

APPENDIX

Section I. Definitions

1. "Affected Person" means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person, and "Affected Persons" means, collectively, all such Affected Persons.
2. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011.
3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
5. "Environmental and Social Management Framework" or "ESMF" means the Environmental and Social Management Framework disclosed by the Borrower on its website on February 12, 2015, and in the Bank's Infoshop on February 18, 2015, which sets forth the policies and procedures for: carrying out Environmental, Social and Cultural Resource Screenings; conducting Environmental and Social Reviews; and the preparation of the environmental management plans (including, the requirements for mitigation measures to be included in environmental management plans).
6. "Environmental and Social Review" or "ESR" means a review of a proposed investment subproject, which has been classified as high risk environmental Category B through the ESCR carried out in accordance with the ESMF, to study the biophysical environment in and around the proposed investment subproject site, to identify and assess any potential environmental, social and cultural resource impacts of implementation of such subproject, evaluate alternatives, and design appropriate mitigation, management, and monitoring measures.
7. "Environmental Management Plan" or "EMP" means any specific environmental management plan developed for an Investment Subproject in accordance with the ESMF and satisfactory to the Bank.

8. "Environmental, Social and Cultural Resource Screening" or "ESCRS" means a mandatory review of each proposed investment subprojects under Parts 1(a) and 1(b) of the Project, carried out in accordance with the ESMF, with the purpose of categorizing them by expected environmental risks and impacts, filtering out proposals based on degree of detriment to the environment, identifying a need for preparing an environment management plan and determining appropriate extent and type of environmental, social and cultural resource review to be applied to the proposed investment subprojects accepted for further processing.
9. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012, with the modifications set forth in Section II of this Appendix.
10. "GNTA" means the Georgian National Tourism Administration of the Borrower.
11. "Investment Subproject Financing Agreement" means any agreement entered into between the Project Implementing Entity and a Participating LSG for the provision of Investment Subproject Financing to carry out an Investment Subproject, and "Investment Subproject Financing Agreements" means, collectively all such agreements.
12. "Investment Subproject Financing" means a grant made by the Project Implementing Entity, out of the proceeds of the Loan, to a Participating LSG in accordance with the provisions of Section I.D of Schedule to the Project Agreement.
13. "Investment Subproject" means an investment subproject under Part 1(a) or Part 1(b) of the Project to be carried out by a Participating LSG utilizing the proceeds of Investment Subproject Financing and made available pursuant to an Investment Subproject Financing Agreement, and "Investment Subprojects" means, collectively, all such subprojects.
14. "MOF" means the Borrower's Ministry of Finance or any successor thereto.
15. "MRDI" means the Borrower's Ministry of Regional Development and Infrastructure or any successor thereto.
16. "NACHP" means the National Agency for Culture Heritage Preservation of Georgia.
17. "Operating Costs" means reasonable and necessary incremental expenses incurred by the Project Implementing Entity with respect to Project implementation, management and monitoring, and outreach and awareness campaigns including, the costs of support staff salaries (excluding salaries of the Borrower's civil service staff), communication, editing, printing and publication, translation, vehicle operation and maintenance, bank charges.

local travel costs and field trip expenses, office rentals, utilities and supplies, based on an annual budget agreed with the Bank.

18. "Operation Manual" means the manual prepared by the Project Implementing Entity pursuant to paragraph 2(a) of Section I.A of Schedule 2 to this Agreement and to be adopted by the Project Implementing Entity pursuant to Section 5.01(b) of this Agreement and which manual includes the Environmental and Social Management Framework and the Resettlement Policy Framework, as such Operation Manual may be amended from time to time with the agreement of the Bank.
19. "Participating LSG" means: (a) a Local Self Government established and operating by virtue of the Borrower's Organic Law (Local Self-Government Code) No. 1958-II-b of February 5, 2014; (b) a Borrower national agency or entity (for example, NACHP, the Agency of Protected Areas and the Georgia National Museum); or (c) administration of religious organizations, which has been selected for the carrying out of an Investment Subproject in accordance with the eligibility criteria and procedures set forth in the Operation Manual.
20. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
21. "Procurement Plan" means the procurement plan for the Project dated February 20, 2015, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
22. "Project Implementing Entity's Legislation" means the Charter of MDF established pursuant to Decree No. 118 of the Government of Georgia dated July 23, 2005, as amended to date.
23. "Project Implementing Entity" or "MDF" means the Municipal Development Fund of Georgia established pursuant to Presidential Decree No. 294 of the President of Georgia, dated June 7, 1997, as amended to date.
24. "Resettlement Action Plan" or "RAP" means a specific resettlement action plan developed for an Investment Subproject in accordance with the RPF and satisfactory to the Bank, and "Resettlement Action Plans" means, collectively, all such Resettlement Action Plans.
25. "Resettlement Policy Framework" or "RPF" means the resettlement policy framework disclosed by the Borrower on its website on February 12, 2015, and in the Bank's Infoshop on February 18, 2015, which sets forth *inter alia*: (a) the description of areas covered by the Project; (b) the legal basis and screening process for land acquisition, resettlement and land use in connection with works and construction activities to be carried out under the

Project; (c) the resettlement principles and entitlements of Affected Persons based on different categories of impact; (d) the procedures for consultation, valuation, compensation, livelihoods restoration and other assistance provided to the Affected Persons, including the grievance process; and (e) the responsibilities, procedures and requirements for the development and implementation of site-specific RAPs.

26. "Subsidiary Agreement" means the agreement referred to in paragraph 1 of Section I.B of Schedule 2 to this Agreement pursuant to which the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity.
27. "Training" means expenditures incurred by the Project Implementing Entity in connection with carrying out training activities under Part 2 of the Project, including travel costs and *per diem* for local trainees, study tours, workshops, conferences, and non-degree fellowships, rental of facilities and equipment and training materials and related supplies based on a semi-annual budget agreed with the Bank.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.
2. Section 3.01. (*Front-end Fee*) is modified to read as follows:

"Section 3.01. *Front-end Fee; Commitment Charge*

 - (a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").
 - (b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."
3. In the Appendix, Definitions, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.

4. The Appendix is modified by inserting a new paragraph 19 with the following definition of "Commitment Charge", and renumbering the subsequent paragraphs accordingly:

"19. "Commitment Charge" means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b)."

5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of "Front-end Fee" is modified by replacing the reference to Section 3.01 with Section 3.01 (a).

6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term "Loan Payment" is modified to read as follows:

"68. "Loan Payment" means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower."

7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of "Payment Date" is modified by deleting the word "is" and inserting the words "and Commitment Charge are" after the word "interest".