Loan Agreement

(Additional Financing for Water Supply and Sanitation Project)

between

REPUBLIC OF BELARUS

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated April 8, 2014
LOAN AGREEMENT

Agreement dated April 8, 2014, between the
REPUBLIC OF BELARUS ("Borrower") and the INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT ("Bank") for the purposes 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 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 ninety million United States Dollars
(US$90,000,000), 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.

2.04. The interest payable by the Borrower for each Interest Period shall be at a rate
equal to the Reference Rate 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amount of the Withdrawn Loan Balance remains unpaid when due and such non-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 days, then the interest payable by the
Borrower shall instead be calculated as provided in Section 3.02 (e) 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: (A) 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; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference 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 or the Reference 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 the Project through the Ministry of Housing and Utilities (MHU) 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 ninety (90) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower’s Representative is the Deputy Prime Minister.

5.02. The Borrower’s Address is:

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

Authorized Representative

Name: Andrei V. Shorets
Title: Minister of Housing and Utilities

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Young Chul Kim
Title: Country Manager for Belarus
SCHEDULE 1

Project Description

The objective of the Project is to increase access to water supply services and to improve the quality of water supply and wastewater services in selected urban areas in all six Oblasts of the Borrower.

The Project consists of the Original Project, as amended hereby solely for purposes of the Loan:

Part A: Rehabilitation of Water Supply and Sanitation Systems

Provision of goods, works and consultants’ services for: (a) rehabilitation and construction of deep wells, pumping stations, transmission mains, distribution network, ground and elevated reservoirs and iron removal plants, and other water supply facilities; and (b) rehabilitation and construction of wastewater collection systems and wastewater treatment plants including upgrade of monitoring stations and laboratories, and other water sanitation facilities.

Part B: Support to the Preparation of Investments

Provision of goods and consultants’ services for, inter alia: (a) (i) preparation of feasibility studies, preliminary designs and bidding documents; and (ii) carrying out of bids evaluation; all for activities under Part A of the Project and/or future investments in the water and wastewater sector; (b) construction management, including supervision, monitoring and evaluation of physical implementation of activities under Part A of the Project; and (c) development of benchmarking systems and review of design norms.

Part C: Capacity Building, Project Management, Monitoring and Evaluation

(a) Provision of goods, consultants’ services and training to the Project Coordination Team (PCT) to assist in the implementation, management and auditing of the Project.

(b) Strengthening social accountability mechanisms on water and wastewater services through, inter alia, the provision of support to: (i) Selected Water and Wastewater Service Providers to develop communication plans to improve their communication with their customers through, inter alia: (A) the development and/or update of websites; and (B) the enhancement of the information contained in existing websites and/or information displayed publicly in their premises; and (ii) strengthen existing grievance redress mechanisms to enhance service delivery.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall, through the MHU and the PCT, carry the overall responsibility for implementing the Project in accordance with the Operational Manual. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Operational Manual or any provision thereof.

2. The Borrower shall, through the MHU, ensure that all necessary measures are taken to maintain the PCT during the execution of the Project with such staff and resources as shall be required for the PCT to perform its duties in respect of the day-to-day management and implementation of the Project. The Borrower shall, through the MHU, appoint coordinators to assist the PCT in the implementation of the Project.

3. The Borrower shall coordinate with the other relevant entities, including, *inter alia*, MoH, MNREP, Oblasts, Selected Water and Wastewater Service Providers and municipalities participating in the Project, the implementation of the Project under arrangements satisfactory to the Bank and defined in 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

1. The Borrower shall carry out the Project in accordance with the Environmental Management Plan (EMP). Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the EMP, or any provision thereof.
2. The Borrower shall: (a) carry out the Project in accordance with the Resettlement Policy Framework (RPF); (b) adopt and comply with the procedures detailed in said RPF for screening, evaluation, implementation and monitoring of the activities under the Project; and (c) implement the pertinent resettlement action plan or abbreviated resettlement plan, as the case may be, all in accordance with their terms and in a manner acceptable to the Bank. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Resettlement Policy Framework, or any provision thereof.

3. The Borrower shall carry out the activities under Part A of the Project in the municipality of Mogilev in accordance with the Abbreviated Resettlement Plan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Abbreviated Resettlement Plan, or any provision thereof.

4. The Borrower undertakes that the proceeds of the Loan shall not be used to finance land acquisition.

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 Performance Monitoring Indicators. Each Project Report shall cover the period of one (1) 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 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, Works and Non-consulting Services. All goods, works and non-consulting 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 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

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

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan. The Procurement Plan shall specify the circumstances under which said methods may be used: (a) National Competitive Bidding, subject to the additional provisions set forth in Annex A to this Schedule; (b) Shopping; (c) Direct Contracting; and (d) Force Account.
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 methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan. The Procurement Plan shall specify the circumstances under which such methods may be used: (a) Quality-based Selection; (b) Selection Under Fixed Budget; (c) Least Cost Selection; (d) Selection Based on the Consultant’s Qualifications; (e) Single Source Selection; and (f) Selection of Individual Consultants.

D. Review by the Bank of Procurement Decisions

1. 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.

2. The Borrower shall:

   (a) No later than December 31 of every year during the implementation of the Project, beginning on December 31, 2015, prepare and furnish to the Bank a procurement progress report (Procurement Report), in form and substance acceptable to the Bank, which shall include, inter alia: (i) a description of issues arising during the full procurement cycle under the Project, from design through planning, bidding, contract implementation and completion; (ii) a list of proposed measures and actions to be taken to resolve the issues identified under (i) above; and (iii) a proposed timeline for the implementation of the said measures and actions.

   (b) No later than January 31 of every year during the implementation of the Project, beginning on January 31, 2016, exchange views with the Bank on the results of the Procurement Progress Report completed for the Borrower’s previous calendar year and thereafter implement such recommended measures, as agreed with 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 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.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, consultants’ services</td>
<td>89,775,000</td>
<td>100%</td>
</tr>
<tr>
<td>(including audits) and Training for the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Front-end Fee</td>
<td>225,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>90,000,000</td>
<td></td>
</tr>
</tbody>
</table>

3. For purposes of the table in paragraph 2 above, the term “Training” means Project related expenditures (other than those for consultants’ services) incurred by the PCT in connection with the carrying out of seminars and workshops, including the reasonable travel costs (e.g. accommodation, transportation costs and per diem, inter alia) of trainees and trainers (if applicable), catering, rental of training facilities and equipment, logistics and printing services, as well as training materials.
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 September 20, 2018.
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.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each March 15 and September 15</td>
<td></td>
</tr>
<tr>
<td>Beginning September 15, 2018 through September 15, 2028</td>
<td>4.55%</td>
</tr>
<tr>
<td>On March 15, 2029</td>
<td>4.45%</td>
</tr>
</tbody>
</table>

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.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
ANNEX A
to
SCHEDULE 2

Additional Provisions Relating to Procurement of Goods, Works and Non-Consulting Services under Bank-Financed Contracts Subject to National Competitive Bidding

Without limitation upon the provisions of Section III of Schedule 2 to this Agreement or the Procurement Guidelines, the procurement procedure to be followed for National Competitive Bidding shall be the Open Tender procedure set forth in the Public Procurement Law of the Republic of Belarus (Law No. 419-3 dated 13 July 2012) (the "PPL"), and subject to the following provisions:

A. Eligibility

The eligibility of bidders shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Bank for reasons other than those provided in Section I of the Procurement Guidelines.

Bidding shall not be restricted to domestic bidders. No restrictions in respect of eligibility to participate in bidding for contracts shall be placed on the basis of nationality of the bidder and/or the origin of goods other than those imposed by primary boycotts. No restriction of any kind shall be applied to foreign bidders who wish to submit a bid.

Bidding shall not be restricted to pre-registered or invited firms, and foreign bidders shall not be required to be registered with local authorities as a prerequisite for submitting bids.

B. Procedures

(a) Invitations to bid shall be advertised in the Official Gazette or in at least one widely circulated national daily newspaper or in an electronic portal of free access allowing a minimum of thirty (30) days for the preparation and submission of bids, from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later.

(b) The sale and/or issuance of bidding documents shall not be restricted only to entities invited by the procuring entity.

(c) Bids shall be submitted as paper documents and subsequent procurement process (bid opening, bid evaluation, contract finalization) shall be conducted using conventional paper formats. Borrower will be able to
use electronic system permitting bidders to submit bids by electronic means, provided the Bank is satisfied with the adequacy of the system, including *inter alia*, that the system is secure, maintains the integrity, confidentiality, and authenticity of bids submitted, and uses an electronic signature system or equivalent to keep bidders bound to their bids.

(d) Prequalification procedures acceptable to the Bank shall be used for large, complex and/or specialized contracts.

C. **Assessment of Bidders’ Qualifications**

In the procurement of goods and works, where pre-qualification is not used, the qualifications of the bidder who is recommended for award of contract shall be assessed by post-qualification, applying minimum experience, technical and financial requirements which shall be explicitly stated in the bidding documents and which shall be determined by a ‘pass/fail’ method.

D. **Participation by Government-owned Enterprises**

Government-owned enterprises in the Republic of Belarus shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the Borrower or Sub-Borrower, pursuant to paragraph 1.10 (b) of the Procurement Guidelines. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

E. **Participation by Joint Ventures**

Participation shall be allowed from joint ventures on the condition that such joint venture partners will be jointly and severally liable under the contract.

F. **Bidding Documents**

Procuring entities shall use the bidding documents acceptable to the Bank, or Bank’s sample National Competitive Bidding documents for Europe and Central Asia Region for works and goods, and shall draft prequalification documents (where applicable), contracts and conditions of contract acceptable to the Bank.

G. **Bid Evaluation**

(a) Evaluation criteria other than price shall be quantified in monetary terms.

(b) Evaluation of bids shall be made in strict adherence to the monetarily-quantifiable criteria declared in the bidding documents and a merit point system shall not be used.
An extension of bid validity, if justified by exceptional circumstances, may be requested in writing from all bidders before the bid validity expiration date and shall be allowed once only for the minimum period required to complete the evaluation or award a contract, but not more than thirty (30) days. No further extensions shall be requested without the prior approval of the Bank.

Bids containing material deviations from the bidding document requirements shall be rejected. Non-material documentary deviations or quantifiable minor deviations may not be the reason for the rejection of bids.

Bids may not be rejected where they differ substantially from the estimated prices calculated by the procuring entity, except where the bid prices exceed the available budget.

Contracts shall be awarded to qualified bidders having submitted the lowest evaluated substantially responsive bid, and no negotiation as to the price or substance of the bid shall take place.

No preference shall apply under National Competitive Bidding.

Bid evaluation shall be confidential and no information shall be disclosed until the notification of the award.

**H. Price Adjustment**

Civil works contracts of long duration (i.e. more than eighteen (18) months) shall contain an appropriate price adjustment clause.

**I. Rejection of All Bids**

All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Bank’s prior written concurrence.

**J. Securities**

Performance Securities should not exceed 10% (ten percent) of the contract price; No advance payments shall be made to the Suppliers/Contractors without a suitable Advance Payment security. The wording of all such securities shall be included in the bidding documents and shall be acceptable to the Bank. Bidders shall be given at least twenty-eight (28) days from the receipt of notification of contract award to submit Performance Securities, and Bid Securities shall remain valid for such period.
K. **Contract Modification and Termination**

(a) Prior approval of the Bank shall be obtained for any modification in the contract scope and conditions during the contract implementation.

(b) The contracts will include a provision that the Purchaser (or the Employer) shall have the right to terminate the contract for reasons of Supplier’s or Contractor’s default or insolvency or for convenience.

L. **Fraud and Corruption**

Each bidding document and contract financed out of the proceeds of the Loan shall include provisions on matters pertaining to fraud and corruption as defined in paragraph 1.16(a) of the Procurement Guidelines. The Bank will sanction a firm or an individual, at any time, in accordance with prevailing Bank sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; and (ii) to be a nominated sub-contractor, consultant, manufacturer or supplier, or service provider of an otherwise eligible firm being awarded a Bank-financed contract.

M. **Audit Rights**

In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Loan shall provide that: (i) the bidders, suppliers, contractors and subcontractors shall permit the Bank, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Bank; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.16(a) (v) of the Procurement Guidelines.
APPENDIX

Definitions

1. "Abbreviated Resettlement Plan" means the Borrower’s plan published on November 19, 2013, acceptable to the Bank, detailing resettlement assistance, measures (including compensation) and procedures for the activities under Part A of the Project to be carried out in the municipality of Mogilev.


4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


6. “Environmental Management Plan” or “EMP” means the Borrower’s plan adopted by the MHU dated February 3, 2014 satisfactory to the Bank, describing: (a) environmental monitoring and mitigation measures (including procedures to follow in case of unexpected findings of physical resources with possible cultural, archeological, paleontological, historical, religious, aesthetic, or other cultural value) to eliminate or offset adverse environmental impacts, or to reduce them to acceptable levels; and (b) the actions needed to implement these measures.


8. “MNREP” means the Borrower’s Ministry of Natural Resources and Environmental Protection or any successor or successors thereto.

9. “MoH” means the Borrower’s Ministry of Health or any successor or successors thereto.

10. “MHU” means the Borrower’s Ministry of Housing and Utilities or any successor or successors thereto.
11. “Oblasts” means the following Oblasts within the Borrower’s territory: Brest, Gomel, Grodno, Minsk, Mogilev and Vitebsk.

12. “Operational Manual” means the manual dated February 3, 2014 adopted by the MHU, referred to in Section I.A.3 of Schedule 2 to this Agreement, describing the procedures for the Project implementation including, inter alia: (i) procedures governing administrative, procurement, accounting, financial management, monitoring and evaluation arrangements; (ii) the Performance Monitoring Indicators; (iii) the EMP; (iv) the RPF; and (v) the Abbreviated Resettlement Plan; as the same may be amended from time to time with the agreement of the Bank.

13. “Original Project” means the project set forth in Schedule 1 of the Original Loan Agreement.


15. “Performance Monitoring Indicators” means the indicators to monitor and evaluate the progress of the Project, referred to in Section II.A.1 of Schedule 2 to this Agreement, acceptable to the Bank, as the same may be amended from time to time with the prior consent of the Bank.


17. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated February 3, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

18. “Project Coordinating Team” or “PCT” means the Borrower’s national industrial investment company “Belkomtekhnvest” established pursuant to Presidential Decree 417, dated August 12, 2008 and subordinated to the MHU, which is responsible for the day-to-day implementation of the Project.

19. “Resettlement” means the impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (A) standard of living adversely affected; or (B) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (C) access to productive assets adversely affected, temporarily or permanently; or (D) business,
occupation, work or place of residence or habitat adversely affected, temporarily or permanently.

20. “Resettlement Policy Framework” or “RPF” means the Borrowers framework dated May 18, 2012 and acceptable to the Bank, outlining general implementation procedures, mitigation measures and monitoring procedures for Resettlement under the Project, including the procedures for preparation and implementation of resettlement plans, when applicable, as said framework may be amended from time to time with the Bank’s prior approval.

21. “Selected Water and Wastewater Service Providers” means any water utility (vodokanal) and communal services utilities responsible for the provision of water and wastewater services in the Borrower’s territory, selected in accordance with the criteria and procedures defined in the Operational Manual.