
LOAN NUMBER 9056-BY

Loan Agreement

(Belarus Higher Education Modernization Project)

between

REPUBLIC OF BELARUS

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF BELARUS (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). 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) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of one hundred million EURO (EUR 100,000,000), as such amount may be converted from time to time through a Currency Conversion (“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 III of Schedule 2 to this Agreement. The Borrower’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is its Minister of Education.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are April 15 and October 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with 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 and Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Events of Suspension consist of the following:
- (a) The Ministerial Order has been amended, suspended, abrogated, repealed, waived or not enforced, in such a manner so as to affect materially and adversely, in the opinion of the Bank, the ability of NIE to carry out the Project.
 - (b) The Legislation of NIE has been amended, suspended, abrogated, repealed or waived so as to affect materially or adversely, in the opinion of the Bank, NIE's ability to carry out the Project pursuant to the Ministerial Order.
- 4.02. The Additional Events of Acceleration consist of the following, namely, that any event specified in Section 4.01(a) and (b) of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The POM has been adopted by the Borrower in a manner satisfactory to the Bank.
 - (b) The Ministerial Order has been issued and is in full force and effect.
- 5.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the Signature Date.

ARTICLE VI— REPRESENTATIVE; ADDRESSES

6.01. Except as provided under Section 2.02 of this Agreement, the Borrower's Representative is the Deputy Prime Minister or any successor thereto.

6.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower's address is:

Council of Ministers
House of Government
Minsk, 220010
Sovetskaya Str. 11
Republic of Belarus; and

(b) the Borrower's Electronic Address is:

Facsimile:	E-mail:
375 17 2226665	contact@government.by

6.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423(MCI) or 64145(MCI)	1-202-477-6391	akremer@worldbank.org

AGREED as of the Signature Date.

REPUBLIC OF BELARUS

By



Authorized Representative

Name: Igor V. Karpenko

Title: Minister of Education
of the Republic of Belarus

Date: June 23 2020

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: Alexander Kremer

Title: Acting Country Director
Belarus, Moldova and Ukraine

Date: June 23, 2020

SCHEDULE 1

Project Description

The objective of the Project is to improve the teaching and learning environment and information on the labor market relevance of higher education.

The Project consists of the following parts:

Part 1: Modernization of the teaching and learning environment

Enhance the environment for teaching and learning as well as that for research and innovation to support the modernization and the increase in relevance and attractiveness of the Borrower's tertiary education system, through:

- (a) Enabling high quality practical training, including:
 - (i) carrying out of works to construct or rehabilitate, as the case may be: (A) laboratory and research facilities at HEIs; and (B) centers for shared use of unique educational and scientific equipment;
 - (ii) provision of educational equipment and goods, including delivery, installation and calibration; and
 - (iii) carrying out of Training on equipment usage; and
- (b) Modernization of the physical environment for teaching and learning, including:
 - (i) carrying out of works to rehabilitate buildings and premises of higher education institutions, comprising, but not limited to: (1) incorporation of works for accessibility of disabled persons in accordance with recognized international quality standards; and (2) carrying out of energy efficiency improvements comprising, but not limited—to: (A) replacing old windows with new energy-efficient glazing; (B) installing thermal insulation into exterior walls and roofs; and (C) installing automatic controls for heating and efficient lighting systems; and (D) outfitting buildings with an autonomous systems of power supply from alternative energy sources; and
 - (ii) carrying out of rehabilitation works for the establishment of a multi-disciplinary STEM study and research center at BSU.

Part 2: Innovations in teaching and learning

Increase quality, relevance and attractiveness in the teaching and learning process of tertiary education through modernized programs with a focus on learning outcomes and curriculum reforms, through:

- (a) Development of learning outcomes and curriculum, including:
 - (i) provision of advisory support for training and supporting academics; and
 - (ii) development of the GTS, establishment of learning outcomes at the program level and related curriculum reforms.
- (b) Internationalization of higher education, including:
 - (i) internationalization and introduction of mobility tools including ECTS;
 - (ii) development and implementation of mobility programs for students and academics;
 - (iii) carrying out of Training to strengthen foreign language learning including English and support of research publishing;
 - (iv) study visits for best practice learning; and
 - (v) support for participation in European activities, including in EUROSTUDENT, as well as other European higher education projects and cooperation initiatives.
- (c) Flexible delivery modes, including through the development of a strategy for digitalization including in relation to distance learning and internationalization.

Part 3: Quality Assurance

Support for establishment of an independent and efficient mechanism for external quality assurance and strengthening the Borrower's university-internal quality assurance, through:

- (a) External quality assurance, including:
 - (i) development and adoption of a legal framework for the external quality assurance system in tertiary education in line with ESG-2015;
 - (ii) establishment of a national quality assurance agency, including the development of bylaws describing its governance and decision-making processes, internal quality assurance mechanisms and a website;

- (iii) development of guidelines for the external quality assurance process and the principles for selecting and carrying out of Training external peers;
 - (iv) conducting pilot accreditations and carrying out of Training for experts and university staff;
 - (v) carrying out of works and provision of equipment for the agency referred to under (ii) above, including Rehabilitation of an existing building to house the agency and development of the IT infrastructure;
 - (vi) study visits to well-established European QAAs and to universities; and
 - (vii) carrying out of dissemination events including events to develop consensus on the best approach for external quality assurance from an early stage on; and
- (b) Internal quality assurance, including development and implementation of internal quality assurance policies in universities in line with ESG-2015 including through carrying out of capacity building activities, peer learning and Training.

Part 4: Project Management

Support Project management, including through: (i) monitoring and evaluation (including the monitoring of environmental and social aspects of the Project); (ii) carrying out of training of PIU staff; (iii) consulting services for Project supervision and for fulfilling environmental and social safeguards monitoring as well as fiduciary duties including carrying out of audits; (iv) provision of goods and Project related expenses for travel, and (v) Operating Costs.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall vest the overall responsibility for the implementation of the Project in MoE, and to this end, through MoE, shall:
 - (a) cause NIE to: (i) operate and maintain, throughout Project implementation, the Project Implementation Unit (PIU) with qualified staff in sufficient numbers, as well as adequate funds, facilities, services and other resources for Project implementation (including, procurement, financial management, environmental and social aspects and monitoring and evaluation), all acceptable to the Bank; (ii) ensure that any additional staff of the PIU financed out of the proceeds of the Loan is selected and hired in accordance with Procurement Regulations; and (iii) maintain in place the 1C accounting software for Project accounting, budgeting and reporting under terms and in a manner acceptable to the Bank; and
 - (b) ensure, throughout Project implementation, the coordination between NIE and MoE's subordinated agencies participating in the implementation of the technical aspects of Part 2 of the Project (including, the Republican Institute for Higher Education (RIVSh)), all with powers, functions, capacity, staffing and resources acceptable to the Bank to fulfill their respective responsibilities under the Project.
2. The Borrower, through MoE, shall cause NIE to: (a) carry out the Project in accordance with the requirements set forth in a manual acceptable to the Bank (Project Operational Manual or POM); and (b) not assign, amend, abrogate, or waive the POM or any of its provisions, except with the prior written approval of the Bank. In case of any conflict between the terms of the POM and those of this Agreement, the terms and conditions of this Agreement shall prevail.

B. Ministerial Order

1. To facilitate the carrying out of the Project, the Borrower, through MoE, shall issue a ministerial order, under terms and conditions acceptable to the Bank (Ministerial Order) which shall include, *inter alia*:
 - (a) the obligation of NIE to: (i) implement the Project in accordance with the pertinent provisions of this Agreement (including compliance with the pertinent provisions set forth in the relevant Safeguards and Financial

Management sections, and the provisions of Article V of the General Conditions, the Anti-Corruption Guidelines, the Procurement Regulations, and the POM; (ii) promptly inform the Borrower and the Bank of any condition which interferes, or threatens to interfere, with the performance of its obligations under the Ministerial Order; and (iii) take or permit to be taken all actions to enable the Borrower to comply with the obligations referred to in this Agreement as applicable to NIE; and

- (b) the obligation of the RIVSh to assist the MoE and NIE in the implementation of the technical aspects of the Project and in compliance with the pertinent provisions of this Agreement.

C. Safeguards

1. The Borrower shall (i) carry out, the Project in accordance with the provisions of the Safeguards Instruments; and (ii) ensure that any contracts for civil works under the Project incorporate the pertinent requirements of the Safeguard Instruments and include codes of conduct in form and substance acceptable to the Bank, detailing, *inter alia*, measures that need to be undertaken by contractors and sub-contractors on environmental, health and safety.
2. Except as the Bank shall otherwise agree, the Borrower shall ensure, and cause to ensure, that none of the provisions of the Safeguard Instruments is abrogated, amended, repealed, suspended or waived. In case of any inconsistencies between the provisions of any of the Safeguard Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.
3. The Borrower shall maintain, throughout Project implementation, and publicize the availability of a grievance redress mechanism, in form and substance satisfactory to the Bank, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Bank.
4. The Borrower shall, throughout the period of Project implementation:
 - (a) take all measures necessary on its part to collect, compile, and furnish to the Bank through Project Reports, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the Safeguard Instruments, all such reports in form and substance acceptable to the Bank, setting out, among other things: (i) the status of implementation of the Safeguard Instruments; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the

Safeguard Instruments; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

- (b) promptly notify the Bank of any incident or accident related to or having an impact on the Project, which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers.
5. The Borrower shall ensure that technical assistance under the Project, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the Bank such terms of reference to ensure that the technical assistance takes into account, and calls for application of the Bank's Safeguard Policies.

Section II. Project Monitoring, Reporting and Evaluation

The Borrower shall furnish to the Bank each Project Report not later than one (1) month after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of Loan Proceeds

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures and (b) pay: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table.

Category	Amount of the Loan Allocated (expressed in EUR)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, and consulting services for the Project	99,750,000	100%
(2) Front-end Fee	250,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(3) Interest Rate Cap or Interest Rate Collar premium		Amount due pursuant to Section 4.05 (c) of the General Conditions
TOTAL AMOUNT	100,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date
2. The Closing Date is December 31, 2025.

SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

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").

Level Principal Repayments

Principal Payment Date	Installment Share
On each April 15 and October 15 Beginning October 15, 2025 through April 15, 2034	5.26 %
On October 15, 2034	5.32 %

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
2. “BSU” and “Belarus State University” means *Белорусский государственный университет (далее – БГУ)* established under the Decision of the Presidium of the Central Executive Committee of the Belarusian Soviet Social Republic No. 64 as of April 18, 1921.
3. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. “ECTS” means European Credit Transfer and Accumulation System.
5. “Environmental and Social Management Framework” or “ESMF” means the framework for the Project prepared by the Borrower, and disclosed on MoE’s website on August 26, 2019 and on the Bank’s website on October 30, 2019 which sets forth, *inter alia*, the modalities for site-specific environmental and social screening, including: (a) guidelines for the identification of existing environmental and social conditions and potential direct and indirect environmental and social impacts and risks resulting from the carrying out of the Project; (b) guidelines for the carrying out of environmental and social assessments and the preparation of environmental and social management plans (ESMPs), when applicable; (c) recommendation of mitigation measures for each negative impact identified; (d) measures for enhancing each identified positive impact; and (e) guidelines for the preparation of environmental and social monitoring plans for tracking the application of the mitigation measures, as said framework may be amended from time to time with the Bank’s prior approval.
6. “Environmental and Social Management Plan” or “ESMP” means the instrument prepared by the Borrower, satisfactory to the Bank, pursuant to the ESMF, satisfactory to the Bank and to be disclosed by the Borrower, and on the Bank’s website which details (a) the measures to be taken during the implementation and operation of the Project to avoid, minimize, mitigate or offset adverse environmental and social impacts (including health and safety issues), or to reduce them to acceptable levels; and (b) the actions needed to implement these measures, as said instrument may be amended from time to time with the Bank’s prior written agreement.

7. “Environmental and Social Impact Assessment” and ESIA” means the assessment, to be prepared by the Borrower, satisfactory to the Bank, to be disclosed on the Bank’s website as said instrument may be updated from time to time with the prior written agreement of the Bank.
8. “ESG-2015 refers to the Standards and Guidelines for Quality Assurance in the European Higher Education Area, 2015 version.
9. “EUROSTUDENT” refers to a specific project which collects and analyses comparable data on the social dimension of European higher education.
10. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018.
11. “GTS” means graduate tracer system.
12. “HEI” means higher education institution and HEIs means more than one of such institutions.
13. “Ministerial Order” means MoE Ministerial Order designating responsibility to NIE for the implementation of the Project, as referred to in Section I.B of Schedule 2 to this Agreement.
14. “MoE” means the Borrower’s Ministry of Education, or any successor thereto.
15. “National Institute of Education” or “NIE” means *научно-методическое учреждение “Национальный институт образования” Министерства образования Республики Беларусь*, the Borrower’s MoE research methodological institution “National Institute of Education” established pursuant to the Resolution of the Council of Ministers of the Republic of Belarus No. 608, dated May 13, 2002, as amended, or any successor thereto acceptable to the Bank.
16. “Operating Costs” means the reasonable incremental operating expenditures incurred by the PIU, which would not exist absent the Project, required for an efficient Project implementation and monitoring, including costs for office rent, operation and maintenance of vehicles, office equipment and supplies, communication costs, support for information systems, translations, bank charges, travel and *per diem* costs, salaries of the contractual staff (excluding consulting services and salaries of officials of the Borrower’s civil service), office administration costs, and other reasonable expenditures directly associated with the carrying out of the Project, including cost for registration fees and related travel costs under Part 2 (b)(iv) of the Project, all based on annual budgets acceptable to the Bank.

17. "Procurement Regulations" means, for purposes of paragraph 85 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated July 2016, revised November 2017 and August 2018.
18. "Project Implementing Unit" or "PIU" means the unit referred to in Section I.A.1 (a) of Schedule 2 to this Agreement or any successor thereto as agreed between the Borrower and the Bank.
19. "Project Operational Manual" or "POM" means the manual acceptable to the Bank, prepared and adopted by the Borrower, describing and setting forth procedures *inter alia*, the activities and timetable of actions to be carried out under the Project, the respective roles and responsibilities of the Borrower's agencies and any other relevant ministry involved in the implementation of the Project, the staff of the Project Implementing Unit, the fiduciary, technical and operational aspects and procedures for implementation of the Project, including the financial management procedures (budgeting, accounting and internal control, disbursement and flow of funds, financial reporting, annual reports, internal and external audit arrangements procedures and including the Project specific chart of accounts), procurement procedures, monitoring and evaluation arrangements, and other fiduciary and administrative arrangements and necessary terms of reference, as the same may be amended from time to time with the prior written agreement of the Bank.
20. "QAA" means quality assurance agency" and QAAs means more than one of such agencies.
21. "Rehabilitation" means, for purposes of this Project only, reconstruction and/or capital repairs of existing premises and infrastructure under this Project
22. "RIVSh" means "Республиканский институт высшей школы», the Borrower's education institution "Republican Institute for Higher Education", established in 1973 as the Institute for Retraining of Social Sciences Teachers of Higher Education Institutions, now being registered in the Unified State Register of Legal Entities and Sole Proprietors as a state-owned non-profit organization, registration No. 100296916, license issued on May 27, 2004 (approved by the Board of the Ministry of Education of the Republic of Belarus), or any successor thereto acceptable to the Bank.
23. "Safeguards Instruments" means collectively, the ESMF and ESMP and "Safeguard Instrument" means any of such Safeguards Instruments.
24. "Signature Date" means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions.

25. “STEM” means science, technology, engineering, and/or mathematics.
26. “Training” means expenditures (other than those for consultants’ services) incurred by the Borrower in connection with the carrying out of training activities (such as seminars, workshops, including the reasonable travel costs (i.e. accommodation, transportation and *per-diem, inter alia*) of trainees and trainers (if applicable), training registration fees, catering, rental of training facilities and equipment, logistics and printing services, as well as training materials, all for the purposes of, and directly related to, the activities of the Project.