
LOAN NUMBER 3861-GEO

**LOAN AGREEMENT
(Ordinary Operations)**

(East-West Highway (Shorapani-Argveta Section) Improvement Project)

between

GEORGIA

and

ASIAN DEVELOPMENT BANK

DATED 27 NOVEMBER 2019

GEO 53178

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated 27 November 2019 between GEORGIA ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(B) the Project will be carried out by the Ministry of Regional Development and Infrastructure of Georgia ("MRDI"), and for this purpose the Borrower will make available to MRDI the proceeds of the loan provided for herein upon terms and conditions satisfactory to ADB; and

(C) ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of ADB's Ordinary Operations Loan Regulations, dated 1 January 2017 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Loan Agreement have the following meanings:

- (a) "Consulting Services" means consulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Loan;
- (b) "EIA" means the environmental impact assessment for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (c) "EMP" means the environmental management plan for the Project, including any update thereto, incorporated in the EIA;

- (d) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (e) "GAP" means the gender action plan prepared for the Project, including any update thereto, and agreed between the Borrower and ADB;
- (f) "Goods" means equipment and materials as set out in the Procurement Plan and to be financed out of the proceeds of the Loan, including any related Nonconsulting Services such as transportation, insurance, installation, commissioning, training, and initial maintenance;
- (g) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;
- (h) "km" means kilometers;
- (i) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (j) "MRDI" means the Ministry of Regional Development and Infrastructure of the Borrower;
- (k) "Nonconsulting Services" means nonconsulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Loan;
- (l) "PAM" means the project administration manual for the Project dated 3 October 2019 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;
- (m) "Procurement Plan" means the procurement plan for the Project dated 3 October 2019 and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Policy, the Procurement Regulations, and other arrangements agreed with ADB;
- (n) "Procurement Policy" means ADB's Procurement Policy – Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (o) "Procurement Regulations" means ADB's Procurement Regulations for ADB Borrowers – Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (p) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations, means MRDI or any successor thereto acceptable to ADB, which is responsible for the execution and carrying out of the Project;

- (q) "Project facilities" means the facilities to be constructed or otherwise provided under the Project, including all facilities subject to routine or periodic maintenance under the Project;
- (r) "Project Implementing Agency" means RD or any successor thereto acceptable to ADB, which is responsible for the implementation of the Project;
- (s) "Project Road" means the road (including access roads) as described in paragraph 2(a) of Schedule 1 to this Agreement;
- (t) "RD" means the state jurisdictional institution under the governance of MRDI – The Roads Department of Georgia;
- (u) "RP" means a resettlement plan for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (v) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower to ADB that describes progress with implementation of and compliance with the EMP and RP (as applicable), including any corrective and preventative actions;
- (w) "Services" means Consulting Services and Nonconsulting Services;
- (x) "SPS" means ADB's Safeguard Policy Statement (2009); and
- (y) "Works" means construction or civil works as set out in the Procurement Plan and to be financed out of the proceeds of the Loan, including any related Nonconsulting Services and project related services that are provided as part of a single responsibility or turnkey contract.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of two hundred and fifty-five million one hundred thousand Euro (€255,100,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(b) The Loan has a principal repayment period of 15 years, and a grace period as defined in subsection (c) hereinafter.

(c) The term "grace period" as used in subsection (b) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

- (a) Euribor;
- (b) 0.60% as provided by Section 3.02 of the Loan Regulations less a credit of 0.10% as provided by Section 3.03 of the Loan Regulations; and
- (c) a maturity premium of 0.20% as provided by Section 3.03 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 15 February and 15 August in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 2 to this Loan Agreement.

Section 2.06. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

- (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and
- (iii) the setting of limits on the Floating Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Floating Rate.

(b) Any conversion requested pursuant to subsection (a) hereinabove that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(f) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

ARTICLE III**Use of Proceeds of the Loan**

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, the Borrower shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to this Loan Agreement.

Section 3.04. Withdrawals from the Loan Account in respect of Goods, Works, and Services shall be made only on account of expenditures relating to:

- (a) Goods which are produced in and supplied from and Works and Services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement; and
- (b) Goods, Works, and Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.05. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 31 December 2025 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV**Particular Covenants**

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 4 to this Loan Agreement.

Section 4.02. (a) The Borrower, through the Project Implementing Agency, shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with financial reporting standards acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the Loan proceeds, and a management letter (which sets out the deficiencies in the

internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

(c) The Borrower shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Borrower's financial affairs where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Borrower, unless the Borrower shall otherwise agree.

Section 4.03. The Borrower shall enable ADB's representatives to inspect the Project, the Goods, Works and Services, and any relevant records and documents.

ARTICLE V

Effectiveness

Section 5.01. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

ARTICLE VI

Miscellaneous

Section 6.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Borrower

Ministry of Finance
16 V. Gorgasali Street, 0114
Tbilisi, Georgia



Facsimile Number:

(99532) 2262 423.

For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:


(632) 8636-2444
(632) 8636-2424.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

GEORGIA

By 
IVANE MATCHAVARIANI
Minister
Ministry of Finance

ASIAN DEVELOPMENT BANK

By 
SHANE J. ROSENTHAL
Country Director
Georgia Resident Mission

SCHEDULE 1**Description of the Project**

1. The objective of the Project is the improved efficiency and safety of road transport along the East-West Highway in the territory of the Borrower.
2. The Project shall comprise:
 - (a) (i) the construction of new access controlled dual carriageway or four-lane divided highway, between Shorapani and Argveta in the territory of the Borrower; (ii) the improvement of secondary roads connecting to the East-West Highway; and (iii) construction of a rest stop with separate toilet facilities for women and men, and commercial stalls;
 - (b) the execution of road safety works on nearby sections of the East-West Highway in the territory of the Borrower and the development and implementation of a gender-sensitive road safety awareness program for villages and schools in the vicinity of such East-West Highway;
 - (c) purchasing portable scales to be deployed in the selected municipalities and undertaking a pilot project to install at least one "weigh in motion" site on the East-West Highway with corresponding adjacent weigh bridges; and
 - (d) undertaking initial rehabilitation or repairs and routine, periodic and emergency maintenance works covering international and connecting secondary roads under a performance-based maintenance contract.
3. The Project is expected to be completed by 30 June 2025.

SCHEDULE 2

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by ADB by multiplying (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Date Payment Due	Installment Share (Expressed as a %)
15 February 2031	3.333333
15 August 2031	3.333333
15 February 2032	3.333333
15 August 2032	3.333333
15 February 2033	3.333333
15 August 2033	3.333333
15 February 2034	3.333333
15 August 2034	3.333333
15 February 2035	3.333333
15 August 2035	3.333333
15 February 2036	3.333333
15 August 2036	3.333333
15 February 2037	3.333333
15 August 2037	3.333333
15 February 2038	3.333333
15 August 2038	3.333333
15 February 2039	3.333333
15 August 2039	3.333333
15 February 2040	3.333333
15 August 2040	3.333333
15 February 2041	3.333333
15 August 2041	3.333333
15 February 2042	3.333333
15 August 2042	3.333333
15 February 2043	3.333333
15 August 2043	3.333333
15 February 2044	3.333333
15 August 2044	3.333333
15 February 2045	3.333333
15 August 2045	3.333343
Total	100.000000

Schedule 2

2. If the proceeds of the Loan shall not have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

- (a) to the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule; and
- (b) any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. Withdrawals made within 2 calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by ADB by multiplying such amount in its currency of denomination immediately prior to said Conversion by either (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by ADB under the Currency Hedge Transaction relating to said Conversion; or (ii) if ADB so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

SCHEDULE 3**Allocation and Withdrawal of Loan Proceeds****General**

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Loan and the allocation of the Loan proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category of the Table.)

Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be allocated to items of expenditure, and disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Interest and Commitment Charges

3. The amount allocated to the Category "Interest and Commitment Charges" is for financing interest and commitment charges on the Loan during the implementation period of the Project. ADB shall be entitled to withdraw from the Loan Account and pay to itself, on behalf of the Borrower, the amounts required to meet payments, when due, of such interest and commitment charges.

Reallocation

4. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

- (a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, in consultation with the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures; and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and
- (b) if the amount of the Loan allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, in consultation with the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

5. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Retroactive Financing

6. Withdrawals from the Loan Account may be made to finance eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement in connection with Works and Consulting Services, subject to a maximum amount equivalent to 20% of the Loan amount.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS			
Number	Item	Total Amount Allocated for ADB Financing (Euro) Category	Basis for Withdrawal from the Loan Account
1	Works, Goods and Services	248,008,000	100% of total expenditure claimed*
2	Interest and Commitment Charges	7,092,000	100% of amounts due
	TOTAL	255,100,000	

* Exclusive of taxes and duties imposed within the territory of the Borrower.

SCHEDULE 4**Execution of Project; Financial Matters****Implementation Arrangements**

1. The Borrower, through the Project Executing Agency and the Project Implementing Agency, shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Project Implementing Agency and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

Procurement

2. The Borrower, through the Project Implementing Agency shall ensure that:
- (a) the procurement of Goods, Works and Services is carried out in accordance with the Procurement Policy and the Procurement Regulations;
 - (b) Goods, Works and Services shall be procured based on the detailed arrangements set forth in the Procurement Plan, including the procurement and selection methods, the type of bidding documents, and ADB's review requirements. The Borrower may modify the detailed arrangements set forth in the Procurement Plan only with the prior agreement of ADB, and such modifications must be set out in updates to the Procurement Plan; and
 - (c) (i) all Goods and Works procured and Services obtained (including all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party; and (ii) all contracts for the procurement of Goods, Works and Services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor, supplier, consultant or service provider with respect to the matters referred to in this subparagraph.
3. The Borrower shall cause the Project Implementing Agency not to award any Works contract which involves environmental impacts until:
- (a) the appropriate authority of the Borrower has granted the final approval of the EIA; and
 - (b) the Project Implementing Agency has incorporated the relevant provisions from the EMP into the Works contract.

4. The Borrower shall cause the Project Implementing Agency not to award any Works contract which involves involuntary resettlement impacts until the Borrower has prepared and submitted to ADB the final RP based on the Project's detailed design and obtained ADB's clearance of the RP.

Environment

5. The Borrower, through the Project Implementing Agency, shall ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to environment, health and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the EIA, the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

6. Without limiting the application of the Environmental Safeguards, the EIA or the EMP, the Borrower, through the Project Implementing Agency, shall ensure that:

- (a) the requirements in the SPS for 'No Net Loss' to biodiversity are met, in particular, ensuring that the 28 hectares of natural habitat that will be lost during construction of the Project Road will be either reinstated within the Project right of way, or offset as part of a compensation planting program to be agreed in collaboration with the relevant government departments; and
- (b) no disposal of spoil occurs at any site until (i) all necessary written approvals or permits have been obtained from the relevant governmental authorities and land owners; and (ii) the final Spoil Disposal Plan for such site, as provided in Appendix K of the EIA, has been approved by ADB.

Land Acquisition and Involuntary Resettlement

7. The Borrower, through the Project Implementing Agency, shall ensure that all land and all rights-of-way required for the Project are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Borrower relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; and (c) all measures and requirements set forth in the RP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

8. Without limiting the application of the Involuntary Resettlement Safeguards or the RP, the Borrower, through the Project Implementing Agency, shall ensure that no physical or economic displacement takes place in connection with the Project until:

- (a) compensation and other entitlements have been provided to the affected people in accordance with the RP; and

- (b) a comprehensive income and livelihood restoration program has been established in accordance with the RP.

9. The Borrower, through the Project Implementing Agency, shall ensure that, in respect of each discrete portion of the Project Road, all land acquisition and resettlement activities, including all payments of required compensation and entitlements, and satisfaction of all requirements and actions set out in the RP, are completed and certified as such by the external monitoring agency referred to in paragraph 12(c) of Schedule 4 to this Loan Agreement before any construction commences on such portion and before any notice to proceed is issued for such portion under the Works contract. For the avoidance of doubt, the term "portion" as used in this paragraph means any portion of the Project Road, and construction may commence on such portion and a notice to proceed may be issued for such portion provided that all land acquisition and resettlement activities have been completed and certified as described in this paragraph.

Indigenous Peoples

10. The Borrower, through the Project Implementing Agency, shall ensure that the Project does not have any indigenous peoples impacts within the meaning of the SPS. In the event that the Project does have any such impact, the Borrower, through the Project Implementing Agency, shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Borrower and with the SPS.

Human and Financial Resources to Implement Safeguards Requirements

11. The Borrower, through the Project Executing Agency and the Project Implementing Agency, shall make available necessary budgetary and human resources to fully implement the EMP and the RP.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

12. The Borrower, through the Project Implementing Agency, shall ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures relevant to the contractor set forth in the EIA, the EMP and the RP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report;
- (b) make available a budget for all such environmental and social measures;
- (c) provide the Borrower with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the EIA, the EMP and the RP;

- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (e) reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.

Safeguards Monitoring and Reporting

13. The Borrower, through the Project Implementing Agency, shall do the following:
- (a) submit semi-annual Safeguards Monitoring Reports to ADB during the construction of the Project until its completion, and, thereafter, submit annual reports to ADB during its operation, and disclose relevant information from such reports to affected persons promptly upon their submission;
 - (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the EIA, the EMP and the RP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan;
 - (c) no later than the date of submission by the Borrower to ADB of the technical bid evaluation report for the Works contract, the Project Executing Agency or the Project Implementing Agency, as the case may be, shall engage qualified and experienced external experts or qualified non-government organizations under a selection process and terms of reference acceptable to ADB, to verify information produced through the Project monitoring process, and facilitate the carrying out of any verification activities by such external experts; and
 - (d) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP or the RP promptly after becoming aware of the breach.

Prohibited List of Investments

14. The Borrower, through the Project Implementing Agency, shall ensure that no proceeds of the Loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Labor Standards, Health and Safety

15. The Borrower, through the Project Implementing Agency, shall ensure that the core labor standards and the Borrower's applicable laws and regulations are complied with during Project implementation. The Borrower, through the Project Implementing Agency, shall include specific provisions in the bidding documents and contracts financed by ADB under the Project requiring that the contractors, among other things: (a) comply with the Borrower's

applicable labor law and regulations and incorporate applicable workplace occupational safety norms; (b) do not use child labor; (c) do not discriminate workers in respect of employment and occupation; (d) do not use forced labor; (e) allow freedom of association and effectively recognize the right to collective bargaining; and (f) disseminate, or engage appropriate service providers to disseminate, information on the risks of sexually transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities surrounding the Project area, particularly women.

16. The Borrower, through the Project Implementing Agency, shall strictly monitor compliance with the requirements set forth in paragraph 14 above and provide ADB with regular reports.

Gender and Development

17. The Borrower, through the Project Implementing Agency, shall ensure that (a) the GAP is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GAP; (c) adequate resources are allocated for implementation of the GAP; and (d) progress on implementation of the GAP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB.

Counterpart Support

18. The Borrower shall ensure that the Project Executing Agency and the Project Implementing Agency, respectively, have sufficient funds to satisfy their liabilities, and price and physical contingencies arising from any Works, Goods and/or Services contract.

Operational/Sector Performance Covenants

19. The Borrower, through the Project Implementing Agency, shall ensure that: (a) the Project is implemented in accordance with design specifications and constructions norms; and (b) construction supervision, quality control and contract management are performed in accordance with international standards.

20. The Borrower, through the Project Implementing Agency, shall ensure that:

- (a) appropriate safety signs and facilities are installed in and around the site of the construction and such signs and facilities are maintained throughout the period of construction and until completion;
- (b) specific provisions regarding the installation and maintenance of the safety signs and facilities referred to in subparagraph (a) are included in the relevant bidding documents and contracts;
- (c) throughout the term of this Loan Agreement, accident rates and traffic volumes on all roads constructed and/or maintained under the Project are regularly monitored, to help ensure compliance with all applicable laws and regulations of the Borrower relating to road safety, and appropriate remedial actions are taken in case of non-compliance; and

Schedule 4

- (d) adequate budgetary and other resources are allocated and promptly provided for the operation and maintenance of all roads constructed and/or maintained under the Project.

21. The Borrower, through the Project Executing Agency or the Project Implementing Agency, shall keep ADB informed of the Borrower's policies on the road sector that may materially affect the economic viability of the Project.

22. The Borrower, through the Project Implementing Agency, shall ensure that ADB's written consent is obtained at least 6 months prior to the implementation of any of the following: (i) any change in ownership of any asset, facility or structure financed under the Project; and (ii) any sale, transfer, or assignment of interest or control in any asset, facility or structure financed under the Project. The Borrower shall ensure that any such changes will be carried out in a legal and transparent manner.

23. The Borrower, through the Project Implementing Agency, shall ensure that the Project Road is operated and maintained in good condition and meeting the national standards for the corresponding functional class, including close monitoring of pavement performance and prompt engagement in remedial works to be financed from its own resources.

24. The Borrower shall ensure that upon ADB's request, the Project Implementing Agency provides ADB with interim unaudited financial statements for the Project, with such statements to include the budgeted, actual and variance amounts of expenditures (current and cumulative amounts) for the Project.

Grievance Redress Mechanism

25. The Borrower, through the Project Implementing Agency, shall ensure that a safeguards grievance redress mechanism acceptable to ADB is established in accordance with the provisions of the EIA and RP to consider safeguards complaints.

26. The safeguards grievance redress mechanism referred to in paragraph 25 above shall function to (a) review and document eligible complaints of Project stakeholders; (b) proactively address grievances; (c) provide the complainants with notice of the chosen mechanism and/or action; and (d) prepare and make available to ADB upon request periodic reports to summarize (i) the number of complaints received and resolved; (ii) chosen actions; and (iii) final outcomes of the grievances.

Governance and Anticorruption

27. The Borrower shall, and shall ensure the Project Executing Agency and the Project Implementing Agency (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

28. The Borrower, through the Project Implementing Agency, shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and

Schedule 4

contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the Project Executing Agency and the Project Implementing Agency and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

29. The Borrower shall cause the Project Implementing Agency to disclose on its website information on (a) bidding procedures, bidders and contract awards; (b) the use of funds disbursed under the Project; (c) the physical progress of the Project; and (d) safeguard matters, including any environmental and/or social safeguards plans required to be prepared for the Project.



21 თებერვალი 2025

პატივცემული მინისტრი ლაშა ხუციშვილი
აზიის განვითარების ბანკში საქართველოს მმართველი
ფინანსთა სამინისტრო
ვ. გორგასლის ქ. №16, 0114
თბილისი, საქართველო

თემა: სესხის ნომერი 3861-GEO: აღმოსავლეთ-დასავლეთის მაგისტრალის (შორაპანი-არგვეთას მონაკვეთი) გაუმჯობესების პროექტი

– სასესხო შეთანხმების ცვლილება (ცვლილების შეთანხმება №1)

პატივცემულო ლაშა ხუციშვილო,

- ჩვენ ვგულისხმობთ საქართველოსა („მსესხებელი“) და აზიის განვითარების ბანკს („ADB“) შორის 2019 წლის 27 ნოემბრით დათარიღებულ სასესხო შეთანხმებას (ჩვეულებრივი ოპერაციები) ზემოაღნიშნულ პროექტთან დაკავშირებით („სასესხო შეთანხმება“). თუ კონტექსტი სხვაგვარად არ მოითხოვს, ყველა გამოყენებულ განმარტებას, რომელიც აქვე არ არის განსაზღვრული, სასესხო შეთანხმებაში უნდა ჰქონდეს მისთვის მინიჭებული მნიშვნელობა.
- მსესხებლის 2024 წლის 27 აგვისტოთი დათარიღებული მოთხოვნის საფუძველზე ADB-მა 2024 წლის 4 დეკემბერს დაამტკიცა პროექტის ცვლილებები, რომელიც ეხება პროექტის შემადგენლობას. ცვლილებების ძალაში შესვლის მიზნით, ADB გთავაზობთ სასესხო შეთანხმებაში ცვლილებების შეტანას, როგორც ეს მითითებულია დანართში.
- გარდა დანართში მოცემული ცვლილებებისა, სასესხო შეთანხმება უცვლელი რჩება.
- ADB-ის ინფორმაციის ხელმისაწვდომობის პოლიტიკის (2018) („AIP“) შესაბამისად, სასესხო შეთანხმების ცვლილება განთავსდება ADB-ის ვებ-გვერდზე აღნიშნული ცვლილების ძალაში შესვლის დღიდან 2 კვირის განმავლობაში, მას შემდეგ რაც წაიშლება მსესხებლის მიერ მითითებული ნებისმიერი ინფორმაცია, რომელიც შედის AIP გამონაკლისებში.
- გთხოვთ, დაგვიდასტუროთ მსესხებლის თანხმობა წინამდებარე დანართში მითითებულ ცვლილებაზე და ამ №1 ცვლილების შეთანხმების პირობებზე, ამ №1 ცვლილების შეთანხმების ორივე ორიგინალის ხელმოწერით ქვემოთ მითითებულ სივრცეში. გთხოვთ, შეინახოთ ამ №1 ცვლილების შეთანხმების ერთი ხელმოწერილი ორიგინალი თქვენს ჩანაწერისთვის და მეორე დაუბრუნოთ ADB-ს. წინამდებარე №1 ცვლილების შეთანხმება ძალაში შევა ADB-ს მიერ ამ ცვლილების წერილ-შეთანხმების მსესხებლის მიერ ხელმოწერილი ორიგინალის მიღებასთან ერთად მისი ძალაში შესვლისთვის აუცილებელი ყველა სამართლებრივი პროცედურის შესრულების შეტყობინების შემდეგ.

პატივისცემით,

ლესლი ბეარმან ლამი
ქვეყნის დირექტორი

ადგილობრივი წარმომადგენლობა საქართველოში

აზიის განვითარების ბანკი
ადგილობრივი წარმომადგენლობა საქართველოში
ილია ჭავჭავაძის გამზირი 64b
0179 თბილისი საქართველო
ტელ: +995 32 225 0619
www.adb.org/georgia
adbgrm@adb.org

A. დადასტურებული და მიღებულია.

B. ვადასტურებ, რომ სასესიო შეთანხმების ცვლილებები არ მოიცავს ინფორმაციას, რომელზეც ვრცელდება AIP-ის გამონაკლისები.

საქართველოს სახელით:

სახელი: ბატონი ლაშა ხუციშვილი

თანამდებობა: მინისტრი, საქართველოს ფინანსთა სამინისტრო

თარიღი: 28 თებერვალი, 2025

სესხის ნომერი 3861-GEO: აღმოსავლეთ-დასავლეთის მაგისტრალის (შორაპანი-არგვეთას მონაკვეთი) გაუმჯობესების პროექტი

სასესხო შეთანხმებაში შესატანი ცვლილება

სასესხო შეთანხმების 1-ელი განრიგის, მე-2 პუნქტი, წაიშალოს და მის ნაცვლად ჩაიწეროს შემდეგი:

„2. პროექტი მოიცავს:

- (ა) (i) მსესხებლის ტერიტორიაზე შორაპანსა და არგვეთას შორის ახალი მისასვლელი კონტროლირებადი ორმაგი სავალი ნაწილის ან ოთხზოლიანი დაყოფილი მაგისტრალის მშენებლობასა; და (ii) დასასვენებელი გაჩერების მშენებლობას ქალებისა და მამაკაცებისთვის ცალკე ტუალეტით და კომერციული სადგომებით;
- (ბ) აღმოსავლეთ-დასავლეთის მაგისტრალის მიმდებარედ გენდერულად სენსიტიური საგზაო უსაფრთხოებასთან დაკავშირებული ცნობიერების ამაღლების პროგრამის შემუშავებასა და განხორციელებას სოფლებისა და სკოლებისთვის;
- (გ) შერჩეულ მუნიციპალიტეტებში განსათავსებელი პორტატული სასწორების შექმნას და საპილოტე პროექტის განხორციელებას აღმოსავლეთ-დასავლეთის მაგისტრალზე მინიმუმ ერთი წონის კონტროლის დინამიური სისტემის დამონტაჟების მიზნით შესაბამისი უახლოესი პლატფორმიანი სასწორით; და
- (დ) პროექტის განმახორციელებელი სააგენტოს შესაძლებლობების განვითარებას მსესხებლის ტერიტორიაზე ჩქაროსნული ავტომაგისტრალების საექსპლუატაციო და ტექნიკური უზრუნველყოფის სისტემის შეფასება-გამლიერების გზით.“

საქართველოს საგარეო საქმეთა სამინისტრო
საქართველოს საერთაშორისო ხელშეკრულებათა
თარგმნის ბიუროს
სარეგისტრაციო/REGISTRATION № 0644-25
თარიღი/DATE 4.03.2025
დაამტკიცა/CERTIFIED BY [Signature]
Ministry of Foreign Affairs of Georgia
TRANSLATION BUREAU
of International Agreements of Georgia



GEORGIA RESIDENT MISSION

21 February 2025

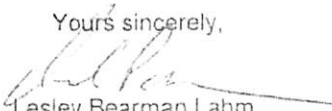
Honorable Minister Lasha Khutsishvili
Governor for Georgia in the Asian Development Bank
Ministry of Finance
16 V. Gorgasali Street, 0114
Tbilisi, Georgia

**Subject: Loan No. 3861-GEO: East-West Highway (Shorapani-Argveta
 Section) Improvement Project
 – Amendment to Loan Agreement (Amendment Agreement №1)**

Dear Honorable Minister Khutsishvili:

1. We refer to the Loan Agreement (Ordinary Operations) dated 27 November 2019 between Georgia ("Borrower") and Asian Development Bank ("ADB") for the captioned project ("Loan Agreement"). All capitalized terms used but not defined herein shall have the meaning given thereto in the Loan Agreement, unless the context requires otherwise.
2. Following a request from the Borrower dated 27 August 2024, ADB approved on 4 December 2024 changes in the Project concerning the project scope. To give effect to the changes, ADB proposes that the Loan Agreement be amended as set out in the attachment hereto.
3. Save and except to the extent set out in the attachment hereto, the Loan Agreement remains unchanged.
4. Pursuant to ADB's Access to Information Policy (2018) ("AIP"), the amendment to the Loan Agreement will be posted on ADB's website within 2 weeks from the date that the amendment becomes effective, after removing any information that falls within the AIP exceptions as specified by the Borrower.
5. Please indicate the Borrower's concurrence to the amendment set out in the attachment hereto and to the terms of this Amendment Agreement №1 by countersigning each of the two original of this Amendment Agreement №1 in the space indicated below. Please retain one signed original of this Amendment Agreement №1 for your records and return the other to ADB. The proposed Amendment Agreement №1 shall take effect on the date of receipt by ADB of a signed original of this letter agreement together with notification of the Borrower on the fulfillment of all legal procedures necessary for its entry into force.

Yours sincerely,


Lesley Bearman Lahm
Country Director
Georgia Resident Mission

ASIAN DEVELOPMENT BANK
GEORGIA RESIDENT MISSION
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0179 Tbilisi Georgia
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www.adb.org/georgia
adbgrm@adb.org

- A. Accepted and agreed.
- B. Confirmed that the amendment to the Loan Agreement does not contain information falling within the AIP exceptions.

For and on behalf of Georgia

Name: Mr. Lasha Khutsishvili



Designation: Minister, Ministry of Finance

Date: 28 February 2025

Attachment**Loan No. 3861-GEO: East-West Highway (Shorapani-Argveta Section) Improvement Project****Amendment to Loan Agreement**

Schedule 1, paragraph 2 of the Loan Agreement shall be deleted and substituted with the following:

- "2. The Project shall comprise:
- (a) (i) the construction of new access controlled dual carriageway or four-lane divided highway, between Shorapani and Argveta in the territory of the Borrower; and (ii) construction of a rest stop with separate toilet facilities for women and men, and commercial stalls;
 - (b) the development and implementation of a gender-sensitive road safety awareness program for villages and schools in the vicinity of such East-West Highway;
 - (c) purchasing portable scales to be deployed in the selected municipalities and undertaking a pilot project to install at least one "weigh in motion" site on the East-West Highway with corresponding adjacent weigh bridges; and
 - (d) improving the capacity of the Project Implementing Agency by reviewing and strengthening the operations and maintenance system of the highways in the territory of the Borrower."