

EXECUTION VERSION
(Operation Number 54423)

LOAN AGREEMENT
(Moldova Road Rehabilitation Project V)

between

REPUBLIC OF MOLDOVA

and

**EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

Dated 22 January 2024

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LOAN AGREEMENT

AGREEMENT dated 22 January 2024 between REPUBLIC OF MOLDOVA (the "Borrower") and EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (the "Bank").

PREAMBLE

WHEREAS, the Bank has been established to provide financing for specific projects to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative in certain countries committed to and applying the principles of multiparty democracy, pluralism and market economics;

WHEREAS, the Borrower intends to implement the Project as described in Schedule 1 which is designed to assist in (A) the rehabilitation and widening of the M2 Chisinau ring road-section 2; (B) the purchase of specialised equipment and software for the road asset management system; and (C) rehabilitation of the M1 Chisinau to Leuseni road section;

WHEREAS, the Project will be carried out by the Ministry of Infrastructure and Regional Development, through the State Road Administration, a public enterprise established and operating under the Statutes (the "Project Entity" or "SRA") with financial assistance from the Borrower;

WHEREAS, the Borrower has requested assistance from the Bank in financing part of the Project; and

WHEREAS, the Bank has agreed on the basis of, *inter alia*, the foregoing to make a loan to the Borrower in the amount of up to one hundred and fifty million Euros (EUR 150,000,000), consisting of: (i) Tranche 1, in the amount of up to ninety million Euros (EUR 90,000,000) and (ii) Tranche 2, in the amount of up to sixty million Euros (EUR 60,000,000), subject to the terms and conditions set forth or referred to in this Agreement and in the project agreement dated the date hereof between the Project Entity and the Bank (the "Project Agreement" as defined in the Standard Terms and Conditions).

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I - STANDARD TERMS AND CONDITIONS; DEFINITIONS

Section 1.01. Incorporation of Standard Terms and Conditions

All of the provisions of the Bank's Standard Terms and Conditions dated 5 November 2021 are hereby incorporated into and made applicable to this Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications (such provisions as so modified are hereinafter called the "Standard Terms and Conditions"):

(a) (1) The definition of the "Available Amount" in Section 2.02 of the Standard Terms and Conditions shall, for purposes of this Agreement, be modified to read as follows:

""Available Amount" means so much of Tranche 1 and/or Tranche 2 of the Loan, as the case may be, as shall not, from time to time, have been cancelled or drawn down or made subject to a conditional or unconditional Reimbursement Commitment."

(2) The definition of the "Effective Date" in Section 2.02 of the Standard Terms and Conditions shall, for purposes of this Agreement, be modified to read as follows:

""Effective Date" means the date upon which the Loan Agreement becomes effective and Tranche 1 becomes available for drawings in accordance with Section 9.01."

(b) Sections 3.05(a) and (d) of the Standard Terms and Conditions shall, for purposes of this Agreement, be modified to read as follows:

"Section 3.05. Commitment Charge and Front-End Commission

(a) The Borrower shall pay to the Bank a commitment charge at the rate specified in the Loan Agreement, payable on the total of the Available Amount plus any amount of the Loan that is subject to a Reimbursement Commitment and is not yet drawn down, provided that the Commitment Charge payable on the amount of the Loan subject to an unconditional Reimbursement Commitment shall be 0.5% per annum greater than the rate of the Commitment Charge specified in the Loan Agreement. The Commitment Charge shall accrue:

(1) for Tranche 1, from the date sixty (60) days after the date of the Loan Agreement;

(2) for Tranche 2, from the date of the Bank's notification to the Borrower whereby the Bank shall confirm that all conditions listed in Section 5.02 of this Agreement have been fulfilled;

(3) in the case of Commitment Charge payable on the amount of the Loan subject to an unconditional Reimbursement Commitment, from the date of issuance of such unconditional Reimbursement Commitment,

provided that the Commitment Charge shall accrue and be calculated on the same basis as interest under Section 3.04(b)(ii). The Commitment Charge shall be payable on each Interest Payment Date, as applicable with respect to each of Tranche 1 and Tranche 2, respectively, (even though no interest may be payable on such date) commencing on the first Interest Payment Date (i) following the Effective Date for Tranche 1; (ii) with respect to Tranche 2, following the Tranche 2 Commitment Date (as defined in the Loan Agreement);

(d) In the event that the Borrower opts under the Loan Agreement to pay the Front-end Commission out of its own resources, the Front-end Commission shall be due

and payable within seven (7) days (i) from the Effective Date with respect to Tranche 1; and (ii) from the Tranche 2 Commitment Date (as defined in the Loan Agreement), with respect to Tranche 2."

Section 1.02. Definitions

Wherever used in this Agreement (including the Preamble and Schedules), unless stated otherwise or the context otherwise requires, the terms defined in the Preamble have the respective meanings given to them therein, the terms defined in the Standard Terms and Conditions have the respective meanings given to them therein and the following terms have the following meanings:

"Borrower's Authorised Representative"	means the Minister of Finance of the Borrower.
"ClientNet"	means the Bank's online portal for the transmission of documents and information between the Bank and its clients, and any replacement website as the Bank may from time to time notify the Borrower.
"Designated Performance Requirements"	has the meaning assigned to it in the Project Agreement.
"Enforcement Policy and Procedures"	means the Bank's Enforcement Policy and Procedures dated 4 October 2017.
"Environmental and Social Action Plan" or "ESAP"	has the meaning assigned to it in the Project Agreement.
"Fiscal Year"	means the Borrower's fiscal year commencing on 1 st January and ending on 31 st December of each year.
"Inclusive Procurement Practices"	means the integration of an additional clause into the procurement documentation to commit contracting companies to offer on-site training opportunities to underserved communities.
"Loan Currency"	means Euro.
"National E-mobility Strategy"	means the elaboration and adoption of a National Electric Mobility Strategy for Moldova, consisting of an assessment of the existing challenges, regulatory gaps with EU regulatory framework, setting of targets for the decarbonisation of road transport and elaboration of an action plan with short, medium and long term measures to foster electric mobility development in the country.
"Project"	has the meaning ascribed to it in Schedule 1.

"Project Entity"	has the meaning assigned to it in the preamble to this Agreement.
"Project Implementation Unit" or "PIU"	has the meaning assigned to it in the Project Agreement.
"Resettlement Plan"	means such plan as prepared by the Project Entity under the Designated Performance Requirement 5 to address the physical resettlement with respect to each road section to be financed with the proceeds of Tranche 1, in form and substance satisfactory to the Bank and as such plan may be amended from time to time with the prior written consent of the Bank.
"Resettlement Policy Framework"	means a framework document for the Project prepared by the Project Entity under Designated Performance Requirement 5 setting forth principles and entitlements of resettlement in relation to the Project, in form and substance satisfactory to the Bank and as such the framework may be amended from time to time with the prior written consent of the Bank.
"Standard Terms and Conditions"	has the meaning assigned to it in Section 1.01 of this Agreement.
"Supervision Consultant"	means the consultants employed to perform supervision of civil works for the rehabilitation and construction of the M2 Chisinau ring road-section 2, comprising of approximately 7 km of road, and the M1 Chisinau to Leuseni road section, comprising of approximately 71 km of road.
"Tranche"	shall mean Tranche 1 or Tranche 2, as the context may require.
"Tranche 1"	shall have the meaning ascribed thereto in Section 2.01(b)(1).
"Tranche 2"	shall have the meaning ascribed thereto in Section 2.01(b)(2).
"Tranche 2 Commitment Date"	the date of the Bank's notification to the Borrower whereby the Bank shall confirm that all conditions listed in Section 5.02 of the Loan Agreement have been fulfilled.

Section 1.03. Interpretation

In this Agreement, a reference to a specified Article, Section or Schedule shall, except where stated otherwise in this Agreement, be construed as a reference to that specified Article or Section of, or Schedule to, this Agreement.

ARTICLE II - PRINCIPAL TERMS OF THE LOAN

Section 2.01. Amount and Currency

(a) The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of up to one hundred and fifty million Euros (EUR 150,000,000).

(b) The Loan shall consist of two Tranches, as follows:

- (1) Tranche 1 in the amount of up to ninety million Euros (EUR 90,000,000); and
- (2) Tranche 2 in the amount of up to sixty million Euros (EUR 60,000,000).

Section 2.02. Other Financial Terms of the Loan

(a) The Minimum Drawdown Amount shall be:

- (1) EUR 250,000 for any Drawdown requested by the Borrower to finance expenditures in respect of goods, works and services under Category 1; and
- (2) EUR 40,000 for any Drawdown requested by the Borrower to finance expenditures in respect of goods, works and services under Category 2.

(b) The Minimum Prepayment Amount shall be EUR 5,000,000.

(c) The Minimum Cancellation Amount shall be EUR 1,000,000.

(d) The Interest Payment Dates for Tranche 1 shall be 25 March and 25 September of each year and the Interest Payment Dates for Tranche 2, shall be 20 February and 20 August of each year.

(e) (1) The Borrower shall repay Tranche 1 in 28 equal (or as nearly equal as possible) semi-annual instalments on 25 March, and 25 September of each year, with the first Loan Repayment Date for Tranche 1 being the Interest Payment Date falling on or immediately after the fourth anniversary of this Agreement and the last Loan Repayment Date being 25 September 2041.

(2) The Borrower shall repay Tranche 2 in 28 equal (or as nearly equal as possible) semi-annual instalments on 20 February, and 20 August of each year, with the first Loan Repayment Date for Tranche 2 being the Interest Payment Date falling on or immediately after the fourth anniversary of the Tranche 2 Commitment Date.

- (3) Notwithstanding the foregoing, in the event that: (i) the Borrower does not draw down the entire amount of Tranche 1 or Tranche 2 prior to the first Loan Repayment Date for the relevant Tranche specified in this Section 2.02.(e); and (ii) the Bank extends the Last Availability Date for Tranche 1 or Tranche 2, as the case may be, specified in Section 2.02.(f) below to a date which falls after such first respective Loan Repayment Date, then the amount of each drawdown made on or after the first respective Loan Repayment Date shall be allocated for repayment in equal amounts to the several Loan Repayment Dates for the relevant Tranche which fall after the date of such drawdown (with the Bank adjusting the amounts so allocated as necessary so as to achieve whole numbers in each case). The Bank shall, from time to time, notify the Borrower of such allocations.
- (f) (1) The Last Availability Date for Tranche 1 shall be the date of the third anniversary of this Agreement, or such later date that the Bank may in its discretion establish and notify to the Borrower.
- (2) The Last Availability Date for Tranche 2 shall be on the date of the fourth anniversary of this Agreement, or such later date that the Bank may in its discretion establish and notify to the Borrower.
- (g) The rate of the Commitment Charge shall be 0.5% per annum.
- (h) The Loan is subject to a Variable Interest Rate.

Section 2.03. Drawdowns

- (a) The Available Amount may be drawn down from time to time in accordance with the provisions of Schedule 2 to finance expenditures made (or, if the Bank so agrees, to be made) in respect of the reasonable cost of goods, works and services required for the Project.
- (b) Notwithstanding Section 3.05(c) of the Standard Terms and Conditions, the Borrower has opted not to have the Front-end Commission paid out of the Available Amount and shall instead pay the Front-end Commission out of its own resources. The payment of the Front-end Commission by the Borrower shall be made pursuant to Section 3.05(d) of the Standard Terms and Conditions, as modified in accordance with Section 1.01(b) of the Loan Agreement.

ARTICLE III - EXECUTION OF THE PROJECT

Section 3.01. Other Affirmative Project Covenants

In addition to the general undertakings set forth in Articles IV and V of the Standard Terms and Conditions, the Borrower shall, unless the Bank otherwise agrees:

- (a) Provide financial assistance and take, or cause to be taken, all additional action necessary to provide adequate funds for the completion of the Project and provide other resources, including human resources, for the completion of the Project;

- (b) Cause the Project Entity to oversee the overall Project implementation and management and carries out the Project with due diligence and efficiency and cause the Project Entity to apply the proceeds of the Loan exclusively for the completion of the Project and in accordance with Schedule 2;
- (c) Cause the Project Entity to perform all of its obligations under the Project Agreement, including without limitation its obligations relating to:
- (1) establishment and operation of a project implementation unit as provided for in Section 2.02 of the Project Agreement;
 - (2) procurement of goods, works and services as well as consultancy services from the Project as provided for in Section 2.03 of the Project Agreement;
 - (3) environmental and social matters as provided for in Section 2.04 of the Project Agreement;
 - (4) employment and use of consultants to assist in the implementation of the Project as provided for in Section 2.05 of the Project Agreement;
 - (5) preparation and submission of reports on matters relating to the Project and to the Project Entity's operations as provided for in Section 2.06 of the Project Agreement;
 - (6) maintenance of procedures, records and accounts, preparation, auditing and submission to the Bank of financial statements and furnishing to the Bank any other relevant information relating to the Project or the Project Entity's operations as provided for in Section 3.01 of the Project Agreement; and
 - (7) compliance with all covenants regarding financial and operational aspects of the Project and the Project Entity as provided for in Sections 3.02 and 3.03 of the Project Agreement;
- (d) Cause the Project Entity to implement the ESAP;
- (e) Take all action necessary to provide assistance and support, as may be required, to the consultants appointed under the Project to implement their respective assignments under the terms of reference acceptable to the Bank and appointed in line with EBRD Procurement Rules;
- (f) cause the Project Entity to develop and implement Inclusive Procurement Practices by no later than December 2026; and
- (g) develop and adopt the National E-mobility Strategy by December 2027.

ARTICLE IV - SUSPENSION; ACCELERATION; CANCELLATION

Section 4.01. Suspension

The following are specified for purposes of Section 7.01(a)(xvii) of the Standard Terms and Conditions:

- (a) The legislative and regulatory framework applicable to the roads sector in the territory of the Borrower shall have been amended, suspended, abrogated, repealed or waived in a manner that it has or could have a material adverse effect on the Project or the operations or the financial condition of the Project Entity or its ability to carry out the Project or to perform any of its obligations under the Project Agreement;
- (b) The Statutes shall have been amended, suspended, abrogated, repealed or waived so as to materially and adversely affect the operations or the financial condition of the Project Entity or its ability to carry out the Project or to perform any of its obligations under the Project Agreement;
- (c) Control of the Project Entity shall have been transferred to a party other than the Borrower.

Section 4.02. Acceleration of Maturity

The following are specified for purposes of Section 7.06(f) of the Standard Terms and Conditions:

- (a) any event specified in Section 4.01 above which shall have occurred and shall have continued for thirty (30) days after notice thereof shall have been given by the Bank to the Borrower.

ARTICLE V - EFFECTIVENESS

Section 5.01. Conditions Precedent to Effectiveness

The following are specified for purposes of Section 9.02(c) of the Standard Terms and Conditions as additional conditions to the effectiveness of this Agreement and the Project Agreement:

- (a) The Project Agreement has been executed and delivered in form and substance satisfactory to EBRD, and all conditions precedent to its effectiveness, except only the effectiveness of this Agreement, have been fulfilled.

Section 5.02. Conditions Precedent to Commitment of Tranche 2

- (a) The Bank shall determine in its sole discretion whether to make Tranche 2 available to the Borrower. Such determination by the Bank shall also be subject to the prior

fulfilment, in form and substance satisfactory to the Bank, of the following conditions precedent:

- (1) The Project Entity has provided an updated Environmental and Social Action Plan for Tranche 2 in form and substance satisfactory to the Bank;
- (2) The Project Entity has carried out the due diligence in relation to and provided the technical designs of the road sections to be financed by Tranche 2;
- (3) The Borrower has provided evidence that it has commenced the preparation of the National E-mobility Strategy, by setting up a dedicated working group including contracting of the consultants and notifying the Bank of the composition, past experience and terms of reference of the working group; and
- (4) The Bank shall have received an original of the Borrower's written request in respect of availability of Tranche 2.

(b) Once the Bank has received satisfactory evidence as contemplated in paragraphs (1) through (4) above and has determined in its sole discretion to make the Tranche 2 available to the Borrower, it shall deliver a written notice to the Borrower confirming the availability of Tranche 2.

Section 5.03. Legal Opinions

For purposes of Section 9.03(a) of the Standard Terms and Conditions, the opinion or opinions of counsel shall be given on behalf of the Borrower by the Minister of Justice and the following are specified as additional matters to be included in the opinion or opinions to be furnished to the Bank:

(a) the Project Agreement has been duly authorised by, and executed and delivered on behalf of, the Project Entity and constitutes valid and legally binding obligations of the Project Entity, enforceable in accordance with their terms.

Section 5.04. Termination for Failure to Become Effective

The date 180 days after the date of this Agreement is specified for purposes of Section 9.04 of the Standard Terms and Conditions.

Section 5.05. Conditions Precedent to first Drawdown of Tranche 1

The Borrower's right to make a first drawdown shall be subject to the prior fulfilment, in form and substance satisfactory to EBRD, or at the sole discretion of EBRD the waiver, whether in whole or part and whether subject to conditions or unconditional, of the following conditions precedent:

(a) The PIU shall have been established at the Project Entity, with staff and terms of reference acceptable to the Bank;

(b) The Bank shall have received the Resettlement Plan for the road section to be financed with the proceeds of Tranche 1 Loan, if such plan is required by the Resettlement Policy Framework; and

(c) The Supervision Consultant has been employed to implement Part A of the Project.

Section 5.06. Conditions Precedent to first Drawdown of Tranche 2

The Borrower's right to make a first drawdown shall be subject to the prior fulfilment, in form and substance satisfactory to EBRD, or at the sole discretion of EBRD the waiver, whether in whole or part and whether subject to conditions or unconditional, of the following conditions precedent:

(a) The Supervision Consultant has been employed to implement Part B of the Project.

ARTICLE VI - MISCELLANEOUS

Section 6.01. Notices

(a) The following addresses are specified for purposes of Section 10.01 of the Standard Terms and Conditions, except that any notice shall be deemed to be delivered if by hand, mail, or in pdf or similar format by electronic mail:

For the Borrower:

Republic of Moldova
Ministry of Finance
str. Constantin Tănase 7,
Chişinău MD-2005,
Moldova

Attention: Public Sector Debt and External Assistance General Directorate
Email: cancelaria@mf.gov.md

For EBRD:

European Bank for Reconstruction and Development
5 Bank Street
London E14 4BG
United Kingdom
Attention: Banking Services / Operation No. 54423

Telephone: +44 20 7338 6000
Email: oad@ebrd.com

(b) The Bank may invite the Borrower to register to use ClientNet or another form of electronic communication and, if the Borrower and the Bank agree to use ClientNet or such other form of electronic communication, any notice, application or other

communication from the Borrower to the Bank or from the Bank to the Borrower (other than any notice, application or other communication that is required by this Agreement to be in an original, certified or hard copy), may, subject to the terms and conditions of ClientNet or such other form of electronic communication, be given or made by posting such notice, application or other communication on ClientNet or sent in accordance with the terms agreed concerning such other form of electronic communication.

(c) Any notice, application or other communication delivered by hand, airmail or facsimile transmission or via ClientNet or another agreed form of electronic communication will only be effective when actually received (or made available) in readable form, provided that any notice, application or other communication that is received (or made available) after 5:00 p.m. in the place in which the party to whom the relevant notice, application or communication is sent has its address for the purpose of this Agreement shall be deemed only to become effective on the following day.

(d) The following are the names, titles and email addresses of the persons designated as the initial contacts of the Borrower for purposes of any invitation the Bank may send to the Borrower regarding ClientNet:

Name	Title	E-mail address	Language - English, Russian, French
Elena Matveeva	Head, Public Sector Debt and External Assistance General Directorate, Ministry of Finance	elena.matveeva@mf.gov.md	English
Alexandru Rodideal	Head, External, Domestic Financing and Debt Division, Public Sector Debt and External Assistance General Directorate, Ministry of Finance	alexandru.rodideal@mf.gov.md	English
Alexandrina Sorbala	Senior Consultant, External, Domestic Financing and Debt Division, Public Sector	alexandrina.sorbala@mf.gov.md	English

	Debt and External Assistance General Directorate, Ministry of Finance		
Maria Cimat	Consultant, Monitoring the external assistance and public sector debt administration Division, Public Sector Debt and External Assistance General Directorate, Ministry of Finance	maria.cimat@mf.gov.md	English
Iulian Mornealo	Deputy Director, State Road Administration	mornealo@asd.md	English
Mircea Dobinda	Head of Foreign Investment Department, State Road Administration	dobinda@asd.md	English
Vladimir Ceban	Chief of Accounting and Foreign Investments Section, State Road Administration	ceban@asd.md	English
Iurie Popovici	Consultant, Financial Management Section, State Road Administration	iuriepopovici@asd.md	English

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorised representatives, have caused this Agreement to be signed in four copies and delivered at London, the United Kingdom of Great Britain and Northern Ireland, as of the day and year first above written.

REPUBLIC OF MOLDOVA

By: _____

Name: Andrei Spinu

Title: Minister of Infrastructure and Regional Development

**EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

By: _____

Name: Ekaterina Miroshnik

Title: Director, Head of Infrastructure Eurasia

SCHEDULE 1 - DESCRIPTION OF THE PROJECT

1. The purpose of the Project is to assist the Borrower in financing the rehabilitation and widening of the M2 Chisinau ring road-section 2, the rehabilitation of the M1 Chisinau to Leuseni road section and extension, and upgrade of the road asset management system.
2. The Project consists of the following Parts, subject to such modifications thereof as the Bank and the Borrower may agree upon from time to time:

Part A: (to be financed from the proceeds of Tranche 1)

- (i) Civil works: rehabilitation and widening of the M2 Chisinau ring road-section 2, comprising of approximately 7km of road (to be financed from Tranche 1, Category 1);
- (ii) Supervision of civil works for rehabilitation and construction of the above road section to be provided by the Supervision Consultant (to be financed from Tranche 1, Category 2);
- (iii) Extension and upgrade of the road asset management system (to be financed from Tranche 1, Category 4); and
- (iv) Contingencies to finance any cost overruns in relation to Part A (to be financed from Tranche 1, Category 3).

Part B: (to be financed from the proceeds Tranche 2)

- (i) Civil work: rehabilitation of the M1 Chisinau to Leuseni road section, comprising of approximately 71 km of road (to be financed from Tranche 2, Category 1);
- (ii) Supervision of civil works for rehabilitation and construction of the above road section to be provided by the Supervision Consultant (to be financed from Tranche 2, Category 2); and
- (iii) Contingencies to finance any cost overruns in relation to Part B (to be financed from Tranche 2, Category 3).

3. The Project is expected to be completed within five years including the defects notification period from the date of signing of the Loan Agreement (Project Completion).

SCHEDULE 2 - CATEGORIES AND DRAWDOWNS

1. The table attached to this Schedule sets forth the Categories, the amount of the Loan allocated to each Category and the percentage of expenditures to be financed in each Category.
2. Notwithstanding the provisions of paragraph 1 above:
 - a. no Drawdown shall be made in respect of expenditures incurred prior to the date of the Loan Agreement;
 - b. no Drawdown shall be made in respect of expenditures under Part A and Part B of the Project unless and until the consultants as described in Part A and Part B have been appointed under the terms of reference acceptable to the Bank.

Attachment to Schedule 2

Category	Amount of the Loan Allocated to the Category	Percentage of Expenditures to be Financed
1) Civil Works for Road Rehabilitation: - Tranche 1 - Tranche 2	76,200,000 51,400,000	100% of contract value excluding any Taxes
2) Consultancy Services for Supervision of Works: - Tranche 1 - Tranche 2	2,500,000 1,800,000	100% of contract value excluding any Taxes
3) Contingencies - Tranche 1 - Tranche 2	8,800,000 6,800,000	100% of contract value excluding any Taxes
4) Road Asset Management Systems (Tranche 1)	2,500,000	100% of contract value excluding any Taxes
Total	150,000,000	