Global Environment Facility
Grant Agreement

(Sustainable Energy Scale-Up Project)

between

REPUBLIC OF BELARUS

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as an Implementing Agency of the Global Environment Facility
AGREEMENT dated as of the Signature Date between REPUBLIC OF BELARUS ("Recipient") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"), acting as an implementing agency of the Global Environment Facility ("GEF"). The Recipient and the Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard 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 Standard Conditions or in the Appendix to this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions and Schedule 2 to this Agreement.

Article III
The Grant

3.01. The Bank agrees to extend to the Recipient a grant in an amount not to exceed three million six hundred and fifty-three thousand United States Dollars ($3,653,000) ("Grant") to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section III of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the Bank receives periodic contributions from the donor to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the 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.

Article IV
Additional Remedies

4.01. The Additional Events of Suspension consists of the following:

(a) Regulation No. 1311 of the Recipient’s Council of Ministers, dated October 3, 1997, which established the PMU has been amended, suspended, abrogated, repealed, waived or not enforced, in such a manner so as to affect materially and adversely, in the opinion of the Bank, the PMU’s ability to carry out the Project.

(b) (i) Subject to sub-paragraph (ii) of this paragraph: (A) the right to withdraw the proceeds of the Co-financing has been suspended, canceled or terminated in whole or in part, pursuant to the terms of the Co-financing Agreement; or (B) the Co-financing has become due and payable prior to its agreed maturity. (ii) Sub-paragraph (i) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Bank that: (A) such suspension, cancellation, termination or prematuring was not caused by the failure of the Recipient of the Co-financing to perform any of its obligations under the Co-financing Agreement; and (B) adequate funds for the Project are available from other sources on terms and conditions consistent with the Recipient’s obligations under this Agreement.

(c) The Bank has determined after the effective date referred to in Article V below prior to such date but after the date of this Agreement, an event has occurred which would have entitled the Bank to suspend the Recipient’s right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the Bank has been furnished to the Bank that the conditions specified below have been satisfied.

(a) The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.
(b) The loan agreement dated the same date as this Agreement, between the Recipient and IBRD, providing a loan in support of the Project ("Loan Agreement"), has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

(c) The Co-financing Agreement between the Recipient and European Bank for Investment, providing a loan in support of the Project, has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

(d) The POM has been adopted by the Recipient on a manner satisfactory to the Bank.

**Article VI**

**Recipient’s Representative; Addresses**

6.01. The Recipient’s Representative is its Deputy Prime Minister or any successor thereto.

6.02. For purposes of Section 7.01 of the Standard Conditions: (a) the Recipient’s address is:

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

(b) the Recipient’s Electronic Address is:

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

6.03. For purposes of Section 7.01 of the Standard 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: 248423(MCI) or 64145(MCI)  
Facsimile: 1-202-477-6391  
E-mail: akremer@worldbank.org

REPUBLIC OF BELARUS

By

Authorized Representative

Name: Valentin B. Tataritsky  
Title: Chairman of State Committee for Standardization  
Date: November 28, 2019

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
acting as an Implementing Agency of the Global Environment Facility

By

Authorized Representative

Name: Alexander Kremer  
Title: Country Manager for Belarus  
Date: November 28, 2019
SCHEDULE 1

Project Description

The objective of the Project is to scale up efficient energy use in space heating of multi-apartment buildings and renewable wood biomass utilization for heating in selected localities in Belarus.

The Project consists of the following parts:

Part 1: Renewable Wood Biomass Heating

Support fuel-switching and efficiency improvement of heating systems in selected localities in all oblasts in the Recipient’s territory through biomass heating investments: including, inter alia, carrying out of works for construction and rehabilitation of boiler plants, installation of new wood-biomass-fired boilers, installation of new peak gas-fired boilers and rehabilitation of existing ones, as needed, modernization of heat networks, installation of individual heat substations and operational monitoring and control systems, and development of local sites for wood fuel preparation.

Part 2: Thermal renovation of multi-apartment buildings (MABs)

Support the implementation of the Recipient’s program for thermal renovation of MABs in the Selected Oblasts, through:

(a) Package A: carrying out of thermal renovation projects (TRPs) including installation of building-level substations or mixing loops, thermostatic radiator valves (TRVs) and necessary piping retrofit in individual apartments, upgrading of entrance doors and staircase windows, and other associated low-cost measures agreed with the Bank.

(b) Package B: carrying out of TRPs including all measures financed under (a) above as well as upgrading of individual apartment windows (if not already upgraded), mandatory thermal insulation for roofs, exterior walls, and basements.

(c) Grants for the installation of heat cost allocators (HCAs) and implementation of apartment-level consumption-based billing included in either package under (a) or (b) above as an option for beneficiaries in selected locations agreed with the Bank.

(d) Piloting a partially repayable grant scheme and support the roll out of the Recipient’s thermal renovation program.
Part 3: Technical Assistance and Implementation Support

Provision of technical assistance for market development, communications and capacity building, and support for overall project implementation, through:

(a) Development of a wood biomass fuel market: including carrying out of analytical work and provision of technical assistance for developing national regulation on energy-content-based wood biomass pricing.

(b) Thermal renovation market development: development and implementation of communications and outreach programs to homeowners, capacity building for government agencies, thermal renovation market participants and stakeholders.

(c) Development and implementation of a monitoring, reporting and verification (MRV) system for Green House Gas (GHG) emissions reduction in space heating as a result of thermal renovation.

(d) Support Project management, monitoring and reporting, including through: (i) training for PMU and PIU staff; (ii) consulting services for Project supervision and for fulfilling fiduciary duties including carrying out of audits; and (iii) Operating Costs for PMU and PIUs.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall, through EED, carry out the Project in accordance with the Project Operations Manual (hereinafter, the “POM”). Except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the POM or any of its provisions thereof.

2. At all times during Project implementation, the Recipient shall ensure that the PMU is maintained with qualified staff in sufficient numbers, adequate funds, facilities, services and other resources for the Project implementation (including financial management, procurement and safeguards aspects) all satisfactory to the Bank.

3. At all times during Project implementation, the Recipient shall ensure that the Project is carried out under the guidance of an inter-ministerial steering committee established for purposes of implementation of the Grant consisting of representatives of ministries involved in the implementation of the Project.

4. The Recipient shall maintain, throughout Project implementation, for purposes of implementation of Part 2 of the Project: (a) a PIU in each of the Selected Oblasts to coordinate the activities thereunder at the Selected Oblast level; (b) the MCA with direct responsibility for implementing the activities thereunder in its respective municipality; and (c) the OE in charge of reviewing and approving the technical aspects of TRPs under such Part of the Project.

5. The Recipient shall ensure that Part 2 of the Project is implemented by the PMU and the PIUs of the Selected Oblasts in collaboration with the MCAs of the municipalities where TRPs shall be undertaken, including the obligation of each MCA to supervise the respective TRP under the oversight of the PMU and support of the relevant PIU.

B. Thermal Renovation Projects and Partially Repayable Grant Scheme

The Recipient shall establish a program for thermal renovation of MABs consisting of:

1. Thermal Renovation Projects (TRPs)
The Recipient shall renovate eligible MABs that comply with criteria described in the POM by carrying out TRPs in eligible MABs. Such criteria to include:

(a) a TRP shall be eligible for financing subject to: (i) approval of its renovation scope and investment amount by at least two-thirds of the homeowners and commercial businesses, as applicable, of the candidate MAB; (ii) approval of its technical designs by the authorized Oblast Expertise prior to the contracting of any civil works for any such TRP; and (iii) obtaining of all official certifications required under the Recipient’s legislation; and

(b) during Project implementation, the energy savings of renovated MABs be assessed after a full heating season by a qualified expert, including a company, selected in accordance with criteria described in the POM.

2. Partially Repayable Grant Scheme

The Recipient shall implement a repayment mechanism in installments of the TRPs through which homeowners and commercial businesses as applicable, of the renovated MABs shall repay their share of the investment cost incurred by the Recipient to carry out the TRP. Such scheme, which is described in the POM, to include:

(a) the investment cost incurred by the Recipient for the carrying out of the TRPs described under Part 2 (a) or (b) of the Project, as the case may be;

(b) the portion of the investment cost of the TRPs to be repayable; and

(c) terms and conditions of the repayment mechanism.

C. Safeguards

1. The Recipient shall (a) carry out the Project in accordance with the provisions of the Safeguards Instruments; and (b) ensure that any contracts for civil works under the Project incorporate the pertinent requirements of 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 contractor and sub-contractors on environmental, health and safety.

2. Except as the Bank shall otherwise agree, the Recipient 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. For purposes of the Project, the Recipient shall: (a) ensure that the selection of any investment under the Project is done in accordance with the provisions of the ESMF and ESIA; (b) ensure the complete implementation of the site-specific ESMP(s) in a manner acceptable to the Bank, including all necessary measures to minimize and to mitigate any adverse environmental impacts caused by the implementation of the investments under the Project; and (c) maintain the PMU, PIUs and DHCs with competent environmental specialists in adequate numbers and with such responsibilities and functions acceptable to the Bank as shall enable the PMU, the PIUs and the DHCs to manage, coordinate and monitor the implementation of the site-specific ESMP(s) for the Project.

4. Prior to the commencement of works under any investment for each proposed site, the Recipient, through the PMU and the respective PIU and DHC, shall ensure that: (a) the related ESMP(s) are prepared in accordance with the ESMF and ESIA; (b) the proposed design and site for said works incorporate the provisions of the ESMPs; (c) the provisions of said ESMPs are adequately included in the proposed contract for said works; and (d) such works are carried out in accordance with the respective site-specific ESMPs.

5. The Recipient 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.

6. The Recipient shall ensure that all 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.

7. The Recipient shall prepare and 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 particular related to...
the implementation of activities under Part 2 of the Project, in a manner satisfactory to the Bank.

Section II.  Project Reports

The Recipient shall ensure that each Project Report is furnished to the Bank not later than one month after the end of each calendar semester, covering the calendar semester.

Section III.  Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; and (b) this Section; to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods and works for Grants under Part 2 (c) of the Project</td>
<td>1,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, non-consulting and consulting services and Training under Part 3 (a) of the Project</td>
<td>150,000</td>
<td>70%</td>
</tr>
<tr>
<td>(3) Goods, non-consulting and consulting services and Training under Part 3 (b) of the Project</td>
<td>1,900,000</td>
<td>93%</td>
</tr>
<tr>
<td>(4) Goods, non-consulting and consulting services and Training under Part 3 (c) of the Project</td>
<td>456,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Goods, non-consulting and consulting services, Training and Operating Costs under Part 3 (d) of the Project</td>
<td>147,000</td>
<td>7%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>3,653,000</td>
<td></td>
</tr>
</tbody>
</table>
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 Signature Date.

2. The Closing Date is April 30, 2025.

Section IV. Other Undertakings

The Recipient shall ensure that, upon Project completion, the energy savings of renovated MABs continue to be assessed after a full heating season of the Recipient by a qualified expert, including a company, selected in accordance with criteria described in the POM.
APPENDIX

Section I. Definitions


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


4. “Co-financing Agreement” means the agreement to be entered into between the Recipient and the Co-financier providing for the Co-financing in an amount equivalent to EURO ninety million to assist in financing the Project.

5. “Energy Efficiency Department “or “EED” means the Recipient’s State Committee of Standardization established pursuant to a Decree of the President of the Recipient No. 289, dated May 5, 2006 and a Resolution No. 981, dated July 31, 2006 of the Council of Ministers of the Recipient, or any successor thereto.

6. “Environmental and Social Impact Assessment” and “ESIA” means the assessment, to be prepared by Recipient, 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.

7. “Environmental and Social Management Framework” or “ESMF” means the framework for the Project prepared by the Recipient, and disclosed on the EED’s website on April 2, 2019 and on the Bank’s website on April 2, 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.
8. “Environmental and Social Management Plan(s)” or “ESMPs” means site-specific
environmental social management plans, satisfactory to the Bank, comprising
environmental mitigation plans and environmental monitoring plans to be prepared
and adopted by the Recipient pursuant to the ESMF, wherein are set forth specific
details of measures to manage identified or potential environmental and social risks
and to mitigate, reduce and/or offset adverse environmental and social impacts
associated with the implementation of activities under the Project, together with
an environmental and social baseline for each site, details of the relevant
environmental legislative framework, adequate institutional, monitoring and
reporting arrangements capable of ensuring proper implementation of, and regular
feedback on compliance with each ESMP, as the same may be amended and
supplemented from time to time with the Bank’s prior written approval.

9. “MAB” means multi-apartment building and the term MABs means, collectively,
all such MAB.

10. “Municipal Contracting Authority “and “MCA” means the Recipient’s entity
responsible for implementing specific thermal renovation projects in individual
participating municipalities of the Selected Oblasts selected in accordance with the
criteria and procedures defined in the POM, and MCAs means, collectively, all
such MCAs, or any successor thereto.

11. “Oblast Expertise” or “OE” means the Recipient’s agency in charge of reviewing
and approving technical aspects of TRPs.

12. “OHUD” means the Recipient’s Oblast Housing and Utility Department.

13. “Operating Costs” means the incremental expenses incurred by the PMU and each
PIU, on account of Project implementation, which would not exist absent the
Project, and includes the 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 incremental contractual staff (excluding consulting services and salaries of
officials of the Recipient’s civil service), office administration costs, and other
reasonable expenditures directly associated with the carrying out of the Project, as
agreed by the Bank; and based on an annual budget acceptable to the Bank.

14. “Partially Repayable Grant Scheme” means the program for thermal renovation of
MABs under which the Recipient requests repayment of part of the investment cost
incurred for carrying out the TRP as described under Part 2 (d) of the Project in
Schedule 1, and Section I.B.2 in Schedule 2, to this Agreement.

15. “PIU” or “Project Implementation Unit” means the unit within the PMU
established in accordance with the criteria and procedures satisfactory to the Bank,
and PIUs means, collectively, all such PIUs.
16. “PMU” or “RUE Belinvestenergosberezhnie” means the unit within the EED established pursuant to Regulation No. 1311 of the Recipient’s Council of Ministers, dated October 3, 1997, responsible of the Project implementation, or any successor thereto.


18. “Program for Thermal Renovation” means the Recipient’s program to upgrade eligible MABs by carrying out TRPs and establishing a mechanism of partial repayment grant scheme.

19. “Project Operations Manual” or “POM” means the manual for the Project, to be prepared and adopted by the Recipient, satisfactory to the Bank, describing and setting forth procedures for implementation of the Project and institutional arrangements, including coordination with the PMU Project Director and PIU’s Project Coordinators appointed by the Recipient, consistent with the provisions of this Agreement and with applicable laws and regulations and including, inter alia, timetables of actions required to be carried out under the Project, the respective roles and responsibilities of the agencies involved in the implementation of the Project, criteria for the use of grants under Part 2 (c) of the Project, staffing, 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 by agreement with the Bank.

20. “Safeguard Instruments” means collectively, the ESIA, ESMF and ESMP and “Safeguard Instrument” means any of such Safeguards Instruments.

21. “Selected Oblasts” means the two oblasts within the Recipient’s territory, namely Grodno and Mogilev, selected in accordance with the criteria and procedures agreed with the Bank in which TRPs and the piloting of a PRG scheme shall be carried out under Part 2 of the Project.

22. “Signature Date” means the later of the two dates on which the Recipient and the Bank signed this Agreement and such definition applies to all references to “the date of this Agreement” in the Standard Conditions.

24. "Thermal Renovation Project" or "TRP" means an activity to be carried out by the Recipient under Part 2 (a) through (c) of the Project, and TRPs means, collectively, all such TRPs.

25. "Training" means expenditures (other than those for consultants' services) incurred by the Recipient in connection with the carrying out of 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 for the purposes of and directly related to the activities described in the Project.