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**LOAN NUMBER 7960-BY**

# **Loan Agreement**

**(Additional Financing for Post Chernobyl Recovery Project)**

**between**

**REPUBLIC OF BELARUS**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated October 11, 2010**

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## **LOAN AGREEMENT**

Agreement dated October 11, 2010, 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 Original Project (as defined in the Appendix to this Agreement). The Borrower and the Bank hereby agree as follows:

### **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 or in the Original Loan Agreement or in the Appendix to this Agreement.

### **ARTICLE II - LOAN**

- 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 thirty million United States Dollars (US\$30,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“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. The Borrower shall pay the Front-end Fee not later than 60 days after the Effective Date.
- 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; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead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 March 15 and September 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.  
  
(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

### **ARTICLE III - PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out Part A of the Project through the EED, Part B of the Project through the MOE and Part C of the Project through the PMU.
- 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 - REMEDIES OF THE BANK**

- 4.01. The Additional Events of Suspension consist of the following:
  - (a) the Borrower shall have failed to perform any of its obligations under the IAEA Statute and the Borrower’s Laws so as to affect materially and adversely the Borrower’s ability to carry out the Project; and

(b) the Laws shall have been amended, suspended, abrogated, repealed or waived in such a way as to materially and adversely affect the ability of the Borrower to carry out the Project.

4.02. The Additional Event of Acceleration consists of the following, namely, any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Borrower.

**ARTICLE V - EFFECTIVENESS**

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

**ARTICLE VI - REPRESENTATIVE; ADDRESSES**

6.01. The Borrower's Representative is the Deputy Prime Minister of the Borrower.

6.02. The Borrower's Address is:

Council of Ministers  
House of Government  
Minsk, 220010  
11 Sovetskaya Street  
Republic of Belarus

Facsimile:

375 17 2226665

6.03. 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  
Washington, D.C.

248423(MCI) or  
64145(MCI)

1-202-477-6391

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

REPUBLIC OF BELARUS

By /s/ Valeriy N. Koreshkov  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Elena Klochan  
Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to provide the population residing in selected areas of the Chernobyl Affected Area of Belarus with energy efficient and reliable heat and hot water services.

The Project consists of the Original Project. The Project will be implemented in new sites of Chernobyl Affected Areas of Belarus that were not covered under the Original Project.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. The Borrower shall maintain, until completion of the Project, the EED with composition and under terms of reference satisfactory to the Bank. The EED shall be responsible for the overall review and overseeing of the Project activities; advising on any major policy issues related to the implementation of the Project and ensuring coordination between central and local governmental entities, the Oblast Executive Committees and related agencies involved in the implementation of the Project.

2. The Borrower shall, through the EED, MOE and PMU, implement the Project in accordance with the Operational Manual. The Borrower shall ensure that the Project is implemented in close coordination and collaboration with the Oblast Executive Committees. The DMCIME shall provide assistance in the selection of the Project sites. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Operational Manual or any provision thereof.

3. Throughout the Project implementation the Borrower shall ensure that all necessary measures are taken to maintain the PMU with such staff and resources as shall be required for the PMU to perform its duties in respect of the day-to-day management and implementation of the Project, including monitoring and evaluation of the Project. The Borrower shall appoint, through the MOE and EED, coordinators to assist the PMU in the implementation of the Project.

4. The Borrower shall ensure that all activities under Parts A and B of the Project are carried out in the selected areas of the Chernobyl Affected Areas of Belarus in accordance with the Borrower's "Law on Legal Status of Territories Subjected to Radioactive Contamination after the Catastrophe at the Chernobyl NPP" No. 1227-XII, dated November 12, 1991 and with the Bank's prior approval.

5. For the purposes of carrying out Part B of the Project, the Borrower shall prepare the bidding documents for such investments after: (a) providing satisfactory evidence to the Bank that the Borrower has carried out outreach information campaigns under terms satisfactory to the Bank and that a sufficient number of individual houses are interested and financially and technically prepared to use gas connections for heating purposes; and (b) obtaining the no-objection of the Bank for the preparation of such bidding documents, all in accordance with the Operational Manual.

**B. Anti-Corruption**

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

**C. Safeguards**

The Borrower shall carry out the Project in compliance with the EMP, including the Radiation Management Plan and shall ensure that all measures necessary for carrying out the EMP, including the Radiation Management Plan, shall be taken in a timely manner and that all legal and administrative urban planning and environmental permits and authorizations necessary to carry out Parts A and B of the Project are secured in a timely manner and with due diligence. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the EMP or any provision thereof.

**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 the 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.

**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 calendar quarter, interim unaudited financial reports for the Project covering the quarter, 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 fiscal year of the Borrower.



The audited Financial Statements for each such period shall be: (a) furnished to the Bank not later than six (6) months after the end of such period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

**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 procedures.
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.

| <b>Procurement Method</b>   |
|---|
| <p>(a) National Competitive Bidding</p> <p style="padding-left: 40px;">Additional procedures for National Competitive Bidding include the following:</p> <ul style="list-style-type: none"> <li>(i) there shall be no eligibility restrictions based on nationality of bidder and/or origin of goods;</li> <li>(ii) pre-qualification shall not be used for simple goods and works procurement and shall be conducted only for large works projects;</li> </ul> |

|                                   |  |
|-----------------------------------|--|
| (iii)                             | entities in which the State or a State official owns a shareholding of whatever size shall not be invited to participate in tenders for the Government, unless they are and can be shown to be legally and financially autonomous and they operate under commercial law; |
| (iv)                              | no national preferences may be applied on the basis of the origin of products or labor;  |
| (v)                               | joint venture partners shall be jointly and severally liable for their obligations;  |
| (vi)                              | no “participation fee” shall be required of bidders for the purchase of bidding documents. The only charge shall be equivalent to the cost of producing (copying) the bidding documents;   |
| (vii)                             | in the evaluation of bids, bids may not be rejected where they differ the bid prices exceed the available budget;  |
| (viii)                            | rebidding shall not be carried out without prior approval of the Bank;   |
| (ix)                              | works contracts of more than eighteen (18) months’ duration shall include appropriate price adjustment provisions;   |
| (x)                               | prior approval of the Bank shall be required for any modification in the contract scope and conditions during implementation; and  |
| (xi)                              | the standard bidding documents satisfactory to the Bank shall be used for the bidding process  |
| (b) Limited International Bidding |  |
| (c) Shopping                      |  |
| (d) Direct Contracting            |  |

**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.

| <b>Procurement Method</b>                          |
|--|
| (a) Quality-based Selection                        |
| (b) Selection Under a Fixed Budget                 |
| (c) Least-cost selection                           |
| (d) Selection based on Consultants' Qualifications |
| (e) Single Source Selection                        |
| (f) 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 Review. All other contracts shall be subject to Post Review by the Bank.

**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 1, 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.

| <b>Category</b>                                      | <b>Amount of the Loan Allocated<br/>(expressed in USD)</b> | <b>Percentage of Expenditures to be financed</b> |
|--|--|--|
| (1) Goods, works, Training and consultants' services | 30,000,000   | 100%   |
| <b>TOTAL AMOUNT</b>                                  | <b>30,000,000</b>  |  |

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made from the Loan Account: (a) until the Bank has received payment in full of the Front-end Fee; and (b) for payments made prior to the date of this Agreement.
2. The Closing Date is December 31, 2013.

**Section V. Access to Information**

The Bank may disclose the Legal Agreements and any information related to the Legal Agreements in accordance with its policy on access to information, in effect at the time of such disclosure.

### SCHEDULE 3

#### Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

| Principal Payment Date  | Installment Share<br>(Expressed as a Percentage) |
|---|--|
| On each March 15 and September 15<br><br>Beginning March 15, 2014<br>through March 15, 2025 | 4.17%  |
| On September 15, 2025   | 4.09%  |

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
- (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
  - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
  - (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

**APPENDIX****Section I. 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 with the modifications set forth in Section III of this Appendix.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Chernobyl Accident” means the nuclear power plant accident which occurred on April 26, 1986 in the Chernobyl Nuclear Power Plant situated in Ukraine and which affected, among others, the health, social and economic development of the population and environment in the Oblasts of Brest, Gomel and Mogilev.
4. “Chernobyl Affected Area of Belarus” means the area affected by the Chernobyl Accident.
5. “Chernobyl Department on Mitigation of Chernobyl Impacts of the Ministry of Emergency of the Republic of Belarus” or “DMCIME” means the Department in the Borrower’s Ministry of Emergency, established in accordance with Decree (UKAZ) of the President No. 289, dated May 5, 2006, responsible for: (i) performing special (executive and regulating) functions to mitigate Chernobyl Accident impacts; (ii) performing state supervision in the area of protection and use of territories contaminated by radiation; and (iii) ensuring compliance of the legislation related to mitigating Chernobyl Accident impacts, with the budget resources allocated for this purpose, and in accordance with Decree (UKAZ) of the President No. 756 dated December 29, 2006.
6. “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 and May 2010.
7. “EED” means the Energy Efficiency Department of the State Standardization Committee of the Borrower which is responsible for carrying out state policies for energy savings and executing state supervision over the rational use of fuel and heat and electric energy pursuant to 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.
8. “Environmental Management Plan” or "EMP" means the updated environmental management plan to include new scaled-up activities under the Project, dated November, 2009, satisfactory to the Bank, describing measures for mitigating the

potential environmental impact, including the Radiation Management Plan, of the Project.

9. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008) with the modifications set forth in Section II of this Appendix.
10. “IAEA Statute” means the International Atomic Energy Agency Statute approved on October 23, 1956 by the Conference on the Statute of the International Atomic Energy Agency held at the Headquarters of the United Nations and which came into force for the Borrower on July 29, 1957.
11. “Laws” means the Borrower’s law “On Radiation Safety of the Population” No. 122-Z dated January 5, 1998 published in the National Register under No. 2/656; the law “On the Legal Status of Territories, Subjected to Radioactive Contamination after the Catastrophe at Chernobyl NPP” No. 1227-XII dated November 12, 1991, published in the National Register under No. 2/307 and the law “on Social Protection of Citizens, Affected by the Catastrophe at the Chernobyl NPP” No. 634-XII, dated February 12, 1991 published in the National Register under No. 2-283.
12. “MOE” means the Borrower’s Ministry of Energy.
13. “Oblast Executive Committees’ means the territorial government body of executive power of each of Brest, Gomel and Mogilev Oblasts.
14. “Operational Manual” means the updated manual to include new scaled up activities under the Project approved by the Borrower, through the EED, under terms satisfactory to the Bank describing operational, management and administrative procedures for the implementation of the Project, consistent with the provisions of this Agreement and with the national laws and regulations of the Borrower, as the same may be amended from time to time with the agreement of the Bank.
15. “Original Loan Agreement” means the Loan Agreement (Loan No. 4821 BY) between the Borrower and the Bank dated April 19, 2006 for the Post-Chernobyl Recovery Project, as amended to the date of this Agreement.
16. “Original Project” means the Project described in the Original Loan Agreement
17. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006 and May 2010.



18. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated August 11, 2010 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.
19. “PMU” means the “Investment and Consultative Unitary Enterprise” (“Belinvestenergosberezhenie”), established in accordance with a Regulation No. 1311 of the Council of Ministers of the Borrower, dated October 3, 1997, which is responsible for the implementation and management of the Project, including carrying out of day to day activities of the Project.
20. “Radiation Management Plan” means the updated radiation management plan prepared by the IAEA in consultation with the Borrower, satisfactory to the Bank, describing measures for mitigating the potential radiation impact of the Project and included in the EMP.
21. “Training” means expenses incurred by the Borrower and PMU in connection with carrying out training activities under the Project including travel costs and per diem for local trainees and trainers, study tours and workshops, rental of facilities and equipment and training materials and related supplies.

## **Section II. Modifications to the General Conditions**

The modifications to the General Conditions are as follows:

1. Paragraph (l) of Section 7.02 is modified to read as follows:

“Section 7.02. *Suspension by the Bank*

... (l) *Ineligibility.* The Bank or the Association has declared the Borrower (other than the Member Country) or the Project Implementing Entity ineligible to receive proceeds of any financing made by the Bank or the Association or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Bank or the Association, as a result of: (i) a determination by the Bank or the Association that the Borrower or the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Bank or the Association; and/or (ii) a declaration by another financier that the Borrower (other than the Member Country) or the Project Implementing Entity is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

The definition of the term “Conversion Date” is modified to read as follows:

“‘Conversion Date’ means, in respect of a Conversion, the Execution Date (as herein defined) or such other date as requested by the Borrower and accepted by the Bank, on which the Conversion enters into effect, and as further specified in the Conversion Guidelines.”

### **Section III. Modifications to the Anti-Corruption Guidelines**

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:
  - “... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”
2. Section 11(a) is modified to read as follows:
  - “... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation

of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”