

CONFORMED COPY

LOAN NUMBER 4876 BY

Loan Agreement

(Additional Loan for Social Infrastructure Retrofitting Project)

between

REPUBLIC OF BELARUS

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated January 16, 2008

LOAN NUMBER 4876 BY

LOAN AGREEMENT

Agreement dated January 16, 2008, between REPUBLIC OF BELARUS (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing additional financing for activities related to the Social Infrastructure Development Project (the “Original Project”).

ARTICLE I - GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions, in the Appendix to this Agreement or in the Original Loan Agreement, provided that these terms are not defined in the General Conditions or in the Appendix to this Agreement.

ARTICLE II - FINANCING

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of fifteen million United States Dollars (US\$15,000,000) (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Variable Spread. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.
- 2.05. The Payment Dates are May 15 and November 15 in each year.

- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III - PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV - EFFECTIVENESS; TERMINATION

- 4.01 The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.

ARTICLE V - REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower's Representative is the First Deputy Prime Minister.
- 5.02. The Borrower's Address is:

First Deputy Prime Minister
Council of Ministers
House of Government
Minsk, 220010
11 Sovetskaya Street
Republic of Belarus

Facsimile:

375 17 2226665

- 5.03. The Bank's Address is:

International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Telex:

Facsimile:

INTBAFRAD

248423(MCI) or

1-202-477-6391

Washington, D.C. 64145(MCI)

AGREED at Minsk, Republic of Belarus, as of the day and year first above written.

REPUBLIC OF BELARUS

By: /s/ Valeri Nikolayevich Koreshkov

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By: /s/ Craig Bell

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to improve the functional and health environments of social sector facilities (schools, hospitals, kindergartens and retirement houses, etc.) with particular emphasis on reducing energy consumption.

The Project consists of all parts of the Original Project.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. DEE of the State Committee on Standardization of the Borrower is responsible for the overall oversight of the Project

The Borrower, through the DEE, with the assistance of the PMU, shall oversee the overall Project implementation and management with due diligence and efficiency.

2. PMU is responsible for the overall day-to-day implementation and management of the Project

The PMU, the Investment and Consultative Unitary Enterprise “Belinvestenergoberezhnie”, shall be responsible for the day-to-day management of the Project, including consolidated financial and procurement management and other Project-related tasks.

3. Operations Manual

The Borrower, through the DEE, shall cause the PMU to take actions required to ensure that the Operations Manual is applied and followed at all times in the implementation, monitoring and evaluation of the Project.

4. Environmental Management Plan

The Borrower, through the DEE, shall take measures necessary to ensure that the Project is carried out in accordance with the provisions of the Environmental Management Plan.

B. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General

Conditions and on the basis of indicators agreed with the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.

2. For purposes of Section 5.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than six (6) months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank as part of the Project Report not later than forty-five (45) days after the end of each six (6) month period, interim unaudited financial reports for the Project covering the six (6) month period, starting with the six (6) month period, in which the disbursements occur, in form and substance satisfactory to the Bank.

3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method	
(a)	National Competitive Bidding, subject to the provisions set forth in this Section
(b)	Shopping

National Competitive Bidding. Works estimated to cost less than \$1,000,000 equivalent and goods estimated to cost less than \$200,000 per contract may be procured under contracts awarded in accordance with the provisions of paragraph 3.3 and 3.4 of the Procurement Guidelines.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method	
(a)	Least-Cost Selection
(b)	Selection Based on Consultant's Qualifications
(c)	Single-source Selection
(d)	Individual Consultants

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior/Post Review.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed
(1) Goods, Works and Consultants' Services for the Project	14,962,500	100%
(2) Front-end Fee	37,500	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 3.01 of the General Conditions
TOTAL AMOUNT	<u>15,000,000</u>	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is December 31, 2010.

SCHEDULE 3

Amortization Schedule

<u>Principal Payment Date</u>	<u>Principal Amount of the Loan Payable (Expressed in Dollars[*])</u>
On each May 15 and November 15 beginning May 15, 2013 through November 15, 2024	625,000

* The figures in this column represent the amount in Dollars to be repaid, except as provided in Section 3.08 of the General Conditions.

APPENDIX

Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
4. “DEE” means the Department of Energy Efficiency in the Borrower’s State Standardization Committee responsible for carrying out state policies for energy savings and executing state supervision over the rational use of fuel and heat and electric energy in accordance with a Decree of the President of the Borrower No. 289, dated May 5, 2006 and a Resolution No. 981, dated July 31, 2006 of the Council of Ministers of the Borrower.
5. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through October 17, 2007).
6. “PMU” means the “Investment and Consultative Unitary Enterprise”, also known as “Belinvestenergosberezhenie”, established in accordance with a Regulation No. 1311, dated October 3, 1997 and a Resolution No. 981, dated July 31, 2006 of the Council of Ministers of the Borrower, which is responsible for the overall implementation and management of the Project.
7. “Original Loan Agreement” means the Loan Agreement (Loan Number 7056 BY) for Social Infrastructure Retrofitting Project dated September 26, 2001 between the Borrower and the Bank.
8. “Original Project” means the Project described in Schedule 2 to the Original Loan Agreement.
9. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.

10. "Procurement Plan" means the Borrower's procurement plan for the Project, dated October 31, 2007 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.