
DRAFT PUBLIC – PRIVATE PARTNERSHIP AGREEMENT

relating to

**Services of Issuance and Delivery of Biometric Passports and Identity Cards and
Operation and Maintenance of Facilities in the Republic of Armenia**

between

THE MINISTRY OF INTERNAL AFFAIRS OF THE REPUBLIC OF ARMENIA

and

[...]

Dated [...]

THIS PPP AGREEMENT IS ENTERED ON [•]

BETWEEN:

- (1) **The Ministry of Internal Affairs of the Republic of Armenia**, represented by [position and full name of the authorized person], acting based on [title, number and date of the official document: decision, etc.] (the "**Public Partner**"),

AND

- (2) [...], a legal entity incorporated under the [•] law, represented by [position and full name of the authorized person], acting based on [authorizing document, e.g., charter or power of attorney dated [•]], registered in the [•] under the registration number [•] and having its registered address at [•] that has been established as the Project Company by the Winner of the Selection Procedure (as set out in these recitals further) (the "**Private Partner**"),

The Public Partner and the Private Partner are hereinafter individually referred to as a "**Party**" and collectively as the "**Parties**".

WHEREAS:

- a) The Public Partner is a competent authority that is authorized, according to the Applicable Law, to perform the Public Partner's functions in public-private partnership projects and the authority to conclude this Agreement.
- b) The Public Partner has completed all preparation (appraisal) procedures with respect to the Project implemented under this Agreement in accordance with the Applicable Law, including development and approval of the business case and draft PPP project.
- c) Following completion of all necessary preparation (appraisal) procedures with respect to the Project, the Government adopted the decision on implementation of the Project [details of the decision to be added after it is adopted].
- d) The Government has established the evaluation commission to conduct the Selection Procedure (the "**Evaluation Commission**") by its decision on implementation of the Project [details of the decision to be added after it is adopted].
- e) The Evaluation Commission has prepared and approved by its decision [details of the decision to be added after it is adopted] the tender documentation for carrying out the Selection Procedure (the "**Tender Documentation**"), including the Request for Qualification, the Request for Proposal, and this Agreement.

- f) The Selection Procedure was announced in the relevant media (collectively, the "**Announcement**") in accordance with Applicable Law.
- g) After publication of the Announcement, the candidates submitted their qualification bids and the Evaluation Commission, based on review of such qualification bids, made decisions on admission of the relevant candidates to participation in the RFP stage of the Selection Procedure according to the terms and conditions of the RFQ.
- h) The candidates that were qualified to participate in the RFP stage of the Selection Procedure submitted their bids and the Evaluation Commission, based on evaluation of such bids, determined [[●], a legal entity incorporated under the [●] law, registered in the [●] under the registration number [●] and having its registered address at [●] / Consortium of the following legal entities [●]], as the winner of the Selection Procedure (the "**Winner**") according to the terms and conditions of the RFP.
- i) The Evaluation Commission published the results of the Selection Procedure at its website, with designation of [●] as the Winner and indication of other required information under the Applicable Law, accessible at [link to be added].
- j) The Winner has received the notification of award with an invitation to take part in negotiations and signing of this Agreement according to the RFP.
- k) The Winner has duly complied with the requirements of the Tender Documentation regarding candidates and the winner of the Selection Procedure, including the requirement to establish the Project Company, which acts as a Party to this Agreement and will implement the Project under this Agreement as the Private Partner.
- l) The Parties have duly agreed on this execution version of the Agreement according to the Tender Documentation.

IT IS HEREBY AGREED AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Agreement, unless the context otherwise requires, the capitalized terms, expressions and abbreviations shall have the meaning given in Annex 9 (*Definitions and Interpretation*).
- 1.2 [In this Agreement all the text in brackets represents variables subject to alignment during market consultation process and/or after the completion of the RFQ stage of the Selection Procedure. Notwithstanding the foregoing, the present text represents a draft of the Agreement and certain provisions might be subject to changes after the completion of the RFQ stage of the Selection Procedure.]

2. SUBJECT MATTER OF THE AGREEMENT

- 2.1 According to this Agreement, the Public Partner grants to the Private Partner for the Project Period the right to
 - 2.1.1 issue, distribute the Identity Documents, provide other Services and operations relating to the Identity Documents and stipulated in this Agreement, and
 - 2.1.2 operate and maintain (including upgrade, renovate and make other improvements) the Project Assets,

subject to adherence to the established Service quality, operational and other technical requirements, provision of the Demand Guarantee, and compliance with other terms and conditions of this Agreement by the Parties.
- 2.2 In performance of the Agreement, the Public Partner shall retain and exercise all research and decision-making powers in relation to the Identity Documents under the Applicable Law, and particularly will assume the responsibility for:
 - 2.2.1 biometric verification, vetting and/or adjudications, in cases when the identity of an applicant for the Identity Document cannot be reliably verified by the data available to the front office employee,
 - 2.2.2 authorization of granting the Identity Documents, after front office employees of the Private Partner submit the verified and eligible applications for the Identity Document in accordance with this Agreement, and
 - 2.2.3 operations and maintenance of biometric data and documents data base, including the operations and maintenance of software and hardware infrastructure, as outlined in the minutes of the meeting No. 05/2022 of December 27, 2022 of the Information Systems Management Council.

3. RIGHTS AND OBLIGATIONS OF THE PARTIES

3.1 Obligations of the Private Partner

Subject to the requirements of this Agreement and Applicable Law, the Private Partner shall have the following obligations:

- 3.1.1.1 comply with the terms and conditions of this Agreement;

- 3.1.1.2 operate and maintain the Project Assets, provide Services and other operations under the Agreement in accordance with the Technical Requirements established in this Agreement;
- 3.1.1.3 where required, formalize its title to Project Assets in accordance with the Applicable Law;
- 3.1.1.4 provide the Public Partner and its representatives with access to the Project Assets operated and maintained under the Agreement, for the purposes of monitoring, inspection and audit activities required in accordance with the Agreement and Applicable Law;
- 3.1.1.5 comply with its obligations related to reporting set out in this Agreement;
- 3.1.1.6 comply with the data protection requirements set by this Agreement and the Applicable Law;
- 3.1.1.7 agree with the Public Partner the engagement of third parties to perform the permitted activities under the Project according to the terms and conditions set out herein;
- 3.1.1.8 bear responsibility for compliance with the terms and conditions of this Agreement and Applicable Law by third parties engaged to perform the permitted activities under the Project;
- 3.1.1.9 independently and at its own cost train all employees necessary for the delivery of Services in accordance with the relevant Service quality and other Service-related Technical Requirements;
- 3.1.1.10 at all times ensure that sufficient, suitable and appropriately qualified and experienced personnel will be employed (whether by the Private Partner or otherwise) to undertake the Services in accordance with the Agreement and the requirements of the Applicable Law;
- 3.1.1.11 promote and encourage training and professional development of its personnel engaged in delivery of the Project under this Agreement;
- 3.1.1.12 promote and encourage improvement of Project management activity, including implementation of best corporate governance and management practice;
- 3.1.1.13 obtain and register (if required by Applicable Law) the intellectual property rights, which are necessary to implement the Project, according to the procedure established by Applicable Law;
- 3.1.1.14 not assign, cede, delegate, transfer or otherwise dispose of any intellectual property rights under the Agreement to any third parties without the prior written approval of the Public Partner, save as expressly permitted under the Agreement;
- 3.1.1.15 ensure security of the Project Assets and security of the delivery of Services and comply with the security regulations and procedures set out in this Agreement and required by Applicable Law;

- 3.1.1.16 ensure safety of the Project Assets and safety of the delivery of Services, including establishment and maintenance of appropriate safety systems specified in the Agreement and required by Applicable Law;
- 3.1.1.17 obtain, keep in effect, and re-formalize (as may be required) all permit documents necessary for implementation of the Project under the Agreement;
- 3.1.1.18 undertake, carry out and ensure financing of its Investment Obligations under the Agreement;
- 3.1.1.19 ensure the full financing of the operation and capital costs required for performance of the Agreement;
- 3.1.1.20 provide, keep in effect, and re-formalize (as may be required) all the securities required under this Agreement to ensure performance of its obligations under the Agreement;
- 3.1.1.21 obtain, keep in effect, and re-formalize (as may be required) the insurances specified in the Agreement and required by Applicable Law;
- 3.1.1.22 comply with the handback requirements set in this Agreement (including with respect to handback of the relevant Project Assets and transfer of personnel, as may be applicable).

3.2 Rights of Private Partner

Subject to the requirements of this Agreement and Applicable Law, the Private Partner shall have the following rights:

- 3.2.1 operate and maintain (including upgrade, renovate and make other improvements) the Project Assets;
- 3.2.2 provide Services and conduct operations relating to the Identity Documents set out in this Agreement;
- 3.2.3 at its own discretion determine its organizational structure, establish the number of personnel and staff schedule according to the requirements of this Agreement;
- 3.2.4 be free to hire employees, reorganize departments or otherwise change organizational structure of its employees (if any of such reorganization is required) for the purposes of the provision of Services and performance of other obligations under the Agreement;
- 3.2.5 receive information necessary for performance of its rights and obligations from the Public Partner;
- 3.2.6 involve third parties to perform the permitted activities in accordance with this Agreements;
- 3.2.7 attract the loan financing for the purposes of performance of its obligations under the Agreement;

- 3.2.8 demand termination of this Agreement if the Public Partner is in breach of its terms in cases and under conditions set out herein;
- 3.2.9 terminate the Agreement under other terms and conditions set out herein;
- 3.2.10 in the event of early termination of the Agreement, receive compensation from the Public Partner under the terms and conditions set out herein;
- 3.2.11 upon the Public Partner's approval, create encumbrances on Private Partner's corporate rights;

3.3 Obligations of Public Partner

Subject to the requirements of this Agreement and Applicable Law, the Public Partner shall have the following obligations:

- 3.3.1 hand over the Transferred Assets to the Private Partner in accordance with the Agreement;
- 3.3.2 exercise the relevant research and decision-making powers with respect to the Identity Documents under the Project pursuant to the Applicable Law;
- 3.3.3 provide the Demand Guarantee and pay the Private Partner the Volume Payments for the Services in accordance with terms and conditions set out in this Agreement;
- 3.3.4 in the event of early termination of the Agreement, pay the compensation to the Private Partner under the terms and conditions set out in this Agreement;

3.4 Rights of Public Partner

Subject to the requirements of this Agreement and Applicable Law, the Public Partner shall have the following rights:

- 3.4.1 control the Private Partner's compliance with the requirements of this Agreement;
- 3.4.2 demand termination of this Agreement if the Private Partner is in breach of its terms in cases and under the conditions set out herein;
- 3.4.3 terminate the Agreement under other terms and conditions set out herein;
- 3.4.4 receive information necessary for performance of its rights and obligations from the Private Partner;
- 3.4.5 carry out the monitoring, inspection and audit activities required in accordance with the Agreement and Applicable Law;

3.5 No Restrictions on Rights and Obligations of the Parties

The Parties shall have other rights and obligations stipulated by this Agreement and Applicable Law.

4. PROJECT ASSETS

4.1 General Conditions

- 4.1.1 The Project Assets shall refer to immovable, movable, intangible assets and other property items, which will be transferred to the Private Partner, operated and maintained, designed, implemented, upgraded, purchased, used in the provision of Services and performance of other obligations of the Private Partner under this Agreement (as may be applicable).
- 4.1.2 The Parties will be required to hand over the Transferred Assets listed in Annex 1 (*Transferred Assets*) from the Public Partner to the Private Partner in the manner provided for each type of Transferred Asset in the present Agreement correspondingly. The list of Transferred Assets contained in Annex 1 (*Transferred Assets*) sets further breakdown of these assets into the relevant types and indicates the relevant characteristics which such assets should have under the Technical Requirements. The Parties shall execute the transfer of such assets in accordance with terms and conditions set in Section **Error! Reference source not found.** of this Agreement.

The Transferred Assets cover Initial Real Estate, Initial Movable Property, and Initial Intangibles (as detailed further in this Section 4).

4.1.3 The key categories of the Project Assets in terms of their functional purposes shall be:

- 4.1.3.1 the Enrolment Facilities, i.e. the Project Assets (the Rented Real Estate with all respective Movable Property and Intangibles, as may be applicable) where the Private Partner will provide Services and carry out other Project-related operational activities under this Agreement;
- 4.1.3.2 the Personalization Facility, i.e. the Transferred Asset where the Private Partner will personalize the Identity Documents and perform other related activities in accordance with this Agreement;
- 4.1.3.3 the Data Center, i.e. the Transferred Asset where the Private Partner will ensure the remote storage, processing, distribution of the Project-related data and provision of other IT operations required for performance of the Agreement;
- 4.1.3.4 the Disaster Recovery Site, i.e. the Transferred Asset which the Private Partner will use to back up the provision of Services and performance of other operational activities and obligations under the Agreement in case of the disaster event.

The categories provided above are not to be interpreted as providing an exhaustive list of Project Assets.

4.1.4 For avoidance of doubt, Public Partner will operate and maintain the biometric data and documents data base, including the operations and maintenance of software and hardware infrastructure, as outlined in the minutes of the meeting No. 05/2022 of December 27, 2022 of the Information Systems Management Council. Therefore, software and hardware infrastructure of the biometric data and documents data base shall be located in a data center and (or) disaster recovery site operated by the Public Partner (not transferred).

4.2 Real Estate

4.2.1 The Real Estate under this Agreement shall cover the Initial Real Estate and Rented Real Estate.

4.2.2 The Initial Real Estate shall refer to the state-owned Real Estate property from the list of Transferred Assets indicated in Annex 1 (*Transferred Assets*). The Initial Real Estate shall be transferred by providing use title to the Private Partner during the Closing in accordance with the provisions of Section **Error! Reference source not found.** of this Agreement.

4.2.3 The Rented Real Estate shall refer to the Real Estate property owned by third parties, which the Private Partner will use as the Enrolment Facilities based on the Rent Agreements with such third parties in order to perform its obligations under this Agreement. The Private Partner shall conclude the Rent Agreements with respect to these assets at Closing in accordance with terms and conditions set in Section **Error! Reference source not found.** of this Agreement.

[The Rented Real Estate may include the state-owned Haypost Real Estate assets from the list indicated in Annex 1 (*Transferred Assets*).]

4.2.4 The Private Partner shall renovate, repair, refurbish and otherwise improve the Real Estate assets as part of its Investment Obligations under the Agreement. The scope of requirements for such Real Estate improvements (including with a breakdown of the required improvements to be made at the Enrolment Facilities, the Personalization Facility, the Data Center, and the Disaster Recovery Site) is indicated in Annex 3 (Technical Requirements).

4.2.5 The Private Partner shall have the use title to the Initial Real Estate and the Rented Real Estate.

The Private Partner shall possess, use, operate, maintain and upgrade the Real Estate assets in accordance with the terms and conditions of this Agreement, including subject to the requirements of the Rent Agreements.

All integral improvements made by the Private Partner at the Initial Real Estate shall be the state-owned property.

The Rent Agreements shall provide for the transfer of Private Partner's use title to the Rented Real Estate and have other transferability conditions required by this Agreement regarding assignment of Private Partner's rights and obligations under the Rent Agreements to the Public Partner.

4.2.6 Transfer of the Initial Real Estate to the Private Partner and commissioning of the integral improvements made at the Initial Real Estate shall be the grounds to register the Private Partner's use title to such Real Estate assets according to the requirements of the Applicable Law. [Commissioning of the integral improvements made by the Private Partner at the Initial Real Estate shall involve the registration of the state's ownership title to such upgraded Real Estate assets in accordance with Applicable Law].

The Private Partner shall register the use title to the Rented Real Estate and the title to improvements made at the Rented Real Estate in accordance with Applicable Law, subject to the requirements set in the Rent Agreements and this Agreement.

4.2.7 The Private Partner shall be entitled to transfer part of Real Estate assets into use of third parties subject to the requirements set in Clause **Error! Reference source not found.** of the Agreement.

4.3 Movable Property

4.3.1 The Movable Property under this Agreement shall cover the Initial Movable Property and the New Movable Property.

4.3.2 The Initial Movable Property shall refer to the state-owned Movable Property placed at the Initial Real Estate and indicated in Annex 1 (*Transferred Assets*). The Initial Movable Property shall be transferred by title transfer to the Private Partner together with the relevant Initial Real Estate during the Closing in accordance with the provisions of Section **Error! Reference source not found.** of this Agreement.

[The existing Movable Property at the Haypost Real Estate assets (if such Real Estate assets are designated for Transfer) shall not be transferred to the Private Partner.]

4.3.3 The New Movable Property shall refer to the Movable Property that will be acquired by the Private Partner to perform its obligations under the Agreement. The Private Partner will procure specific items of the New Movable Property as part of Investment Obligations, as specified in Annex 3 (*Technical Requirements*). The New Movable Property may be placed (installed) at the Initial Real Estate and Rented Real Estate, as may be required.

4.3.4 The Private Partner shall have the ownership title to the Initial Movable Property and New Movable Property. The Private Partner shall possess, use, operate, maintain and upgrade the Movable Property to perform its obligations in accordance with the terms and conditions of this Agreement.

The Private Partner's ownership title to the Movable Property required for performance of the Project under this Agreement shall be transferrable at Termination to the state ownership (to the Public Partner), including, where appropriate, pursuant to the Rent Agreements.

4.4 Intangibles

4.4.1 The Intangibles under this Agreement shall cover the Initial Intangibles and the New Intangibles.

4.4.2 The Initial Intangibles shall refer to the state-owned Intangibles placed at the Initial Real Estate and Initial Movable Property (as the case may be) and indicated in Annex 1 (*Transferred Assets*). The rights to Initial Intangibles shall be transferred to the Private Partner together with the transfer of the relevant Initial Real Estate and Initial Movable Property during the Closing in accordance with the provisions of Section **Error! Reference source not found.** of this Agreement.

[The rights to the existing Intangibles at the Haypost Real Estate assets (if such Real Estate assets are designated for Transfer) shall not be transferred to the Private Partner.]

4.4.3 The New Intangibles shall refer to the Intangibles the rights to which will be acquired (or which will be created/developed) by the Private Partner to perform its obligations under the Agreement. The Private Partner will acquire the rights to specific items of the New

Intangibles as part of Investment Obligations, as specified in Annex 3 (Technical Requirements). The New Intangibles may be placed (installed), if applicable to the type of Intangibles, at the Initial Real Estate, Initial Movable Property, New Movable Property, and Rented Real Estate, as may be required. The Private Party shall take steps to protect such New Intangibles in accordance with the Applicable Law.

4.4.4 The Private Partner shall have the title to Intangibles accorded under the Applicable Law in connection with the transfer of rights to such Intangibles, and shall possess, use, operate, maintain and upgrade the Intangibles in accordance with the terms and conditions of this Agreement.

The Private Partner's rights to the Intangibles required for performance of the Project under this Agreement shall be transferrable to the state (to the Public Partner) at Termination, including, where appropriate, pursuant to the Rent Agreements.

4.5 Encumbrances

4.5.1 The Private Partner shall not be entitled to create any encumbrances on the Project Assets operated and maintained under the Agreement. This shall not affect the permitted transfer of Real Estate assets into use of third parties according to Clause 10.6 of the Agreement.

4.5.2 The Rent Agreements shall have the special conditions on encumbrances in relation to Rented Assets aimed at securing performance of the Project under this Agreement, as indicated in Clause 7.8.

5. WARRANTIES AND REPRESENTATIONS

5.1 Private Partner's Warranties and Representations

5.1.1 The Private Partner hereby represents and warrants that as of the Execution Date, as of the Commencement Date, and on any date between the Execution Date and the Commencement Date:

5.1.1.1 the Private Partner is duly authorized and has the required legal capacity to perform its obligations under this Agreement or in connection with the Agreement and the representatives of the Private Partner are duly authorized to execute this Agreement;

5.1.1.2 the Private Partner has taken all actions and obtained all approvals necessary for execution and due performance of its obligations under this Agreement according to the constituent documents of the Private Partner;

5.1.1.3 the Private Partner has the financial capacity to implement the Project;

5.1.1.4 signing and performance of this Agreement will not conflict with:

5.1.1.4.1 any agreement imposing obligations on the Private Partner or any of its property;

5.1.1.4.2 constituent documents of the Private Partner; or

- 5.1.1.4.3 any provisions of the effective Applicable Law;
- 5.1.1.5 any information provided by the Private Partner or its representatives according to this Agreement is true, accurate, up-to-date and complete, and the Private Partner shall update such information in case of further changes in order to ensure reliability, accuracy and completeness of such information;
- 5.1.1.6 all warranties, representations, confirmations and obligations contained in the Bid and other Winner's documents that were provided to the Public Partner and the Evaluation Commission during the Selection Procedure are true, complete and accurate, and will remain effective for the purposes of executing and performing this Agreement, including in terms of the obligations set out in the Winner's Bid that became binding for the Private Partner according to this Agreement;
- 5.1.1.7 the obligations undertaken by the Private Partner under this Agreement shall be lawful, valid, binding and enforceable;
- 5.1.1.8 the Private Partner is not aware of any circumstances that would obstruct its execution and performance of this Agreement;
- 5.1.1.9 the Private Partner agrees to bear all expenses, fees, costs and risks related to the risk of changes of currency exchange rates, if any;
- 5.1.1.10 the Private Partner has reviewed all background data and materials regarding the Project that were obtained in connection with Winner's participation in the Selection Procedure, including the information regarding Project risks;
- 5.1.1.11 there are no actions, suits or proceedings pending or, to the Private Partner's best knowledge, threatened against the Private Partner before any court, arbitral tribunal or any other competent authority which may result in breach of the Private Partner's obligations under this Agreement or the Private Partner Event of Default, or which may separately or in aggregate lead to Termination of this Agreement;
- 5.1.1.12 the Private Partner has not been subject to any fines, penalties, injunctions or civil, criminal, and other liabilities which in aggregate result or may result in breach of its obligations under this Agreement or the Private Partner Event of Default;
- 5.1.1.13 the Private Partner complies with the requirements of this Agreement regarding the Private Partner's shareholding structure;
- 5.1.1.14 no illegal payments of any kind have been paid, provided, offered or will be paid and provided by the Private Partner (both directly and indirectly) to secure determination of the results of the Selection Procedure or signing of this Agreement with the Public Partner, as well as to influence or induce the Public Partner's representatives, members of the Evaluation Commission or any other persons officially involved in the Selection Procedure and execution of the Agreement to commit those actions.

5.2 Public Partner's Warranties and Representations

5.2.1 Public Partner hereby represents and warrants that as of the Execution Date of this Agreement:

5.2.1.1 the Public Partner is duly authorized and has the required legal capacity to perform its obligations under this Agreement or in connection with the Agreement and the Public Partner's representative is duly authorized to execute this Agreement;

5.2.1.2 the Public Partner has taken all actions and obtained all approvals necessary for execution and due performance of its obligations under the Agreement according to the Applicable Law;

5.2.1.3 obligations undertaken by the Public Partner according to this Agreement are lawful, valid, binding and enforceable;

5.2.1.4 provisions of this Agreement by no means restrict or affect the Public Partner's powers as a state authority according to the Applicable Law;

5.2.1.5 the Transferred Assets are not encumbered by any rights and/or claims of third parties and are not pledged, there are no pending court proceedings and/or enforcement proceedings in relation to the Transferred Assets.

6. PROJECT PERIOD AND VALIDITY EFFECT OF THE AGREEMENT

6.1 Project Period

6.1.1 The Project Period shall be eleven (11) years., subject to the provisions of in Clauses 7.4.3 and 7.10.4. The Project Period shall begin on the Commencement Date and shall end on the Handback Date, which are further determined in this Agreement.

6.1.2 Term of this Agreement shall begin on the Execution Date and shall end on the Handback Date (except provisions of this Agreement which survive Termination). For the avoidance of doubt, term of the Agreement includes the Project Period.

6.2 Validity Effect of the Agreement

6.2.1 This Agreement shall take effect to the extent set out herein from the Execution Date, shall take full effect on the Commencement Date, and shall remain effective until the expiration of the Project Period, save for early Termination of the Agreement in accordance with its terms and conditions. Obligations of the Parties under this Agreement shall remain effective until their performance, unless the Applicable Law or this Agreement expressly provide otherwise.

6.2.2 Provisions of the Agreement which according to their context are to be applied from the Execution Date, shall take effect from the Execution Date. Other sections and provisions of the Agreement shall take effect from the Commencement Date.

7. TRANSITION PERIOD

7.1 General Provisions

7.1.1 The Transition Period shall cover:

7.1.1.1 the CPs Completion Period, which starts on the next day after the Execution Date and ends on the CPs Completion Date, as detailed further in this Section **Error! Reference source not found.**;

7.1.1.2 the Closing Period, which starts on the next day after the CPs Completion Date and ends on the Closing Date, as detailed further in this Section **Error! Reference source not found.**

The Transition Period shall end on the Closing Date, unless there is an early Termination of the Agreement in accordance with its terms and conditions.

7.1.2 The purpose of the Transition Period is to provide all necessary conditions and take all necessary actions enabling the full-scope delivery of the Project under the Agreement by the Private Partner from the Commencement Date.

7.2 General Obligations of the Parties During the Transition Period

7.2.1 During the Transition Period the Parties shall:

7.2.1.1 cooperate actively and efficiently to achieve completion of the CPs and Closing without the unnecessary delays;

7.2.1.2 ensure or make best efforts to ensure (as may be applicable) the uninterrupted provision of services and conduct of other operational activities at the state-owned assets that may become the Project Assets in accordance with this Agreement.

7.2.2 The Public Partner shall:

7.2.2.1 assist that the Private Partner has all Permits required for performance of the Investment Obligations at the Transferred Assets under the Applicable Law, as provided in Clause **Error! Reference source not found.**;

7.2.2.2 ensure the storage and safe keeping of Transferred Assets [and make best efforts to ensure the same with respect to the Haypost Real Estate Assets] until such assets are handed over to the Private Partner during the Closing;

7.2.2.3 ensure that the Private Partner has access to the Transferred Assets [and Haypost Real Estate Assets], as well as to the information and documents that the Private Partner may reasonably require from the Public Partner to complete the CPs and achieve the Closing.

7.3 Conditions Precedent

7.3.1 Closing shall be subject to the following Conditions Precedent (CPs) in accordance with this Agreement:

7.3.1.1 the Private Partner achieves the Financial Close, as provided in Clause **Error! Reference source not found.**;

7.3.1.2 the Private Partner, the Lender/Lenders and the Public Partner conclude the Direct Agreement (in case the Lender/Lenders are engaged for the purposes of financing

the Investment Obligations), as provided in Clause **Error! Reference source not found.**;

- 7.3.1.3 the Parties engage the Independent Expert in accordance with the procedure set in Section 21 to conduct the inventory of Transferred Assets and approve the Design Documentation and;
- 7.3.1.4 the Parties perform the inventory of Transferred Assets, as provided in Clause **Error! Reference source not found.**;
- 7.3.1.5 the Parties get the Design Documentation approved by the Independent Expert, as provided in Clause **Error! Reference source not found.**;
- 7.3.1.6 the Parties approve the conditions of Rent Agreements, as provided in Clause **Error! Reference source not found.**;
- 7.3.1.7 the Parties conclude the agreement on compensation for the Public Partner's involvement in the provision of Fast-track Services;
- 7.3.1.8 the Private Partner provides the Public Partner with the Operation Security according to the requirements of Clause **Error! Reference source not found.**.

7.4 Completion of CPs

- 7.4.1 The Parties shall complete the CPs within the CPs Completion Period, which shall be no longer than [three (3) months] from the day following the Execution Date.
- 7.4.2 If within one (1) month prior to the expiry of the CPs Completion Period all CPs have not been completed, the Private Partner shall within the shortest possible timeframes (but no more than ten (10) Business Days) inform the Public Partner about the completion status of the CPs, the issues the Private Partner had in completing the CPs, and the Private Partner's estimation of the term required to complete the CPs. After that the Parties shall, within the shortest possible timeframes, meet and develop the action plan for completion of the CPs.
- 7.4.3 If on the date of expiry of the CPs Completion Period the Conditions Precedent are not completed by the Parties, the Public Partner shall have the right to extend the CPs Completion Period for no more than [one (1) month], sending a prior notice to this effect to the Private Partner. Further extension of the CPs Completion Period shall be only allowed subject to mutual written agreement between the Parties. Any extension under this Clause shall cause a corresponding decrease in the Project Period equal to extension of the CPs Completion Period.
- 7.4.4 If during the CPs Completion Period (subject to its possible extension according to Clause **Error! Reference source not found.**) the CPs have not been completed and the CPs Completion Period has not been extended, starting from the fifth (5th) Business Day from the end date of the CPs Completion Period the Private Partner or the Public Partner may decide to terminate the Agreement by serving a prior Termination notice to the respective other Party within [twenty two (22) Business Days]. Upon the expiry of this notification period, the Agreement shall automatically terminate without the need for further notice, unless all the outstanding CPs have been completed on or prior to the expiration date of the said [twenty two (22) Business Days] (in which case this Agreement shall not terminate).

7.4.5 If Termination takes place according to this Clause **Error! Reference source not found.**, the Public Partner shall return the Tender Security to the Private Partner within ten (10) Business Days, save for cases where failure to complete the CPs occurred due to the fault of the Private Partner. Return of the Tender Security shall constitute the sole and exclusive claim of the Private Partner for such Termination, and the Private Partner shall have no other claim whatsoever for such Termination, including for recovery of any compensation.

7.4.6 When all CPs have been completed, the Private Partner and the Public Partner shall make an exchange of the CPs completion notices accompanied with the confirmation documents relating to completion of the CPs (as may be required). The date when the Parties have confirmed in writing and exchanged the CPs completion notices together with the relevant confirmation documents shall be the CPs Completion Date.

7.5 Financial Close

7.5.1 The Private Partner shall achieve the Financial Close to the extent sufficient for financing the Investment Obligations. Achievement of the Financial Close may involve any of the following:

7.5.1.1 the Private Partner signs all necessary Financing Documents and other required documents to provide financing with Lender/Lenders and provides the Public Partner with the copies of the signed Financing Documents, as well as satisfies all conditions precedent to providing the first disbursement by the Lender/Lenders;

7.5.1.2 the Private Partner transfers its own funds to its account and provides the Public Partner with the bank statements confirming such transfer;

7.5.1.3 the Private Partner executes the agreement(s) for making additional contributions with its shareholder(s), as well as documents to evidence the financial capacity of the Private Partner's shareholder (or Affiliate of such a shareholder) to make additional contribution, particularly bank statements or financing agreements, and provides the Public Partner with the copies of such documents.

7.5.2 In case the Private Partner executes the Financing Documents to achieve the Financial Close, the Private Partner shall:

7.5.2.1 guarantee that the terms of the Financing Documents are commercially reasonable and are not in contradiction with the provisions of this Agreement;

7.5.2.2 provide the copies of the signed Financing Documents to the Public Partner prior to conclusion of the Direct Agreement (in case the Direct Agreement is concluded).

7.6 Conclusion of Direct Agreement

7.6.1 In case the Private Partner borrows a Loan from Lender(s) to finance the Investment Obligations, the Private Partner and the Public Partner shall conduct the negotiations with Lender(s) in good faith to conclude the Direct Agreement.

7.6.2 The terms and conditions of the Direct Agreement shall be determined by its parties and shall include, at the minimum, but without limitation:

- 7.6.2.1 the procedure and conditions of exercising the Step-In Right;
- 7.6.2.2 the condition to transfer the Termination Compensation directly to the Lender's/Lenders' bank account(s) to the extent that does not exceed the amount of the Compensated Debt and expenses related to early repayment accrued in accordance with Annex 8 (*Procedure for Calculating Termination Compensation*) of this Agreement;
- 7.6.2.3 the order of payment of the amounts of the Termination Compensation to Lender(s), which should determine that the Compensated Debt shall be paid first, the expenses associated with early Termination shall be compensated only after full repayment of the Compensated Debt, and the last in the order of compensation shall be the Compensated Equity.

7.7 Inventory

- 7.7.1 The Parties shall complete the inventory of Transferred Assets to establish the baseline conditions for transferring such assets at Closing. The inventory shall involve, at the minimum, verification of conformity of each relevant category of Transferred Assets with the conditions of Technical Requirements reflected in Annex 3 (*Technical Requirements*).

The inventory shall be performed by the Independent Expert. The representatives of the Parties may be present during the inventory, as may be required and appropriate.

- 7.7.2 The inventory shall be completed upon the issuance of the inventory report by the Independent Expert. The inventory report shall be prepared in two (2) original copies, one (1) for each Party.

7.8 Approval of Design Documentation

- 7.8.1 The Private Partner shall prepare the design documentation outlining the technical solutions for improvements which the Private Partner will make at the Project Assets as part of its Investment Obligations in accordance with Technical Requirements (the "**Design Documentation**"), including, at the minimum:

- 7.8.1.1 description of the network of Enrolment Facilities;
- 7.8.1.2 the design and other relevant technical solutions for improvements to be made at the Transferred Assets;
- 7.8.1.3 the design and other relevant technical solutions for improvements to be made at the Enrolment Facilities;
- 7.8.1.4 the description of the contemplated Private Partner's compliance with the design and implementation conditions set in subsection 2.6.1 of Technical Requirements.

- 7.8.2 The Private Partner shall submit the Design Documentation for review to the Public Partner and Independent Expert. Based on this review (or rounds of review, as may be reasonably required and appropriate), the Private Partner shall prepare the final version of the Design Documentation and submit it to the Independent Expert for approval.

The Design Documentation shall be deemed approved upon the issuance of conclusion on approval of the Design Documentation by the Independent Expert. This conclusion and the approved version of the Design Documentation shall be prepared in two (2) original copies, one (1) for each Party.

7.9 Approval of the Conditions of Rent Agreements

7.9.1 The Parties shall approve the conditions of Rent Agreements to be concluded with respect to the Rented Real Estate at Closing.

7.9.2 The conditions of the Rent Agreements shall include, at the minimum:

7.9.2.1 provisions indicating that Rent Agreements serve the purposes of the Project;

7.9.2.2 provisions ensuring that Rent Agreements will be valid during the entire Project Period;

7.9.2.3 provisions on the Private Partner's use title to Rented Real Estate;

7.9.2.4 provisions enabling performance of the Private Partner's obligations under this Agreement using the Rented Real Estate assets (including the Private Partner's right to possess, use, operate, maintain and upgrade the Rented Real Estate assets, perform the Investment Obligations and provide Services at such assets);

7.9.2.5 provisions on state registration of the Private Partner's use title to the Rented Real Estate;

7.9.2.6 provisions that guarantee transfer of Rented Real Estate assets to the Private Partner free of any encumbrances as well as provisions restricting imposition of any new encumbrances on such assets without the prior approval from the Private Partner and the Public Partner;

7.9.2.7 provisions enabling conduct of the Public Partner's control and monitoring activities indicated in Section **Error! Reference source not found.** with respect to performance of the Private Partner's obligations under this Agreement;

7.9.2.8 provisions allowing the Private Partner to buy out the Rented Real Estate;

7.9.2.9 provisions providing for transfer of all rights, titles and obligations of the Private Partner under the Rent Agreements to the Public Partner, including, without limitation, the Private Partner's use title to the Rented Real Estate and the Private Partner's buy-out rights with respect to Rented Real Estate;

7.9.2.10 provisions ensuring that early termination of Rent Agreements is made without the material negative effect on performance of the Private Partner's obligations under this Agreement (and on the provision of Services and Service-related operations in particular);

7.9.2.11 provisions enabling proper notifications to the Public Partner on early termination of Rent Agreements, changes to Rent Agreements, and other matters of Rent Agreements which may have a material impact on performance of this Agreement.

7.10 Closing

7.10.1 After completion of the CPs, the Parties shall conduct the Closing, which involves:

7.10.1.1 transfer of the Transferred Assets to the Private Partner. The completion of this activity shall be evidenced by signing of the assets transfer act by the Parties;

7.10.1.2 conclusion of Rent Agreements with respect to Rented Real Estate. The completion of this activity shall be evidenced by signing of all respective Rent Agreements between the Private Partner and the relevant third parties transferring the Rented Real Estate assets to the Private Partner, as well as by submission of the copies of all such signed Rent Agreements to the Public Partner.

7.10.2 The Parties shall achieve the Closing within the Closing Period, which shall be no longer than [one (1) month] from the day following the CPs Completion Date.

7.10.3 If within five (5) Business Days prior to the expiry of the Closing Period the Closing has not been achieved, the Parties shall, within the shortest possible timeframes, meet and develop the action plan for achieving the Closing.

7.10.4 If on the date of expiry of the Closing Period the Closing has not been achieved, the Public Partner shall have the right to extend the Closing Period for no more than [one (1) month], sending a prior notice to this effect to the Private Partner. Further extension of the Closing Period shall be only allowed subject to mutual written agreement between the Parties. Any extension under this Clause shall cause a corresponding decrease in the Project Period equal to extension of the Closing Period.

7.10.5 If during the Closing Period (subject to its possible extension according to Clause **Error! Reference source not found.**) the Closing has not been achieved, starting from the fifth (5th) Business Day from the end date of the Closing Period the Private Partner or the Public Partner may decide to terminate the Agreement by serving a prior Termination notice to the respective other Party within [twenty two (22) Business Days]. Upon the expiry of this notification period, the Agreement shall automatically terminate without the need for further notice, unless all the outstanding Closing activities have been completed on or prior to the expiration date of the said [twenty two (22) Business Days] (in which case this Agreement shall not terminate).

7.10.6 In case Termination takes place according to this Clause **Error! Reference source not found.:**

7.10.6.1 the Public Partner shall return the Tender Security to the Private Partner within ten (10) Business Days, save for cases where failure to achieve the Closing occurred due to the fault of the Private Partner. Return of the Tender Security shall constitute the sole and exclusive claim of the Private Partner for such Termination, and the Private Partner shall have no other claim whatsoever for such Termination, including for recovery of any compensation;

7.10.6.2 the Parties shall take all actions necessary to bring their arrangements back to the situation that existed on the Execution Date, including, without limitation, return of the Transferred Assets to the Public Partner.

7.10.7 Closing shall be deemed achieved on the later of the dates of completion of the activities indicated in Clause **Error! Reference source not found.** (the "**Closing Date**").

7.10.8 After the Closing, the Parties shall perform the following activities within the shortest possible timeframes:

7.10.8.1 sign separate agreement(s) on the compensation of utility payments relating to Transferred Assets. The said agreement(s) shall set the terms and conditions for the compensation of the Public Partner's utility payments, which are directly attributable to the Transferred Assets handed over at Closing, by the Private Partner;

7.10.8.2 open the Escrow Account for allocation of fees for Services under Clause **Error! Reference source not found.**

8. DISCLOSED INFORMATION

8.1 The Public Partner has made available to the Private Partner prior to the Execution Date certain materials, documents and data related to the Project and other matters which are or may be relevant to the Project and the obligations of the Private Partner under this Agreement as well as any other information given orally or in written form to the Private Partner ("**Disclosed Information**").

8.2 The Public Partner or any of its advisors shall not be liable to the Private Partner in respect of any inaccuracy, error, omission, defect or inadequacy of any kind whatsoever in the Disclosed Information, except in case of fraud or deceit of the Public Partner.

8.3 The Public Partner gives no warranty or representation that the Disclosed Information represents all of the information in its possession or power (either during the Selection Procedure or at the execution of this Agreement) relevant or material to the Project or the obligations of the Private Partner under this Agreement. The Public Partner shall not be liable to the Private Partner in respect of any failure to disclose or make available (whether before or after the execution of this Agreement) to the Private Partner any information, documents or data, nor to keep the Disclosed Information up to date, nor to inform the Private Partner (whether before or after execution of this Agreement) of any inaccuracy, error, omission, defect or inadequacy in the Disclosed Information except in the case of fraud, willful misconduct or deceit.

9. CONTRACT SECURITIES

9.1 Tender Security

9.1.1 The Public Partner received from the Winner a bank guarantee for an amount equal to [in the range of one hundred million to two hundred million (100,000,000 to 200,000,000) AMD] according to the RFP ("**Tender Security**"). The Private Partner shall be responsible for maintaining the Tender Security in full force and effect until submission of the Operation Security to the Public Partner under this Agreement.

9.1.2 If the Tender Security is scheduled to expire until the provision of the Operation Security to the Public Partner, the Private Partner shall no later than [twenty two (22) Business Days] before the relevant expiration date of the Tender Security extend the validity period of such Tender Security or replace it.

9.1.3 If the Private Partner fails to extend the validity period of the Tender Security or replace it (as set out in Clause **Error! Reference source not found.**), the Public Partner shall be entitled to draw on the entire amount of the Tender Security.

9.1.4 In such case, all claims of the Public Partner which:

9.1.4.1 occurred prior to expiry of the validity period of the Tender Security set out in Clause **Error! Reference source not found.**; and

9.1.4.2 can be satisfied by withdrawing the Tender Security in accordance with this Agreement; and

9.1.4.3 do not in aggregate exceed the amount of the Tender Security

shall be deemed satisfied by withdrawal of the Tender Security.

9.1.5 The Public Partner shall return the bank guarantee letter on provision of the Tender Security to the Private Partner and submit the written notice of releasing the guarantee to the bank that issued the Tender Security:

9.1.5.1 immediately after receiving the Operation Security from the Private Partner under the procedure set out in Clause **Error! Reference source not found.**; or

9.1.5.2 in case of Termination of the Agreement during the Transition Period according to Clause **Error! Reference source not found.** or Clause **Error! Reference source not found.**, provided that such Termination occurred through no fault of the Private Partner.

9.1.6 The Public Partner shall be entitled to draw on the Tender Security in cases where:

9.1.6.1 the Private Partner is in breach of its monetary obligations under this Agreement which occurred and should have been performed during the validity period of the Tender Security, and such a breach has not been remedied within [thirty (30)] days from the day the Public Partner found out or should have found out that breach;

9.1.6.2 Termination of the Agreement during the Transition Period resulting from failure to satisfy the CPs or achieve the Closing (as set out in Clause **Error! Reference source not found.** and Clause **Error! Reference source not found.**) has occurred due to the fault of the Private Partner;

9.1.6.3 the Private Partner has failed to provide the Public Partner with the Operation Security as of the CPs Completion Date;

9.1.6.4 the Private Partner committed actions set out in Section 25 during the validity period of the Tender Security.

9.1.7 The Tender Security shall be withdrawn according to Clause **Error! Reference source not found.**

9.2 Operation Security

- 9.2.1 The Private Partner shall submit to the Public Partner, no later than on the CPs Completion Date, an unconditional and irrevocable on-demand bank guarantee, issued by a Reliable Bank for the initial amount in [AMD] for the first Operational Year equal to [fifteen (15) percent of the [Investment Obligations (CAPEX) of the Private Party under this Agreement] for the latest entire year preceding the Execution Date, namely [amount to be added], substantially in the form of the guarantee letter set out in Annex 5 (*Requirements for Securities*) and together with the relevant agreement on the Operation Security, to secure the due performance of the Private Partner's obligations under this Agreement during the Project Period ("**Operation Security**"). Starting from the [third] Operational Year, the amount of the Operation Security shall be further calculated in accordance with Clause 9.2.14. If the bank issuing the Operation Security at any time fails to meet the requirements to Reliable Banks set out in Annex 6 (Requirements to Reliable Banks, the Private Partner shall, as soon as possible, but no later than ten (10) Business Days, obtain a new Operation Security for the same amount remaining at the time of such occurrence, from a bank complying with the requirements to Reliable Banks.
- 9.2.2 If the Private Partner failed to provide the Public Partner with the Operation Security as of the CPs Completion Date, the Public Partner shall be entitled to draw on the Tender Security.
- 9.2.3 The Operation Security shall remain valid (subject to provisions of Clause 9.2.14) from the date occurring no later than its issuance date until the date of transferring the Handback Assets determined according to Section 20. The Public Partner shall return the bank guarantee letter on provision of the Operation Security to the Private Partner immediately after the transfer of the Handback Assets and shall submit the written notice of releasing the guarantee to the bank that issued the Operation Security.
- 9.2.4 If the Operation Security is scheduled to expire until the expiry of the period indicated in Clause **Error! Reference source not found.**, the Public Partner shall no later than [twenty two (22)] Business Days before the relevant expiration date of the Operation Security extend the validity period of such Operation Security or replace it.
- 9.2.5 If the Operation Security is scheduled to expire until the expiry of the period indicated in Clause **Error! Reference source not found.**, the Private Partner shall no later than [twenty two (22)] Business Days before the relevant expiration date of the Operation Security extend the validity period of such Operation Security or replace it.
- 9.2.6 If the Private Partner fails to extend the validity period of the Operation Security or replace it (as set out in Clause **Error! Reference source not found.**), the Public Partner shall be entitled to draw on the entire amount of the Operation Security.
- 9.2.7 In such case, all claims of the Public Partner which:
- 9.2.7.1 occurred prior to expiry of the validity period of the Operation Security set out in Clause **Error! Reference source not found.**; and
 - 9.2.7.2 can be satisfied by withdrawing the Operation Security in accordance with this Agreement; and
 - 9.2.7.3 do not in aggregate exceed the amount of the Operation Security

shall be deemed satisfied by withdrawal of the Operation Security. In such case, the Private Partner Event of Default set out in Clause 15.1.1.5 shall be deemed to have occurred.

9.2.8 Without prejudice to any other rights which the Public Partner may have under this Agreement, the Public Partner shall be entitled to satisfy its claims by drawing on the Operation Security (either in its entirety or partially) in cases where:

9.2.8.1 the Private Partner is in breach of its monetary obligations under this Agreement, and such a breach has not been remedied within [thirty (30)] days from the day the Public Partner found out or should have found out that breach; or

9.2.8.2 the Private Partner should pay any penalty in accordance with the terms and conditions of this Agreement; or

9.2.8.3 the Public Partner have suffered damages to be compensated by the Private Partner; or

9.2.8.4 the Private Partner committed actions set out in Section 25 during the validity period of the Operation Security; or

9.2.8.5 the Agreement is early terminated due to the Private Partner Event of Default. In such case the Public Partner shall be entitled to charge the Private Partner out of the Operation Security for the compensation of the Public Partner's damages in the amount of the Termination Compensation, but no more than the amount of the Operation Security, if such compensation is to be paid by the Public Partner under Section 17;

9.2.8.6 the possibility of drawing on the Operation Security is expressly stipulated by this Agreement.

9.2.9 In any of circumstances specified in Clause **Error! Reference source not found.** occurs, the Public Partner shall submit to the Private Partner a notification of the execution of its right to withdraw the Private Partner's amounts due from the Operation Security. The notification shall set out the date of exercising the right of withdrawal, which shall not occur prior to expiry of [ten (10)] Business Days after the submission date of such notification, as well as grounds for withdrawing the entire / certain part of the amount of the Operation Security.

9.2.10 The fact of violation of the Private Partner's obligations, as well as the scope of claims sought, shall be evidenced either by the written approval of the Private Partner to satisfy the claims sought by the Public Partner, or by decision of the Independent Expert or by the arbitral award issued in accordance with Section 26 of this Agreement.

9.2.11 The confirmation of the amount of claims set out in Clause **Error! Reference source not found.** is not required in case of termination of warranties provided by the Private Partner in accordance with this Agreement.

9.2.12 Withdrawal of the entire amount of the Operation Security by the Public Partner prior to the transfer date of the Handback Assets shall be deemed a Private Partner Event of Default, unless the Public Partner, at its own discretion, agrees to waive its right for the Termination of this Agreement due to such Private Partner's Event of Default subject to the provision by

the Private Partner of the new Operation Security for the entire amount for which that Operation Security should be issued in the relevant Operational Year under Clause **Error! Reference source not found.**

Private Partner's failure to provide and/or maintain the validity of the Operation Security in accordance with the requirements of this Clause **Error! Reference source not found.** for a period of more than [thirty three (33) Business Days] shall be deemed a Private Partner Event of Default.

9.2.13 The amount of the Operation Security for the second Operational Year shall be equal to the amount of such security for the first Operation Year set out in Clause **Error! Reference source not found.**

9.2.14 In order to determine the amount of the Operation Security for each subsequent Operational Year after the first one, the Private Partner shall, no later than [twenty two (22)] Business Days prior to the ending of the current Operational Year, submit to the Public Partner the calculation of the amount of the Operation Security for the next Operational Year, which shall be than [fifteen (15)] percent of the Private Partner's [operational expenses] for the preceding year following which the latest report on the operational activity matters was submitted in accordance with Clause **Error! Reference source not found.**

9.2.15 Within [twelve (12)] Business Days after receiving calculation of the amount of the Operation Security for the next Operational Year, the Public Partner shall:

9.2.15.1 approve the amount of the Operation Security for the next Operational Year calculated by the Private Partner in accordance with Clause **Error! Reference source not found.** and submit to the Private Partner a written notice with such approval; or

9.2.15.2 reject the amount of the Operation Security for the next Operational Year calculated by the Private Partner in accordance with Clause **Error! Reference source not found.** and submit to the Private Partner its own calculation of the amount of the Operation Security for the next Operational Year.

9.2.16 In the case set out in Clause **Error! Reference source not found.** the Private Partner shall provide the Operation Security for the next Operational Year in accordance with the amount calculated by the Public Partner. Within [seven (7)] Business Days after receiving the calculation set out in Clause **Error! Reference source not found.**, the Private Partner shall be entitled to challenge the amount of the Operation Security for the next Operational Year calculated by the Public Partner by applying to the Independent Expert.

9.2.17 The Private Partner shall ensure that the amount of its Operation Security meets the requirements of Clause **Error! Reference source not found.** throughout the entire validity period of the Operation Security and shall provide the Public Partner with the updated Operation Security for the required amount before the expiration of the deadline for submission of the reporting documents specified in Clause **Error! Reference source not found.**

9.3 Handback Security

9.3.1 The Private Partner shall submit to the Public Partner an unconditional and irrevocable on-demand bank guarantee issued by a Reliable Bank, substantially in the form of the guarantee letter set out in Annex 5 (*Requirements for Securities*) and together with the relevant agreement on the Handback Security, to secure the due performance of the Private Partner's handback obligations under this Agreement (the "**Handback Security**"):

9.3.1.1 no later than [ten (10)] Business Days after receiving the conclusion of the Independent Expert prepared based on the results of [the first] Handback Condition Survey in accordance with Clause 20.2 for the amount in AMD specified in such conclusion – in case there is no early Termination of the Agreement;

9.3.1.2 no later than [ten (10)] Business Days after receiving the conclusion of the Independent Expert prepared based on the results of the Handback Condition Survey in accordance with Clause 20.2 for the amount in AMD specified in such conclusion – in case there is an early Termination of the Agreement and the handback is carried out in connection with such early Termination.

9.3.2 If the bank issuing the Handback Security at any time from the date of submitting the Handback Security to the Public Partner fails to meet the requirements to Reliable Banks set out in Annex 6 (*Requirements for Reliable Banks*), the Private Partner shall, as soon as possible, but no later than ten (10) Business Days, obtain a new Handback Security for the same amount remaining at the time of such occurrence, from a bank complying with the requirements to Reliable Banks.

9.3.3 If the Private Partner failed to provide the Public Partner with the Handback Security prior to the term specified in Clauses **Error! Reference source not found.** and **Error! Reference source not found.**, the Public Partner shall be entitled to draw on the entire amount of the Operation Security.

Private Partner's failure to provide and/or maintain the validity of the Handback Security in accordance with the requirements of this Clause **Error! Reference source not found.** for a period of more than [thirty three (33) Business Days] shall be deemed a Private Partner Event of Default.

9.3.4 The Handback Security shall be valid from its issuance date according to Clause **Error! Reference source not found.** until the expiry of [thirty (30)-day] term from the date of signing of the Handback Act according to Clause 20.5.

9.3.5 The Public Partner shall return the bank guarantee letter on provision of the Operation Security to the Private Partner after [thirty (30) days] from the date of signing of the Handback Act according to Clause 20.5

9.3.6 If the Handback Security is scheduled to expire until the expiry of the period indicated in Clause **Error! Reference source not found.**, the Private Partner shall no later than [twenty two (22)] Business Days before the relevant expiration date of the Handback Security extend the validity period of such Handback Security or replace it.

9.3.7 Upon the receipt by the Private Partner of each report of the Independent Expert following the relevant Handback Condition Survey conducted according to Clause **Error! Reference source not found.0.2**, the Private Partner shall, within [ten (10)] Business Days from receiving such a report, submit to the Public Partner a notification of changing the amount

of the Handback Security, provided that the amount of the Handback Security shall not be lower than the amount specified in the conclusion of the Independent Expert based on the results of the relevant survey.

9.3.8 Within [five (5)] Business Days after receiving calculation of the amount of the Handback Security based on the results of the relevant survey, the Public Partner shall:

9.3.8.1 approve the amount of the Handback Security provided by the Private Partner and submit to the Private partner a written notice with such approval; or

9.3.8.2 reject the amount of the Handback Security provided by the Private partner in case such an amount is lower than the amount specified in the conclusion of the Independent Expert based on the results of the relevant survey, and submit to the Private Partner the written notice with the instruction to provide the Handback Security for the amount indicated in the said conclusion.

9.3.9 The Public Partner may determine a different amount of the Handback Security solely in case the conclusion of the Independent Expert following the relevant survey was challenged under the procedure set out in Section 26 and solely within the scope of the amount established based on such challenge.

9.3.10 In case the conclusion of the Independent Expert is challenged under Section 26, the Private Partner shall provide the Handback Security in the amount specified in the conclusion of the Independent Expert, and increase/decrease its amount under the arbitral award based on the results of the relevant challenge in accordance with the Handback Security amount indicated in the said arbitral award.

9.3.11 The Private Partner shall provide the Public Partner with the new Handback Security within [fifteen (15)] Business Days after receiving the written notice of the Public Partner according to Clause **Error! Reference source not found.**

9.3.12 If on the date of signing of the Handback Act the Handback Assets:

9.3.12.1 do not conform to the requirements set out in Section 20, without prejudice to any other rights the Public Partner may have under this Agreement, the Public Partner shall be entitled to claim withdrawal of the Handback Security for the amount specified by the Independent Expert in the conclusion on the results of the relevant Handback Condition Survey;

9.3.12.2 conform to the requirements set out in Section 20, the Public Partner shall return the bank guarantee letter on provision of the Handback Security to the Private Partner and submit the written notice of releasing the guarantee to the bank that issued the Handback Security.

9.4 Other Provisions on Securities

9.4.1 In case the Public Partner, in accordance with the provisions of this Agreement, withdraws, fully or partially, the Tender Security, the Operation Security or the Handback Security, the amount charged for such a security shall be transferred by the bank providing the bank security, to the [Public Partner's current account].

9.4.2 In case the Public Partner withdraws the Operation Security or the Handback Security in the amount required to satisfy the Public Partner's claims which can be satisfied by withdrawing such a security in accordance with this Agreement, the Private Partner shall, within [twenty two (22)] Business Days after withdrawal of the relevant amount of the security, submit to the Public Partner the updated bank guarantee for the entire amount of security set out according to this Section **Error! Reference source not found.** If the Private Partner fails to provide the updated bank guarantee during the timeframe set out in this Clause **Error! Reference source not found.**, the Public Partner shall be entitled to draw on the entire amount of the relevant security. In such case the provisions of Clause **Error! Reference source not found.** shall apply.

9.4.3 In the event of early Termination of the Agreement in connection with the Private Partner Event of Default, the Private Partner shall ensure that the Operation Security is maintained during the term necessary to agree and pay the Termination Compensation under the procedure set forth in Section 18 of the Agreement, but in any case no earlier than expiry of [two (2) months] from the signing date of the Handback Act under Clause 20.5.

10. INVESTMENTS, SERVICES AND OPERATIONAL ACTIVITIES

10.1 Investment Obligations and Their Completion

10.1.1 The Private Partner shall carry out, finance and complete the Investment Obligations under this Agreement, which include:

10.1.1.1 investments in Enrolment Facilities required under the Technical Requirements (including upgrades, renovations and other real estate improvements at the Enrolment Facilities, procurement and installation of New Movable Property at the Enrolment Facilities, acquisition of rights to New Intangibles and setup of the New Intangibles the Enrolment Facilities, [including establishment of the Identity and Document Management Information System]);

10.1.1.2 investments in Transferred Assets required under the Technical Requirements (including upgrades, renovations and other real estate improvements at Transferred Assets, procurement and installation of New Movable Property at Transferred Assets, acquisition of rights to New Intangibles and setup of the New Intangibles at Transferred Assets).

10.1.2 The Private Partner shall complete the Investment Obligations within [nine (9) months] from the Commencement Date (the "**Investment Obligations Completion Period**").

10.1.3 Not less than [one (1) month] before the end of the Investment Obligations Completion Period the Public Partner shall initiate an inspection to review the fulfilment of Investment Obligations, by sending to the Private Partner a written notification of such inspection.

The inspection of fulfilment of Investment Obligations shall be carried out by the Independent Expert.

10.1.4 The Independent Expert verifies the fulfilment of the Investment Obligations within [22 (twenty two) Business Days] after the date when such inspection was initiated by the Public Partner, including through analysis of the applicable Technical Requirements, Design Documentation, Private Partner's quarterly reports on investments made, Financing

Documents, internal reports, and on-site inspection of the Project Assets in which investments were made.

10.1.5 After completion of the inspection, the Independent Expert issues a conclusion on the fulfilment / non-fulfilment of the Investment Obligations and provides this conclusion for information to the Parties.

Conclusion of the Independent Expert on non-fulfilment of the Investment Obligations (or if such conclusion is challenged – the arbitral award which has taken effect) shall be the basis for imposing the Liquidated Damages under Clause **Error! Reference source not found.** of the Agreement upon expiry of the Investment Obligations Completion Period.

10.1.6 In case the Independent Expert confirms the fulfilment of the Investment Obligations by the Private Partner, the Independent Expert signs the Investment Obligations Completion Act and submits it to the Public Partner for signing.

The Public Partner shall sign the Investment Obligations Completion Act within 5 (five) Business Days from the date of its receipt from the Independent Expert, and shall further send it to the Private Partner.

10.1.7 The Private Partner shall be deemed to have fulfilled the Investment Obligations as of the date of signing of the Investment Obligations Completion Act by the Public Partner.

10.2 Services and Operations

10.2.1 Starting from the Operational Date, the Private Partner shall provide Services and perform the Service-related Operations at Project Assets under this Agreement (or ensure the provision of the relevant Services and Operations by third parties in cases allowed under the Agreement). The Services shall include:

10.2.1.1 issuance and delivery of Identity Documents to customers, including the Fast-track Services;

10.2.1.2 customer support and post-issuance services related to Identity Documents (including consultations, answers to requests, PIN code changes, collection and destruction of expired or cancelled Identity Documents).

10.2.1.3 other servicing activities at the Project Assets that are intended for (and are ultimately consumed by) the customers and correspond to the Technical Requirements (and subsection 2.6.2 of Technical Requirements in particular).

The Operations shall include:

10.2.1.4 supply of blanks of Identity Documents;

10.2.1.5 collection of applications and processing of data (including biometric data) for Identity Documents;

10.2.1.6 collection and allocation of fees for Services due from customers to the Government;

10.2.1.7 personalization of Identity Documents;

10.2.1.8 acting as registration authority for qualified signature according to eIDAS requirements;

10.2.1.9 other operational activities that aim to ensure the provision of Services and correspond to the Technical Requirements (and subsection 2.6.2 of Technical Requirements in particular).

10.2.2 The Private Partner shall comply with the rules of Technical Requirements which specifically or substantially apply to the provision of Services and performance of Operations by the Private Partner, including, without limitation, the requirements for Identity Documents (as per section 2.4 of Technical Requirements), the KPIs for Services (as per section 2.5 of Technical Requirements), and performance of enrolment and personalization Services/Operations (as per subsection 2.6.2 of Technical Requirements).

10.2.3 The Private Partner shall ensure that all appropriate fee collection instruments for Services and Operations, including the online and on-site payment mechanisms, as well as the Private Partner's account for collecting payments for Services and Operations under this Agreement have been established until the Operational Date. The Private Partner shall further ensure that such fee collection instruments and the Private Partner's account are operational during the Project Period, starting from the Operational Date.

10.2.4 The Parties shall promote, to a reasonably possible extent, the demand for (and subsequent issuance of) the electronic Identity Documents during the Project Period.

10.3 Fees for Services and Operations

10.3.1 The statutory fees for Services and Operations (the price of the relevant type of Identity Documents) are set out by the Public Partner under the Applicable Law and paid by the customers in AMD.

10.3.2 The prices for Services and Operations (the price of the relevant type of Identity Documents) due to the Private Partner (except for the Fast-track Services) are set out in the Winner's Bid and Annex 2 (*Prices for Identity Documents*) of the Agreement in AMD and are divided into (i) Base Prices (to be paid per each Identity Document during the current Operational Year until the estimated volumes set in Annex 3 of the Technical Requirements are reached) and (ii) Adjusted Prices (to be paid per each Identity Document during the current Operational Year above the estimated volumes set in Annex 3 of the Technical Requirements).

10.3.3 The Private Partner shall set the fees for the Fast-track Services on an arm's length basis [subject to legislative changes introduced by GoA on regulation of Identity Document tariffs] and within the limit of [2x to 3x of Base Prices]. In case the Public Partner has not provided any substantiated comments on the Private Partner's fees for the Fast-track Services within [ten (10) Business Days] from the day such fees have been set, it shall be deemed the Public Partner does not have any objections to such Private Partner's fees for the Fast-track Services.

10.3.4 The prices for Services and Operations may be revised no more than once per Operational Year only in the following cases:

10.3.4.1 if the actual cumulative inflation published by the Statistical Committee of Armenia (or another Public Authority substituting this public body under the Applicable Law) from the Commencement Date or the date of the last revision of the prices for Services under this Clause 10.3.4 exceeds [10%]

OR

10.3.4.2 if the official AMD-USD exchange rate established by the Central Bank of Armenia decreased from the Commencement Date or the date of the last revision of the prices for Services under this Clause 10.3.4 for more than [10%].

10.3.5 The Public Partner should approve or provide the substantiated reasons for rejection of the request on revision of prices for Services and Operations submitted by the Private Partner under Clause 10.3.4 if fluctuation of rates indicated in Clause 10.3.4 is less than [35%] per Operational Year.

10.3.6 If fluctuation of rates indicated in Clause 10.3.4 is more than [35%] per Operational Year the Parties should meet to agree on the action plan to remedy the situation.

10.3.7 The customers will make payments for Services and Operations to the following accounts:

10.3.7.1 the Escrow Account – for the amounts received for issuance and delivery of each relevant Identity Document (as per the Winner’s Bid and Annex 2 (*Prices for Identity Documents*) of the Agreement), except for payment for the Fast-track Services, and

10.3.7.2 the Private Partner’s account – for the amounts received for the Fast-track Services.

10.3.8 Allocation of payments for Services and Operations from the Escrow Account to any Party should require approval from both Parties.

10.3.9 Compensation for the Public Partner’s involvement in the provision of Fast-track Services shall be governed by the agreement concluded under Clause 7.3.1.7.

10.4 Operation and Maintenance

10.4.1 The Private Partner shall operate and maintain the Project Assets to ensure that:

10.4.1.1 the relevant Real Estate assets and Movable Property being part of the Project Assets are in good working condition, subject only to fair wear and tear;

10.4.1.2 the relevant Intangibles being part of the Project Assets are functional and enable continuous provision of Services/Operations;

10.4.1.3 the rules of Technical Requirements which specifically or substantially apply to the operation and maintenance of Project Assets by the Private Partner, including, without limitation, the requirements for physical infrastructure (as per section 2.2 of Technical Requirements) are complied with.

10.4.2 To maintain the Project Assets in proper working condition during the designated period of their service life and after its expiry, the Private Partner shall ensure that the necessary measures are taken in accordance with the applicable Technical Requirements and the

requirements of the Applicable Law in force at the time of such requirements. Such measures may include:

10.4.2.1 technical inspections of the required levels of maintenance of the Project Assets, including to verify the implemented repairs, renovations and ongoing assets maintenance activities;

10.4.2.2 verifications of hardware and software being part of the Project Assets, including with respect to the potential safety and security risks.

10.5 Engagement of Third Parties

10.5.1 The Private Partner may engage third parties on a contractual basis to fulfil the Investment Obligations, provide Services and perform Operations, operate and maintain the Project Assets, and perform other obligations of the Private Partner under this Agreement. The Private Partner shall bear the ultimate responsibility for performance of the relevant activities by such third parties as long as those activities constitute the Private Partner's obligations before the Public Partner under this Agreement, including responsibility for any delays, omissions, or other breaches in performance by the third parties.

The Private Partner shall ensure that agreements with third parties under this Clause **Error! Reference source not found.** are concluded on an arm's length basis and do not contain the provisions that may have a material adverse effect on rights and obligations of the Parties under this Agreement.

10.5.2 The Private Partner shall obtain the prior written approval from the Public Partner to conclude agreements with third parties on the following:

10.5.2.1 supply of blanks of Identity Documents;

10.5.2.2 personalization of Identity Documents;

10.5.2.3 front office / customer enrolment services in relation to Identity Documents;

10.5.2.4 IT support and maintenance required for performing Services/Operations (including implementation, maintenance and support of IT systems for Services/Operations).

10.5.3 For the purposes of Clause **Error! Reference source not found.:**

10.5.3.1 The Private Partner shall address the Public Partner with the request for approval of the agreement with third party indicated in Clause **Error! Reference source not found.**, attaching the draft of the relevant agreement to the request.

10.5.3.2 The Public Partner shall provide the approval or reasoned rejection to approve conclusion of the relevant agreement with third party within fifteen (15) Business Days from the date of receiving the Private Partner's request for approval. If the Public Partner does not reply within this period, it shall be deemed that the Public Partner approved conclusion of the relevant agreement with third party.

10.5.3.3 It is prohibited to conclude agreements indicated in Clause **Error! Reference source not found.**:

10.5.3.3.1 with any third party, if such third party or its Affiliate falls under any restriction indicated in items 1)-5), 7) of paragraph 47 of the PPP Procedure;

10.5.3.3.2 with any third party, if such third party or its Affiliate is subject to sanctions imposed under the Applicable Law or international law, or international sanctions recognized under the Applicable Law in Armenia.

10.5.3.4 Any transfer (assignment) of rights under agreements with third parties indicated in Clause **Error! Reference source not found.** from such third parties to any other persons shall be prohibited.

10.5.4 The Private Partner shall notify the Public Partner, within five (5) Business Days after conclusion of the relevant agreement and without the need for obtaining the prior Public Partner's approval, about conclusion of agreements with third parties on the following matters:

10.5.4.1 delivery of Identity Documents to customers;

10.5.4.2 performance of works/services required for fulfilment of Investment Obligations (particularly, upgrades and other real estate improvements at the relevant Project Assets, installation of New Movable Property and New Intangibles).

10.5.5 The Private Partner shall report on the agreements concluded with third parties under Clauses **Error! Reference source not found.-Error! Reference source not found.** in accordance with Clause **Error! Reference source not found.**.

The Private Partner shall include into the agreements concluded with third parties under this Clauses **Error! Reference source not found.-Error! Reference source not found.** the provisions on the Step-In Right, including a provision on a free transfer of all rights and obligations of the Private Partner under such agreements to the new Private Partner, without termination or other material change of the terms and conditions of these agreements.

10.5.6 The Private Partner may engage third parties under agreements other than those indicated in Clauses **Error! Reference source not found.-Error! Reference source not found.** ("**Contractors**"), to provide services, perform works and conduct other activities, which do not involve provision of Services/Operations or performance of a certain part of Investment Obligations, but may be required for performance of the Private Partner's obligations under the Agreement in the ordinary course of business (such as logistics, cleaning, ongoing assets maintenance/repair operations).

The Private Partner shall conclude the agreements with Contractors without the prior approval from the Public Partner. The Public Partner may request the list and copies of agreements with Contractors from the Private Partner on an ad hoc basis during the Project Period. If such request is made, the Private Partner shall address it within the reasonable timeframes, but in any case no later than ten (10) Business Days after receiving the request.

10.6 Sublease of Enrolment Facilities to Third Parties

10.6.1 The Private Partner may sublease the Enrolment Facilities to third parties during the Project Period for the purposes of performance of the Agreement, subject to compliance with the requirements of this Clause **Error! Reference source not found.**, including the following conditions:

10.6.1.1 the sublease should be allowed and governed under the Rent Agreements;

10.6.1.2 the Private Partner should obtain the prior approval for sublease from the owners (lessors) of the Enrolment Facilities;

10.6.1.3 the Private Partner should obtain the prior approval for sublease from the Public Partner according to Clause **Error! Reference source not found.**;

10.6.1.4 the subject matter of the sublease should serve the purposes of performance of the Private Partner's obligations under the Agreement, and more specifically – provision of Services and Operations (e.g., provision of supporting servicing to customers at Enrolment Facilities, such as catering/food services).

10.6.2 The Private Partner shall address the Public Partner with the request for approval of the sublease agreement with a third party with respect to the Enrolment Facility, attaching the draft of the relevant agreement and prior approval for sublease from the owner (lessor) of the Enrolment Facility to the request.

The Public Partner shall provide the approval or reasoned rejection to approve conclusion of the relevant sublease agreement within fifteen (15) Business Days from the date of receiving the Private Partner's request for approval. If the Public Partner does not reply within this period, it shall be deemed that the Public Partner approved conclusion of the relevant sublease agreement.

10.6.3 The Private Partner shall ensure that agreements with third parties under this Clause **Error! Reference source not found.** are concluded on an arm's length basis and do not contain the provisions that may have a material adverse effect on rights and obligations of the Parties under this Agreement.

The Private Partner shall report on the sublease agreements concluded with third parties under this Clause **Error! Reference source not found.** in accordance with Clause **Error! Reference source not found.**

10.6.4 It is prohibited to conclude the sublease agreements with respect to Enrolment Facilities:

10.6.4.1 with any third party, if such third party or its Affiliate falls under any restriction indicated in items 1)-5), 7) of paragraph 47 of the PPP Procedure;

10.6.4.2 with any third party, if such third party or its Affiliate is subject to sanctions imposed under the Applicable Law or international law, or international sanctions recognized under the Applicable Law in Armenia.

10.6.5 Any transfer (assignment) of rights under sublease agreements with third parties indicated in this Clause **Error! Reference source not found.** from such third parties to any other persons shall be prohibited.

10.6.6 The Private Partner may collect to its account and own payments received from subleases under the sublease agreements indicated in this Clause **Error! Reference source not found.**, subject to terms and conditions of the sublease agreements and Rent Agreements.

10.7 Permits

10.7.1 The Private Partner shall determine, obtain prior to commencement of any activity and update (re-execute), in a timely manner, all Permits required for performance of its obligations under this Agreement, including, but not limited to, Permits required for fulfilment of Investment Obligations (including all necessary upgrades and other improvements at Project Assets), performance of Services and Operations, operation and maintenance of the Project Assets. The Private Partner shall bear all costs related to obtaining and re-executing all Permits under the Applicable Law.

10.7.2 The Public Partner shall assist the Private Partner with obtaining Permits to the extent falling within the scope of the Public Partner's authority and subject to the provisions of the Applicable Law. Transfer of the construction rights from the Public Partner to the Private Partner required for performing the real estate improvements at the Transferred Assets as part of the Investment Obligations shall be deemed executed based on this Agreement from the Execution Date.

10.7.3 The Private Partner shall bear all risks related to preparation and submission of documents and information necessary for obtaining and re-executing Permits under the Applicable Law, including the risk of refusing issuance of the relevant Permits by the authorities of Armenia. Unsubstantiated refusal to issue or update (re-execute) Permits required for performance of Private Partner's obligations under this Agreement may result in application of the provisions of this Agreement on Political Force Majeure Events, as set out in Section 14.

10.7.4 Copies of all Permits obtained by the Private Partner under this Agreement shall be submitted to the Public Partner.

10.8 Personnel

10.8.1 The Private Partner shall ensure that sufficient, suitable and appropriately qualified and experienced personnel is hired (whether by the Private Partner or by the third parties under the agreements indicated in Clause **Error! Reference source not found.**) to fulfil Investment Obligations, provide Services/Operations, operate and maintain the Project Assets and otherwise implement the Project in accordance with the Agreement and the requirements of the Applicable Law.

10.8.2 The Private Partner shall comply with the rules of Technical Requirements which specifically or substantially apply to the Private Partner's personnel, including, without limitation, the requirements for performance of enrolment and personalization Services/Operations (as per subsection 2.6.2 of Technical Requirements).

The Private Partner may independently hire its personnel, reorganize its departments or otherwise change its organizational structure for the purposes of compliance with the relevant personnel-related rules of Technical Requirements or performance of other Private Partner's obligations under the Agreement. The Private Partner shall comply with the appropriate Applicable Law requirements and bear all costs in this regard.

10.8.3 The Private Partner shall complete the personnel training programs and training activities indicated in Technical Requirements within [two (2) years after the Operational Date]. The Private Partner shall report on completion of these activities in accordance with Clause **Error! Reference source not found..**

11. INSURANCE

11.1 General Obligations

11.1.1 The Private Partner shall, at its own cost and risk, obtain and maintain the insurance required for the fulfilment of the terms and conditions of this Agreement during the entire Project Period or other appropriate period (as the case may be).

The Private Partner shall designate the Public Partner as the loss payee and additional insured party (as the case may be) under the insurance documents formalized to comply with the requirements of the Agreement.

11.1.2 The Private Partner shall independently choose the insurers to obtain the insurance necessary for the fulfilment of the provisions of this Agreement, subject to the provisions of this Section **Error! Reference source not found..** The terms and conditions of insurance required for the fulfilment of this Agreement shall be determined by the Private Partner independently, unless otherwise stated in this Agreement, Tender Documentation, Applicable Law, or agreed upon between the Parties.

11.1.3 If the terms and conditions of insurance policies concluded by the Private Partner for the fulfilment of this Agreement stipulate the application of a franchise, the Private Partner shall be liable for losses that are not compensated by the insurance companies under such insurance policies.

11.1.4 If certain property or activities of the Private Partner are not insured, the Private Partner shall be solely liable to the Public Authorities, the Public Partner, Lenders, and any third parties, for losses related to the destruction, loss, or damage of such property or termination of respective activities, causing any harm (including property damages, damages caused by injuries, other health damages or death) to any third parties as a result of the use of such property or the carrying out of such activities, as well as any other risks.

11.1.5 If the Private Partner does not obtain and/or maintain the insurance required to fulfill the terms and conditions of this Agreement, with the exception of the insurance required under Clause **Error! Reference source not found.**, the Public Partner has the right to obtain and/or maintain the respective insurance, unless otherwise provided by this Agreement. In this case, the Private Partner shall reimburse the Public Partner all costs related to the execution, procurement and/or maintenance of the respective insurance as soon as possible, but not later than within thirty (30) days.

11.2 Operational Insurance

11.2.1 The Private Partner shall bear the risk of accidental loss or damage of the Project Assets, as well as the risks relating to operation and maintenance of the Project Assets in the ordinary course of business during the Project Period (including the risks of data protection breaches at Project Assets). The Project Assets shall be insured by the Private Partner in its favor.

11.2.2 The Private Partner shall procure the insurance, at the minimum, against the following insurance risks under this Clause **Error! Reference source not found.**:

11.2.2.1 natural disasters (including without limitation earthquakes, floods, hurricanes), accidents, catastrophes and other dangerous events;

11.2.2.2 illegal actions of third parties (including thefts);

11.2.2.3 accidental damage to all property, including covering lost profit due to breakdowns or loss, damage or destruction of such property as part of the Project Assets, at replacement value of such property and lost profit insurance not less than the estimated amount of debt obligations (including interest and principal) and fixed costs during the period for replacement of damaged property;

11.2.2.4 damage during the course of business (including but not limited to equipment breakdown), including damage caused by actions or omissions of the Private Partner's employees, security services/companies, as well as any other third persons;

11.2.2.5 accidents that have resulted in the destruction or damage of property.

11.2.3 The Private Partner shall insure the Project Assets in accordance with the conditions of this Clause **Error! Reference source not found.** with insurers (one or more) [At least ninety five (95) percent of the Project Assets insurance risks insured by resident insurers shall be reinsured with non-resident insurers (one or more) that have at least an A- rating assigned by S&P, Moody's, A. M. Best or Fitch, based on the prior written consent of the Public Partner].

11.2.4 In case, at any time after conclusion of insurance agreement under this Clause **Error! Reference source not found.**, the requirements set in Clause **Error! Reference source not found.** are no longer met, the Private Partner shall within the shortest possible period, but in any case not later than [twenty two (22)] Business Days, conclude the respective insurance agreement(s) that comply with the requirements of Clause **Error! Reference source not found.** In such a case, until the new insurance agreement(s) is (are) concluded, the insurance agreement(s) concluded earlier should still remain in effect.

11.2.5 The Private Partner shall conclude all insurance agreements and other relevant insurance documents required to comply with the conditions of this Clause **Error! Reference source not found.** no later than [ten (10) Business Days] after the Operational Date, and shall maintain the validity of such all such insurances for the entire Project Period.

11.3 Other Types of Insurance

11.3.1 During the Project Period or another appropriate period (as the case may be) the Private Partner shall, at its own costs and risk, obtain and maintain other types of insurance that are necessary for the carrying out the Project and fulfilment of the terms and conditions of this Agreement, Tender Documentation, Applicable Law, or that are desirable or reasonable for the Private Partner.

11.3.2 If, as of the Commencement Date or another date on which the Private Partner receives certain property and/or commences certain activities:

11.3.2.1 the relevant types of insurance have already been issued, the Private Partner shall maintain such types of insurance during the validity term of the relevant insurance agreements, and upon the expiration of this term – shall renew such agreements or conclude new insurance agreements, if the respective type of insurance is compulsory in accordance with the Applicable Law or is necessary for carrying out the Project and fulfilment of the terms and conditions of this Agreement or Tender Documentation, or is desirable or reasonable for the Private Partner (as the case may be). The Private Partner shall select the insurers and determine the insurance terms and conditions in such case independently;

11.3.2.2 the types of insurance, which are obligatory in accordance with the Applicable Law, or are necessary for carrying out the Project and fulfilment of the terms and conditions of this Agreement, or are desirable for the Private Partner (as the case may be), are lacking, the Private Partner shall, at its own cost and risk, obtain and maintain the relevant insurance.

11.3.3 The types of insurance, which can be obligatory in accordance with the Applicable Law, or necessary for carrying out the Project and fulfilment of the terms and conditions of this Agreement, include, but are not limited to:

11.3.3.1 an insurance of engineering and design risks related to the upgrading, renovation and other improvements of the Project Assets during the Investment Obligations Completion Period;

11.3.3.2 a personal transport accident insurance;

11.3.3.3 an insurance of liability to third parties, including liability for damage caused to life, health and property of third parties.

11.4 Evidence of Insurance

11.4.1 The Private Partner shall provide the Public Partner with the copies of insurance agreements and other appropriate documents on insurance required under Clause **Error! Reference source not found.** no later than [five (5) Business Days] after the conclusion of such documents. The Public Partner may request from the Private Partner to provide the copies of insurance agreements and other appropriate documents on insurance formalized under Clause **Error! Reference source not found.**, in which case such documents shall be provided no later than [five (5) Business Days] after the Public Partner's request.

11.4.2 The Private Partner shall pay the premium payable on any insurance policy formalized to comply with the requirements of this Agreement so as to keep it in force and valid throughout the Project Period or any other relevant period (as the case may be) and provide the copies of the payment documents to the Public Partner within [five (5) Business Days] of the date of the relevant payment. If Private Partner's failure to make the premium payment led to invalidity (loss of effect) of any insurance agreement, the Private Partner shall be solely responsible for any losses and risks set out in Clause **Error! Reference source not found.**

11.4.3 The Public Partner may, at any time, request the Private Partner in writing to provide to the Public Partner documents and information on any insurance that the Private Partner should obtain or maintain to fulfil the terms and conditions of this Agreement, including evidence of payment or receipts from the relevant insurance companies. The Private Partner shall

provide such evidence to the Public Partner within [ten (10) Business Days] from receiving the Public Partner's request.

11.5 Application of Insurance Proceeds

- 11.5.1 Subject to the provisions of the Applicable Law, this Agreement and Financing Documents, all proceeds received by the Private Partner under insurance agreements (whether directly or through the Public Partner) executed to fulfil the terms and conditions of this Agreement, shall be promptly applied by the Private Partner towards repair, renovation, restoration or substitution of the relevant property and/or operational activity or any part thereof which may have been damaged or destroyed. The Private Partner shall perform such rectification actions to ensure that the damaged or destroyed property and/or operational activity reach, as far as possible, the same condition as they were before such damage or destruction, subject to normal wear and tear.
- 11.5.2 In the case insurance proceeds (insurance indemnity) are paid in connection with insurance of liability to third parties (including Private Partner's employees), such proceeds (indemnities) may be paid directly to such third parties.
- 11.5.3 In case any insurance proceeds (insurance indemnity) which the Private Partner may receive pursuant to insurance agreements concluded under this Agreement are not applied in accordance with this Clause **Error! Reference source not found.**, such proceeds shall be due from the Private Partner to the Public Partner and payable upon Termination.
- 11.5.4 If all or substantially all the Project Assets are destroyed or substantially destroyed in a single event which does not otherwise give rise to Termination of this Agreement, the Public Partner may, at its discretion, request from the Private Partner to apply all insurance proceeds (indemnities) towards the Public Partner under any of the insurance agreements concluded by the Private Partner in accordance with this Section **Error! Reference source not found.**, or initiate the Termination under the procedure established in this Agreement.

12. FINANCING AND PAYMENTS

12.1 Private Partner's Financing

- 12.1.1 The Private Partner shall be responsible for the full financing of the operation and capital costs required for implementation of the Project under the Agreement during the Project Period at its own cost and risk. The Private Partner may attract for this purpose its own funds, Loans, as well as funds from other sources not prohibited by Applicable Law.
- 12.1.2 The total amount of financing attracted by the Private Partner should be sufficient to fulfil the Private Partner's obligations under the Agreement, including the Investment Obligations.
- 12.1.3 The fulfilment of Investment Obligations and Private Partner's financing obligations under the Project (including financing of operation and capital costs) shall be guaranteed by means of Operation Security in accordance with the terms and conditions of Clause **Error! Reference source not found.**
- 12.1.4 In case the Private Partner attracts Loans to finance its obligations under the Agreement, the Private Partner's Debt/Equity ratio during the Project Period in any reporting date should not be more than [2.3].

12.2 Volume Payments

12.2.1 In each Operational Year, the Public Partner shall make payments to the Private Partner for Services and Operations completed in each month of the Operational Year (the “**Volume Payments**”). The Volume Payments shall be determined as follows:

$$\sum VP_q = ID_q \times P_{ID}, \text{ where}$$

ID_q – the number of the relevant type of Identity Documents (as per Annex 3 of Technical Requirements) produced by the Private Partner in a month of the Operational Year,

P_{ID} – the price (in AMD) of the relevant type of Identity Documents (as per the Winner’s Bid and Annex 2 (*Prices for Identity Documents*) of the Agreement) produced by the Private Partner in a month of the Operational Year.

12.2.2 In order to collect the Volume Payments, the Private Partner shall provide to the Public Partner until the fifth (5th) day of the actual month in which the Services and Operations are provided:

12.2.2.1 the amount of issued Identity Documents divided by type of the document and prices applied according to the Agreement for the previous month;

12.2.2.2 the requested amount of the Volume Payments for the previous month;

12.2.2.3 the amount of allocations from the Escrow Account and from the Public Partner directly, considering the available cash at the Escrow Account and the outstanding up-to-date debt due from the Public Partner.

Until the fifteenth (15th) day of the next month, the Public Partner should approve the Volume Payments or provide substantiated objections to the calculation stated in this Clause 12.2.2 above.

12.2.3 The Public Partner shall ensure the transfer of the corresponding amount of the Volume Payments in AMD to the bank account of the Private Partner by:

12.2.3.1 approving the allocation of corresponding amount of the Volume Payments from the Escrow Account within available amounts accumulated at the Escrow Account; and

12.2.3.2 allocating the outstanding debt under the Volume Payments directly from the state budget, if the amount of the Volume Payments allocated from the Escrow Account under Clause 12.2.3.1 is not enough to fulfill the obligations on the Volume Payments in full.

12.2.4 The Public Partner shall transfer the corresponding amount of the Volume Payments to the bank account of the Private Partner not later than [the twentieth (20th) day of the month following the month for which the Volume Payments are made] (the “**Volume Payments Date**”). In case of changes in the Private Partner’s account details for the Volume Payments, the Private Partner shall notify the Public Partner about such changes no later than [ten (10) Business Days] prior to the Volume Payments Date.

12.2.5 In case the Services and Operations were provided for an incomplete monthly period in the Operational Year, the Public Partner shall pay the corresponding amount of the Volume Payments calculated in accordance with Clause **Error! Reference source not found.**, for the actual number of days of completed Services and Operations and not later than the Volume Payments Date.

12.2.6 The Public Partner shall provide the Private Partner with the documents confirming the payment of the Volume Payments on the date of the payment or no later than two (2) Business Days after payment of the Volume Payments.

12.2.7 The Volume Payments can be set off against the amount of penalties imposed for breaches of the Agreement by the Private Partner or against any other payments that shall be paid by the Private Partner to the Public Partner in accordance with the Agreement. In such a case the Volume Payments Date may be extended for the period necessary for the Parties to agree on such set off amounts but not longer than [ten (10) Business Days].

12.3 Demand Guarantee

12.3.1 The Public Partner guarantees the allocation of funds for the Project Period in the amount that will allow the Private Partner to achieve the Break-Even Point in completion of Services and Operations at the end of each Operational Year (the “**Demand Guarantee**”).

12.3.2 The Break-Even Point shall be determined for each type of Identity Documents as [70-80%] against the estimated volumes of the relevant Identity Documents set in Annex XX of Technical Requirements (the “**Target Volumes**”) for the relevant Operational Year.

12.3.3 If the Private Partner does not achieve the Break-Even Point at the end of the Operational Year for all or some types of Identity Documents, the Public Partner shall make payments to the Private Partner to reach the Break-Even Point (the “**Demand Guarantee Payments**”), which shall be determined as follows:

$$\sum DGP_n = (TV_n \times 0,7) - V_n, \text{ where}$$

DGP_n – Demand Guarantee Payments for the relevant type of Identity Documents,

TV_n – the Target Volume of the relevant type of Identity Documents (as per Annex 3 of Technical Requirements) for the relevant Operational Year,

V_n – the number of the relevant type of Identity Documents produced by the Private Partner in the Operational Year.

12.3.4 The total amount of the Demand Guarantee Payments for the Project Period shall be [the fixed amount to be added]. This total amount shall not be subject to any increase.

12.3.5 In each case the Demand Guarantee Payments are due, the Private Partner shall provide to the Public Partner

12.3.5.1 the written calculation of Demand Guarantee Payments for each type of Identity Documents and the full amount of all Demand Guarantee Payments in accordance with Clause **Error! Reference source not found.**;

12.3.5.2 the requested compensation for the relevant Operational Year.

12.3.6 The Public Partner shall ensure the transfer of the corresponding amount of the Demand Guarantee Payments in AMD to the bank account of the Private Partner by:

12.3.6.1 approving the allocation of the corresponding amount of the Demand Guarantee Payments from the Escrow Account within available amounts accumulated at the Escrow Account; and

12.3.6.2 allocating the outstanding debt under the Demand Guarantee Payments directly from the state budget if the amount of the Demand Guarantee Payments allocated from the Escrow Account under Clause **Error! Reference source not found.** is not enough to fulfill the obligations on Demand Guarantee Payments in full.

12.3.7 The Public Partner shall transfer the corresponding amount of the Demand Guarantee Payments to the bank account of the Private Partner not later than [the thirtieth (30th) of the first month of the Operational Year following the Operational Year for which the Demand Guarantee Payments are made] (the "**Demand Guarantee Payments Date**"). In case of changes in the Private Partner's account details for the Demand Guarantee Payments, the Private Partner shall notify the Public Partner about such changes no later than [ten (10) Business Days] prior to the Demand Guarantee Payments Date.

12.3.8 The Public Partner shall provide the Private Partner with the documents confirming the payment of the Demand Guarantee Payments on the date of the payment or no later than two (2) Business Days after payment of the Demand Guarantee Payments.

12.3.9 In case the Private Partner has exceeded the Target Volume of the relevant type of Identity Documents in relevant Operational Year the Public Partner shall be entitled to set off any payments to the Private Partner against the previously allocated Demand Guarantee Payments for such type of Identity Documents in accordance with Clause 12.4.

12.3.10 The Demand Guarantee Payments can be set off against the amount of penalties imposed for breaches of the Agreement by the Private Partner or against any other payments that shall be paid by the Private Partner to the Public Partner in accordance with the Agreement.

12.4 Annual Adjustment Payments

12.4.1 At the end of each Operational Year the Parties shall review all calculations and payments made during such Operational Year and agree the need of the adjustment payments to be made ("**Annual Adjustment Payments**").

12.4.2 For the purposes of calculating and allocating the Annual Adjustment Payments, the Private Partner shall provide to the Public Partner until [the fifteenth (15th) day of the last month] of the actual Operation Year:

12.4.2.1 summary of Volume Payments requested and actually made during the Operational Year, with the outstanding debt from the Public Partner before adjustments;

12.4.2.2 the summary with the calculation of the adjustments in the Demand Guarantee Payments for each type of the Identity Document or Service/Operation (positive if a compensation is required, or negative if the Private Partner should return the

previously obtained compensation under the Demand Guarantee and actual accumulated volumes exceeded the accumulated guaranteed volumes, with the relevant adjustment considering the actual revenue collected (maximum/discounted prices);

12.4.2.3 the summary of the outstanding payments between the Parties based on (i) outstanding debt from the Public Partner before adjustments, (ii) adjustments in the Demand Guarantee Payments, (iii) other adjustments (e.g., penalties under the Agreement).

Until the [fifth (5th)] day of the first month of the Operational Year following the Operational Year for which the Annual Adjustment Payments are made, the Public Partner should approve the Annual Adjustment Payments or provide substantiated objections to the calculation stated in this Clause 12.4.2 above.

12.4.3 The approved Annual Adjustment Payments shall be made to the respective Party from the Escrow Account until the [twentieth [20th] day of the first month of the Operational Year following the Operational Year for which the Annual Adjustment Payments are made.

The remaining cash balance at the end of the previous Operational Year available on the Escrow Account after all adjustments with respect to the Annual Adjustment Payments shall be allocated to the Public Partner.

12.4.4 Necessary payments from the Escrow Account or from the Public Partner to the Private Partner, and/or from the Private Partner's account or the Escrow Account to the Public Partner should be made until the [end of the second (2nd) month] of the next Operational Year, unless the Parties have substantiated comments to the calculations of the Annual Adjustment Payments stated in Clause 12.4.2 above.

13. MONITORING, CONTROL AND REPORTING

13.1 Reporting Obligations

13.1.1 The Private Partner shall submit to the Public Partner reporting documents on the following matters:

13.1.1.1 reporting documents on financial matters according to Clause **Error! Reference source not found.** of this Agreement;

13.1.1.2 reporting documents on investments and operational activity matters according to Clause **Error! Reference source not found.** of this Agreement;

13.1.1.3 reporting documents on property matters according to Clause **Error! Reference source not found.** of this Agreement.

13.1.2 If the reports required according to Clauses **Error! Reference source not found.**-**Error! Reference source not found.** are not subject to any mandatory form according to the Applicable Law, the Parties shall agree on the relevant form of each reporting document in writing prior to commencement of the Closing Period. If the form is not agreed, the Parties shall apply to the Independent Expert to set out the proper form of the report.

13.1.3 The Public Partner may review the reports provided by the Private Partner under the Agreement on its own or engage the competent third parties for these purposes. The Parties may refer to Independent Expert to resolve contentious matters related to reporting under the Agreement.

13.2 Reporting Documents on Financial Matters

13.2.1 Starting from the first Operational Year, the Private Partner shall prepare and submit to the Public Partner the following reporting documents on financial matters, on an annual basis and no later than one hundred twenty (120) days after the end of each year:

13.2.1.1 copy of the Private Partner's audited financial statements for the latest financial year issued in accordance with the national or international accounting standards (including IFRS, IAS or US GAAP);

13.2.1.2 report on the Private Partner's equity, taking into account penalties (including the historically accrued amounts).

13.2.1.3 report on monetary obligations indicating (i) the amount of penalties (fines, interest penalties, compensations), damages and any other monetary obligations which have been paid, are due or charged (both challenged and confirmed) by the Private Partner in favor of the Public Partner according to this Agreement; (ii) the amount of penalties (fines, interest penalties, compensations), damages and any other monetary obligations which have been paid, are due or charged (both challenged and confirmed) by the Public Partner in favor of the Private Partner according to this Agreement;

13.2.1.4 report on performance of Private Partner's obligations on payment of taxes, duties and other mandatory payments established by the Applicable Law, including the amount of the Private Partner's outstanding mandatory payments.

13.3 Reporting Documents on Investments and Operational Activity Matters

13.3.1 Starting from the Commencement Date and until completion of the Investment Obligations, the Private Partner shall prepare and submit to the Public Partner the quarterly reports on performance of Investment Obligations, which shall contain, at the minimum, the following information:

13.3.1.1 description of the types of investments made during the reporting period at the Enrolment Facilities (such as upgrades, renovations and other real estate improvements, procurement and installation of New Movable Property, acquisition of rights to New Intangibles and setup of New Intangibles, [including establishment of the IDMISS]);

13.3.1.2 description of the types of investments made during the reporting period at the relevant Transferred Assets (such as upgrades, renovations and other real estate improvements, procurement and installation of New Movable Property, acquisition of rights to New Intangibles and setup of New Intangibles).

The Private Partner shall submit each relevant report on performance of Investment Obligations to the Public Partner no later than [the tenth (10th) Business Day of the quarter following the quarter for which the report is submitted].

13.3.2 Starting from the first Operational Year, the Private Partner shall prepare and submit to the Public Partner the report on operational activity matters, which should cover, at the minimum, the following:

13.3.2.1 information about the volume of Services and Operations completed during the reporting period, including the number and types of Identity Documents issued to customers;

13.3.2.2 information about achievement of targets and conformity with other rules/indicators set by Technical Requirements and pertaining to operational activities of the Private Partner, including (i) compliance with the requirements for operation and maintenance of physical infrastructure (as per section 2.2 of Technical Requirements), (ii) compliance with the KPIs for Services (as per section 2.5 of Technical Requirements), (iii) compliance with the requirements for performance of enrolment and personalization Services/Operations (as per subsection 2.6.2 of Technical Requirements);

13.3.2.3 information about the agreements concluded with third parties under Clauses **Error! Reference source not found.-Error! Reference source not found.**, including the indication of counterparties, subject matter, and validity terms of such agreements;

13.3.2.4 information about the sublease agreements concluded with third parties under Clause **Error! Reference source not found.**, including the indication of counterparties, subject matter, and validity terms of such agreements;

13.3.2.5 information about accidents and other emergency events at the Project Assets.

The Private Partner shall submit the report on operational activity matters to the Public Partner no later than [the twenty second (22nd) Business Day of the Operational Year following the Operational Year for which the report is submitted].

13.4 Reporting Documents on Property

13.4.1 Starting from the first Operational Year, the Private Partner shall prepare and submit to the Public Partner the report about property with which the relevant transactions aimed at performance of Private Partner's obligations under this Agreement are carried out. This report shall include the list of such property (fixed assets, intangible assets, incomplete investments) and the indication of:

13.4.1.1 the type of transaction with property aimed at performance of Private Partner's obligations under this Agreement (e.g., sale and purchase, supply, works);

13.4.1.2 the type of Project Assets involved in the relevant transaction (e.g., Enrolment Facilities, Transferred Assets, real estate / movable / intangible property);

13.4.1.3 property that is pledged or subject to other encumbrances;

13.4.1.4 property that was leased or otherwise transferred into use to third parties;

13.4.1.5 property that is leased or otherwise transferred into use from third parties.

The Private Partner shall submit the report on property to the Public Partner no later than [the twenty second (22nd) Business Day of the Operational Year following the Operational Year for which the report is submitted].

13.5 Meetings

13.5.1 The Parties shall hold regular meetings related to performance of their obligations under this Agreement at the address of the Public Partner or other agreed venue. Such meetings shall be held:

13.5.1.1 quarterly – until confirmation of the completion of Investment Obligations;

13.5.1.2 annually – from the date of confirmation of the completion of Investment Obligations until the expiry of the Project Period.

13.5.2 Regular meetings under this Clause **Error! Reference source not found.** may be dedicated (including, without limitation) to such matters as performance of Investment Obligations, provision of Services and Operations, payments due under the Agreement, submission and review of the reporting documents, recommendations, observations and suggestions with respect to exercising rights or performing obligations of the Parties under the Agreement. All matters discussed at regular meetings according to this Clause **Error! Reference source not found.** shall be reflected in the relevant minutes, and the copies of such minutes shall be provided to the representatives of the Parties after each meeting.

13.6 Accounting

13.6.1 The Private Partner shall carry out accounting and prepare financial statements regarding the provision of Services/Operations, operation and maintenance of the Project Assets, and conduct of other operational and business activities under the Agreement in accordance with the Applicable Law.

13.6.2 During the Project Period (unless the Parties agree on a different timeframe with respect to specific documents or information), the Private Partner shall keep at its own address in written form and, if applicable, in electronic form the following documents and information related to performance of this Agreement:

13.6.2.1 copies of reporting documents set out in Clauses **Error! Reference source not found.-Error! Reference source not found.**;

13.6.2.2 copies of Permits obtained by the Private Partner;

13.6.2.3 copies of technical documentation related to performance of Investment Obligations;

13.6.2.4 copies of agreements and other documents related to engagement of third parties under Clauses **Error! Reference source not found.-Error! Reference source not found.**;

- 13.6.2.5 copies of sublease agreements and other documents related to sublease arrangements with third parties under Clause **Error! Reference source not found.**;
 - 13.6.2.6 copies of Private Partner's constituent documents (as amended) and documents on changes in Private Partner's share capital;
 - 13.6.2.7 copies of documents prepared based on audits carried out according to Clause **Error! Reference source not found.**;
 - 13.6.2.8 copies of documents prepared based on audits of the Private Partner and its activity carried out by the competent authorities of Armenia according to the Applicable Law.
- 13.6.3 The Private Partner may keep other documents and information related to performance of the Agreement (at its own discretion or upon agreement with or according to request of the Public Partner).

13.7 Audits

13.7.1 Scheduled Audits

- 13.7.1.1 Starting from the first Operational Year, the Public Partner shall be entitled, at its own discretion and cost and no more than [four (4) times per year], to carry out the scheduled audits of performance (including technical) of the Private Partner's obligations under the Agreement. The scheduled audits may not cover the time period which has already been audited and shall only cover the matters of performance of the Private Partner's obligations under the Agreement.
- 13.7.1.2 The Public Partner shall determine the dates of the scheduled audits for the subsequent Operational Year no later than [twenty two (22) Business Days prior to expiry of the ongoing Operational Year], and shall inform the Private Partner to this effect by sending the written notice on the dates of scheduled audits for the subsequent Operational Year.
- 13.7.1.3 The Public Partner may engage the representatives of Public Authorities, advisors and other third parties (as the case may be) to carry out the scheduled audits in accordance with the requirements of the Applicable Law.
- 13.7.1.4 The Public Partner shall, no later than [ten (10) Business Days] prior to the date of the scheduled audit determined according to Clause **Error! Reference source not found.**, provide the Private Partner with the written notification on carrying out the scheduled audit, which shall include at least the period of the scheduled audit (which shall not in any case be more than [one (1) month]), the list of issues to be audited during the scheduled audit, the list of documents and information to be provided by the Private Partner for the scheduled audit, and the authorized persons of the Public Partner that will be conducting the scheduled audit.
- 13.7.1.5 The Private Partner shall provide the authorized persons of the Public Partner with proper access to its documents and information indicated in the notification on the scheduled audit set out in Clause **Error! Reference source not found.** to the extent

required for carrying out the scheduled audit with respect to performance of the Private Partner's obligations under the Agreement, as well as provide necessary assistance to the authorized persons of the Public Partner during the relevant scheduled audit.

13.7.2 **Unscheduled Audits**

13.7.2.1 The Public Partner shall be entitled to carry out the unscheduled audits (including technical) of the Private Partner's activity only in case there are grounds for conducting the unscheduled audits specified in Clause **Error! Reference source not found.** of the Agreement.

13.7.2.2 The grounds for carrying out the unscheduled audits are as follows:

13.7.2.2.1 submission of the written request for conducting the unscheduled audit to the Public Partner by the Private Partner;

13.7.2.2.2 discovery of inaccurate data provided by the Private Partner in any report set out in Clauses **Error! Reference source not found.** of the Agreement by the Public Partner, or receipt by the Public Partner of a notification from the Public Authority on discovery of inaccurate data in other official reports of the Private Partner submitted in accordance with the requirements of the Applicable Law (in case such inaccuracies relate to performance of the Private Partner's obligations under the Agreement), provided that the Private Partner failed to rectify such inaccurate data within [one (1) month] following the notification on the discovery of such inaccurate data from the Public Partner or Public Authority authorized to collect the relevant reports, except for cases where the inaccurate data is the result of an obvious misprint or arithmetical error that does not affect the content of the submitted reports;

13.7.2.2.3 failure of the Private Partner to submit the reports set out in Clauses **Error! Reference source not found.** of the Agreement for the reporting period;

13.7.2.2.4 occurrence of accident or other emergency event at the Project Assets.

13.7.2.3 The unscheduled audit shall be solely dedicated to examining the matters that served as grounds for conducting such unscheduled audit. The Private Partner shall be notified on carrying out the unscheduled audit as of the day of such audit, except for the case set out in Clause **Error! Reference source not found.**, when the date of unscheduled audit shall be determined by mutual consent of the Private Partner and the Public Partner.

13.7.2.4 The term of the unscheduled audit shall not exceed [ten (10)] Business Days from the commencement date of such audit. This term can be further extended for up to additional [twelve (12) Business Days] upon the prior written notification of the Public Partner to the Private Partner.

13.7.2.5 The Public Partner may engage the representatives of Public Authorities, advisors and other third parties (as the case may be) to carry out the unscheduled audits in accordance with the requirements of the Applicable Law.

13.7.2.6 The Private Partner shall provide the authorized persons of the Public Partner with proper access to its documents and information to the extent required for carrying out the unscheduled audit, as well as provide necessary assistance to the authorized persons of the Public Partner during the relevant unscheduled audit.

13.7.3 During the scheduled and unscheduled audits, any interference and/or obstruction of the Private Partner's business and operational activities shall not be allowed.

13.7.4 Results of all scheduled and unscheduled audits shall be recorded in written form in the relevant act or other document based on the outcomes of the relevant audit. Copies of documents based on the results of such audits shall be provided to the representatives of the Private Partner and the Public Partner after completion of each audit.

14. FORCE MAJEURE AND POLITICAL FORCE MAJEURE EVENTS

14.1 Definition of Force Majeure Event

14.1.1 A "**Force Majeure Event**" means extraordinary and unpreventable circumstances, which arose due to no fault of the Party that was affected ("**Affected Party**"), but outside of its will or against its will or wish, which make it impossible for the Affected Party to fulfil its obligations under the Agreement, which the Affected Party could not prevent, handle or eliminate completely or partially, in spite of putting maximally reasonable efforts for doing so, and which are not Political Force Majeure Event.

14.1.2 Force Majeure Events include the following circumstances, without limitation, provided that they meet the criteria spelled out in the definition of Force Majeure Event above:

14.1.2.1 invasion, acts of terrorism, riots, civil unrest, explosions, rebellions, civil war, blockade, revolt, sabotage, revolution, quarantine imposed by the Government, mass disruptions of public order in each case occurring within of Armenia;

14.1.2.2 earthquake, cyclones, hurricanes, fires, storms, floods, icebergs, epidemic, lightning bolts or other physical spontaneous natural disasters;

14.1.2.3 strikes, mass resignations or other industrial conflicts;

14.1.2.4 fire, explosion, emergency, arising as a result of third parties' actions and not directly related to the activity of the Parties under this Agreement, which causes substantial physical harm to the Project Assets, the Private Partner's property, severely blocks the access to the Project Assets or performance of the Project.

14.1.3 Force Majeure Events do not include such circumstances as:

14.1.3.1 circumstances that are caused by negligence or deliberate action of the Party or its advisors, representatives or employees;

14.1.3.2 circumstances that could have been reasonably foreseen by the Party and taken into account when entering into the Agreement, and also could have been prevented or overcome when fulfilling its obligations under this Agreement;

14.1.3.3 financial and economic crises, market crash, growth of official and commercial exchange rates of foreign currency.

14.2 Confirmation of Force Majeure Events and Notifications

14.2.1 After a Force Majeure Event takes place, the Affected Party may submit an application and other required documents, as established by the Applicable Law, to the Chamber of Commerce and Industry of Armenia in order to receive a certificate confirming force majeure circumstances.

14.2.2 The Affected Party has a right to validate the existence of Force Majeure Event through arbitration by providing any documents or evidence which adequately confirm the fact of the Force Majeure Event, other than the Force Majeure Event certificate of the Chamber of Commerce and Industry of Armenia.

14.2.3 The Affected Party shall in any event submit a written notice on the occurrence of Force Majeure Event to the other Party (with an indication of the adverse effect that occurred or may occur due to such Force Majeure Event, as may be appropriate) no later than fifteen (15) Business Days from the moment the Affected Party found out or should have found out about occurrence of the Force Majeure Event.

14.3 Effect of Force Majeure Events

14.3.1 The Affected Party shall not be held accountable for breaches of any obligations under this Agreement as long as such breaches are due to a Force Majeure Event.

14.3.2 The Affected Party shall be exempted from fulfilment of its obligations, which has been made impossible as a result of a Force Majeure Event, for a period until those circumstances cease to exist.

However, a Force Majeure Event shall not excuse a breach of any payment obligation by the Affected Party to the other Party, which became due and payable prior to such Force Majeure Event, and shall not prevent occurrence of the event of default due to the breach of payment obligation that may apply under this Agreement. Where a Force Majeure Event affects or is likely to affect any Party's ability to make payments under this Agreement, such Party must use reasonable efforts to make the payment through means alternative to those commonly used, subject to the requirements of the Applicable Law.

14.3.3 The Affected Party shall make all the necessary efforts to rectify its inability to fulfil its obligations under this Agreement with minimum delay. The Parties shall take all the necessary actions to eliminate and/or minimize the consequences of Force Majeure Events.

14.3.4 The Affected Party shall be entitled to an extension of the period for fulfillment of any obligation by a period of time equivalent to that during which this Affected Party was unable to fulfil the respective obligation due to the Force Majeure Event, with the exception of cases of performance of payment obligations provided in Clause **Error! Reference source not found.** If Force Majeure Event occurs during the Transition Period, the Transition Period

shall be extended for the number of days that corresponds to the duration of Force Majeure Event, subject to the written consent of the Public Partner which cannot be unreasonably withheld.

14.3.5 If Force Majeure Event lasts more than 30 (thirty) days, the Parties shall, no longer than ten (10) Business Days after expiry of such 30-day period start negotiations and agree on the action plan of overcoming the Force Majeure Event, including the activities to minimize the negative effects of Force Majeure Event and the procedure for fulfilment of this Agreement during the existence of the Force Majeure Event.

14.3.6 The Private Partner and the Public Partner shall have the right to terminate this Agreement by sending a Termination Notice to the other Party, if the performance of the Project under this Agreement is substantially prevented, hindered or delayed for more than one hundred twenty (120) consecutive days due to one or several Force Majeure Events.

14.4 Costs and Liability

14.4.1 Each Party shall bear their respective costs as a result of a Force Majeure Event which occurs during the Project Period, and no such costs shall be compensated by another Party.

14.4.2 Except for cases specified in this Section 14, the Private Partner and the Public Partner (or a person designated by the Public Partner) shall not be liable in any manner whatsoever to the other Party in respect of any loss, damage, cost, claims, demands and proceedings related to or arising out of occurrence or existence of any Force Majeure Event or exercise by the Party of any right pursuant to this Section 14.

14.5 Definition of Political Force Majeure Event

14.5.1 A "**Political Force Majeure Event**" means the circumstances which occur after the Execution Date and have a material adverse effect on (i) the ability of the Private Partner to exercise and fulfil any of its rights and obligations under the Agreement, and/or (ii) the cost or the profits of Services/Operations, specifically:

14.5.1.1 act of war (both declared and undeclared), armed conflict or serious threat of such conflict caused by actions of foreign enemy or government bodies, introduction of curfew restrictions, embargo, prohibition (restrictions) of import/export or any other illegal actions against public order or state system in the territory of the Project Assets;

14.5.1.2 groundless rejection to grant or renew any Permit for one hundred twenty (120) days, if the absence of such document makes it materially impossible for the Private Partner to fulfill its obligations and exercise its rights under this Agreement, with the exception of rejections resulting from violation of Applicable Law by the Private Partner;

14.5.1.3 expropriation, requisition, confiscation or nationalization of the Private Partner's property, the Project Assets, or any part thereof having material importance for performance of the Project, or any act or omission by a Public Authority directly resulting in the effective loss of the Private Partner's material value or rights under this Agreement, except for:

- 14.5.1.3.1 any consequence of a Private Partner Event of Default;
- 14.5.1.3.2 any action taken, which is deemed to be the Private Partner Event of Default;
- 14.5.1.3.3 any consequences of Private Partner's violations of the Applicable Law prescribed by the Applicable Law;
- 14.5.1.3.4 early Termination of this Agreement by the Public Partner under Clause 17.2.2;
- 14.5.1.4 the Private Partner being prevented, prohibited or restricted at any time during the term of this Agreement for a period not shorter than one (1) year from any of the following:
 - 14.5.1.4.1 converting an amount in the National Currency to dollars;
 - 14.5.1.4.2 transferring an amount in dollars from any bank in Armenia to any bank outside of Armenia;
 - 14.5.1.4.3 payment of dividends to the shareholders or applying other means of repatriation or transfer of the Private Partner's profits or gains; and /or
- 14.5.1.5 the Private Partner being prevented, prohibited or restricted at any time during the term of this Agreement for a period not shorter than six (6) months from servicing senior debt having a material adverse effect on the Private Partner, except where such prevention, prohibition or restriction constitutes a remedy or sanction lawfully exercised by the Public Partner or any relevant Public Authority as a result of any breach by the Private Partner of any Applicable Law rules or Permits.

14.6 Effect of Political Force Majeure Events

- 14.6.1 The Private Partner shall be discharged from liability for breach of any of its obligations under this Agreement in the event and to the extent that such breach is due to the Political Force Majeure Event.
- 14.6.2 The Private Partner shall submit a written notice on the occurrence of Political Force Majeure Event to the Public Partner (with an indication of the adverse effect that occurred or may occur due to such Political Force Majeure Event, as may be appropriate) no later than fifteen (15) Business Days from the moment the Private Partner found out or should have found out about occurrence of the Political Force Majeure Event (the "**Political Force Majeure Event Notice**").

The Parties shall, no later than ten (10) Business Days after the receipt of the Political Force Majeure Event Notice by the Public Partner, meet to discuss the situation in connection with the Political Force Majeure Event, and the Public Partner shall make reasonable efforts to remedy such Political Force Majeure Event.

- 14.6.3 If, following the occurrence of a Political Force Majeure Event, the Public Partner does not succeed in remedying such Political Force Majeure Event (i) within one hundred twenty (120) days from the date of receipt of the Political Force Majeure Event Notice by the Public Partner – in the case of a Political Force Majeure Event due to the circumstances provided in Clause **Error! Reference source not found.**, or (ii) within thirty (30) days from the date

of receipt of the Political Force Majeure Event Notice by the Public Partner – in the case of a Political Force Majeure Event due to the circumstances provided in Clauses **Error! Reference source not found.**-**Error! Reference source not found.**, the Private Partner shall be entitled to terminate this Agreement.

15. EVENTS OF DEFAULT

15.1 Private Partner Event of Default

15.1.1 A "**Private Partner Event of Default**" shall mean any of the following:

- 15.1.1.1 non-fulfilment of Investment Obligations during the period set in Clause 16.1.4;
- 15.1.1.2 Group 1 Breach of Technical Requirements, which (i) has been confirmed based on the monitoring, control and reporting procedures set by Section 13 or based on the Independent Expert's decision and (ii) has not been cured by the Private Partner within the rectification period set in Clause 16.4.1.1;
- 15.1.1.3 systematic Group 2 Breach of Technical Requirements, confirmed and not cured as indicated in Clause 16.4.1.2;
- 15.1.1.4 withdrawal of the entire amount of the Operation Security before the end of the Project Period under the conditions specified in Clause **Error! Reference source not found.**;
- 15.1.1.5 failure to provide and/or maintain the validity of the Operation Security during the period set in Clause **Error! Reference source not found.**;
- 15.1.1.6 failure to provide and/or maintain the validity of the Handback Security during the period set in Clause **Error! Reference source not found.**;
- 15.1.1.7 failure to provide and/or maintain the validity of the insurance required under Clause **Error! Reference source not found.** during the period set in Clause **Error! Reference source not found.**;
- 15.1.1.8 non-fulfilment of terms and conditions of Financing Documents, which led to Lenders exercising their Step-In Right according to Direct Agreement;
- 15.1.1.9 initiation of the liquidation procedure in relation to the Private Partner, judicial bankruptcy proceedings or any other proceedings related to insolvency of the Private Partner;
- 15.1.1.10 breach of any obligations specified in Clause 27.2 in relation to change of ownership structure which result in Change of Control;
- 15.1.1.11 non-fulfilment of obligations regarding the appointment of the Independent Expert or prepayment to the Independent Expert during the period set in Clause **Error! Reference source not found.**;
- 15.1.1.12 systematic non-fulfilment of the Private Partner's obligations on reporting specified in Section 13 of the Agreement, as well as systematic reporting of knowingly wrong

or incomplete data in the reporting documents provided to the Public Partner under this Agreement;

15.1.1.13 material breach of the Private Partner's obligations, warranties and representations under this Agreement or any Financing Documents, except where such breach is a consequence of the Public Partner Event of Default, Force Majeure Event, or Political Force Majeure Event (as the case may be).

15.1.2 The fact of occurrence of a Private Partner Event of Default specified in Clause **Error! Reference source not found.** and the amount of penalties for breach of obligations in connection with a relevant Private Partner Event of Default (as may be applicable) shall be confirmed by the consent of the Private Partner or, if there is no such consent, by the decision of the Independent Expert or the arbitration settlement under Section 26, subject to the following conditions:

15.1.2.1 confirmation of Private Partner Events of Default provided in Clauses **Error! Reference source not found., Error! Reference source not found., Error! Reference source not found.**, as well as confirmation of the amount of sanctions envisaged by this Agreement for breach of obligations in connection with such Private Partner Events of Default (as may be applicable), may be established exclusively on the basis of the arbitration settlement;

15.1.2.2 confirmation of Private Partner Events of Default provided in Clauses **Error! Reference source not found.-Error! Reference source not found.**, 15.1.1.10, 15.1.1.12, as well as confirmation of the amount of sanctions envisaged by this Agreement for breach of obligations in connection with such Private Partner Events of Default (as may be applicable), may be set exclusively on the basis of the Independent Expert's decision (or if it is challenged – the arbitral award which has taken legal effect);

15.1.2.3 confirmation of Private Partner Event of Default provided in Clause **Error! Reference source not found.** shall be performed in accordance with the procedure specified in the Applicable Law.

15.1.3 Private Partner Event of Default shall not be the ground for imposition of penalties and early Termination in accordance with this Agreement as long as such Private Partner Event of Default results from illegal actions of the Public Partner, breach of obligations under this Agreement by the Public Partner, or Force Majeure Event or Political Force Majeure Event.

15.2 Public Partner Event of Default

15.2.1 A "**Public Partner Event of Default**" shall mean any of the following:

15.2.1.1 non-payment of the Volume Payments in the amount set in Clause 16.2.3;

15.2.1.2 non-payment of the Demand Guarantee Payments in the amount set in Clause 16.3.3;

15.2.1.3 material breach of the Public Partner's obligations, warranties and representations under this Agreement, except where such breach results from a Private Partner Event of Default or a Force Majeure Event.

15.2.2 The fact of occurrence of a Public Partner Event of Default specified in Clause **Error! Reference source not found.** and the amount of penalties for breach of obligations in connection with a relevant Public Partner Event of Default (as may be applicable) shall be confirmed by the consent of the Public Partner or, if there is no such consent, by the arbitration settlement under Section 26.

15.2.3 Public Partner Event of Default shall not be the ground for imposition of penalties and early Termination in accordance with this Agreement as long as such Public Partner Event of Default results from illegal actions of the Private Partner, breach of obligations under this Agreement by the Private Partner, or Force Majeure Event.

16. BREACHES OF THE AGREEMENT AND THEIR CONSEQUENCES

16.1 Non-Fulfilment of Investment Obligations

16.1.1 If upon expiration of the Investment Obligations Completion Period the Private Partner has not fulfilled the Investment Obligations, which was confirmed by the Independent Expert's conclusion prepared in accordance with Clauses **Error! Reference source not found.**-**Error! Reference source not found.** (or if it is challenged – the arbitral award which has taken legal effect), the Public Partner may collect the Liquidated Damages from the Private Partner for each day of delay in fulfilment of the Investment Obligations by the Private Partner.

16.1.2 The Liquidated Damages shall be imposed in the amount of [six hundred eighth thousand seven hundred (608,700) AMD], for each day of delay in performance of the Investment Obligations, starting from the first day after expiry of the Investment Obligations Completion Period until one of the following events, whichever occurs earlier: (i) the date of fulfilment of the Investment Obligations or (ii) the [ninetieth (90th) day] after the date of the payment deadline.

16.1.3 The Private Partner shall pay the Liquidated Damages within [ten (10) Business Days] from the date of receipt of the Public Partner's written request for payment of the Liquidated Damages.

16.1.4 Non-fulfilment of the Investment Obligations by the Private Partner lasting more than [ninety (90) days] after expiry of the Investment Obligations Completion Period shall be the ground for early Termination in connection with the Private Partner Event of Default.

16.2 Non-Payment of Volume Payments

16.2.1 If the Public Partner has not made the Volume Payments to the Private Partner until the Volume Payments Date, the Private Partner may collect a fine from the Public Partner in the amount of [five hundred eleven thousand (511,000) AMD] for each non-payment of the Volume Payments, regardless of the amount of the unpaid Volume Payments due on the relevant Volume Payments Date.

16.2.2 The Public Partner shall pay the fine within [twenty two (22) Business Days] from the date of receipt of the Private Partner's written request for payment of fine.

16.2.3 Non-payment of the Volume Payments due on the relevant Volume Payments Dates during the Project Period in the total amount reaching or exceeding [sixty million eight hundred

seventy thousand (60,870,000) AMD] shall be the ground for early Termination in connection with the Public Partner Event of Default.

16.3 Non-Payment of Demand Guarantee Payments

16.3.1 If the Public Partner has not made the Demand Guarantee Payments to the Private Partner until the Demand Guarantee Payments Date, the Private Partner may collect a fine from the Public Partner in the amount of [twenty million two hundred ninety thousand (20.290.000) AMD] for each non-payment of the Demand Guarantee Payments, regardless of the amount of the unpaid Demand Guarantee Payments due on the relevant Demand Guarantee Payments Date.

16.3.2 The Public Partner shall pay the fine within [twenty two (22) Business Days] from the date of receipt of the Private Partner's written request for payment of fine.

16.3.3 Non-payment of the Demand Guarantee Payments due on the relevant Demand Guarantee Payments Dates during the Project Period in the total amount reaching or exceeding [sixty million eighth hundred seventy thousand (60.870.000) AMD] shall be the ground for early Termination in connection with the Public Partner Event of Default.

16.4 Breach of Technical Requirements

16.4.1 Breaches of Technical Requirements by the Private Partner shall have the following consequences:

16.4.1.1 A Group 1 Breach of Technical Requirements, which (i) has been confirmed based on the monitoring, control and reporting procedures set by Section 13 or based on the Independent Expert's decision and (ii) has not been cured by the Private Partner within the rectification period for such breach established herein, shall be the ground for withdrawal of the entire amount of Operation Security by the Public Partner and early Termination in connection with the Private Partner Event of Default.

“**Group 1 Breach of Technical Requirements**” shall refer to the critical violations of the Technical Requirements which severely impact the provision of Services/Operations, result in a complete or prevailing loss in the conduct of Services/Operations, and have at least one (1) of the following features:

- (a) affect a significant number of customers consuming Services/Operations or critical business processes of the Private Partner involved in the provision of Services/Operations;
- (b) result in data loss (including personal data loss) in the provision of Services/Operations;
- (c) pose a significant safety and security risk in the provision of Services/Operations.

The Private Partner shall cure a “**Group 1 Breach of Technical Requirements**” no more than [four (4) hours] after such breach (or the risk of such breach) has been identified.

16.4.1.2 For a Group 2 Breach of Technical Requirements, which (i) has been confirmed based on the monitoring, control and reporting procedures set by Section 13 or based on the Independent Expert's decision and (ii) has not been cured by the Private Partner within the relevant rectification period for such breach established herein, the Public Partner may collect a fine from the Private Partner in the amount of [one million two hundred seventeen thousand (1.217.000) AMD] for each breach. Systematic Group 2 Breaches of Technical Requirements confirmed and not cured as indicated in this Clause **Error! Reference source not found.** shall be the ground for early Termination in connection with the Private Partner Event of Default.

“Group 2 Breach of Technical Requirements” shall refer to the violations of the Technical Requirements which have a noticeable impact on the provision of Services/Operations, but do not cause a complete or prevailing loss in the conduct of Services/Operations, and have at least one (1) of the following features:

- (a) affect a moderate number of customers consuming Services/Operations or non-critical business processes of the Private Partner involved in the provision of Services/Operations;
- (b) cause substantial inconvenience for customers in the ordinary use of Services/Operations;
- (c) pose a risk to escalate into Group 1 Breach of Technical Requirements if not cured within the rectification period established herein.

The Private Partner shall cure a “Group 2 Breach of Technical Requirements” in no more than [forty eight (48) hours] after such breach (or the risk of such breach) has been identified.

16.4.1.3 For a Group 3 Breach of Technical Requirements, which (i) has been confirmed based on the monitoring, control and reporting procedures set by Section 13 or based on the Independent Expert's decision and (ii) has not been cured by the Private Partner within the relevant rectification period for such breach established herein, the Public Partner may collect a fine from the Private Partner in the amount of [four hundred five thousand eight hundred (405.800) AMD] for each breach.

“Group 3 Breach of Technical Requirements” shall refer to the violations of the Technical Requirements which have a minimal impact on the provision of Services/Operations, allowing the normal conduct of Services/Operations to continue, and have at least one (1) of the following features:

- (a) affect a small number of customers consuming Services/Operations or have a minimal impact on business processes of the Private Partner involved in the provision of Services/Operations;
- (b) cause minor non-systematic inconvenience for customers in the ordinary use of Services/Operations;
- (c) do not pose an immediate safety and security risk in the provision of Services/Operations.

The Private Partner shall cure a “**Group 3 Breach of Technical Requirements**” in no more than [five (5) Business Days] after such breach (or the risk of such breach) has been identified.

16.4.2 The Private Partner shall pay the fine for a relevant breach of Technical Requirements under this Clause **Error! Reference source not found.** within [twenty two (22) Business Days] from the date of receipt of the Public Partner's written request for payment of fine.

16.5 Non-Fulfilment of Obligations Relating to Independent Expert

16.5.1 In cases where:

16.5.1.1 any Party is not fulfilling its obligation to appoint the Independent Expert in cases where such appointment is mandatory under the Agreement; or

16.5.1.2 any Party unreasonably rejects conclusion of an agreement with the Independent Expert; or

16.5.1.3 the Private Partner is not fulfilling its obligations to make the prepayment under the agreement concluded with the Independent Expert,

the Party in breach of the relevant obligation provided in Clauses **Error! Reference source not found.** shall pay a penalty to the other Party for each day of delay in fulfilment of such obligation in the amount of [eight hundred eleven thousand six hundred (811.600) AMD] within [twenty two (22) Business Days] from the date of receipt of the written request from the other Party for payment of penalty.

16.5.2 Private Partner's non-fulfilment of the obligations provided in Clauses **Error! Reference source not found.**, **Error! Reference source not found.** during a period of [sixty (60)] days from the moment the Private Partner had to fulfill such obligations shall be the ground for early Termination in connection with the Private Partner Event of Default.

16.6 Non-Fulfilment of Insurance Obligations

16.6.1 If the Private Partner fails to provide and/or maintain the validity of the insurance required under Clause **Error! Reference source not found.**, the Public Partner may collect a penalty from the Private Partner in the amount of [four hundred five thousand eight hundred (405.800) AMD] for each day of delay in the provision and/or maintenance of the validity of such insurance.

The Private Partner shall pay the penalty within [ten (10) Business Days] from the date of receipt of the Public Partner's written request for payment of penalty.

16.6.2 Private Partner's non-fulfilment of the obligations to provide and/or maintain the validity of the insurance required under Clause **Error! Reference source not found.** during a period of [sixty (60)] days from the moment the Private Partner had to fulfill such obligations shall be the ground for early Termination in connection with the Private Partner Event of Default.

16.7 Non-Fulfilment of Obligations on Change of Shareholding

16.7.1 If the Private Partner breaches the requirements on changes in shareholding set in Clause 27.2, the Public Partner may:

16.7.1.1 collect a fine from the Private Partner in the amount of [twenty million two hundred ninety thousand (20,290,000) AMD] for each breach that did not result in Change of Control; or

16.7.1.2 collect a fine from the Private Partner in the amount of [sixty million eight hundred seventy thousand (60,870,000) AMD] for each breach that resulted in Change of Control.

16.7.2 The Private Partner shall pay the relevant fine under this Clause **Error! Reference source not found.** within [twenty two (22) Business Days] from the date of receipt of the Public Partner's written request for payment of fine.

16.7.3 Private Partner's breach of the requirements on changes in shareholding set in Clause 27.2 that resulted in Change of Control shall be the ground for early Termination in connection with the Private Partner Event of Default.

16.8 Other Provisions

16.8.1 Unless this Agreement provides otherwise, a Party may collect the amount of penalty imposed for a breach of the Agreement by the other Party based on the written request to the Party in breach for collection of the relevant penalty. If such request is not fulfilled and unless the Agreement states otherwise, a Party may collect the penalty from the Party in breach by:

16.8.1.1 deduction of the amount of penalty from payments due under the Agreement from such Party to the Party in breach;

16.8.1.2 offsetting the liabilities in accordance with Clause 27.11;

16.8.1.3 collection of the amount of penalty from the Operation Security (for breaches by the Private Partner).

16.8.2 Payment of penalties shall not exempt the Party in breach from performance of its obligations that were breached. The Party in breach shall make every effort to prevent further non-fulfilment of its obligations that were breached.

16.8.3 Without limitations to the provisions set out in this Section **Error! Reference source not found.**, this Agreement may set other/additional consequences of non-fulfilment of obligations under the Agreement by the Parties.

17. TERMINATION

17.1 General Provisions

17.1.1 This Agreement may terminate due to expiry of the Project Period or due to early Termination. Early Termination may involve:

17.1.1.1 early Termination by the Private Partner;

17.1.1.2 early Termination by the Public Partner;

17.1.1.3 early Termination based on mutual written agreement between the Parties.

17.1.2 The Agreement shall be considered terminated:

17.1.2.1 from the date of signing of the Handback Act in accordance with Clause **Error! Reference source not found.** – in case of Termination due to expiry of the Project Period or early Termination based on mutual written agreement between the Parties, or early Termination based on a Termination Notice;

17.1.2.2 from the date the arbitral award on early Termination takes effect – in case of early Termination based on the decision of arbitral tribunal.

17.1.3 Unilateral Termination of this Agreement shall not be allowed, except as expressly stated in the Agreement.

17.2 Early Termination by One of the Parties

17.2.1 The Private Partner is entitled to early Termination based on the following grounds:

17.2.1.1 a Public Partner Event of Default;

17.2.1.2 Force Majeure Event, as stated in Clause **Error! Reference source not found.**;

17.2.1.3 Political Force Majeure Event, as stated in Clause **Error! Reference source not found.**

17.2.2 The Public Partner is entitled to early Termination based on the following grounds:

17.2.2.1 a Private Partner Event of Default;

17.2.2.2 Force Majeure Event, as stated in Clause **Error! Reference source not found.**;

17.2.2.3 public interest considerations.

17.2.3 Depending on the grounds for early Termination provided in Clauses **Error! Reference source not found.** and **Error! Reference source not found.**, this Agreement may be terminated early by referring to an arbitral tribunal in accordance with the procedure specified in Clause **Error! Reference source not found.** or by sending a Termination Notice to the other Party.

17.2.4 The Agreement terminates early only in an arbitral tribunal if early Termination is carried out based on the following grounds:

17.2.4.1 Private Partner Event of Default provided in Clauses 15.1.1.8, 15.1.1.10, 15.1.1.11, 15.1.1.13; or

17.2.4.2 Public Partner Event of Default; or

17.2.4.3 Force Majeure Event or Political Force Majeure Event subject to provisions of Section 14; or

17.2.4.4 public interest considerations in accordance with the Applicable Law; or

17.2.4.5 the decision of the relevant arbitral tribunal on the results of the request for Termination of the Agreement.

17.2.5 The Agreement may be terminated early by sending written Termination Notice to the other Party in the event of Private Partner Event of Default established in Clauses 15.1.1.1-15.1.1.7, 15.1.1.9, 15.1.1.10, 15.1.1.12.

17.3 Early Termination Procedures in Case of Public Partner Event of Default

17.3.1 In the event of Public Partner Event of Default, the Private Partner shall send to the Public Partner a Notice of Default with the requirement to eliminate the Public Partner Event Default within [thirty three (33) Business Days] from the receipt of such Notice of Default or within a longer term agreed between the Parties.

17.3.2 During the default cure period indicated in Clause **Error! Reference source not found.** above, the Parties shall conduct negotiations, which shall last no more than [forty (40) days], in order to implement measures aimed at addressing/eliminating the Public Partner Event of Default.

17.3.3 If the relevant Event of Default has not been eliminated within [thirty three (33) Business Days] after receipt of the Notice of Default or within a longer term agreed by the Parties, the Private Partner shall have the right to submit a Termination Notice to the Public Partner or start the arbitration proceedings for early Termination.

17.4 Early Termination Procedures in Case of Private Partner Event of Default

17.4.1 In case of a Private Partner Event of Default and taking into account the Step-in Rights the Public Partner shall proceed with the following:

17.4.1.1 in case of a Private Partner Event of Default which cannot be rectified, the Public Partner shall terminate this Agreement by sending a Termination Notice to the Private Partner or by referring to the arbitral tribunal for early Termination; or

17.4.1.2 in case of a Private Partner Event of Default which can be rectified, the Public Partner shall send to the Private Partner a Notice of Default with the requirement to eliminate the Private Partner Event of Default within [thirty three (33) Business Days] after the receipt of such Notice of Default or within a longer term agreed with the Public Partner.

17.4.2 During the default cure period indicated in Clause **Error! Reference source not found.** above, the Parties shall conduct negotiations, which shall last no more than [forty (40) days], in order to implement measures aimed at addressing/eliminating the Private Partner Event of Default.

17.4.3 If during [thirty three (33) Business Days] or a longer term (if agreed by the Public Partner) after the receipt of the Public Partner's Notice of Default the Private Partner fails to eliminate

a Private Partner Event of Default, or immediately after the Private Partner Event of Default which cannot be rectified, the Public Partner may (subject to Step-in Rights):

17.4.3.1 terminate this Agreement by sending a Termination Notice to the Private Partner or referring to the arbitral tribunal for early Termination; or

17.4.3.2 exercise the Step-In Right and initiate replacement of the Private Partner in accordance with the procedure set out in the Direct Agreement.

18. EARLY TERMINATION PAYMENTS

18.1 Calculation of Termination Compensation

18.1.1 In the event of early Termination, the Public Partner shall pay the Termination Compensation calculated in accordance with the procedure specified in Annex 8 (*Procedure for Calculating Termination Compensation*) of the Agreement. In case of early Termination based on mutual written agreement between the Parties, the Termination Compensation shall be calculated and paid according to the requirements of this Section **Error! Reference source not found.**, unless the Parties agree otherwise.

18.1.2 Within [twenty two (22) Business Days] from the date of Termination, the Private Partner shall prepare the calculation of the Termination Compensation payable by the Public Partner, ensure its confirmation by the auditors, and submit the calculated amount of the Termination Compensation to the Public Partner.

18.1.3 The Private Partner's notice on the amount of the Termination Compensation shall be accompanied with reasonable and understandable calculation details prepared by the Private Partner, as well as the confirmation documents sufficient for the Public Partner to check the calculations of the Private Partner.

18.2 Approval of Termination Compensation

18.2.1 If the Public Partner agrees with the calculated Termination Compensation indicated in the Private Partner's notice, the Public Partner shall notify in writing the Private Partner about the approval of such notice within [twenty two (22) Business Days] from the receipt of such notice.

18.2.2 If the Public Partner does not agree with the calculated Termination Compensation indicated in the Private Partner's notice, the Public Partner has the right to send such calculation for Independent Expert's assessment in accordance with Clause 26.2 of this Agreement within [twenty two (22) Business Days] after the receipt of such notice following the procedure established in this Clause.

18.2.3 If the Public Partner does not express an agreement or disagreement with the calculation of Termination Compensation indicated in the Private Partner's notice within [twenty two (22) Business Days] after the receipt of such notice, it shall be assumed that the Public Partner does not agree with the calculation of the Termination Compensation.

18.3 Payment of the Termination Compensation

18.3.1 The Public Partner shall pay to the Private Partner the Termination Compensation in one single payment or multiple payments at the discretion of the Public Partner. After fulfillment of the handback obligations in accordance with Section **Error! Reference source not found.** of the Agreement, the Termination Compensation shall be paid no later than the "**Termination Compensation Due Date**", which shall be determined in the following way:

18.3.1.1 in case, envisaged in Clause **Error! Reference source not found.** of the Agreement – depending which of the following occurs earlier: (i) the date that occurs after [six (6) months] from the notification sent by the Public Partner to the Private Partner regarding approval of the Termination Compensation amount or (ii) other date set by the Public Partner in written notice sent to the Private Partner according to Clause **Error! Reference source not found.** of the Agreement;

18.3.1.2 in case, envisaged in Clause **Error! Reference source not found.** of the Agreement – depending which of the following occurs earlier: (i) the date that occurs after [six (6) months] from the decision made by the Independent Expert's assessment (or if it is being challenged – the arbitral award which has taken effect), or (ii) other date set by the Public Partner in written notice sent according to Clause **Error! Reference source not found.** of the Agreement;

18.3.1.3 In case, envisaged in Clause **Error! Reference source not found.** of the Agreement – depending which of the following occurs earlier: (i) the date that occurs after the end of [six (6) months] from the completion of the arbitral proceedings against the Private Partner's claim with respect to determination of the Termination Compensation amount, or (ii) other date set by the Public Partner in written notification sent to the Private Partner in accordance with Clause **Error! Reference source not found.** of the Agreement.

18.3.2 The Public Partner has a right until the end of [six (6) months] indicated in Clause **Error! Reference source not found.** of the Agreement to reduce such term (for total amount of the Termination Compensation or part of it at its own discretion) unilaterally with written notice to the Private Partner.

18.3.3 If on the Termination Compensation Due Date one of the following circumstances take place: (i) non-fulfilment of the conditions of handback to the Public Partner in accordance with the Section **Error! Reference source not found.** of the Agreement or (ii) in case of pending arbitral proceeding – the terms set out in Clauses **Error! Reference source not found.** are suspended and resumed either from the Handback Date or the end of the arbitral proceeding.

18.3.4 In case of delay in payment of the Termination Compensation the Public Partner shall pay to the Private Partner annual interest equivalent to the official rate of the Central Bank of Armenia for the whole period of delay.

18.3.5 The amount of the Termination Compensation can be reduced by the amount of any of the Private Partner's payables to the Public Partner through set-off of the corresponding claims according to the Applicable Law, which shall be done by Public Partner's written application sent to the Private Partner unilaterally.

18.3.6 To the extent not exceeding the amounts of the Compensated Debt and the Expenses related to early repayment that accrued in accordance with Annex 8 (*Procedure for Calculating Termination Compensation*), the Termination Compensation may be paid directly to the current accounts of the Lenders, if the Direct Agreement so provides.

19. PUBLIC PARTNER'S STEP-IN RIGHT

19.1 Reason for Step-in

19.1.1 If:

19.1.1.1 there is any Private Partner Event of Default, which (i) is so significant that it may negatively and substantially affect the present or future ability to provide Services and Operations in accordance with this Agreement, the Applicable Law or good business practices and (ii) was not remedied within 24 (twenty four) hours from the date of Notice of Default sent by the Public Partner in respect of such Private Partner Event of Default, or

19.1.1.2 there is any Force Majeure Event which (i) according to the Public Partner's reasonable opinion, creates a significant and immediate risk that Services and Operations will not be provided safely and in accordance with this Agreement, the Applicable Law or good business practices, or in accordance with public order, and (ii) the Public Partner is in a better position to prevent, minimize or eliminate in whole or in part such Force Majeure Event, or

19.1.1.3 martial law or state of emergency has been declared on the territory affecting the performance of the Project,

then the Public Partner has the right (but not obliged to), with the provision of written notification to the Private Partner within 24 (twenty four) hours, to intervene and to act in accordance with Clause 19.2.

19.1.2 Regardless of anything else specified in this Section 19, in the event of the occurrence of cases provided in Clauses 19.1.1.1-19.1.1.3 inclusively as an alternative to the exercise of Public Partner's Step-in Right, the Public Partner has the right to provide the Private Partner with written instructions concerning the actions and/or inaction of the Private Partner. Timing, conditions and other details of the respective Public Partner's requirements are set out in such written instructions.

19.1.3 If the Private Partner incurs losses as a result of fulfilling Public Partner's written instruction specified in Clause 19.1.2, such losses are compensated by the Public Partner only if they are confirmed by the relevant documents.

19.1.4 The consent or disagreement of the Private Partner to comply with the Public Partner's written instructions in accordance with Clause 19.1.2 shall not limit the Public Partner in exercising Public Partner's Step-in Right.

19.2 Exercising of Step-in Right

19.2.1 In the event specified in Clause 19.1, the Public Partner has the right to step-in ("**Public Partner's Step-in Right**") and provide written notification to the Private Partner which should contain:

19.2.1.1 the description of the urgent corrective measures that the Public Partner intends to take, and which may include the acquisition of control over whole or part of Services and Operations, including restriction of access of the Private Partner to the property within Project Assets, operation of movable property in place of the Private Partner and the provision of instructions to workers of the Private Partner;

19.2.1.2 the reason for the exercise of the Public Partner's Step-in Right;

19.2.1.3 the date from which the Public Partner shall begin to exercise Public Partner's Step-in Right (which may coincide with the date of the notification itself);

19.2.1.4 the term during which, according to the Public Partner, it will be necessary to exercise the Public Partner's Step-in Right, and

19.2.1.5 as far as practicable, a description of the influence of the Public Partner's Step-in Right on the Private Partner and its responsibilities for providing Services and Operations during the term of the exercise of the Public Partner's Step-in Right.

19.2.2 The Public Partner may exercise the Public Partner's Step-in Right directly or delegate it to any third person, of his selection, to act on Public Partner's behalf to exercise such right. In any case, throughout the time of the exercise of the Public Partner's Step-in Right, the Public Partner shall exercise himself and ensure that any third person acting on the Public Partner's behalf exercises due diligence and caution with respect to the Project Assets and property belonging to the Private Partner. However, the Public Partner shall not be liable:

19.2.2.1 for any damage to the Movable Property acquired by the Private Partner made during the exercise of the Public Partner's Step-in Right except for the cases when the damage was caused by gross negligence or intentional non-fulfillment of obligations by the Public Partner or the third party acting on behalf of the Public Partner, or

19.2.2.2 in general, for any kind of economic costs and losses incurred by the Private Partner as a result of the exercise of the Public Partner's Step-in Right.

19.2.3 The Public Partner may collect from the Private Partner, as arrears, all reasonable expenses incurred in connection with the exercise of the Public Partner's Step-in Right (regardless of whether they were incurred by Public Partner himself or third parties), but exclusively limited to the following expenses:

19.2.3.1 which are confirmed by the relevant documents, and

19.2.3.2 which were incurred in line with good business practices.

19.2.4 The Public Partner has the right to unconditionally forfeit the Operation Security in accordance with Clause 9.2 for any amounts payable by the Private Partner under this Clause 19.2 if they were not paid by the Private Partner within 30 (thirty) days from the moment when the Public Partner's notice demanding the payment is received by the Private Partner

(for the avoidance of doubt, the Private Partner shall pay such amounts to the Public Partner directly upon his demand if the amount of such payments exceeds the Operation Security amount (as the case may be). The Private Partner is obliged to pay the necessary amounts to restore proper, as provided by this Agreement, amount of the Operation Security as specified in Clause 9.2 of this Agreement.

19.3 Procedure and Term

19.3.1 The Public Partner and the Private Partner shall meet immediately after the Public Partner provides the notice, as described above, to agree on the action plan to remedy the situation. If (i) the Public Partner and the Private Partner acting reasonably fail to reach an agreement or (ii) an agreement has been reached but the Private Partner fail to perform it or fail to implement it within 22 (twenty-two) Business Days from the moment the Public Partner started to exercise the Public Partner's Step-in Right, then the Public Partner may provide the Private Partner with Termination Notice in connection with the Private Partner Event of Default.

19.3.2 If the Public Partner fails to provide the Termination Notice before expiry of the 22 (twenty-two) Business Days specified in Clause 19.3.1 then the Public Partner's Step-in Right shall immediately cease its effect and the Private Partner's rights and obligations under this Agreement shall be restored.

19.3.3 The Public Partner shall as soon as possible after the end or correction of the situation that was the reason for the exercise of the Public Partner's Step-in Right, notify the Private Partner and stop the exercise of the Public Partner's Step-in Right.

19.4 Rights and Obligations of the Private Partner in Connection with the Exercise of the Public Partner's Step-in Right

19.4.1 The Private Partner is relieved of its obligations to provide Services and Operations but only to the extent and for the period during which the Public Partner had control over Project Assets and provision of Services and Operations during the exercise of the Public Partner's Step-in Right.

19.4.2 The Private Partner shall, in addition to taking all the necessary actions to eliminate the remediable Private Partner Event of Default which became the reason for the exercise of the Public Partner's Step-in Right, in every way facilitate the Public Partner in exercise of his Step-in Right. If the Private Partner creates any unlawful impediments for the Public Partner's exercise of his rights under this Section 19, the Public Partner may immediately provide the Private Partner with the Termination Notice in connection with the Private Partner Event of Default.

19.5 Payments

19.5.1 When exercising the Public Partner's Step-in Right, the Public Partner has the exclusive right to charge fees for Services and Operations, including through the person designated by the Public Partner.

20. HANDBACK

20.1 General Provisions on Handback

- 20.1.1 At Termination the Project Assets, including the Transferred Assets, the Enrolment Facilities and the respective Movable Property and Intangibles enabling the Minimum Handback Requirements (the "**Handback Assets**"), shall be handed over to the Public Partner (or persons determined by the Public Partner) in accordance with the requirements of this Agreement.
- 20.1.2 The transfer of the Handback Assets should be documented by a statement of acceptance and transfer, which shall be signed by the Private Partner, the Public Partner (or persons determined by the Public Partner) and Independent Expert in accordance with the terms of Clause **Error! Reference source not found.** (the "**Handback Act**").
- 20.1.3 The Private Partner and the Public Partner shall continue to fulfill their obligations under this Agreement until the execution of the Handback Act.
- 20.1.4 The Private Partner shall ensure proper operation and maintenance of the Handback Assets during the entire Project Period, so that at the date of execution of the Handback Act the property being part of the Handback Assets satisfies the Minimum Handback Requirements.
- 20.1.5 All expenses associated with the transfer of Handback Assets to the Public Partner (or persons determined by the Public Partner) shall be borne by the Private Partner in accordance with the requirements of this Agreement.
- 20.1.6 In case of Termination due to expiry of the Project Period, the Parties shall meet no later than [eighteen (18) months] before the end of the Project Period to discuss and seek to agree on a plan determining the practical modalities for the taking over of the operations of the Project Assets and other Project activities by the Public Partner (or person designated by the Public Partner). The Parties shall aim to achieve the same in cases of early Termination.

20.2 Inventory and Handback Condition Surveys

- 20.2.1 Inventory and inspection of the property to be handed back to the Public Partner in cases other than early Termination shall be carried out in accordance with the following:
- 20.2.1.1 To carry out the inventory and inspection of the Handback Assets, the Parties shall ensure appointment of and conclusion of agreement with an Independent Expert no later than [twelve (12) months] before the end of the Project Period.
- 20.2.1.2 Independent Expert shall perform the inventory and inspect the condition of the property ("**Handback Condition Survey**") considering that:
- 20.2.1.2.1 the first Handback Condition Survey shall be completed at least [six (6) months] before the expiration of the Project Period;
- 20.2.1.2.2 the second Handback Condition Survey shall be completed at least [one (1) month] before the expiration of the Project Period;
- 20.2.1.2.3 the third Handback Condition Survey shall be completed on the date of signing of the Handback Act or by the closest day to such date.
- 20.2.2 During each Handback Condition Survey indicated in Clause 20.2.1, the Independent Expert carries out the inventory and verifies the technical condition of the Handback Assets against

the Minimum Handback Requirements and the requirements agreed by the Parties and set out in the agreement on engagement of the Independent Expert.

20.2.3 If the results of Handback Condition Survey show that the Handback Assets do not meet the Minimum Handback Requirements and/or the requirements agreed by the Parties and set out in the agreement on engagement of the Independent Expert, taking into account normal wear and tear, the Independent Expert forms the list of inconsistencies and other deviations of the Handback Assets from the applicable handback requirements, which the Private Partner should rectify before signing of the Handback Act (including the indication of type, scope and amount of the relevant rectifications to be made by the Private Partner).

The Independent Expert will send the reports issued based on each Handback Condition Survey indicated in Clause **Error! Reference source not found.** to the Parties no later than two (2) Business Days after completion of each report.

20.2.4 In case of early Termination, the inventory and inspection of property to be handed back to the Public Partner shall be carried out considering the following:

20.2.4.1 To carry out the stock taking and Handback Condition Survey of the Handback Assets, the Parties shall ensure the appointment and conclusion of an agreement with the Independent Expert within [twelve (12) Business Days] from the date of receipt of the Termination Notice by the Public Partner or the Private Partner, or from the date of conclusion of mutual agreement on early Termination between the Parties, or from the date the arbitral award on Termination takes effect.

20.2.4.2 To transfer the Handback Assets, the Independent Expert carries out one (1) Handback Condition Survey within [forty four (44) Business Days] from the date of the conclusion of the agreement with the Independent Expert in accordance with Clause **Error! Reference source not found.**

20.2.4.3 The Independent Expert carries out the Handback Condition Survey substantially in accordance with the requirements of Clauses **Error! Reference source not found.-Error! Reference source not found.**

20.2.5 The Independent Expert shall notify the Public Partner and the Private Partner in writing about the time and date of each Handback Condition Survey three (3) Business Days in advance of the respective date of the Handback Condition Survey in order for the Private Partner and the Public Partner to send their authorized representatives for supervising the Handback Condition Survey procedure.

20.3 Obligations of the Private Partner Before Signing of the Handback Act

20.3.1 Before signing of the Handback Act the Private Partner shall:

20.3.1.1 co-operate with, and provide all access and information [within six (6) months] prior to the expiry of the Project Period or, in the case of early Termination, as soon as practicable after the issuance of a Termination Notice (or the date of conclusion of mutual agreement on early Termination between the Parties, or the date the arbitral award on Termination takes effect), to the Public Partner (or other persons designated by the Public Partner) and the Independent Expert, to conduct surveys

- and inspections to prepare for the taking over of the operation and maintenance of the Handback Assets;
- 20.3.1.2 maintain the Minimum Handback Requirements and achieve the requirements to the Handback Assets agreed by the Parties and set out in the agreement on engagement of the Independent Expert;
- 20.3.1.3 provide the Public Partner or the person determined by the Public Partner with information on employment of the Private Partner's employees whom the Public Partner or the person determined by the Public Partner have expressed the desire to hire;
- 20.3.1.4 notify the Public Partner within [two (2) months prior to the Handback Date] on the absence of any encumbrances of the Handback Assets by sending relevant up-to-date information from the relevant state registers in accordance with the Applicable Law;
- 20.3.1.5 together with the Public Partner ensure that each appropriate Handback Condition Survey is carried out in accordance with the requirements of Clause **Error! Reference source not found.**;
- 20.3.1.6 hand over to the Public Partner (or other persons determined by the Public Partner) the Handback Assets in accordance with the results of the Handback Condition Survey carried out in accordance with the requirements of Clause **Error! Reference source not found.** In this case, the property handed over to the Public Partner on the date of signing of the Handback Act shall not be encumbered in favor of any third parties;
- 20.3.1.7 transfer the Movable Property enabling the Minimum Handback Requirements of the Project Assets into the state ownership;
- 20.3.1.8 hand over to the Public Partner (or other person determined by the Public Partner) the non-standard (non-licensed) programmable software source codes, the IDMISS software licenses, as well as all other appropriate rights to Intangibles which are required for operation and maintenance of the Handback Assets and conduct of services and other operations with respect to Identity Documents after the Handback Date, in all cases conforming to the Minimum Handback Requirements;
- 20.3.1.9 execute all deeds and documents as may be necessary for transfer of the Handback Assets and complete all legal or other formalities required for this purpose;
- 20.3.1.10 transfer or assign all rights, titles and obligations of the Private Partner under the Rent Agreements to the Public Partner (or other person determined by the Public Partner), including, without limitation, the Private Partner's use title to the Rented Real Estate and the Private Partner's buy-out rights with respect to Rented Real Estate;
- 20.3.1.11 transfer to the Public Partner (or other person determined by the Public Partner) all documents concerning Services and Operations, as well as documents concerning operation and maintenance of the Handback Assets (including, but not

limited to, technical passports, design documents, internal instructions, documents on operational and capital expenditures);

20.3.1.12 transfer to the Public Partner (or other person determined by the Public Partner) any agreements on engagement of third parties pursuant to this Agreement that are in effect on the date of signing of the Handback Act and/or may be transferred to the Public Partner, and/or which the Public Partner agreed to accept, as well as all the documents relating to such agreements;

20.3.1.13 transfer to the Public Partner (or other person determined by the Public Partner), if possible, Permits necessary to operate and maintain the Handback Assets in accordance with the Applicable Law;

20.3.1.14 assign or cause to be assigned to the Public Partner any other agreements and legal documents on arrangements with third parties which are (i) valid and subsisting and (ii) which the Public Partner has chosen to take over, and terminate or cause to be terminated those agreements and legal documents that are not assigned to the Public Partner;

20.3.1.15 perform all actions specified by the Independent Expert in the conclusions of the relevant Handback Condition Surveys in order to bring the Handback Assets to satisfactory technical condition and to comply with the the Minimum Handback Requirements and achieve the requirements to the Handback Assets agreed by the Parties and set out in the agreement on engagement of the Independent Expert, and notify the Public Partner and the Independent Expert in writing about this.

20.3.2 Within [two (2) years before the expiry of the Project Period], the Private Partner shall not commit the following actions, and shall ensure that the following actions shall not be committed:

20.3.2.1 introducing changes to or termination of any agreements, the rights and obligations according to which may be transferred or are designated for transfer to the Public Partner (or any another person assigned by the Public Partner);

20.3.2.2 committing any actions or inaction, which may cause a material negative change in provision of Services/Operations, operation and maintenance of the Project Assets, or lead to non-conformity with the Minimum Handback Requirements.

20.4 Obligations of the Public Partner Before Signing of the Handback Act

20.4.1 Before signing of the Handback Act the Public Partner shall:

20.4.1.1 assign the persons authorized to perform actions related to the handback of the Handback Assets and notify the Private Partner in writing about such persons within either [twelve (12) months before the expiration of the Project Period or within ten (10) Business Days from the date of delivery of the Termination Notice (or the date of conclusion of mutual agreement on early Termination between the Parties, or the date the arbitral award on Termination takes effect)].

20.4.1.2 together with the Private Partner ensure that each appropriate Handback Condition Survey is carried out in accordance with the requirements of Clause **Error! Reference source not found.**;

20.4.1.3 determine the list of employees, whom the Public Partner or other person assigned by the Public Partner, expressed a desire to employ, not later than ten (10) Business Days from the day of the receipt of the report on the results of the third Handback Condition Survey (in cases other than early Termination) or the receipt of the report on the results of the Handback Condition Survey (in the case of early Termination), as provided in Clause **Error! Reference source not found.**;

20.4.1.4 determine the list of agreements with third parties engaged by the Private Partner, the rights under which the Public Partner or the person assigned by the Public Partner has expressed a desire to accept, not later than ten (10) Business Days from the day of the receipt of the report on the results of the third Handback Condition Survey (in cases other than early Termination) or the receipt of the report on the results of the Handback Condition Survey (in the case of early Termination), as provided in Clause **Error! Reference source not found.**;

20.4.1.5 specify the list of the Movable Property and/or Intangibles that the Public Partner or the person assigned by the Public Partner did not express a desire to accept, indicating that such Movable Property and/or Intangibles are not required for operation and maintenance of the Handback Assets or provision of other required operations after the Handback Date, not later than ten (10) Business Days from the day of the receipt of the report on the results of the third Handback Condition Survey (in cases other than early Termination) or the receipt of the report on the results of the Handback Condition Survey (in the case of early Termination), as provided in Clause **Error! Reference source not found.**;

20.4.1.6 accept from the Private Partner (or ensure acceptance by another person) all the documents required for transfer of Handback Assets and performance of handback procedures in accordance with the requirements of this Agreement, by signing an act of acceptance and transfer of such documents;

20.4.1.7 accept from the Private Partner (or ensure acceptance by another person) the Handback Assets according to the conclusion on the result of the appropriate Handback Condition Survey and in accordance with the provisions of this Agreement, by signing the Handback Act.

20.5 Signing of the Handback Act

20.5.1 In case of transfer of the Handback Assets in cases other than early Termination, the Handback Act shall be signed by the Private Partner and the Public Partner (or any person assigned by the Public Partner) not later than [two (2) months] after the date of receipt of the conclusion on the result of the third Handback Condition Survey in accordance with Clause **Error! Reference source not found.**

20.5.2 In case of transfer of the Handback Assets upon early Termination, the Handback Act shall be signed by the Private Partner and the Public Partner (or any person assigned by the Public Partner) not later than [one (1) month] after the date of receipt of the conclusion on

the result of the the Handback Condition Survey conducted in the case of early Termination in accordance with Clause **Error! Reference source not found.**

20.5.3 The transfer of the Handback Assets and the signing of the Handback Act shall be made at the time agreed in writing between the Private Partner and the Public Partner (or any person assigned by the Public Partner).

20.5.4 Should either Party unreasonably refuse to sign the Handback Act or withhold actual transfer of the Handback Assets, another Party may charge a penalty of [eight million one hundred sixteen thousand AMD] for each day of delay in signing.

Should the Public Partner unreasonably refuse to sign the Handback Act, the risk of accidental loss or damage to the Handback Assets shall be transferred to the Public Partner.

20.5.5 The Private Partner shall remove, no later than [ten (10) Business Days prior to signing of the Handback Act], any assets that are not taken over by or are not transferred to the Public Partner pursuant to the provisions of the Agreement.

21. INDEPENDENT EXPERT

21.1 The Parties shall jointly and upon mutual consent appoint a business entity (or consortium of business entities) engaged in the provision of services and performance of works required under this Agreement that has all the necessary permits for implementation of such activities in accordance with the Applicable Law, is able to provide a properly qualified and experienced staff and has the relevant international experience of at least [five (5) years] (the "**Independent Expert**").

21.2 An Independent Expert shall be appointed (or re-appointed) jointly by the Private Partner and the Public Partner (or any person assigned by the Public Partner) not later than the periods established by this Agreement for each specific case of appointment of an Independent Expert, or, in case of early Termination, [ten (10) Business Days] from the receipt of the Termination Notice by Private Partner or the Public Partner.

21.3 No later than [twenty two (22) Business Days from the commencement of the Transition Period], the Private Partner shall send to the Public Partner a written notification with the list of candidates for selecting the Independent Expert for the purposes of the Transition Period, containing at least five (5) companies.

21.4 Within ten (10) Business Days from the date of receiving the list, the Public Partner shall consider the candidates for the position of the Independent Expert received from the Private Partner and

21.4.1 select at least two (2) candidates for the position of an Independent Expert. In this case, the relevant list of candidates for the position of the Independent Expert indicated in the Private Partner's notification shall be deemed agreed, or

21.4.2 select at least two (2) candidates for the position of an Independent Expert and propose additional candidates to supplement the list, or

21.4.3 suggest its own list of at least five (5) of its alternate candidates, if there are substantiated objections to all or all except for one of the proposed candidates,

and shall notify the Private Partner about this.

- 21.5 If, within ten (10) Business Days from the date of receiving the notification with the candidates for the position of the Independent Expert, the Public Partner fails to send a notification in accordance with Clause 21.4 the Private Partner may independently select the candidate for the position of the Independent Expert from the list it submitted, and such candidate shall be deemed to have been approved by the Public Partner.
- 21.6 If the Public Partner has submitted to the Private Partner a notification in accordance with Clause 21.4.2, the Private Partner shall, within five (5) Business Days, consider additional candidates for the position of the Independent Expert it received and submit a written notification to the Public Partner about
- 21.6.1 approval of the list of candidates for the position of the Independent Expert which includes all candidates proposed by the Private Partner and approved by the Public Partner and at least one additional candidate proposed by the Public Partner. In this case, the relevant list of candidates for the position of the Independent Expert indicated in the Private Partner's notification is deemed to have been agreed, or
- 21.6.2 inability to approve the proposed additional candidates and the application of Clause 21.9.
- 21.7 If the Public Partner notified the Private Partner in accordance with Clause **Error! Reference source not found.**, the Private Partner shall, within five (5) Business Days, consider the additional candidates for the position of the Independent Expert it received and notify in writing the Public Partner about:
- 21.7.1 approval of the list of candidates for the position of the Independent Expert which includes at least two (2) alternate candidates proposed by the Public Partner. In this case, the relevant list of candidates for the position of the Independent Expert indicated in the Private Partner's notification is deemed to have been agreed, or
- 21.7.2 inability to approve the proposed alternative candidates and the application of Clause 21.9.
- 21.8 Upon approval of the list of candidates for the position of the Independent Expert, the selected candidates shall submit their fee proposals to the Private Partner and to the Public Partner. After evaluation of the proposals by the Private Partner and notification about such evaluation to the Public Partner, the candidate with the best fee offer shall be selected.
- 21.9 If the Parties have not agreed on the selection and appointment of an Independent Expert, the Private Partner or the Public Partner may, immediately upon failure to reach such an agreement, refer this matter to settlement through arbitration under Clause 26.3.
- 21.10 After selection of the candidate for the position of the Independent Expert, the Private Partner shall send to the Public Partner draft agreement with the Independent Expert, which should include the scope of key tasks and obligations of the Independent Expert, as well as the price, payment schedule for the provision of services, the requirements to safekeeping of all documents and reports received or prepared by the Independent Expert during performance of its obligations, and the liability for the breach of such requirements.
- 21.11 The Public Partner, within ten (10) Business Days from the receipt of the draft of the agreement with the Independent Expert, shall review it and may submit its substantiated comments on the draft for their implementation by the Private Partner.

- 21.12 Should the Public Partner fail to notify the Private Partner of its substantiated comments within ten (10) Business Days from the receipt of draft of the agreement with the Independent Expert, the agreement with the Independent Expert shall be deemed approved by the Public Partner.
- 21.13 After the approval of the draft of the agreement with the Independent Expert in accordance with Clauses 21.10-21.12, a trilateral agreement shall be executed between the Independent Expert, the Private Partner and the Public Partner. All the costs, fees, charges payable in favor of the Independent Expert shall be paid by the Private Partner on pre-payment terms.
- 21.14 Should the Private Partner violate its obligations in relation to selection of the Independent Expert and pre-payment of the Independent Expert's works and services, the Public Partner has the right to independently select and execute an agreement with the Independent Expert in accordance with the Applicable Law.
- 21.15 The Private Partner and the Public Partner shall require the Independent Expert to fulfill its obligations independently, in a reasonable manner, fairly and in a such a way as to effectively and quickly facilitate the fulfillment of its obligations.
- 21.16 All the explanations, provided by the Private Partner or the Public Partner to the Independent Expert shall be provided to the other Party. The Private Partner and the Public Partner has the right to attend all inspections and meetings with the participation of the Independent Expert.
- 21.17 The Private Partner shall authorize the Independent Expert to attend and shall provide with access to the Project Assets at any time during the Independent Expert's performance of its obligations. The Public Partner and the Private Partner may accompany the Independent Expert during its visits of the Project Assets.
- 21.18 The procedure for selection of an Independent Expert provided in this Section 21 shall apply to all cases of re-appointment and ad hoc selection of the Independent Expert that may be required under the Agreement.

22. INDEMNITIES

- 22.1 The Private Partner shall indemnify the Public Partner against any liabilities or claims arising from:
- 22.1.1 death or personal injury to any person; and/or
- 22.1.2 loss or damage of property (including property belonging to the Public Partner for which it is responsible);
- 22.1.3 which arose or may arise out of or in consequence of act, omission or negligence by the Private Partner in connection with the performance or evasion from performance of its obligations under this Agreement. To the extent that the Private Partner compensates the Public Partner losses arising out of the actions of a third party, the Public Partner concede the rights of receivables and transfers the right of claim to the third party in favor of the Private Partner.
- 22.2 If the Public Partner receives any notice, demand, letter or other document with any claim, under which compensation obligations, specified in this Clause of the Agreement, may arise for the Public Partner, the Public Partner shall immediately send written notice to the Private Partner with indication of substance of the claim and copies of the respective documents. Any additional

liability of the Private Partner which arises as a result of any unreasonable delay by the Public Partner in giving such notice to the Private Partner is hereby excluded from the scope of the Private Partner's indemnity in favor of the Public Partner.

23. CONFIDENTIALITY

23.1 The Public Partner is entitled to disclose the text of this Agreement by its disclosure (publication) in the public domain. The Parties shall comply with the confidentiality requirements during correspondence under this Agreement which contains commercial, confidential or any other information which reflects the Parties' intentions with respect to this Agreement, as well as any documents disclosed or provided to the other Party pursuant to this Agreement. This obligation shall not apply to the disclosure of information:

23.1.1 by one Party to its representatives, advisors or consultants and, on the part of the Private Partner, in its dealings with the lenders, contractors and subcontractors, whether potential or actual, provided that all such representatives, advisors, consultants, lenders, contractors and subcontractors are bound by equivalent confidentiality undertakings;

23.1.2 by one Party to its Affiliates provided that all such Affiliates are bound by equivalent confidentiality undertakings;

23.1.3 to such parties and in such extent as is necessary to discharge obligations under this agreement;

23.1.4 that is generally available to the public unless the initial public disclosure was made by such Party in breach of this Clause;

23.1.5 that is generally available to the public unless the initial public disclosure was made by such Party in breach of this Clause;

23.1.6 if and to the extent required by Applicable Law;

23.1.7 to comply with a court order or a regulatory order of an authorized public body; and

23.1.8 by Private Partner in extent of its obligations to report to the Government of Armenia, and any other public authority.

The present Clause survives Termination.

24. GOVERNING LAW

24.1 This Agreement shall be construed and interpreted in accordance with and governed by the laws of the Republic of Armenia.

25. FRAUD AND CORRUPTION

25.1 Neither the Private Partner nor any Affiliates, nor any shareholders of the Private Partner, nor any persons acting on their or their behalf, which are involved or may be involved in the Project or any contract for the implementation of this Agreement, has committed or engaged in commitment of any Sanctionable Practices.

25.2 The Private Partner and the shareholders of the Private Partner shall not engage in (and shall not authorize or permit any Affiliate or any other Person acting on its behalf to engage in) any Sanctionable Practices with respect to the Project or during performance of any transaction contemplated by this Agreement.

25.3 For the purposes of this Clause, the following terms shall have the following meaning:

"Sanctionable Practice" means any Corrupt Practice, Fraudulent Practice, Coercive Practice or Coercion as those terms are defined below;

"Corrupt Practice" – is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another Person;

"Fraudulent Practice " – is any omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a person to obtain a financial or other benefit or to avoid an obligation;

"Collusive Practice" – is an arrangement between two or more Persons designed to achieve an improper purpose, including to influence improperly the actions of another person; and

"Coercion" – is impairing or harming threatening to impair or harm directly or indirectly, any Person or the property of the Person to influence improperly the actions of such person.

26. DISPUTE RESOLUTION

26.1 Amicable Settlement

26.1.1 If any dispute, difference, controversy or claim of any kind arises or occurs between the Parties as to anything or any matter arising under, out of or in connection with this Agreement or otherwise in connection with the implementation of the Project (a **"Dispute"**), either Party shall notify the other Party in writing of the existence of such Dispute.

26.1.2 Within 44 (forty four) Business Days of sending the notification referred to in Clause 26.1.1, the Parties shall attempt in good faith to come to an agreement in relation to the disputed matter to resolve it. In attempting to resolve the Dispute in accordance with the provisions of this Clause, the Parties shall use reasonable endeavors to resolve such Dispute without delay by negotiations or any other informal procedure. Those attempts shall be conducted in good faith in an effort to resolve the dispute without necessity for arbitral proceedings.

26.1.3 If the Parties failed to resolve the Dispute within 44 (forty four) Business Days of referral to the Representatives with in accordance with Clause 26.1.2, then either Party may refer the Dispute to resolution in accordance with Clause 26.2 or 26.3.

26.2 Expert Assessment

26.2.1 The Private Partner and the Public Partner (or a person determined by the Public Partner) shall refer to an Independent Expert for resolution of Disputes on the following matters:

26.2.1.1 Disputes relating to securities provided under Section 9;

26.2.1.2 fulfilment of Investment Obligations;

26.2.1.3 Disputes relating to insurance provided under Section 11;

26.2.1.4 Disputes relating to payment operations between the Parties under this Agreement (including with respect to Volume Payments and Demand Guarantee Payments);

26.2.1.5 Disputes relating to reporting, control and monitoring activities under Section 13;

26.2.1.6 Disputes which the Parties have specifically agreed in writing to refer to the Independent Expert.

26.2.2 In case a Dispute has a mixed subject matter for the purposes of its resolution by the Independent Expert (i.e., a Dispute has contentious matters that fall within the competence of the Independent Expert and contentious matters that are out of such competence), such Dispute shall be settled under Clause 26.3.

26.2.3 It is strictly prohibited for an Independent Expert to have a conflict of interest with the Private Partner and/or the Public Partner (or the person determined by the Grantor) in resolution of any Dispute referred to such Independent Expert.

26.2.4 In case a Dispute is submitted to an Independent Expert:

26.2.4.1 within five (5) Business Days after the agreement with the Independent Expert has been signed, the Independent Expert shall require the Parties to submit in writing their respective arguments for justification of their position in a Dispute;

26.2.4.2 the Independent Expert shall act on an equitable basis and may act as an initiator of verification of facts relating to the resolution of the matter for determination in a Dispute;

26.2.4.3 the Independent Expert shall provide both Parties with its written substantiated decision on the Dispute within twenty two (22) Business Days of the signing of the agreement with the Independent Expert (or such other period as the Parties may agree after the signing of the agreement with the Independent Expert);

26.2.4.4 the decision of the Independent Expert in respect of the relevant Dispute shall be final and binding upon the Parties, unless either Party notifies the other Party in writing within five (5) Business Days after receiving the Independent Expert's decision on its intention to settle the Dispute in accordance with Clause 26.3, or, if such notification has been made, unless it applies to the arbitral tribunal for consideration of the relevant Dispute within twenty (20) Business Days after such notification.

26.2.5 All proceedings of Independent Expert's resolution of Disputes shall be confidential and all information, data or documentation disclosed or delivered by either Party to the Independent Expert in consequence of or in connection with such proceedings shall be treated as confidential.

Neither the Parties nor the Independent Expert shall, save as permitted by Section 23, disclose to any person any such information, data or documentation unless the Parties otherwise agree in writing, and all such information, data or documentation shall remain the

property of the Party disclosing or delivering the same and all copies shall be returned to such Party on completion of the Independent Expert's work on resolution of Disputes.

26.3 Arbitration

26.3.1 Dispute may be settled in accordance with this Clause 26.3, subject to the provisions of Clauses 26.1 and 26.2. If the Dispute is not subject for settlement by the Independent Expert, or if the Dispute is not settled by the Independent Expert in accordance with Clause 26.2, then if either Party wishes to submit the Dispute to arbitration, such Dispute should be considered in accordance the rules specified below.

26.3.2 Any Dispute that can be submitted to arbitration under Clause 26.3.1 of this Agreement shall be finally settled through arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce ("**Arbitration Rules**").

26.3.3 The place of arbitration shall be Stockholm city, Sweden.

26.3.4 The arbitral tribunal shall consist of 3 (three) arbitrators, the Public Partner and the Private Partner appoint one arbitrator each, and the one common arbitrator, who shall be chairman of the tribunal, appointed by agreement between the Parties. In case such agreement between the Public Partner and the Private Partner is absent, the third arbitrator shall be appointed in accordance with the Arbitration Rules. No arbitrator shall be a national of the jurisdiction of either the Public Partner or the Private Partner or a national of the jurisdiction of any shareholder or group of shareholders owning 10 (ten) percent or more in the share capital of the Private Partner, nor shall any arbitrator be an employee or agent or former employee or agent of any mentioned.

26.3.5 Unless otherwise agreed between the Public Partner or the Private Partner, the arbitration shall be conducted in English and all the documents submitted in connection with such proceeding shall be in English or accompanied by a certified English translation.

26.3.6 This Agreement and the rights and obligations of the Parties hereunder shall remain in full force and effect pending the award in the international arbitration proceedings which award, if appropriate, shall determine whether and when any Termination shall become effective. The arbitral award shall be final and binding upon the Parties.

26.4 Performance to Continue

26.4.1 No referral of any Dispute to any resolution process in terms of this Section 26 shall relieve either Party from its liability for the due and timely performance of its obligations under this Agreement.

27. MISCELLANEOUS

27.1 Assignments

27.1.1 Subject to Clause 27.2 and the provisions of the Direct Agreement, the Private Partner may not sell, encumber, assign or otherwise transfer its rights or obligations under or pursuant to this Agreement without the prior written consent of the Public Partner. Any actual or purported sale, encumbrance, assignment or other transfer actions by the Private Partner of any of its rights or obligations under or pursuant to this Agreement which do not comply

with this Clause 27.1.1 **Error! Reference source not found.** shall be null and void, and shall constitute a Private Partner Event of Default.

27.1.2 The Public Partner shall be entitled to transfer any of its rights and obligations under this Agreement to any Public Authority, or to restore itself in any rights and obligations under this Agreement which were transferred to any Public Authority.

27.2 Changes in Shareholding

27.2.1 The Private Partner hereby declares and confirms to the Public Partner that as at the Execution Date, the shareholding of the Private Partner is as represented in Annex 7 (*Private Partner's Shareholding Structure*) and the Winner holds one hundred percent (100%) of the shares in the capital structure of the Private Partner.

27.2.2 The following may be performed only subject to obtaining the Public Partner's prior written approval by the Private Partner during the Project Period:

27.2.2.1 any Change of Control over the Private Partner;

27.2.2.2 any Change of Control over the Winner;

27.2.2.3 any alienation of entire or part of the Equity in the Private Partner resulting in the Equity of the Private Partner's shareholder indicated in Annex 7 (*Private Partner's Shareholding Structure*) becoming less than 60 (sixty) percent, but in any case subject to compliance of the new composition of the Private Partner's shareholders with the financial criteria to the Applicants in the RFQ.

27.2.3 Performance of any actions specified in Clause 27.2.2 shall be prohibited from the Execution Date and within one (1) year from the Commencement Date ("**Lock-In Period**").

27.2.4 Any other alienation or transfer as collateral of Equity in the Private Partner, except for the case set out in Clause 27.2.2.3 can take place subject to sending prior written notification to the Public Partner which shall contain information set out in Clause 27.2.5 but in any case subject to compliance of the new composition of the Private Partner's shareholders with the financial criteria to the Applicants in the RFQ.

27.2.5 For the purpose of receiving the Public Partner's approval on actions specified in Clause 27.2.2, the Private Partner shall:

27.2.5.1 inform the Public Partner, at least three (3) months prior to such transfer, in writing of the precise identity of (i) the transferee and the grounds, the terms of alienation – in case of alienation of Equity, (ii) the amount of additional contributions of shareholders' and the amount of Private Partner's increased capital or the identity of a new shareholder, amount of its stake and amount of the increased capital – in case of an increase of capital of the Private Partner by additional contributions by the shareholders or the entry of a new shareholder, or (iii) other information concerning the procedure for changing the structure of the Private Partner's capital or changing the Equity in capital in case of another change in the capital of the Private Partner

27.2.5.2 if the Equity in the capital that is subject to alienation has been pledged, provide the Public Partner, at least one (1) month prior to such transfer, with a document duly signed by the Lenders in which they declare that they have no objection to such transfer and that such transfer will not result in Private Partner Event of Default under the Financing Documents; and

27.2.5.3 if the stake making no less than 40 (forty) percent in the Private Partner's capital is to be transferred, provide the Public Partner, at least three (3) months prior to such transfer, with financial statements of the potential transferee (or its Affiliates, if applicable).

27.2.6 Any transferee which validly acquired Equity in the capital of the Private Partner not lower than 40 (forty) percent or Control over the Private Partner under Clause 27.2.5 shall, at any time upon ceasing to comply with the above conditions, immediately re-transfer such Equity in entirety back to the Private Partner's shareholder(s) that transferred such Equity.

27.2.7 The shareholders may pledge their Equity in the Private Partner in favor of the Lenders as security for a Loan. In such a case the procedure of collection of the Equity shall be determined by the share pledge agreement and the Direct Agreement entered into with the Lenders.

27.2.8 All restrictions in this Clause 27.2 related to execution of actions, such as alienation, transfer, sale, pledging, change of share capital structure, Change of Control and any other alienation of Equity, including those not directly envisaged under this Agreement, apply to both actions as such and to execution of deeds (agreements) which may result in such actions, including those subject to the fulfillment of certain requirements and conditions in the future.

27.3 Change of Currency

27.3.1 Impact of Change of Currency on this Agreement

27.3.1.1 Without prejudice to provisions of Section 14, if the Applicable Law requires mandatory application of the Armenian Dram ("**National Currency**", AMD) to this Agreement, the Public Partner shall determine that the National Currency is the currency that is applicable to this Agreement, and after such a determination:

27.3.1.1.1 all the references to the Armenian Dram in this Agreement shall be references to the National Currency;

27.3.1.1.2 all obligations under this Agreement shall be converted or paid in the National Currency taking into account that any security which shall be provided by the Private Partner to the Public Partner under this Agreement and was previously provided by the relevant person at the date of respective determination of the National Currency shall not be covered by such definition until there is a need to its re-provision in accordance with the terms of this Agreement (in this case the security shall be expressed in National Currency) as well as taking into account that the Private Partner is entitled at any time after Change of Currency re-register any security earlier than it is provided in this Agreement (in this case the security shall be expressed in National Currency); and

27.3.1.1.3 the conversion of amounts in AMD to the amounts in the National Currency shall be made according to the official exchange rate established by the Central Bank of Republic of Armenia as of 12 (twelfth) hours of the day, when the Public Partner has made a relevant decision on the determination of the National Currency, or, in absence of information on the official exchange rate from the Central Bank of Republic of Armenia, in accordance with the official exchange rate, established by any other Public Authority and the corresponding amounts shall be rounded by the Public Partner to the nearest cent unit or equivalent unit of the National Currency.

27.4 Originals and Language

27.4.1 This Agreement is executed in four (4) original copies of equal force, two (2) in Armenian and two (2) in English, one (1) Armenian and one (1) English version for each Party.

27.4.2 In case of any discrepancies between the Armenian and English versions of the Agreement, the English text shall prevail.

27.5 Taxes and Duties

27.5.1 The Private Partner shall be solely responsible for the payment of, and undertakes that it will pay, if necessary, or ensure the payment of, all taxes accrued on the Private Partner and its employees in relation to the Services, or as otherwise may be accrued as a consequence of the performance by the Private Partner of its obligations.

27.5.2 The Public Partner shall not be liable to the Private Partner and Private Partner shall have no claim against the Public Partner in respect of any taxes paid by the Public Partner under this Agreement.

27.5.3 The Private Partner and the Public Partner (or other person assigned by the Public Partner), when making a payment under this Agreement to the other Party, shall withhold or deduct any tax when required to do by the Applicable Law. If any such withholding or deduction is required, the Private Partner or the Public Partner (or other person assigned by the Public Partner) that is liable for making the payment shall not be required to, when making the payment to which the withholding or deduction relates, pay to the other Party any additional amount in respect of such tax (including an amount as will ensure that such other person receives the same total amount that it would have received if no such withholding or deduction had been required).

27.5.4 The provisions of this Clause shall survive Termination.

27.6 Notices

27.6.1 Any notice, request, instruction or other communication to be given under this Agreement shall be in writing [in the Armenian and in the English language] and shall be delivered personally (by hand delivery) or sent by prepaid post with confirmation of delivery and marking "attention" of the person(s) designated below or to such other person(s) as the other Party shall by notice require to the following addresses:

If to the Public Partner:

Address:	<i>Click or tap here to enter text.</i>
To attention of:	<i>Click or tap here to enter text.</i>
E-mail:	<i>Click or tap here to enter text.</i>

If to the Private Partner:

Address:	<i>Click or tap here to enter text.</i>
To attention of:	<i>Click or tap here to enter text.</i>
E-mail:	<i>Click or tap here to enter text.</i>

27.7 Severability

27.7.1 If any term or provision of this Agreement is held invalid or unlawful or unenforceable by court or any other competent authority, the remaining provisions of this Agreement shall not be affected, and the Parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable.

27.8 Further Assurance

27.8.1 During the entire term of this Agreement the Parties shall:

27.8.1.1 do all such further acts; and

27.8.1.2 execute and deliver all such further instruments and documents,

as shall be reasonably convenient or necessary to perform, or further the objectives of, this Agreement or to facilitate any matter reasonably incidental thereto.

27.9 Entire Agreement

27.9.1 This Agreement represents the entire agreement entered into between the Parties in relation to the Project and supersedes any or all previous agreements or arrangements, whether oral or written, between the Parties in respect of the Project and/or in respect of the contents of this Agreement (including any dealings or exchanges of information in connection with the tendering of the Project, such as the request for expressions of interest and/or bids).

27.10 No Waiver

27.10.1 No provision of this Agreement or any right granted under this Agreement shall be deemed waived by either Party except when such waiver is expressly given in writing. No indulgence as to time or failure by either Party to insist upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights under this Agreement shall be

construed as a waiver of any such provisions or the relinquishment of any such rights for the future.

27.11 Set-off by the Public Partner

27.11.1 The Parties shall be entitled, under the Applicable Law, to set-off their due payments or any other amounts due under this Agreement, to be paid by one Party for the benefit of the other Party and to the contrary, as set-off of counter claims of the same kind, based on an arbitral award which has taken effect, unless the Agreement provides otherwise.

27.12 Duty to Mitigate

27.12.1 Each Party shall use its commercially reasonable efforts to mitigate any loss or damages for which it is entitled to indemnification pursuant to this Agreement. In the event that a Party fails to so mitigate an indemnifiable loss or damages, the other Party shall have no liability for any portion of such loss or damages that reasonably could have been avoided had the relevant Party made such efforts.

SIGNATURES

IN WITNESS OF WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective duly authorized representatives as of the date first written above.

Signed on [...], [...] 20[...], in [...] ([...]) original copies:

For the Ministry of Internal Affairs of the Republic of Armenia

[Full name]
[Position]

For the Private Partner

[Full name]
[Position]

ANNEX 1. TRANSFERRED ASSETS

[To be added based on final information from the public side]

1. Personalization Facility

[Details to be added]

Mandatory characteristics under [Req.9 of section 2.2.3 of Technical Requirements]:

- a) Sufficient space for the installation of equipment and performance of operations
- b) Electric wiring - armorer doors
- c) Window bars
- d) Continuous illumination
- e) Alarm system connected to the closest police station

2. Data Center

[Details to be added]

Mandatory characteristics under [Req.19 of section 2.2.4 of Technical Requirements]:

- a) Sufficient space for the installation of equipment and performance of operations
- b) Electric wiring - armorer doors
- c) Window bars
- d) Continuous illumination
- e) Alarm system connected to the closest police station

3. Disaster Recovery Site

[Details to be added]

Mandatory characteristics under [Req.19 of section 2.2.4 of Technical Requirements]:

- a) Sufficient space for the installation of equipment and performance of operations
- b) Electric wiring - armorer doors
- c) Window bars
- d) Continuous illumination
- e) Alarm system connected to the closest police station

ANNEX 2. PRICES FOR IDENTITY DOCUMENTS

[To be added from the Winner's Bid]

ANNEX 3. TECHNICAL REQUIREMENTS

[Incorporated by reference as the final version of Technical Requirements available at [link to be added]]

ANNEX 4. PROJECT RISKS

[Incorporated by reference as Annex XX of Draft PPP Project available at [link to be added]]

ANNEX 5. REQUIREMENTS FOR SECURITIES

The security shall constitute an independent, unconditional and irrevocable on-demand bank guarantee to be paid to the Public Partner on its first demand. The security shall be provided in the form of a letter of guarantee and an appropriate Operational Security agreement and a Handback Security agreement. The security shall contain:

- 1) full name and registration details of the bank;
- 2) the security amount determined in the relevant part of this Annex 5 (*Requirements for Securities*), taking into account the requirements of Section **Error! Reference source not found.** of the Agreement;
- 3) the bank's obligation to pay the security amount on demand and in favor of the Public Partner;
- 4) a confirmation from the bank that such bank is a Reliable Bank in accordance with Annex 6 (**Error! Reference source not found.**). Alternatively, the Private Partner may provide other documents confirming that the issuing bank is a Reliable Bank;
- 5) the validity term of the security in accordance with Section **Error! Reference source not found.** of the Agreement;
- 6) the issuance date of the security, full name and signature of the authorized person of the bank.

Sample forms of bank guarantee letters are given below. These sample forms are not obligatory and can be used as indicative templates for issuing a bank guarantee letter as part of the relevant security. The letter of bank guarantee shall include other clauses, which are obligatory for its validity under the law applicable to the bank guarantee. Operational Security and Handback Security shall in any event comply with the Security Forms Requirements set forth in this Annex 5 (*Requirements for Securities*) above, subject to the requirements of Section **Error! Reference source not found.** of the Agreement.

PART 1 Sample Operation Security Form

[LETTERHEAD]

Letter of Guarantee

Date _____

The Ministry of Internal Affairs of the Republic of Armenia (the "**Public Partner**") and [insert name] (the "**Private Partner**") according to the results of the PPP tender for implementing PPP project relating to the issuance and distribution of identity documents and operation and servicing of the facilities involved in the ID documents provision (the "**Project**") have entered into a PPP Agreement dated [insert date] (the "**Agreement**").

Clause **Error! Reference source not found.** of the Agreement requires the Private Partner to furnish, no later than on the CPs Completion Date, an unconditional and irrevocable on-demand bank guarantee from a Reliable Bank in the amount of AMD [insert the amount] (the "**Guaranteed Amount**") as security for due and faithful performance of its obligations during the Project Period in accordance with the Agreement.

In connection with the above, we, [name of Bank], a legal entity under the law of [name of country], having our registered office at [address], [insert other relevant registration details, if necessary] (the "**Bank**"), hereby unconditionally and irrevocably undertake to pay on request of the Ministry of Internal Affairs of the Republic of Armenia (the "**Public Partner**") the amount of AMD [insert the amount] (the "**Operation Security**"), in accordance with the following terms:

- 1) We confirm that our bank is a Reliable Bank in accordance with the Agreement.
- 2) We shall pay the Public Partner during 15 (fifteen) days upon receiving official written demand and irrespective of any objection by the Private Partner or any other party such amount or amounts of Operation Security (its part) as the Public Partner may demand not exceeding in the aggregate the above mentioned amount of Operation Security by transfer to the Public Partner's account at the [details on the account].
- 3) All payments made based on the Public Partner's demand shall be free and clear of, and without any present or future deduction for payment of any tax, fees or deductions of any nature.
- 4) The undertakings contained in this Operation Security constitute direct and fundamental obligations of the Bank and are unconditional and irrevocable. We shall not be excused from any or all of these obligations for any reason or reasons of whatever nature or source or any omission, act or proceeding by the Public Partner or by a third party which would discharge us from the obligations stated in this Operation Security.

- 5) This Operation Security will remain in full force starting from the date of its provision until the date of handback of the Handback Object or until the Agreement is terminated for any reason other than the occurrence of a Private Partner Event of Default (the "**Expiration Date**").
- 6) This Operation Security shall be governed by and construed in accordance with the laws of Republic of Armenia and any dispute with respect to this guarantee shall be held and finally settled by competent authorities of Republic of Armenia and in accordance with the legislation of Republic of Armenia.

Calculation of the amount of the Operation Security for each following after the second Operation Year shall be performed in accordance with the terms and conditions defined in the bank guarantee and PPP Agreement. A copy of the bank guarantee (the Operation Security Agreement) shall be added.

Sincerely

[signature]

[name, position of authorized person]

PART 2 Sample Handback Security Form

[LETTERHEAD]

Letter of Guarantee

Date _____

The Ministry of Internal Affairs of the Republic of Armenia (the "**Public Partner**") and [insert name] (the "**Private Partner**") according to the results of the PPP tender for implementing PPP project relating to the issuance and distribution of identity documents and operation and servicing of the facilities involved in the ID documents provision (the "**Project**") have entered into a PPP Agreement dated [insert date] (the "**Agreement**").

Clause **Error! Reference source not found.** of the Agreement requires the Private Partner to furnish an unconditional and irrevocable on-demand bank guarantee from a Reliable Bank in the amount of AMD stated in the Independent Expert's report (the "**Guaranteed Amount**") as security for due and faithful performance of its handback obligations in accordance with the Agreement.

In connection with the above, we, [name of Bank], a legal entity under the law of [name of country], having our registered office at [address], [insert other relevant registration details, if necessary] (the "**Bank**"), hereby unconditionally and irrevocably undertake to pay on request of the Ministry of Internal Affairs of the Republic of Armenia (the "**Public Partner**") the amount of AMD stated in the Independent Expert's report (the "**Handback Security**"), in accordance with the following terms:

- 1) We confirm that our bank is a Reliable Bank in accordance with the Agreement.
- 2) We shall pay the Public Partner during 15 (fifteen) days upon receiving official written demand and irrespective of any objection by the Private Partner or any other party such amount or amounts of Handback Security (its part) as the Public Partner may demand not exceeding in the aggregate the above mentioned amount of Handback Security by transfer to the Public Partner's account at the [details on the account].
- 3) All payments made based on the Public Partner's demand shall be free and clear of, and without any present or future deduction for payment of any tax, fees or deductions of any nature.
- 4) The undertakings contained in this Handback Security constitute direct and fundamental obligations of the Bank and are unconditional and irrevocable. We shall not be excused from any or all of these obligations for any reason or reasons of whatever nature or source or any omission, act or proceeding by the Public Partner or by a third party which would discharge us from the obligations stated in this Handback Security.
- 5) This Handback Security will remain in full force starting from the date of its provision until the expiration of 30 (thirty) days since the Handback Act is signed (the "**Expiration Date**").

- 6) This Handback Security shall be governed by and construed in accordance with the laws of Republic of Armenia and any dispute with respect to this guarantee shall be held and finally settled by competent authorities of Republic of Armenia and in accordance with the legislation of Republic of Armenia.

A copy of the bank guarantee (the Handback Security Agreement) shall be added.

Sincerely

[signature]

[name, position of authorized person]

ANNEX 6. REQUIREMENTS TO RELIABLE BANKS

For the purposes of this Agreement, Reliable Bank shall be:

- any resident bank that complies with one of the following requirements:
 - i. the bank is a member of a foreign banking group, or
 - ii. the bank has a rating of not lower than the sovereign rating (-) one notch of the Republic of Armenia at the moment of the Signing of the present Agreement; and
- any non-resident bank that has a rating not lower than A- (according to the Standard and Poor's or Fitch ratings) or A3 (according to the Moody's rating).

Any of the following shall not qualify as Reliable Bank:

- a) any bank that is subject to (or any persons having Control over the bank which are subject to) the restrictions provided in paragraph 47 of the PPP Procedure;
- b) any bank that is subject to (or any persons having Control over the bank which are subject to) sanctions in accordance with Applicable Law or international law;
- c) any resident bank that violated the requirements set by the Central Bank of Armenia regarding the capital adequacy ratio during the previous 12 months.

ANNEX 7. PRIVATE PARTNER'S SHAREHOLDING STRUCTURE

Name of the shareholder	Share (in % / share in AMD in the authorized capital (for the Private Partner only)	Name of the entity

ANNEX 8. PROCEDURE FOR CALCULATING TERMINATION COMPENSATION

The Public Partner shall pay the Private Partner Termination Compensation according to Section **Error! Reference source not found.** of the Agreement, which shall be calculated as follows:

$$\begin{aligned} & \text{Amount of the Termination Compensation} \\ & = \\ & \text{Initial Value} + \text{Additional Costs} + \text{Compensated Equity} - \text{Specific Deductions} - \text{Public Partner} \\ & \quad \text{Dues,} \\ & \text{but in any case not less than 0} \end{aligned}$$

Where:

“Initial Value”, “Additional Costs”, “Compensated Equity” and “Specific Deductions” are calculated depending on the circumstances of Termination as set forth in the table below:

Circumstances of Termination	Initial Value	Additional Costs	Compensated Equity	Specific Deductions
<p>Termination due to Force Majeure in accordance with Clause Error! Reference source not found.</p> <p>or</p> <p>By written agreement of the Parties in accordance with Clause Error! Reference source not found.</p>	Compensated debt	Expenses related to early repayment	<p>50% x (Fixed Adjusted Net Equity (an adjustment factor in the amount of the Short-Term Treasury Securities of the Republic of Armenia discount rate plus 6% per annum is applied),</p> <p>-</p> <p>Public Partner Break Costs</p> <p>-</p> <p>Public Partner Dues),</p> <p>but in any case not less than 0</p>	<p>Insurance amount</p> <p>+</p> <p>Value of Non-Compliant / Unnecessary Assets</p>
<p>Termination due to Private Partner Event of Default in accordance with Clause Error! Reference source not found.</p>	Compensated debt	Expenses related to repayment	<p>(Fixed Adjusted Net Equity (an adjustment factor in the amount of the Short-Term Treasury Securities of the Republic of Armenia discount rate plus 6% per annum is applied)</p> <p>-</p> <p>Public Partner Break Costs</p> <p>-</p> <p>Public Partner Dues),</p> <p>but in any case no more than 0</p>	<p>Insurance amount</p> <p>+</p> <p>Value of Non-Compliant / Unnecessary Assets</p>

Circumstances of Termination	Initial Value	Additional Costs	Compensated Equity	Specific Deductions
<p>Termination further to Public Partner Event of Default pursuant to Clause Error! Reference source not found.</p> <p>or</p> <p>Termination by the Public Partner for public policy reasons pursuant to Clause Error! Reference source not found.</p> <p>or</p> <p>Termination by the Private Partner for Political Force Majeure pursuant to Clause Error! Reference source not found.</p>	Compensated debt	Expenses related to repayment	<p>(Fixed Adjusted Net Equity (an adjustment factor in the amount of the Short-Term Treasury Securities of the Republic of Armenia discount rate plus 6% per annum is applied)</p> <p>-</p> <p>Public Partner Break Costs),</p> <p>but in any case not less than 0</p>	<p>Insurance amount</p> <p>+</p> <p>Value of Non-Compliant / Unnecessary Assets</p>

For the purposes of the table above:

“Compensated debt” means an amount equal to the debt of the Private Partner outstanding to the Lenders under the Financing Documents (including accrued interest), from which the following shall be subtracted:

- a) any amount by which the Private Partner exceeds the debt-to-equity ratio (as defined under the Financing Documents) at the date of Termination;
- b) Net Working Capital – difference between current assets (including stocks, cash, their equivalents and securities, receivables) and current liabilities (including payables, short-term loans, current guarantees), but in any case, not less than 0; and
- c) any amounts which were unreasonable transferred by the Private Partner to any third party; and
- d) any Expenses related to early repayment.

“Expenses related to early repayment” means any costs incurred by the Lenders in accordance with the Financial Documents relating to (i) early closing of the hedge (except hedging of currencies) and (ii) early repayment arising as a result of the Termination of this Agreement in the amount not exceeding five percent (5%) of the Compensated debt.

"Public Partner Dues" - means any amount due (penalties, fines, compensations), indemnity and any other monetary liability paid by the Private Partner in favor of the Public Partner according to this Agreement.

“Fixed Adjusted Net Equity” is calculated as follows:

$$\begin{aligned} \text{Fixed Adjusted Net Equity} = \\ = \sum_{i=1}^n [\text{Net Equity Contribution}_i \times \prod_{j=i+1}^n (1 + r_j)], \end{aligned}$$

where:

i = sequence number of a 6-month period;

n = the number of 6-month periods (each one a **“Period”**) from Commencement Date through to the date of Termination, provided that the last period might be less than 6 months;

j = sequence number of the 6-month period;

r_j = the appropriate adjustment rate as shown in the above table, calculated as (average Short-Term Treasury securities of Armenia discount rate during the relevant 6-month period + 6% per annum) / 2, except for the adjustment coefficient for the last term n, calculated as:

r_n = as (average discount rate of short-term treasury securities of Armenia during the 6-month period + 6% per annum) x (d/365),

where d – number of days in the last period j .

“**Net Equity Contribution_{*i*}**” = Equity Contribution_{*i*} – Equity Distribution_{*i*};

“**Equity Contribution_{*i*}**” means any equity contribution by the Private Partner’s shareholder or any financial assistance, loan or contribution through any debt instrument from the Private Partner’s shareholder within a 6-month period i ;

“**Equity Distribution_{*i*}**” means, within any period i , any Equity Contribution or its part, that has been repaid or paid, fully or partially, to the shareholder(s) of the Private Partner in any way including: (i) any dividends or other payments paid by the Private Partner to its shareholder(s) for any Equity Contribution, (ii) any amount paid by the Private Partner to the shareholder(s) as interest, remuneration, or bonus for any Equity Contribution, (iii) any amount paid by the Private Partner to its shareholder(s) as interest, principal amount or accrued income, or any other payment under financial assistance, loan or other debt instrument, and (iv) any amount paid by the Private Partner to its shareholder(s), including for goods or services sold or provided by the Private Partner’s shareholder(s) to the Private Partner or for its benefit based on contract or lease.

“**Public Partner Break Costs**” means the breakage costs or penalties incurred by the Public Partner in relation to the Termination of this Agreement;

“**Insurance Amount**” means the sum of:

- a) any insurance indemnities paid or payable in connection with any insurance provided by the Private Partner in accordance with this Agreement, except in cases where the amount of such compensation was paid to the Public Partner, but not transferred to the Private Partner, in accordance with Section **Error! Reference source not found.**; and
- b) any insurance amount that would have been payable to the Private Partner had the Private Partner procured or maintained the relevant insurance in accordance with Section **Error! Reference source not found.**, but failed to do so.

“**Value of Non-Compliant/Unnecessary Assets**” means the sum of the following positive values:

- a) for movable assets recognized by the Public Partner at its discretion as unnecessary in accordance with Clause **Error! Reference source not found.** – the market value of such assets, determined based on the independent valuation procedure;
- b) for movable assets, with respect to which the Public Partner has proved that they are not related to the Project activity in the course of the arbitration under Clause **Error! Reference source not found.**, - capital expenditures (investments) on such assets, adjusted for the relevant adjustment factor determined in accordance with the methodology for Fixed Adjusted Net Equity. In this case, the Public Partner shall be responsible for justifying and proving that such assets are not related to the Project activity.

ANNEX 9. DEFINITIONS AND INTERPRETATION

A. DEFINITIONS

In this Agreement, unless the context otherwise requires, the following capitalized terms, expressions and abbreviations shall have the following meaning:

Adjusted Prices	means prices to be paid to the Private Partner per each Identity Document during the current Operational Year above the estimated volumes set in Annex 3 to of the Technical Requirements.
Affected Party	has the meaning given in Clause Error! Reference source not found..
Affiliate	means a person which directly or indirectly, through one or more intermediaries, is Controlled by, Controls, or is under common Control with, another person.
Agreement	means this PPP agreement for the Project executed between the Parties, including its preamble and all of its annexes (which shall form an integral of this Agreement).
Applicable Law	means the law of Armenia, including the Constitution of Armenia, laws, decrees, decisions or regulations and other forms of primary and secondary legislation which are in force in Armenia, including international treaties.
Applicant	has the meaning given in the Instructions for Candidates.
Arbitration Rules	has the meaning given in Clause Error! Reference source not found..
Armenia	means the Republic of Armenia.
Base Prices	means prices to be paid per each Identity Document to the Private Partner during the current Operational Year until the estimated volumes set in Annex 3 of the Technical Requirements are reached.
Bid	means the set of documents submitted by the Winner in accordance with the RFP.
Bid Security	means the bank guarantee provided by the Winner to the Public Partner in accordance with the RFP.
Business Day	means a day when banks are open for business in Armenia and which is not a Saturday or Sunday, a public holiday or a non-business day under the Applicable Law.
Change of Control	means any action resulting in one person losing and/or another person, who is not the alienator's Affiliate, directly or indirectly gaining Control, including by execution of deeds that may result in Change of Control.
Change of Currency	has the meaning given in Clause Error! Reference source not found..
Closing	means the activities specified in Clause Error! Reference source not found. , which the Parties should complete during the Closing Period.
Closing Date	has the meaning given in Clause Error! Reference source not found..
Closing Period	means the period for completion of Closing set in Clause Error! Reference source not found..

Commencement Date	means the date following the Closing Date.
Compensated Debt	has the meaning given in Annex 8 (Error! Reference source not found.).
Conditions Precedent (CPs)	has the meaning given in Clause Error! Reference source not found.
Contractor	has the meaning given in Clause 10.5.6.
Control	means decisive influence on business activities of a business entity or its part that is exercised by one or several related legal entities and/or individuals directly or through other persons, in particular by: the right to own or use all the assets or their considerable part; the right ensuring a decisive impact on determining the composition, voting results, and decisions of the business entity's governing bodies; the execution of such agreements and contracts that make it possible to define the conditions of business activities, give binding instructions or perform functions of the business entity's governing body; occupying the position of a head or a deputy head of the supervisory board, the board of directors or other supervisory or executive body of a business entity by a person that occupies one or several of the aforementioned positions at other business entities; occupying more than half of the positions of members of the supervisory board, the board of directors, other supervisory or executive bodies of a business entity by persons that occupy one or several of the aforementioned positions at another business entity. For the purposes of this definition of "Control": legal entities and/or individuals that jointly or concertedly perform business activities, including those that jointly or concertedly influence business activities of a business entity, shall be considered as related. The related individuals include, inter alia, spouses, parents and children, brothers and/or sisters. The term "to Control" shall be construed accordingly.
CPs Completion Date	has the meaning given in Clause Error! Reference source not found.
Data Room	means the special web resource established by the Public Partner and containing the Project-related information in electronic form designated for the participants of the Selection Procedure.
Design Documentation	has the meaning given in Clause Error! Reference source not found. Error! Reference source not found.
Direct Agreement	has the meaning given in Clause Error! Reference source not found.
Disclosed Information	has the meaning given in Clause Error! Reference source not found.
Dispute	has the meaning given in Clause Error! Reference source not found.
Equity	means part of capital (including shares in capital, shares in cooperatives and farm businesses, property shares, etc.) and/or participation right in the higher governing body and/or right to receive part of income (dividends) and assets in case of liquidation of legal entity attributable to a shareholder in respect of its investment in the Private Partner, including any amount due under any loan from a shareholder to the legal entity but excluding any amount due under any other loan from the legal entity to a shareholder.

Execution Date	means the date on which this Agreement was executed and signed by the Parties.
Financial Close	means the date on which, to the extent sufficient for the purposes of financing the Investment Obligations, any activity indicated in Clause Error! Reference source not found. is completed.
Financing Documents	means, collectively, the documents executed in favour of or entered into with the Lenders (who are not Private Partner's shareholders or Affiliates), by the Private Partner in respect of the Loan (including refinancing) and includes any document providing security for the Loan (including refinancing).
Force Majeure Event	has the meaning given in Clause Error! Reference source not found.
Handback Act	has the meaning given in Clause Error! Reference source not found.
Handback Assets	has the meaning given in Clause Error! Reference source not found.
Handback Condition Survey	means the stock-taking and condition survey of the Handback Assets conducted by the Independent Expert for transferring the Handback Assets to the Public Partner.
Handback Date	means the later of the following dates: (i) the date determined in the first Handback Condition Survey at Termination as the next day after the planned signing of the Handback Act, or (ii) the next day after the actual signing of the Handback Act.
Handback Security	has the meaning given in Clause Error! Reference source not found.
Independent Expert	has the meaning given in Clause Error! Reference source not found.
Investment Obligations	has the meaning given in Clause Error! Reference source not found.
Investment Obligations Completion Act	has the meaning given in Clause Error! Reference source not found.
Investment Obligations Completion Period	has the meaning given in Clause Error! Reference source not found.
Lead Shareholder	means the Winner/the person identified as the Lead Shareholder in Annex 7 (<i>Private Partner's Shareholding Structure</i>).
Lender	means any person that provides a Loan under the Financing Documents and has executed a Direct Agreement, except for Private Partner's shareholders and Affiliates.
Liquidated Damages	means a penalty payable by the Private Partner to the Public Partner in case of breach of obligations under the Agreement.
Loan	means all types of loan financing, including loans, advances, lease assistance and guarantees required for the Project (but excluding equity and financial assistance from any Private Partner's shareholder or Affiliate).
Lock-In Period	has the meaning given in Clause Error! Reference source not found.
National Currency	means Armenian Dram (AMD) or another lawful currency of Armenia.
Notice of Default	means a notice that may be served by either Party in accordance with the terms of this Agreement notifying to the other Party the occurrence of the Private Partner/Public Partner Event of Default (as the case may be) and specifying (i) the details of such Private Partner/Public Partner

	Event of Default and (ii) the period of time during which such Private Partner/Public Partner Event of Default may be cured or remedied.
Operational Date	means the date following the date of signing of the Investment Obligations Completion Act.
Operational Year	means each successive period of three hundred sixty five (365) days, or three hundred sixty six (366) days in the case of a leap year, the first such period beginning on the Operational Date.
Operation Security	has the meaning given in Clause Error! Reference source not found..
Permits	means all permit documents and licenses, authorizations and approvals that must be obtained from any Public Authority in order for the Private Partner to perform Investment Obligations, conduct Services/Operations and otherwise to perform its obligations under this Agreement.
Political Force Majeure Event	has the meaning given in Clause Error! Reference source not found..
Political Force Majeure Event Notice	has the meaning given in Clause Error! Reference source not found..
Private Partner	has the meaning given in the description of the Parties on page 2 of this Agreement.
Private Partner Event of Default	has the meaning given in Clause Error! Reference source not found..
Project	means public-private partnership project for the issuance and distribution of identity documents and operation and servicing of the facilities involved in the ID documents provision in Armenia.
Project Assets	has the meaning given in Clause Error! Reference source not found..
Project Period	has the meaning given in Clause Error! Reference source not found..
Public Authority	means any state or municipal authority, judicial authority or any other authority having jurisdiction over the Public Partner, the Private Partner, the Project Assets, Services/Operations or any part thereof.
Public Partner	has the meaning given in the description of the Parties on page 2 of this Agreement.
Public Partner Event of Default	has the meaning given in Clause Error! Reference source not found..
Public Partner's Step-in Right	has the meaning given in Section Error! Reference source not found..
Reliable Bank	means a bank that meets the requirements of Annex 6 (Error! Reference source not found.).
Step-in Right	means the right of the Lenders or the Public Partner to take remedial action in relation to the Project and transfer the Private Partner's rights under this Agreement to a person or persons designated by the Lenders or the Public Partner exercised to the extent and in accordance with the procedure set out in the Direct Agreement.
Technical Requirements	means the document incorporated by reference to this Agreement and constituting its integral part as Annex 3 (Error! Reference source not found.).
Tender Documentation	has the meaning given in the recitals on page 2 of this Agreement.

Tender Security	means the bank guarantee provided by the Winner to the Public Partner in accordance with the RFP.
Termination	means the termination of this Agreement, whether by expiry of the Project Period or early termination.
Termination Compensation	means the compensation paid by the Public Partner to the Private Partner due to early Termination in accordance with Section Error! Reference source not found.
Termination Compensation Due Date	has the meaning given in Clause Error! Reference source not found.
Termination Notice	means the notice of early Termination which the Parties may serve in accordance with Section Error! Reference source not found.
Transferred Assets	means assets that are listed in Annex 1 (Error! Reference source not found.) and should be transferred to the Private Partner at Closing.
Transition Period	means the period that begins on the next day after the Execution Date and ends on the Closing Date, or on the Termination date in the case of early Termination of the Agreement.
Winner	has the meaning given in the recitals on page 3 of this Agreement.

B. INTERPRETATION

In this Agreement, unless the context otherwise requires:

- a) words of any gender include each other gender;
- b) the definitions in part 1 of Annex 9 (**Error! Reference source not found.**) shall apply to all forms of the defined terms, including the singular and plural;
- c) the terms "hereof", "herein", "hereby", "hereto" and similar words refer to this entire Agreement and not to any particular Clause, Section or Annex or any other subdivision of this Agreement;
- d) references to "Annexes" shall be references to Annexes to this Agreement. References to "Sections", "Clauses" and other subdivisions are references to Sections, Clauses and other subdivisions of this Agreement unless otherwise agreed by the Parties;
- e) references to any enactment include any amendment to or re-enactment of that enactment and any rules or regulations made pursuant to that enactment; and reference to a law means reference to such law as may be amended or re-enacted;
- f) the words "include" or "including" shall be deemed to be followed by "without limitation" or "but not limited to" whether or not they are followed by such phrases or words of like import;
- g) references to "this Agreement" or to any other agreement or document shall be construed as a reference to such agreement or document as amended, modified or supplemented and in effect from time to time and shall include a reference to any document which amends, modifies or supplements it, or is entered into, made or given pursuant to or in accordance with its terms;
- h) whenever this Agreement refers to a number of "days", such number shall refer to calendar days; any reference to a "month" or a "year" shall be construed as a reference to a calendar month or year calculated according to the Gregorian calendar;

- i) references to materials, information or data refer to materials, information or data presented, stored or provided in any manner (verbally, in writing, in physical storage media, or in electronic form);
- j) any definitions and abbreviations used specifically in Annexes have the meanings given to them in the respective Annex, as the case may be;
- k) if there is any discrepancy between any definitions and abbreviations set forth in Annex 9 (**Error! Reference source not found.**) and any provision, capitalized words and expressions, definitions and abbreviations set forth in any other subdivision or Annex of this Agreement, the meaning set forth in Annex 9 (**Error! Reference source not found.**) shall take precedence over the meaning set forth in any other subdivision or Annex of this Agreement unless the context of this Agreement otherwise requires;
- l) in case of any discrepancy between any value written in numerals and that in words, the latter shall prevail, unless the context explicitly provides otherwise;
- m) if the provisions of this Agreement are internally conflicting or if they conflict with any Annex thereto, the more onerous obligation or highest standard shall govern or prevail to the extent of the conflict;
- n) references to "Parties" shall include references to their lawful successors;
- o) the headings of Sections, Clauses and other subdivisions of this Agreement, as well as the table of contents, are provided for convenience and reference purposes only and shall not in any way affect the interpretation of the Agreement;
- p) any reference to "AMD" or "Armenian Dram" is a reference to the lawful currency of Armenia. References to "\$", "USD" or "dollar" are to the lawful currency of the United States of America. References to "€", "EUR" or "euro" are to the lawful currency, as at the Execution Date of this Agreement, of the member states of the European Union who have adopted and retain the euro as their lawful currency in accordance with the legislation of the European Union and for the avoidance of doubt this definition shall not extend to any new currency of any member state which ceases to use the euro as its only lawful currency;
- q) any reference to any period commencing "from" a specified day or date and "till" or "until" a specified day or date shall include both such days or dates, unless otherwise is explicitly stated in the relevant provision;
- r) any breach of obligations and any adverse impact under this Agreement shall be deemed "material" if the aggrieved Party has suffered damages or adverse impact exceeding the amount in AMD equivalent of one million dollars (USD 1,000,000) in accordance with the official AMD-USD exchange rate established by the Central Bank of Armenia as of the last day of the preceding quarter, or if such a breach otherwise results in the material effect on the lawful rights and interests of the aggrieved Party stipulated in this Agreement and/or the Applicable Law;
- s) any breach of obligations under this Agreement shall be deemed "systematic" if such breach occurs two (2) or more times in a row;
- t) all measurements and calculations shall be in metric system and calculations done to two (2) decimal places. Rounding shall be carried out according to mathematical rounding rules.

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