Dear Excellency:

Re: Grant No. TF098603
Belarus Austrian Technical Assistance Trust Fund for Privatization
Amendment to the Grant Agreement

We refer to the Grant Agreement dated December 21, 2010 between the Republic of Belarus ("Recipient") and the International Bank for Reconstruction and Development ("World Bank") for the above-mentioned grant ("Grant"), as amended to date ("Grant Agreement").

Pursuant to former Minister of Economy’s, Mr. Snopkov, letter dated December 1, 2014 and recent conversations, we are pleased to inform you that the World Bank has agreed to: (a) extend to the Recipient an additional grant in an amount not to exceed one million United States Dollars (US$1,000,000) for the Project; (b) establish August 15, 2016 as the later date for purposes of Paragraph 3.03 of the Annex to the Grant Agreement; and (c) revise the definition of the term "Incremental Operating Costs". Also, the World Bank suggests the additional following modifications: (a) replace the applicable Standard Conditions, Anti-corruption Guidelines, Procurement Guidelines, and Consultant Guidelines by the latest versions issued by the Bank; (b) add a required definition; and (c) update the drafting of the Additional Event of Suspension.

In view of the above, the Bank proposes to amend the Grant Agreement as follows:

1. Paragraph 1 of the Grant Agreement is hereby amended and replaced in its entirety to read as follows:

"In response to the request for financial assistance made on behalf 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 Republic of Austria, proposes to extend to the Recipient a grant in an amount not to exceed three million and six hundred thousand United States Dollars (US$3,600,000) ("Grant") and an additional contribution to the Grant in an amount not to exceed one million United States Dollars (US$1,000,000) ("Additional Contribution") (jointly "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"). The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions
(as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.”

2. Section 1.01 of the Annex to the Grant Agreement is hereby amended and replaced in its entirety to read as follows:

“1.01 **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 (“Standard Conditions”) constitute an integral part of this Agreement.”

3. Section 1.02 of the Annex to the Grant Agreement is hereby amended and replaced in its entirety to read as follows:

“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, and the following additional terms have the following meanings:

Ministry of Economy’ means the Recipient’s Ministry of Economy, or any successor thereto.”

4. Section 2.02 of the Annex to the Grant Agreement is hereby amended and replaced in its entirety to read as follows:

“2.02 **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project 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”); and (c) this Article II.”

5. Section 2.06 (a) of the Annex to the Grant Agreement is hereby amended and replaced in its entirety to read as follows:

“(a) **General.** All goods, non-consulting services and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:


(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014) (“Consultant Guidelines”) in the case of consultants’ service; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).”
6. Section 2.06 (c) of the Annex to the Grant Agreement is hereby amended and replaced in its entirety to read as follows:

“(c) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.”

7. The table with Eligible Expenditures under paragraph 3.01 of the Annex to the Grant Agreement and its following paragraph are hereby amended and replaced in their entirety to read as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated in US$</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, consultants’ services (including audits of the Project), Training and Incremental Operating Costs</td>
<td>4,600,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

For the purposes of this paragraph,

(a) the term “Training” means the reasonable expenditures, as shall have been approved by the World Bank incurred to finance the cost of training activities and workshops carried out under the Project, including costs of training materials, training providers, facilities and related travel expenditures and allowances provided to the participants in such training and workshops;

(b) the term “Incremental Operating Costs” means the reasonable incremental expenditures, as shall have been approved by the World Bank, incurred on account of the implementation of the Project, including office supplies, communication, travel, bank charges and salaries of contractual staff of the unit within the Ministry of Economy in charge of the privatization program working exclusively for the Project (but excluding salaries of the Recipient’s public servants).”

7. Paragraph 3.03 of the Annex to the Grant Agreement is hereby amended and replaced in its entirety to read as follows:

“3.03. Withdrawal Period. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is August 15, 2016.”

8. Section 5.01 of the Annex to the Grant Agreement is hereby amended and replaced in its entirety to read as follows:

“5.01. The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following, namely, that the Recipient has taken no action in support of its privatization program referred to in Section 2.01 of this Agreement for eighteen (18) cumulative months during Project implementation.”
9. The Appendix to the Grant Agreement is hereby amended and deleted in its entirety.

All other terms and conditions of the Grant Agreement remain in full force and effect.

Please confirm your agreement with the foregoing amendment by signing and dating this letter in the spaces provided below. This amendment letter shall be executed in two counterparts each of which shall be an original and one of which shall be returned to us. The provisions set forth in this amendment letter will become effective as of the date of the countersignature, upon receipt by the World Bank of one fully executed original of this letter.

Please also note that the restructuring paper dated November 24, 2014, a copy of which is enclosed herewith, will be disclosed on the Bank’s external website as per the Bank’s policy on Access to Information.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Young Chul Kim
Country Manager for Belarus

AGREED:

BELARUS

By: [Signature]

Name: Vladimir Zinovsky

Title: Minister of Economy

Date: 5 February 2015