b) the effects of such Change-of-Law Event cannot be mitigated to its satisfaction,

the Bank may, by notice to the Borrower, cancel the undisbursed portion of the Credit and/or demand prepayment of the Loan Outstanding, together with accrued interest and all other amounts accrued and outstanding under this Contract.

The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date being a date falling not less than 30 (thirty) days from the date of the demand.

For the purposes of this Article **"Change-of-Law Event"** means the enactment, promulgation, execution or ratification of or any change in or amendment to any law, rule or regulation (or in the application or official interpretation of any law, rule or regulation) that occurs after the date of this Contract and which could impair the Borrower's ability to perform its obligations under this Contract.



4.3.A(4) ILLEGALITY EVENT

- (a) Upon becoming aware of an Illegality Event:
 - (i) the Bank shall promptly notify the Borrower, and
 - (ii) the Bank may immediately (A) suspend or cancel the undisbursed portion of the Credit, and/or (B) demand prepayment of the Loan Outstanding, together with accrued interest and all other amounts accrued and outstanding under this Contract on the date indicated by the Bank in its notice to the Borrower.
- (b) For the purposes of this Article, "**Illegality Event**" means that:
 - (i) it becomes unlawful in any applicable jurisdiction, or it becomes or the Bank has reasonable cause to expect that it may become contrary to any Sanctions, for the Bank to:
 - (A) perform any of its obligations as contemplated in this Contract; or
 - (B) fund or maintain the Loan;
 - (ii) the Framework Agreement is or is likely to be:
 - (A) repudiated by the Republic of Armenia or not binding on the Republic of Armenia in any respect;
 - (B) not effective in accordance with its terms or is alleged by the Borrower to be ineffective in accordance with its terms;
 - (C) breached by the Republic of Armenia, in that any obligation assumed by the Republic of Armenia under the Framework Agreement ceases to be fulfilled as regards any financing made to any borrower in the territory of the Republic of Armenia from the resources of the Bank, or the EU; or
 - (D) not applicable to the Project or the rights of the Bank under the Framework Agreement cannot be enforced in respect of the Project.
 - (iii) in respect of the EFSD+ DIW1 Guarantee:
 - (A) it is no longer valid or in full force and effect;
 - (B) the conditions for cover thereunder are not fulfilled;
 - (C) it is not effective in accordance with its terms or is alleged to be ineffective in accordance with its terms; or
 - (D) the Republic of Armenia ceases to be an eligible country pursuant to the NDICI-GE Regulation or any other applicable law or instrument governing EFSD+.

4.3.B Prepayment mechanics

Any sum demanded by the Bank pursuant to Article 4.3.A, together with any interest or other amounts accrued or outstanding under this Contract including, without limitation, any indemnity due under Article 4.3.C, shall be paid on the Prepayment Date indicated by the Bank in its notice of demand.

4.3.C Prepayment indemnity

4.3.C(1) FIXED RATE TRANCHE

If the Borrower prepays a Fixed Rate Tranche in case of an Indemnifiable Prepayment Event, the Borrower shall pay to the Bank on the Prepayment Date the Prepayment Indemnity in respect of the Fixed Rate Tranche that is being prepaid.

4.3.C(2) FLOATING RATE TRANCHE

The Borrower may prepay the Floating Rate Tranches without the Prepayment Indemnity.



4.4 General

4.4.A No prejudice to Article 10

This Article 4 shall not prejudice Article 10.

4.4.B No reborrowing

A repaid or prepaid amount may not be reborrowed.

ARTICLE 5

Payments

5.1 Day count convention

Any amount due by way of interest, indemnity or the Deferment Fee from the Borrower under this Contract, and calculated in respect of a fraction of a year, shall be determined on the following respective conventions:

- (a) under a Fixed Rate Tranche, a year of 360 (three hundred and sixty) days and a month of 30 (thirty) days; and
- (b) under a Floating Rate Tranche, a year of 360 (three hundred and sixty) days and the number of days elapsed.

5.2 Time and place of payment

- (a) Unless otherwise specified in this Contract or in the Bank's demand, all sums other than sums of interest, indemnity and principal are payable within 15 (fifteen) days of the Borrower's receipt of the Bank's demand.
- (b) Each sum payable by the Borrower under this Contract shall be paid to the relevant account notified by the Bank to the Borrower. The Bank shall notify the account not less than 15 (fifteen) days before the due date for the first payment by the Borrower and shall notify any change of account not less than 15 (fifteen) days before the date of the first payment to which the change applies. This period of notice does not apply in the case of payment under Article 10.
- (c) The Borrower shall indicate the Contract Number in the payment details for each payment made hereunder.
- (d) A sum due from the Borrower shall be deemed paid when the Bank receives it.
- (e) Any disbursements by and payments to the Bank under this Contract shall be made using the Disbursement Account (for disbursements by the Bank) and the Payment Account (for payments to the Bank).

5.3 No set-off by the Borrower

All payments to be made by the Borrower under this Contract shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

5.4 Disruption to Payment Systems

If either the Bank determines (in its discretion) that a Disruption Event has occurred or the Bank is notified by the Borrower that a Disruption Event has occurred:

- (a) the Bank may, and shall if requested to do so by the Borrower, consult with the Borrower with a view to agreeing with the Borrower such changes to the operation or administration of this Contract as the Bank may deem necessary in the circumstances;



- (b) the Bank shall not be obliged to consult with the Borrower in relation to any changes mentioned in paragraph (a) if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes; and
- (c) the Bank shall not be liable for any damages, costs or losses whatsoever arising as a result of a Disruption Event or for taking or not taking any action pursuant to or in connection with this Article 5.4.

5.5 Application of sums received

5.5.A General

Sums received from the Borrower shall only discharge its payment obligations if received in accordance with the terms of this Contract.

5.5.B Partial payments

If the Bank receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under this Contract, the Bank shall apply that payment, in the order set out below, in or towards:

- (a) *pro rata* to each of any unpaid fees, costs, indemnities and expenses due under this Contract;
- (b) any accrued interest due but unpaid under this Contract;
- (c) any principal due but unpaid under this Contract; and
- (d) any other sum due but unpaid under this Contract.

5.5.C Allocation of sums related to Tranches

- (a) In case of:
 - (i) a partial voluntary prepayment of a Tranche that is subject to a repayment in several instalments, the Prepayment Amount shall be applied *pro rata* to each outstanding instalment, or, at the request of the Borrower, in inverse order of maturity; or
 - (ii) a partial compulsory prepayment of a Tranche that is subject to a repayment in several instalments, the Prepayment Amount shall be applied in reduction of the outstanding instalments in inverse order of maturity.
- (b) Sums received by the Bank following a demand under Article 10.1 and applied to a Tranche, shall reduce the outstanding instalments in inverse order of maturity. The Bank may apply sums received between Tranches at its discretion.
- (c) In case of receipt of sums which cannot be identified as applicable to a specific Tranche, and on which there is no agreement between the Bank and the Borrower on their application, the Bank may apply these between Tranches at its discretion.

ARTICLE 6

Borrower undertakings and representations

The undertakings in this Article 6 remain in force from the Date of Effectiveness for so long as any amount is outstanding under this Contract or the Credit is in force.



A. PROJECT UNDERTAKINGS

6.1 Use of Loan and availability of other funds

The Borrower shall use all amounts borrowed by it under this Contract for the execution of the Project.

The Borrower shall ensure that it has available to it the other funds listed in Recital (b) and that such funds are expended, to the extent required, on the financing of the Project.

6.2 Completion of Project

The Borrower shall carry out the Project in accordance with the Technical Description as may be modified from time to time with the approval of the Bank, and complete it by the final date specified therein.

6.3 Increased cost of Project

If the total cost of the Project exceeds the estimated figure set out in Recital (b), the Borrower shall obtain the finance to fund the excess cost without recourse to the Bank, so as to enable the Project to be completed in accordance with the Technical Description. The plans for funding the excess cost shall be communicated to the Bank without delay.

6.4 Procurement procedure

The Borrower undertakes to purchase equipment, secure services and order works for the Project by acceptable procurement procedures complying, to the Bank's satisfaction, with its policy as described in its Guide to Procurement and in line with the Bank's delegation of the procurement pertaining to the Southern Road Section to EBRD and the Bank's delegation of the procurement pertaining to the Northern Road Section to ADB in accordance with the provisions of the procedural framework entered into between the Bank, ADB and EBRD.

6.5 Continuing Project undertakings

The Borrower shall, and shall procure that the Promoter will, ensure that:

- (a) **Maintenance:** maintain, repair, overhaul and renew all property forming part of the Project as required to keep it in good working order;
- (b) **Project assets:** unless the Bank shall have given its prior consent in writing retain title to and possession of substantially all the assets comprising the Project or, as appropriate, replace and renew such assets and maintain the Project in substantially continuous operation in accordance with its original purpose until the full repayment of the Loan; the Bank may withhold its consent only where the proposed action would prejudice the Bank's interests as lender to the Borrower or would render the Project ineligible for financing by the Bank under its Statute or under article 309 of the Treaty on the Functioning of the European Union;
- (c) **Insurance:** insure all works and property forming part of the Project with first class insurance companies in accordance with the most comprehensive relevant industry practice;
- (d) **Rights and Permits:** maintain in force all rights of way or use and all Authorisations necessary for the execution and operation of the Project;
- (e) **Environment and Social:**
 - (i) implement and operate the Project in compliance with the Environmental and Social Standards;
 - (ii) obtain and maintain requisite Environmental or Social Approvals for the Project;
 - (iii) comply with any such Environmental or Social Approvals;



- (iv) promptly inform the Bank on any significant environmental claims, proceedings or investigations commenced, pending or at risk of being initiated- regarding environmental and social matters affecting the Project;
- (f) **EU law:** (provisional) the Project is executed and operated in accordance with the relevant standards of EU law to the extent implemented by laws of the Republic of Armenia or specified by the Bank prior to the date of this Contract.

B. GENERAL UNDERTAKINGS

6.6 Compliance with laws

The Borrower shall and shall ensure that the Promoter will comply in all respects with all laws to which it or the Project is subject, if failure so to comply would materially impair the ability of the Borrower to perform its obligations under this Contract.

6.7 Books and records

The Borrower shall:

- (a) ensure that it has, and that the Promoter has, kept and will continue to keep proper books and records of account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Borrower and the Promoter, including expenditures in connection with the Project, in accordance with GAAP as in effect from time to time; and
- (b) keep records of contracts financed with the proceeds of the Loan including a copy of the contract itself and material documents relating to the procurement for at least 6 (six) years from substantial performance of the contract.

6.8 Integrity

(a) Prohibited Conduct

- (i) The Borrower shall not engage in (and shall not authorise or permit any Affiliate or any other person acting on its behalf to engage in) any Prohibited Conduct in connection with the Project, any tendering procedure for the Project, or any transaction contemplated by the Contract.
- (ii) The Borrower undertakes to take such action as the Bank shall reasonably request to investigate or terminate any alleged or suspected occurrence of any Prohibited Conduct in connection with the Project.
- (iii) The Borrower undertakes to ensure that contracts financed by this Loan include the necessary provisions to enable the Borrower to investigate or terminate any alleged or suspected occurrence of any Prohibited Conduct in connection with the Project.

(b) Sanctions

The Borrower shall not, and shall procure that the Promoter shall not, directly or indirectly:

- (i) enter into a business relationship with, and/or make any funds and/or economic resources available to, or for the benefit of, any Sanctioned Person in connection with the Project;
- (ii) use all or part of the proceeds of the Loan or lend, contribute or otherwise make available such proceeds to any person in any manner that would result in a breach by itself and/or by the Bank of any Sanctions; or
- (iii) fund all or part of any payment under this Contract out of proceeds derived from activities or businesses with a Sanctioned Person, a person in breach of the Sanctions or in any manner that would result in a breach by itself and/or by the Bank of any Sanctions.



It is acknowledged and agreed that the undertakings set out in this Article 6.8(b) are only sought by and given to the Bank to the extent that to do so would be permissible pursuant to any applicable anti-boycott rule of the EU such as Regulation (EC) 2271/96.

(c) **Relevant Persons**

The Borrower shall, and shall procure that the Promoter shall undertake to take within a reasonable timeframe appropriate measures in respect of any Relevant Person who is the subject of a final and irrevocable court ruling in connection with Prohibited Conduct perpetrated in the course of the exercise of their professional duties, in order to ensure that such Relevant Person is excluded from any of the activities in relation to the Loan and to the Project.

6.9 Data Protection

- (a) When disclosing information (other than mere contact information relating to the Borrower's personnel involved in the management of this Contract ("**Contact Details**") to the Bank in connection with this Contract, the Borrower shall redact or otherwise amend that information (as necessary) so that it does not contain any information relating to identified or identifiable individuals ("**Personal Information**"), except where this Contract specifically requires, or the Bank specifically requests in writing, to disclose such information in the form of Personal Information.
- (b) Before disclosing any Personal Information (other than Contact Details) to the Bank in connection with this Contract, the Borrower shall ensure that each individual to whom such Personal Information relates:
 - (i) has been informed of the disclosure to the Bank (including the categories of Personal Information to be disclosed); and
 - (ii) has been advised on the information contained in (or has been provided with an appropriate link to) the Bank's privacy statement in relation to its lending and investment activities as set out from time to time at <https://www.eib.org/en/privacy/lending> (or such other address as the Bank may notify to the Borrower in writing from time to time).

6.10 General Representations and Warranties

The Borrower represents and warrants to the Bank that:

- (a) it has the power to execute, deliver and perform its obligations under this Contract and all necessary corporate, shareholder and other action has been taken to authorise the execution, delivery and performance of the same by it;
- (b) this Contract constitutes its legally valid, binding and enforceable obligations;
- (c) the execution and delivery of, the performance of its obligations under and compliance with the provisions of this Contract do not and will not contravene or conflict with:
 - (i) any applicable law, statute, rule or regulation, or any judgement, decree or permit to which it is subject;
 - (ii) any agreement or other instrument binding upon it which might reasonably be expected to have a material adverse effect on its ability to perform its obligations under this Contract;
- (d) there has been no Material Adverse Change since 3rd September 2024;
- (e) no event or circumstance which constitutes an Event of Default has occurred and is continuing unremedied or unwaived;
- (f) no litigation, arbitration, administrative proceedings or investigation is current or to its knowledge is threatened or pending before any court, arbitral body or agency which has resulted or if adversely determined is reasonably likely to result in a Material Adverse Change, nor is there subsisting against it or any of its subsidiaries any unsatisfied judgement or award;



- (g) it has obtained all necessary Authorisations in connection with this Contract and in order to lawfully comply with its obligations hereunder, and the Project and all such Authorisations are in full force and effect and admissible in evidence;
- (h) its payment obligations under this Contract rank not less than *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations under any of its debt instruments except for obligations mandatorily preferred by law applying to companies generally;
- (i) it is in compliance with Article 6.5(e) and to the best of its knowledge and belief (having made due and careful enquiry) no Environmental or Social Claim has been commenced or is threatened against it or any relevant Affiliate in relation to the Project;
- (j) it is in compliance with all undertakings under this Article 6;
- (k) to the best of its knowledge, no funds invested in the Project by the Borrower are of illicit origin, including products of Money Laundering or linked to the Financing of Terrorism; and
- (l) neither the Borrower, nor any Relevant Person has committed (i) any Prohibited Conduct in connection with the Project or any transaction contemplated by the Contract; or (ii) any illegal activity related to the Financing of Terrorism or Money Laundering;
- (m) the Project (including without limitation, the negotiation, award and performance of contracts financed or to be financed by the Loan) has not involved or given rise to any Prohibited Conduct;
- (n) none of the Borrower, the Promoter and/or any Relevant Person:
 - (i) is a Sanctioned Person; or
 - (ii) is in breach of any Sanctions that apply to it, the Promoter or any Relevant Person (respectively).

It is acknowledged and agreed that the representations set out in this paragraph (r) are only sought by and given to the Bank to the extent that to do so would be permissible pursuant to any applicable anti-boycott rule of the EU such as Regulation (EC) 2271/96.

- (o) the Declaration on Honour dated October 1, 2024 is true in all respects;

The representations and warranties set out above are made on the date of this Contract and are, with the exception of the representation set out in paragraph (d) above, deemed repeated with reference to the facts and circumstances then existing on the date of each Disbursement Acceptance, the date of each Compliance Certificate, each Disbursement Date and each Payment Date.

ARTICLE 7

Security

The undertakings in this Article 7 remain in force from the Date of Effectiveness for so long as any amount is outstanding under this Contract or the Credit is in force.

7.1 Negative pledge

- (a) The Borrower shall not create or permit to subsist any Security over any of its assets.



- (b) For the purposes of this Article 7.1, the term Security shall also include any arrangement or transaction on assets or receivables or money (such as the sale, transfer or other disposal of assets on terms whereby they are or may be leased to or re-acquired by the Borrower, the sale, transfer or other disposal of any receivables on recourse terms or any arrangement under which money or the benefit of a bank account or other account may be applied or set-off or any preferential arrangement having a similar effect) in circumstances where the arrangement or transaction is entered into primarily as a method of raising credit or of financing the acquisition of an asset.
- (c) Paragraph (a) above does not apply to any Security, listed below:
 - (i) any Security or preference arising by operation of law and in the ordinary course of trading; or
 - (ii) any Security entered into pursuant to this Contract.

7.2 **Pari passu ranking**

The Borrower shall ensure that its payment obligations under this Contract rank, and will rank, not less than *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations under any of its debt instruments except for obligations mandatorily preferred by law applying to companies generally.

7.3 **Clauses by inclusion**

If the Borrower concludes with any other financial creditor a financing agreement that includes a loss-of-rating clause or a covenant or other provision regarding its financial ratios, if applicable, that is not provided for in this Contract or is more favourable to the relevant financial creditor than any equivalent provision of this Contract is to the Bank, the Borrower shall promptly inform the Bank and shall provide a copy of the more favourable provision to the Bank. The Bank may request that the Borrower promptly executes an agreement to amend this Contract so as to provide for an equivalent provision in favour of the Bank.

ARTICLE 8

Information and Visits

8.1 **Information concerning the Project**

The Borrower shall:

- (a) deliver to the Bank:
 - (i) the information in content and in form, and at the times, specified in Schedule A.2 or otherwise as agreed from time to time by the Parties; and
 - (ii) any such information or further document concerning the financing, procurement, implementation, operation and matters relating to Environment or Social Matters of or for the Project, or any information or further document required by the Bank to comply with its obligations under the NDICI-GE Regulation or the Financial Regulation, as the Bank may reasonably require within a reasonable time,

provided always that if such information or document is not delivered to the Bank on time, and the Borrower does not rectify the omission within a reasonable time set by the Bank in writing, the Bank may remedy the deficiency, to the extent feasible, by employing its own staff or a consultant or any other third party, at the Borrower's expense and the Borrower shall provide such persons with all assistance necessary for the purpose;



- (b) submit for the approval of the Bank without delay any material change to the Project, also taking into account the disclosures made to the Bank in connection with the Project prior to the signing of this Contract, in respect of, *inter alia*, the price, design, plans, timetable or to the expenditure programme or financing plan for the Project;
- (c) inform the Bank of:
 - (i) any action or protest initiated or any objection raised by any third party or any genuine complaint received by the Borrower or Promoter which is material with regard to environmental, social or other matters affecting the Project;
 - (ii) any Environmental or Social Claim that is to its knowledge commenced, pending or threatened against it;
 - (iii) any fact or event known to the Borrower, which may substantially prejudice or affect the conditions of execution or operation of the Project;
 - (iv) any incident or accident relating to the Project which has or is likely to have a significant adverse effect on the Environment or on Social Matters;
 - (v) any non-compliance by it with any Environmental and Social Standards;
 - (vi) any suspension, revocation or material modification of any Environmental or Social Approval;
 - (vii) a genuine allegation, complaint or information with regard to any Prohibited Conduct or any Sanction related to the Project;
 - (viii) should it become aware of any fact or information confirming or reasonably suggesting that (a) any Prohibited Conduct has occurred in connection with the Project, or (b) any of the funds invested in its share capital or in the Project was derived from an illicit origin; and

and set out the action to be taken with respect to such matters; and
- (d) provide to the Bank, if so requested:
 - (i) a certificate of its insurers showing fulfilment of the requirements of Article 6.5(c); and
 - (ii) annually, a list of policies in force covering the insured property forming part of the Project, together with confirmation of payment of the current premiums.

8.2 Information concerning the Borrower

The Borrower shall and shall ensure that the Promoter will:

- (a) deliver to the Bank: such further information, evidence or document concerning:
 - (i) certificates of compliance with the undertakings of Article 6; and
 - (ii) the compliance with the due diligence requirements of the Bank for the Borrower and the Promoter, including, but not limited to "know your customer" (KYC) or similar identification and verification procedures,

when requested and within a reasonable time; and
- (b) inform the Bank immediately of:
 - (i) any material alteration to the laws applicable to the Promoter in connection with the Project after the date of this Contract;
 - (ii) any fact which obliges it or the Promoter to prepay any financial indebtedness or any European Union funding;
 - (iii) any event or decision that constitutes or may result in a Prepayment Event;
 - (iv) any intention on its part to grant any Security over any of its assets in favour of a third party; any intention on its or the Promoter's part to relinquish ownership of any material component of the Project;
 - (v) any fact or event that is reasonably likely to prevent the substantial fulfilment of any obligation of the Borrower under this Contract;
 - (vi) any Event of Default having occurred or being threatened or anticipated;



- (vii) unless prohibited by law, any material litigation, arbitration, administrative proceedings or investigation carried out by a court, administration or similar public authority, which, to the best of its knowledge and belief, is current, imminent or pending against the Borrower, the Promoter or its controlling entities or members of the Borrower's and the Promoter's management bodies in connection with Prohibited Conduct related to the Credit, the Loan or the Project;
- (viii) any measure taken by the Borrower pursuant to Article 6.8 of this Contract;
- (ix) any litigation, arbitration or administrative proceedings or investigation which is current, threatened or pending and which might if adversely determined result in a Material Adverse Change; and
- (x) any claim, action, proceeding, formal notice or investigation relating to any Sanctions concerning the Borrower, the Promoter or any Relevant Person.

8.3 Visits, Right of Access and Investigation

- (a) The Borrower shall allow the Bank, and when either required by the relevant mandatory provisions of EU law or pursuant to the NDICI-GE Regulation or the Financial Regulation, as applicable, the European Court of Auditors, the European Commission, the European Anti-Fraud Office and the European Public Prosecutor's Office, as well as persons designated by the foregoing (each a "**Relevant Party**"), to:
 - (i) visit the sites, installations and works comprising the Project;
 - (ii) interview representatives of the Borrower and/or the Promoter, and not obstruct contacts with any other person involved in or affected by the Project;
 - (iii) conduct such investigations, inspections, on-the-spot audits and checks as they may wish and review the Borrower's and/or Promoter's books and records in relation to the Loan, the Contract and the execution of the Project, and to be able to take copies of related documents to the extent permitted by the law; and
- (b) The Borrower shall provide the Bank and any Relevant Party, or ensure that the Bank and the Relevant Parties are provided, with access to information, facilities and documentation, as well as with all necessary assistance, for the purposes described in this Article.
- (c) Additionally, the Borrower shall allow the European Commission and the EU Delegation of the Republic of Armenia to participate in any monitoring missions organised by the Bank related to this Contract, the Loan or the Project.
- (d) In the case of a genuine allegation, complaint or information with regard to a Prohibited Conduct related to the Loan and/or the Project, the Borrower shall consult with the Bank in good faith regarding appropriate actions. In particular, if it is proven that a third party committed a Prohibited Conduct in connection with the Loan and/or the Project with the result that the Loan was misapplied, the Bank may, without prejudice to the other provisions of this Contract, inform the Borrower if, in its view, the Borrower should take appropriate recovery measures against such third party. In any such case, the Borrower shall in good faith consider the Bank's views and keep the Bank informed.

8.4 Disclosure and Publication

- (a) The Borrower acknowledges and agrees that:
 - (i) the Bank may be obliged to communicate information and materials relating to the Borrower, the Loan, the Contract and/or the Project to any institution or body of the European Union, including the European Court of Auditors, the European Commission, any relevant EU Delegation, the European Anti-Fraud Office and the European Public Prosecutor's Office, as may be necessary for the performance of their tasks in accordance with EU Law (including the NDICI Regulation and the Financial Regulation); and
 - (ii) the Bank may publish on its website and/or on social media, and/or produce press releases, containing information related to the financing provided pursuant to this



Contract with the support of the EFSD+ DIW1 Guarantee, including the name, address and country of establishment of the Borrower, the purpose of the financing, and the type and amount of financial support received under this Contract.

(b) The Borrower:

- (i) acknowledges the origin of the EU financial support under the EFSD+ DIW1 Guarantee Agreement;
- (ii) shall ensure the visibility of the EU financial support under the EFSD+, in particular when promoting or reporting on the Borrower, this Contract, the Loan or the Project, and their results, in a visible manner on communication material related to the Borrower, this Contract, the Loan or the Project, and by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public, provided that the content of the communication material has been previously agreed with the Bank; and
- (iii) shall consult with the Bank, the Commission and the EU Delegation of the Republic of Armenia on communication about the signature of this Finance Contract.

ARTICLE 9

Charges and expenses

9.1 Taxes, duties and fees

The Borrower shall pay all Taxes, duties, fees and other impositions of whatsoever nature, including stamp duty and registration fees, arising out of the execution or implementation of this Contract or any related document and in the creation, perfection, registration or enforcement of any Security for the Loan to the extent applicable.

The Borrower shall pay all principal, interest, indemnities and other amounts due under this Contract gross without any withholding or deduction of any national or local impositions whatsoever required by law or under an agreement with a governmental authority or otherwise. If the Borrower is obliged to make any such withholding or deduction, it shall gross up the payment to the Bank so that after withholding or deduction, the net amount received by the Bank is equivalent to the sum due.

9.2 Other charges

The Borrower shall bear all charges and expenses, including professional, banking or exchange charges incurred in connection with the preparation, execution, implementation, enforcement and termination of this Contract or any related document, any amendment, supplement or waiver in respect of this Contract or any related document, and in the amendment, creation, management, enforcement and realisation of any security for the Loan.

9.3 Increased costs, indemnity and set-off

- (a) The Borrower shall pay to the Bank any costs or expenses incurred or suffered by the Bank as a consequence of the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or compliance with any law or regulation which occurs after the date of signature of this Contract, in accordance with or as a result of which (i) the Bank is obliged to incur additional costs in order to fund or perform its obligations under this Contract, or (ii) any amount owed to the Bank under this Contract or the financial income resulting from the granting of the Credit or the Loan by the Bank to the Borrower is reduced or eliminated.



- (b) Without prejudice to any other rights of the Bank under this Contract or under any applicable law, the Borrower shall indemnify and hold the Bank harmless from and against any loss incurred as a result of any full or partial discharge that takes place in a manner other than as expressly set out in this Contract.
- (c) The Bank may set off any matured obligation due from the Borrower under this Contract (to the extent beneficially owned by the Bank) against any obligation (whether or not matured) owed by the Bank to the Borrower regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Bank may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. If either obligation is unliquidated or unascertained, the Bank may set off in an amount estimated by it in good faith to be the amount of that obligation.

The Borrower shall budget and secure adequate resources for the implementation of the RAP related expenses.

ARTICLE 10

Events of Default

10.1 Right to demand repayment

The Borrower shall repay all or part of the Loan Outstanding (as requested by the Bank) forthwith, together with accrued interest and all other accrued or outstanding amounts under this Contract, upon written demand being made by the Bank in accordance with the following provisions.

10.1.A Immediate demand

The Bank may make such demand immediately without prior notice (*mise en demeure préalable*) or any judicial or extra judicial step:

- (a) if the Borrower does not pay on the due date any amount payable pursuant to this Contract at the place and in the currency in which it is expressed to be payable, unless:
 - (i) its failure to pay is caused by an administrative or technical error or a Disruption Event; and
 - (ii) payment is made within 3 (three) Business Days of its due date;
- (b) if any information or document given to the Bank by or on behalf of the Borrower or any representation, warranty or statement made or deemed to be made by the Borrower in, pursuant to or for the purposes of entering into this Contract or in connection with the negotiation or performance of this Contract is or proves to have been incorrect, incomplete or misleading in any material respect;
- (c) if, following any default of the Borrower in relation to any loan, or any obligation arising out of any financial transaction, other than the Loan:
 - (i) the Borrower is required or is capable of being required or will, following expiry of any applicable contractual grace period, be required or be capable of being required to prepay, discharge, close out or terminate ahead of maturity such other loan or obligation; or
 - (ii) any financial commitment for such other loan or obligation is cancelled or suspended;
- (d) if the Borrower is unable to pay its debts as they fall due, or suspends its debts, or makes or seeks to make a composition with its creditors;
- (e) if an encumbrancer takes possession of, or a receiver, liquidator, administrator, administrative receiver or similar officer is appointed, whether by a court of competent jurisdiction or by any competent administrative authority or by any person, of or over,



any part of the business or assets of the Borrower or any property forming part of the Project;

- (f) if the Borrower defaults in the performance of any obligation in respect of any other loan granted by the Bank or financial instrument entered into with the Bank, or of any other loan or financial instrument made to it from the resources of the Bank or the European Union or in respect of the ADB Loan Agreement or the EBRD Loan Agreement;
- (g) if any expropriation, attachment, arrestment, distress, execution, sequestration or other process is levied or enforced upon the property of the Borrower or any property forming part of the Project and is not discharged or stayed within 14 (fourteen) days;
- (h) if a Material Adverse Change occurs, as compared with the Borrower's condition at the date of this Contract; or
- (i) if it is or becomes unlawful for the Borrower to perform any of its obligations under this Contract or this Contract is not effective in accordance with its terms or is alleged by the Borrower to be ineffective in accordance with its terms;
- (j) if the conditions for cover under the EFSD+ DIW1 Guarantee are not fulfilled or if the EFSD+ DIW1 Guarantee ceases to be valid, effective or enforceable in accordance with its terms.

10.1.B Demand after notice to remedy

The Bank may also make such demand without prior notice (*mise en demeure préalable*) or any judicial or extra judicial step (without prejudice to any notice referred to below):

- (a) if the Borrower fails to comply with any provision of this Contract (other than those referred to in Article 10.1.A or
- (b) if any fact related to the Borrower or the Project stated in the Recitals materially alters and is not materially restored and if the alteration either prejudices the interests of the Bank as lender to the Borrower or adversely affects the implementation or operation of the Project,

unless the non-compliance or circumstance giving rise to the non-compliance is capable of remedy and is remedied within a reasonable period of time specified in a notice served by the Bank on the Borrower.

10.2 Other rights at law

Article 10.1 shall not restrict any other right of the Bank at law to require prepayment of the Loan Outstanding.

10.3 Indemnity

10.3.A Fixed Rate Tranches

In case of demand under Article 10.1 in respect of any Fixed Rate Tranche, the Borrower shall pay to the Bank the amount demanded together with the indemnity on any amount of principal due to be prepaid. Such indemnity shall (i) accrue from the due date for payment specified in the Bank's notice of demand and be calculated on the basis that prepayment is effected on the date so specified, and (ii) be for the amount communicated by the Bank to the Borrower as the present value (calculated as of the date of the prepayment) of the excess, if any, of:

- (a) the interest that would accrue thereafter on the amount prepaid over the period from the date of prepayment to the Interest Revision/Conversion Date, if any, or the Maturity Date, if it were not prepaid; over
- (b) the interest that would so accrue over that period, if it were calculated at the Redeployment Rate, less 0.19% (nineteen basis points).

The said present value shall be calculated at a discount rate equal to the Redeployment Rate, applied as of each relevant Payment Date of the applicable Tranche.



10.3.B Floating Rate Tranches

In case of demand under Article 10.1 in respect of any Floating Rate Tranche, the Borrower shall pay to the Bank the amount demanded together with a sum equal to the present value of 0.19% (nineteen basis points) per annum calculated and accruing on the amount of principal due to be prepaid in the same manner as interest would have been calculated and would have accrued, if that amount had remained outstanding according to the applicable amortisation schedule of the Tranche, until the Interest Revision/Conversion Date, if any, or the Maturity Date.

The value shall be calculated at a discount rate equal to the Redeployment Rate applied as of each relevant Payment Date.

10.3.C General

Amounts due by the Borrower pursuant to this Article 10.3 shall be payable on the date specified in the Bank's demand.

10.4 Non-Waiver

No failure or delay or single or partial exercise by the Bank in exercising any of its rights or remedies under this Contract shall be construed as a waiver of such right or remedy. The rights and remedies provided in this Contract are cumulative and not exclusive of any rights or remedies provided by law.

ARTICLE 11

Law and jurisdiction, miscellaneous.

11.1 Governing Law

This Contract and any non-contractual obligations arising out of or in connection with it shall be governed by the laws of Luxembourg.

11.2 Jurisdiction

- (a) The courts of Luxembourg-City have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with this Contract (including a dispute regarding the existence, validity or termination of this Contract or the consequences of its nullity) or any non-contractual obligation arising out of or in connection with this Contract.
- (b) The Parties agree that the courts of Luxembourg-City are the most appropriate and convenient courts to settle Disputes between them and, accordingly, that they will not argue to the contrary.

11.3 Waiver of immunity

The Borrower waives generally all immunity it or its assets or revenues may otherwise have in any jurisdiction, including immunity in respect of:

- (a) the giving of any relief by way of injunction or order for specific performance or for the recovery of assets or revenues; and
- (b) the issue of any process against its assets or revenues for the enforcement of a judgment or, in an action *in rem*, for the arrest, detention or sale of any of its assets and revenues.



11.4 Place of performance

Unless otherwise specifically agreed by the Bank in writing, the place of performance under this Contract, shall be the seat of the Bank.

11.5 Evidence of sums due

In any legal action arising out of this Contract the certificate of the Bank as to any amount or rate due to the Bank under this Contract shall, in the absence of manifest error, be prima facie evidence of such amount or rate.

11.6 Entire Agreement

This Contract constitutes the entire agreement between the Bank and the Borrower in relation to the provision of the Credit hereunder, and supersedes any previous agreement, whether express or implied, on the same matter.

11.7 Invalidity

If at any time any term of this Contract is or becomes illegal, invalid or unenforceable in any respect, or this Contract is or becomes ineffective in any respect, under the laws of any jurisdiction, such illegality, invalidity, unenforceability or ineffectiveness shall not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other term of this Contract or the effectiveness in any other respect of this Contract in that jurisdiction; or
- (b) the legality, validity or enforceability in other jurisdictions of that or any other term of this Contract or the effectiveness of this Contract under the laws of such other jurisdictions.

11.8 Amendments

Any amendment to this Contract shall be made in writing and shall be signed by the Parties.

11.9 Counterparts

This Contract may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument.

ARTICLE 12

Final clauses

12.1 Notices

12.1.A Form of Notice

- (a) Any notice or other communication given under this Contract must be in writing and, unless otherwise stated, may be made by letter or electronic mail.
- (b) Notices and other communications for which fixed periods are laid down in this Contract or which themselves fix periods binding on the addressee, may be made by hand delivery, registered letter or by electronic mail. Such notices and communications shall be deemed to have been received by the other Party:
 - (i) on the date of delivery in relation to a hand-delivered or registered letter;
 - (ii) in the case of any electronic mail only when such electronic mail is actually received in readable form and only if it is addressed in such a manner as the other Party shall specify for this purpose.



- (c) Any notice provided by the Borrower to the Bank by electronic mail shall:
 - (i) mention the Contract Number in the subject line; and
 - (ii) be in the form of a non-editable electronic image (pdf, tif or other common non editable file format agreed between the Parties) of the notice signed by an authorised signatory with individual representation right or by two or more authorised signatories with joint representation right of the Borrower, attached to the electronic mail.
- (d) Notices issued by the Borrower pursuant to any provision of this Contract shall, where required by the Bank, be delivered to the Bank together with satisfactory evidence of the authority of the person or persons authorised to sign such notice on behalf of the Borrower and the authenticated specimen signature of such person or persons.
- (e) Without affecting the validity of electronic mail notices or communication made in accordance with this Article 12.1, the following notices, communications and documents shall also be sent by registered letter to the relevant Party at the latest on the immediately following Business Day:
 - (i) Disbursement Acceptance;
 - (ii) any notices and communication in respect of the deferment, cancellation and suspension of a disbursement of any Tranche, interest revision or conversion of any Tranche, Market Disruption Event, Prepayment Request, Prepayment Notice, Event of Default, any demand for prepayment; and
 - (iii) any other notice, communication or document required by the Bank.
- (f) The Parties agree that any above communication (including via electronic mail) is an accepted form of communication, shall constitute admissible evidence in court and shall have the same evidential value as an agreement under hand (*sous seing privé*).

12.1.B Addresses

The address and electronic mail address (and the department for whose attention the communication is to be made) of each Party for any communication to be made or document to be delivered under or in connection with this Contract is:

For the Bank	<p>Attention: EIB Lending Operations, Enlargement and EU Neighbourhood Department, Public Sector East Division</p> <p>100 boulevard Konrad Adenauer</p> <p>L-2950 Luxembourg</p> <p>E-mail address: [contactline-[FI_Number]@eib.org]</p>
For the Borrower	<p>Attention: Ministry of Finance, International Cooperation Department</p> <p>1 Melik-Adamyran street</p> <p>E-mail address: icd@minfin.am</p>

12.1.C Notification of communication details

The Bank and the Borrower shall promptly notify the other Party in writing of any change in their respective communication details.

12.2 English language

- (a) Any notice or communication given under or in connection with this Contract must be in English.



- (b) All other documents provided under or in connection with this Contract must be:
- (i) in English; or
 - (ii) if not in English, and if so required by the Bank, accompanied by a certified English translation and, in this case, the English translation will prevail.

12.3 Effectiveness of this Contract

This Contract shall become effective on the date (the "**Date of Effectiveness**") specified in a letter from the Bank to the Borrower confirming that the Bank has received the legal opinion of the Minister of Justice of the Republic of Armenia in form and substance satisfactory to the Bank and evidence that all necessary official and governmental approvals, including the ratification by the national parliament of the Republic of Armenia and such letter shall be conclusive evidence that this Contract has become effective.

If the Date of Effectiveness does not occur on or prior to the date falling 12 (twelve) months after the date of this Contract, this Contract shall not enter into force and no further action shall be necessary or required.

12.4 Recitals, Schedules and Annexes

The Recitals and following Schedules form part of this Contract:

Schedule A	Project Specification and Reporting
Schedule B	Definitions of Relevant Interbank Rate
Schedule C	Form of Disbursement Offer/Acceptance (Articles 1.2.B and 1.2.C)
Schedule D	Interest Rate Revision and Conversion
Schedule E	Certificates to be Provided by the Borrower

The following Annexes are attached hereto:

Annex I	Authorisation of signatory
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The Parties have caused this Contract to be executed in three originals in the English language.

At Yerevan, 12 November 2024

At Luxembourg, 12 November 2024

Signed for and on behalf of
EUROPEAN INVESTMENT BANK

Signed for and on behalf of
REPUBLIC OF ARMENIA


Rafal Rybacki
Head of Division


HELEN WILLIAMS
HEAD OF
DIVISION


Mr. Vahe Hovhannisyan
Minister of Finance



Schedule A

Project Specification and Reporting

A.1 Technical Description (Article 6.2)

Purpose, Location

The project consists of the construction of a new 60 km long single carriageway road link between Sisian and Kajaran in Syunik Marz, Armenia. The Project is situated in Syunik Region of Armenia within the administrative boundaries of Sisian and Kajaran Communities.

Description

The project comprises three distinct sections:

- Section 1: Northern Road Section from Sisian to Shenatagh (approx. 27km).
 - The main parameters of the road section are:
 - Traffic lanes is 3 x 3.3m
 - Total length is approx. 27km
 - Number of tunnels 3 with total length approx. 1.8km
 - Number of bridges 16
 - Number of intersections: 2
 - Agricultural pass: 4
 - Cattle crossing: 3
 - Water culverts: 83
 - Approx 28 concrete retaining walls totalling ~2.7km
- Section 2 – Bargushat Tunnel (approx. 8.6km): Associated works and not eligible for EIB financing
- Section 3 – Southern Road Section (approx. 24km).
 - The main parameters of the road section are:
 - Traffic lanes is 3 x 3.3m
 - Total length is approx. 24km
 - Number of tunnels 5 with total length approx. 2.5km
 - Number of bridges 11
 - Number of intersections: 1
 - Cattle crossing: 2
 - Water culverts: 68
 - Approx 43 concrete retaining walls totalling ~3.8km

The common scope of works on all three project sections includes:

- Earthworks, construction of the engineering structures, including bridges, viaducts, and underpasses.



- Construction of flexible (asphalt) road pavement.
- Construction of slope protection on the Northern and Southern Road sections
- Construction and adjustment of the drainage system, including culverts, ditches, rainwater drainage.
- Implementation of environmental mitigation measures, including acoustic screens, drainage and runoff water treatment facilities, fencing, different size animal and amphibian passes, landscaping, etc.
- Relocation of utilities.
- Installing / arrangement of road signs, road marking, safety devices, traffic management system, lighting, and ITS equipment for monitoring and tolling.

Calendar

For implementing purposes, the project has been divided into three lots. The project implementation is expected to start by mid-2025 and the works are expected to be completed by mid-2031 with 60 months implementation period. The Defects Notification Period is expected to be one year.

A.2 Information Duties under Article 8.1(a)

1. Dispatch of information: designation of the person responsible

The information below has to be sent to the Bank under the responsibility of:

	Financial Contact	Technical Contact
Company	Ministry of Finance	Road Department Fund on behalf of the Ministry of Territorial Administration and Infrastructure
Contact person	Tamara Ghalayan	Armen Zohrabyan
Title	Head of Division	Executive Director
Function / Department financial and technical	International Cooperation Department	<i>Road Department Fund</i>
Address	Melik Adamyan Street, Yerevan 0010, Armenia	<i>Government House 3, Republic Square, 0010 Yerevan, Armenia</i>
Phone	+374 11800321	<u>+374 10511391</u>
Fax		
Email	<u>icd@minfin.am</u>	<u>info@armroad.am</u>

The above-mentioned contact person(s) is (are) the responsible contact(s) for the time being.



The Borrower shall inform the EIB immediately in case of any change.

2. Information on specific subjects

The Borrower shall deliver to the Bank the following information at the latest by the deadline indicated below.

Document / information	Deadline
Inform the Bank of any appeals, claims, proceedings or investigations commenced, pending or risk of being initiated concerning environmental / social or other matters, which might potentially affect the project's implementation.	In due time and at least together with each Project Progress Report and the Project Completion Report



3. Information on the project's implementation

The Borrower shall deliver to the Bank the following information on project progress during implementation at the latest by the deadline indicated below.

Document / information	Deadline	Frequency of reporting
<p>Project Progress Report</p> <ul style="list-style-type: none"> - A brief update on the Technical Description, explaining the reasons for significant changes vs. initial scope; - Update on the date of completion of each of the main project's components, explaining reasons for any possible delay; - Update on the cost of the project, explaining reasons for any possible cost variations vs. initial budgeted cost; - Actual project's expenditures to date; - E&S performance of the project (for all three sections) according to the ESIA commitments - A description of any major issue with impact on the environment and/or social impact; - Update on the implementation of the Environment and Social Action plan; - Update on the implementation of the Bio-diversity Action Management Plan; - Update on the RAP implementation; - Update of the procurement plan; - Update on the project's demand or usage and comments; - Any significant issue that has occurred and any significant risk that may affect the project's operation; - Any legal action / complaints concerning the project that may be on-going; - Non-confidential project-related pictures, if available. 	3 months after the Date of Effectiveness	Quarterly



4. Information on the end of works and first year of operation

The Borrower shall deliver to the Bank the following information on project completion and initial operation at the latest by the deadline indicated below.

Document / information	Date of delivery to the Bank
<p>Project Completion Report, including:</p> <ul style="list-style-type: none"> - <i>A final Technical Description of the project as completed, explaining the reasons for any significant change compared to the Technical Description in A.1.</i> - <i>The date of completion of each of the main project's components, explaining reasons for any possible delay;</i> - <i>The final cost of the project, explaining reasons for any possible cost variations vs. initial budgeted cost;</i> - <i>Employment effects of the project: person-days required during implementation as well as permanent new jobs created disaggregated by sex;</i> - <i>A description of any major issue with impact on the environment or social impacts;</i> - <i>Update on procurement procedures and explanation of deviations from the procurement plan;</i> - <i>Update on the project's demand or usage and comments;</i> - <i>Any significant issue that has occurred and any significant risk that may affect the project's operation;</i> - <i>Any legal action concerning the project that may be on going.</i> - <i>Any update in the Borrower or Head of Group's decarbonisation plan (including targets) or climate resilience plan since contract signature.</i> - <i>Non-confidential project-related pictures, if available.</i> - <i>An update on the following Monitoring Indicators:</i> <ul style="list-style-type: none"> ○ <i>Final length of road built and upgraded (in lane x km).</i> ○ <i>Accident rate (including fatalities) during the first year of operations after opening to traffic.</i> ○ <i>AADT by section divided by vehicle category;</i> ○ <i>Time savings (million h/yr);</i> ○ <i>Vehicle operating cost savings (MEUR/yr).</i> 	<p><i>15 months after completion of civil works.</i></p>



5. Information required 3 years after the Project Completion Report.

The Borrower shall deliver to the Bank the following information 3 years after the project completion report.

Document / information
<ul style="list-style-type: none"> - <i>An update on the following Monitoring Indicators:</i> <ul style="list-style-type: none"> o <i>Final length of road built and upgraded (in lane x km).</i> o <i>Accident rate (including fatalities) during the first year of operations after opening to traffic.</i> o <i>AADT by section divided by vehicle category;</i> o <i>Time savings (million h/yr);</i> o <i>Vehicle operating cost savings (MEUR/yr).</i>

Language of reports	English
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Schedule B

Definitions of Relevant Interbank RateDefinitions

A. EURIBOR

"EURIBOR" means:

- (a) in respect of a relevant period of less than one month, the Screen Rate (as defined below) for a term of one month;
- (b) in respect of a relevant period of one or more months for which a Screen Rate is available, the applicable Screen Rate for a term for the corresponding number of months; and
- (c) in respect of a relevant period of more than one month for which a Screen Rate is not available, the rate resulting from a linear interpolation by reference to two Screen Rates, one of which is applicable for a period next shorter and the other for a period next longer than the length of the relevant period,

(the period for which the rate is taken or from which the rates are interpolated being the "**Representative Period**").

For the purposes of paragraphs (a) to (c) above:

- (i) "**available**" means the rates, for given maturities, that are calculated and published by Global Rate Set Systems Ltd (GRSS), or such other service provider selected by the European Money Markets Institute (EMMI), or any successor to that function of EMMI, as determined by the Bank; and
- (ii) "**Screen Rate**" means the rate of interest for deposits in EUR for the relevant period as published at 11:00 a.m., Brussels time, or at a later time acceptable to the Bank on the day (the "**Reset Date**") which falls 2 (two) Relevant Business Days prior to the first day of the relevant period, on Reuters page EURIBOR 01 or its successor page or, failing which, by any other means of publication chosen for this purpose by the Bank.

If such Screen Rate is not so published, the Bank shall request the principal offices of four major banks in the euro-zone, selected by the Bank, to quote the rate at which EUR deposits in a comparable amount are offered by each of them, as at approximately 11:00 a.m., Brussels time on the Reset Date to prime banks in the euro-zone interbank market for a period equal to the Representative Period. If at least 2 (two) quotations are provided, the rate for that Reset Date will be the arithmetic mean of the quotations. If no sufficient quotations are provided as requested, the rate for that Reset Date will be the arithmetic mean of the rates quoted by major banks in the euro-zone, selected by the Bank, at approximately 11:00 a.m., Brussels time, on the day which falls 2 (two) Relevant Business Days after the Reset Date, for loans in EUR in a comparable amount to leading European banks for a period equal to the Representative Period. The Bank shall inform the Borrower without delay of the quotations received by the Bank.

All percentages resulting from any calculations referred to in this Schedule will be rounded, if necessary, to the nearest one thousandth of a percentage point, with halves being rounded up.

If any of the foregoing provisions becomes inconsistent with provisions adopted under the aegis of EMMI (or any successor to that function of EMMI as determined by the Bank) in respect of EURIBOR, the Bank may by notice to the Borrower amend the provision to bring it into line with such other provisions.

If the Screen Rate becomes permanently unavailable, the EURIBOR replacement rate will be the rate (inclusive of any spreads or adjustments) formally recommended by (i) the working group on euro risk-free rates established by the European Central Bank (ECB), the Financial Services and Markets Authority (FSMA), the European Securities and Markets Authority (ESMA) and the European Commission, or (ii) the European Money Market Institute, as the administrator of EURIBOR, or (iii) the competent authority responsible under Regulation (EU) 2016/1011 for supervising the European Money Market Institute, as the administrator of the



EURIBOR, or (iv) the national competent authorities designated under Regulation (EU) 2016/1011, or (v) the European Central Bank.

If the Screen Rate becomes permanently unavailable and no EURIBOR replacement rate is formally recommended as provided above, EURIBOR shall be the rate (expressed as a percentage rate per annum) which is determined by the Bank to be the all-inclusive cost to the Bank for the funding of the relevant Tranche based upon the then applicable internally generated Bank reference rate or an alternative rate determination method reasonably determined by the Bank.



Schedule C

Form of Disbursement Offer/Acceptance (Articles 1.2.B and 1.2.C)

Disbursement Offer / Acceptance – Valid until: [time] CET on [date]

From: European Investment Bank

To: The Republic of Armenia

Date:

Subject: Disbursement Offer/Acceptance for the Finance Contract between European Investment Bank and the Republic of Armenia dated [●] (the "**Finance Contract**")

Contract Number 96752

Operation Number 2023-0365

Dear Sirs,

We refer to the Finance Contract. Terms defined in the Finance Contract have the same meaning when used in this letter.

Following your request for a Disbursement Offer from the Bank, in accordance with the relevant provisions of the Finance Contract, and otherwise subject to its terms, we hereby offer to make available to you the following Tranche:

GENERAL

Scheduled Disbursement Date:

Currency of Tranche:

Amount of Tranche:

Relevant Section of the Project:

PRINCIPAL

Repayment periodicity:

Terms for repayment of principal:

First Repayment Date:

Last Repayment Date:

Repayment Dates:

INTEREST

Interest payment periodicity:

First interest Payment Date:

Payment Dates:

Interest Revision / Conversion Date:

COMMENTS:



APPLICABLE RATE

Interest Rate basis:
 Rate applicable until
 Fixed Rate:
 Spread:
 Relevant Interbank Rate:

If not duly accepted by the above stated time, the offer contained in this document shall be deemed to have been refused and shall automatically lapse.

We hereby accept the above Disbursement Offer for and on behalf of the Borrower:

Name(s) of the Borrower's Authorised Signatory(ies) (as defined in the Finance Contract):

.....
 Signature(s) of the Borrower's Authorised Signatory(ies) (as defined in the Finance Contract):

Date:

Please return the signed Disbursement Acceptance to the following email [].

IMPORTANT NOTICE TO THE BORROWER:

BY SIGNING ABOVE YOU CONFIRM THAT THE LIST OF AUTHORISED SIGNATORIES AND ACCOUNTS PROVIDED TO THE BANK WAS DULY UPDATED PRIOR TO THE PRESENTATION OF THE ABOVE DISBURSEMENT OFFER BY THE BANK.

IN THE EVENT THAT ANY SIGNATORIES OR ACCOUNTS APPEARING IN THIS DISBURSEMENT ACCEPTANCE ARE NOT INCLUDED IN THE LATEST LIST OF AUTHORISED SIGNATORIES AND ACCOUNTS (AS DISBURSEMENT ACCOUNT) RECEIVED BY THE BANK, THE ABOVE DISBURSEMENT OFFER SHALL BE DEEMED AS NOT HAVING BEEN MADE.

Disbursement Account to be credited:

Disbursement Account N°:

Disbursement Account holder/beneficiary:

(please, provide IBAN format if the country is included in IBAN Registry published by SWIFT, otherwise an appropriate format in line with the local banking practice should be provided)

Bank name and address:

Bank identification code (BIC):

Payment details to be provided:

**Schedule D****Interest Rate Revision and Conversion**

If an Interest Revision/Conversion Date has been included in the Disbursement Offer for a Tranche, the following provisions shall apply.

A. Mechanics of Interest Revision/Conversion

Upon receiving an Interest Revision/Conversion Request the Bank shall, during the period commencing 60 (sixty) days and ending 30 (thirty) days before the Interest Revision/Conversion Date, deliver to the Borrower an Interest Revision/Conversion Proposal stating:

- (a) the Fixed Rate and/or Spread that would apply to the Tranche, or of its part indicated in the Interest Revision/Conversion Request pursuant to Article 3.1; and
- (b) that such rate shall apply until the Maturity Date or until a new Interest Revision/Conversion Date, if any, and that interest is payable quarterly, semi-annually or annually, in accordance with Article 3.1, in arrear on designated Payment Dates.

The Borrower may accept in writing an Interest Revision/Conversion Proposal by the deadline specified therein.

Any amendment to this Contract requested by the Bank in this connection shall be effected by an agreement to be concluded and effective not later than 1 Business Day prior to sending by the Bank of an Interest Revision/Conversion Proposal.

Fixed Rates and Spreads are available for periods of not less than 4 (four) years or, in the absence of a repayment of principal during that period, not less than 3 (three) years.

B. Effects of Interest Revision/Conversion

If the Borrower duly accepts in writing a Fixed Rate or a Spread in respect of an Interest Revision/Conversion Proposal, the Borrower shall pay accrued interest on the Interest Revision/Conversion Date and thereafter on the designated Payment Dates.

Prior to the Interest Revision/Conversion Date, the relevant provisions of this Contract and Disbursement Offer and Disbursement Acceptance shall apply to the Tranche in its entirety. From and including the Interest Revision/Conversion Date onwards, the provisions contained in the Interest Revision/Conversion Proposal relating to the new Fixed Rate or Spread shall apply to the Tranche (or any part thereof, as indicated in the Interest Revision/Conversion Request) until the new Interest Revision/Conversion Date, if any, or until the Maturity Date.

C. Partial or no Interest Revision/Conversion

In case of a partial Interest Revision/Conversion, the Borrower will repay, without indemnity, on the Interest Revision/Conversion Date the part of the Tranche that is not covered by the Interest Revision/Conversion Request and which is therefore not subject to the Interest Revision/Conversion.

If the Borrower does not submit an Interest Revision/Conversion Request or does not accept in writing the Interest Revision/Conversion Proposal for the Tranche or if the Parties fail to effect an amendment requested by the Bank pursuant to paragraph A above, the Borrower shall repay the Tranche in full on the Interest Revision/Conversion Date, without indemnity.



Schedule E

Certificates to be Provided by the Borrower**E.1 Form of Certificate from Borrower (Article 1.4.D for Sub-Project 1 and Article 1.4.E for Sub-Project 2)**

From: The Republic of Armenia
 To: European Investment Bank
 Date:
 Subject: Finance Contract between European Investment Bank and the Republic of Armenia dated [●] (the "**Finance Contract**")
 Contract Number 96752 Operation Number 2023-0365

Dear Sirs,

Terms defined in the Finance Contract have the same meaning when used in this letter.

For the purposes of Article 1.4 of the Finance Contract we hereby certify to you as follows:

- (a) no Security of the type prohibited under Article 7.1 has been created or is in existence;
- (b) there has been no material change to any aspect of the Project or in respect of which we are obliged to report under Article 8.1, save as previously communicated by us;
- (c) we have sufficient funds available to ensure the timely completion and implementation of the Project in accordance with Schedule A.1;
- (d) no event or circumstance which constitutes or would with the passage of time or the giving of notice or the making of any determination under the Finance Contract (or any combination of the foregoing) constitute a Prepayment Event or an Event of Default has occurred and is continuing unremedied or unwaived;
- (e) no litigation, arbitration administrative proceedings or investigation is current or to our knowledge is threatened or pending before any court, arbitral body or agency which has resulted or if adversely determined is reasonably likely to result in a Material Adverse Change, nor is there subsisting against us or any of our subsidiaries any unsatisfied judgement or award;
- (f) the representations and warranties to be made or repeated by us under Article 6.10 are true in all respects;
- (g) no Material Adverse Change has occurred, as compared with the situation at the date of the Finance Contract, and
- (h) the most recent List of Authorised Signatories and Accounts provided to the Bank by the Borrower is up-to-date and the Bank may rely on the information set out therein.

We undertake to immediately notify the Bank if any the above fails to be true or correct as of the Disbursement Date for the proposed Tranche.

Yours faithfully,



Schedule F

EFSD+ Exclusion Declaration for Sovereign Entities under DIW1

Declaration on Honour for EFSD+ operations – Exclusion criteria

From: The Republic of Armenia
 To: European Investment Bank
 Date:
 Subject: Declaration on Honour for EFSD+ for the Armenia Sisian-Kajaran (the "Project")
 Operation Number 2023-0365

The [Ministry of [*]], representing the Republic of Armenia (the "**Prospective Borrower**") makes the following representations and warranties for the benefit of the Bank:

- (a) in the past five years, the [Minister of [*]] and the officials of the [Ministry of [*]] with direct powers of representation, decision-making or control over the affairs of the [Ministry [*]] in relation to the Project, have not been convicted by a final judgment or a final administrative decision for grave professional misconduct, where such conduct denotes wrongful intent or gross negligence, which would affect their ability to implement the Loan and which is for one of the following reasons:
 - (A) negligently providing misleading information that may have a material influence or fraudulently misrepresenting information required for the verification of the absence of grounds for exclusion or the fulfilment of selection criteria or in the performance of a contract or an agreement;
 - (B) entering into agreements with other persons aimed at distorting competition;
 - (C) attempting to unduly influence the decision-making process of the contracting authority during the award procedure (as defined in the Financial Regulation);
 - (D) attempting to obtain confidential information that may confer upon it undue advantages in the award procedure (as defined in the Financial Regulation);
- (b) in the past five years, the [Minister of [*]] and the officials of the [Ministry of [*]] with direct powers of representation, decision-making or control over the affairs of the [Ministry [*]] in relation to the Project have not been the subject of a final judgment for:
 - (A) fraud;
 - (B) corruption;
 - (C) participation in a criminal organisation;
 - (D) money laundering or terrorist financing;
 - (E) terrorist offences or offences linked to terrorist activities, or inciting, aiding, abetting or attempting to commit such offences;
 - (F) child labour and other forms of trafficking in human beings;



- (c) in the past five years, the Prospective Borrower has not been the subject of a final judgment or administrative decision by a national court or authority because it was created with the intent to illegally circumvent fiscal, social or any other legal obligations in the jurisdiction of its registered office, central administration or principal place of business; and
- (d) the Prospective Borrower is not subject to a decision on exclusion contained in the published early detection and exclusion system database set up and operated by the European Commission.

Place/Date:

For and on behalf of the Republic of Armenia

Full Name

Signature

Title



Annex I

Authorisation of signatory