

April 11, 2022

CREDIT NUMBER 7039-MN

Financing Agreement

(Mongolia Transport Connectivity and Logistics Improvement Project)

between

MONGOLIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between MONGOLIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”).

WHEREAS the Recipient has requested the Bank to provide assistance towards the financing of the project described in Schedule 1 to this Agreement (“Project”) and the Bank has agreed to provide a loan in an amount of one hundred million Dollars (\$100,000,000), pursuant to a loan agreement of even date herewith between the Recipient and the Bank (“Loan Agreement”).

NOW THEREFORE, the Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions, the Loan Agreement or in this Agreement (including the Preamble and Appendix hereto).

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to seven million three hundred thousand] Special Drawing Rights (SDR7,300,000) (variously, “Credit” and “Financing”), to assist in financing the Project.
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section II of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.
- 2.05. The Interest Charge is one and a quarter percent (1.25%) per annum on the Withdrawn Credit Balance.
- 2.06. The Payment Dates are March 15 and September 15 each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

- 2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project, through MRTD, in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the Recipient has, through MRTD, adopted the Project Operations Manual in form and substance satisfactory to the Association;
 - (b) the Recipient has, through MRTD, established the Project Management Office with a mandate, composition, resources, and terms of reference satisfactory to the Association; and
 - (c) the Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
- 4.02. The Effectiveness Deadline is the date one hundred eighty (180) days after the Signature Date.
- 4.03. For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is its Minister at the time responsible for finance.

5.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient's address is:
Ministry of Finance
Government Building II
S. Danzan Street 5/1 D
Ulaanbaatar 15160
Mongolia; and

(b) the Recipient's Electronic Address is:
Facsimile: 976-11-3202472

5.03. For purposes of Section 11.01 of the General Conditions:

(a) The Association's address is:
International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Association's Electronic Address is:

Telex:	Facsimile:	[E-mail:]
248423 (MCI)	1-202-477-6391	_____

AGREED as of the Signature Date.

MONGOLIA
By

Authorized Representative

Name: _____

Title: _____

Date: _____

INTERNATIONAL DEVELOPMENT ASSOCIATION
By

Authorized Representative

Name: _____

Title: _____

Date: _____

SCHEDULE 1

Project Description

The objective of the Project is to improve climate-resilient transport connectivity and logistics efficiency for the meat value chain in Mongolia.

The Project consists of the parts described in Schedule 1 to the Loan Agreement.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

- A. Sections I (Implementation Arrangements) and Section II (Project Monitoring Reporting and Evaluation) of Schedule 2 to the Loan Agreement are hereby incorporated by reference in this Part A, and shall apply, *mutatis mutandis*, to this Agreement, and the Recipient, hereby undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement, except that:
- (a) the term “Borrower” shall be read as “Recipient”; and
 - (b) the term “Bank” shall be read as “Association”.
- B. For greater clarity and the avoidance of doubt, in view of the above incorporation of Sections I and II of Schedule 2 to the Loan Agreement in this Agreement, if the Loan Agreement terminates prior to the termination of this Agreement, such termination shall have no effect for purposes of this Agreement, and the provisions of the Loan Agreement incorporated in this Agreement pursuant to Section I. A above shall continue in full force and effect between the Recipient and the Association for purposes of this Agreement following and notwithstanding such termination of the Loan Agreement.

Section II. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, and consulting services, Operating Costs, and Training under Part 1.1 of the Project	7,300,000	100%
(2) Emergency Expenditure	0	100%
TOTAL AMOUNT	7,300,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
- (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed SDR1,460,000 may be made for payments made prior to this date but on or after July 1, 2021, for Eligible Expenditures under Category (1); or
 - (b) for Emergency Expenditures under Category (2), unless and until all of the following conditions have been met in respect of said expenditures:

- (i) (A) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Association a request to withdraw Credit amounts under Category (2); and (B) the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
- (ii) the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Association.

2. The Closing Date is May 1, 2028.

SCHEDULE 3
Repayment Schedule¹

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each March 15 and September 15: commencing September 15, 2027 to and including March 15, 2047	1.65%
commencing September 15, 2047 to and including March 15, 2052	3.40%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

APPENDIX

Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
2. “Category” means a category set forth in the table in Section II.A of Schedule 2 to this Agreement.
3. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022).
4. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
5. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.