His Excellency Andrey Kharkovets  
Minister of Finance  
Ministry of Finance  
Sovetskaya Str. 7  
Minsk 220010  
Republic of Belarus  

Re: BELARUS: Improving Efficiency and Transparency of the Public Finance Management System in Belarus Project  
(Grant No.TF015275)  

Excellency:  

In response to the request for financial assistance made on behalf of the Republic of Belarus ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of grant funds provided by the Russian Federation ("Donor"), under the ECA regional PFM TA Trust Fund, proposes to extend to the Recipient, a grant from the ECA regional PFM TA Trust Fund in an amount not to exceed one million two hundred thousand United States Dollars (US$1,200,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").  

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.  

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.  

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective in accordance with Article IV of the Annex to this Agreement; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this
Agreement within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By
Paolo Carlo Belli
Acting Country Director
Belarus, Moldova and Ukraine
Europe and Central Asia Region

AGREED:

REPUBLIC OF BELARUS

By: 

(Authorized Representative)

Name: Vladimir Amarin

Title: First Deputy Minister of Finance

Date: 24.04.2014

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.


Article I
Standard Conditions; Definitions


1.02 Definitions. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

(a) "Ministry of Finance" means the Recipient’s Ministry of Finance or any successor thereto.

(b) "Implementation Arrangements Resolution" means the resolution referred to in Section 2.02 (e) of this Agreement, issued by the Ministry of Finance, and acceptable to the World Bank, setting forth implementation arrangements for the Project implementation, including the IT Center’s responsibility to: (A) carry out the Project with due diligence and efficiency and in conformity with administrative, technical, financial, economic, environmental and social standard and practices, acceptable to the World Bank; (B) carry out the Project in accordance with the provisions of this Agreement, the Operational Manual, the Procurement Plan and the Anti-corruption Guidelines; (C) use the proceeds of the Grant exclusively for the purposes of the Project; (D) maintain, until completion of the Project, key staff in number and with experience and qualifications that shall be at all times acceptable to the World Bank for purposes of implementing the Project, including without limitation, a Project coordinator, a procurement specialist, and a financial management specialist; and (E) take or permit to be taken all action to enable the Recipient to comply with the obligations under this Agreement.

(c) "IT Center" means the Data Computing Center of the Recipient’s Ministry of Finance, an entity with separate legal personality established pursuant the Recipient’s Resolution No. 223 of the Council of Ministers of the BSSR, dated June 20, 1973.

(d) "Operational Manual" means the manual, satisfactory to the World Bank, and referred to in Section 2.03 (a) of this Agreement, as the same may be updated from time to time with agreement of the World Bank.

Article II
Project Execution

2.01 Project Objectives and Description. The objective of the Project is to create the basis for improving efficiency and transparency of the public finance management system in Belarus. The Project consists of the following parts:


(a) Development of a public financial management (PFM) strategy, including an action plan for its implementation, through the carrying out of: (i) diagnostics and quality reviews of relevant PFM documents; (ii) training activities, workshops and study tours to inform the
development of said strategy and action plan; and (iii) communication and dissemination activities.

(b) Provision of technical assistance to the Recipient for the initial implementation of the PFM action plan developed under Part 1 (a) of the Project.


Design and implement an integrated financial management and information system (FMIS) which shall include, inter alia: (a) the design and development of technical and functional FMIS; (b) the development of tender documentation for procurement; (c) the customization of a software and hardware; (d) the provision of technical assistance to build capacity for managing, developing and implementing the FMIS; and (e) the carrying out of workshops (national and international) and study visits to collect information to be used in the design process and ensure improvement and quality to the FMIS.

Part 3: Project Management Capacity Building

Carrying out of the monitoring, evaluation, management and administration of the Project, including, inter alia: (a) procurement, financial management and secretarial support; (b) the provision of training and capacity building activities for the staff of the Recipient; and (c) the carrying out of an external financing audit.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient, through its Ministry of Finance, shall cause the IT Center to carry out the Project, with the participation of relevant units of the Ministry of Finance, all in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 (“Anti-Corruption Guidelines”); (c) this Article II; (d) the Operational Manual; and (e) the Implementation Arrangements Resolution.

2.03. Institutional and Other Arrangements

(a) For the purposes of carrying out the Project, the Recipient shall prepare within (90) ninety days of the Effective Date, and thereafter maintain throughout Project implementation, an operational manual (the “Operational Manual”) satisfactory in form and substance to the World Bank, therein setting forth rules, methods, guidelines, standard documents and procedures for the carrying out of the Project, including, inter alia, the following: (i) a detailed description of Project activities; (ii) the administrative, financial, accounting, auditing, procurement and disbursement procedures for the implementation of the Project including the relevant standard documents; and (iii) the plan for the monitoring, evaluation and supervision of the Project, including the performance indicators.

(b) The Operational Manual may be updated from time to time with the agreement of the World Bank. In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

2.04. Donor Visibility and Visit. (a) The Recipient shall take, or cause to be taken, all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donor to visit the Recipient’s territory for purposes related to the Project.
2.05. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than (45) forty-five days after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than four (4) months after the Closing Date.

2.06. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.07. **Procurement.** All goods, non-consulting services, and/or consulting services required for the Project and to be financed, fully or partially, out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the “Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011 (“Procurement Guidelines”), and the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011 (“Consultant Guidelines”).

2.08. Any contract for Eligible Expenditures to be financed in full or in part out of the proceeds of the Grant shall be included in the procurement plan prepared by the Recipient and approved by the World Bank in accordance with the Procurement Guidelines and the Consultant Guidelines, prior to initiating the procurement process for any such contract.

### Article III
**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** (a) The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (i) Article III of the Standard Conditions; (ii) this Section; and (ii) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance 100% of Eligible Expenditures consisting of consultants’ services (including audits), Training, and Operating Costs, inclusive of Taxes; provided however that: (A) Operating Costs shall not exceed 10% of the total grant amount; (B) Training expenditure (including study visit expenditures), shall not exceed 30% of the total grant amount; and (C) study visits expenditures under Training shall not exceed 10% of the total grant amount.

(b) For the purposes of this paragraph, the term: (i) “Training” means the reasonable costs, as shall have been approved by the World Bank, for training courses, workshops and study visits conducted under the Project, including tuition, travel and subsistence costs for the participants, costs
associated with securing the services of trainers and speakers, rental of facilities, preparation and reproduction of relevant materials, and other costs directly related to training course, workshop and study visit preparation and implementation (but excluding goods and consultants’ services); and (ii) “Operating Costs” means the reasonable costs, as shall have been approved by the World Bank, for the incremental expenses incurred on account of Project implementation, consisting of vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing, interpretation and translation costs, consumables, travel cost and per diem for Project staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project (but excluding consultants’ services and salaries of officials of the Recipient’s civil service and permanent employees).

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is May 31, 2016.

**Article IV**

**Effectiveness**

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the Implementation Arrangements Resolution has been approved by the Ministry of Finance and it has become effective.

4.02. Except as the Recipient and the World Bank shall otherwise agree, the date on which this Agreement shall enter into effect shall be the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 of this Annex (“Effective Date”).

4.03. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

**Article V**

**Recipient’s Representative; Addresses**

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance.

5.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

  - Ministry of Finance
  - Sovetskaya Str. 7
  - Minsk 220010
  - Republic of Belarus
4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Facsimile: 1-202-477-6391