

**OFFICIAL  
DOCUMENTS**

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**LOAN NUMBER 8474-BY**

**Loan Agreement**

**(Forestry Development Project)**

**between**

**REPUBLIC OF BELARUS**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated** *April 2*, 2015

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**LOAN NUMBER 8474-BY**

**LOAN AGREEMENT**

Agreement dated *April 2*, 2015, between the REPUBLIC OF BELARUS (“Borrower”) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”).

WHEREAS by an agreement of even date herewith between the Borrower and the Bank, acting as an implementing agency of the Global Environment Facility (GEF) (Grant Agreement), the Bank has agreed to make a grant to the Borrower in the amount of two million seven hundred thirty nine thousand seven hundred twenty six Dollars (\$2,739,726) (Grant) to assist in financing part of the Project described in Schedule 1 to this Agreement (Project).

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 forty million seven hundred fourteen thousand Dollars (US\$ 40,714,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement (“Loan”), to assist in financing the Project.
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV 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 the Borrower’s Minister of Forestry.
- 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. The Borrower shall pay the Front-end Fee not later than sixty days after the Effective Date.

- 2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. 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.
- 2.06. 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 the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.08. (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, through the Ministry of Forestry (MoF), shall ensure that the Project is carried out by Bellesexport, 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 Additional Conditions of Effectiveness consist of the following:
- (a) The Grant Agreement has been executed and delivered and all conditions precedent to its effectiveness (other than the effectiveness of this Agreement) have been fulfilled.
  - (b) The Project Operational Manual has been adopted by the Borrower.
- 4.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.

### **ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. Except as provided in Section 2.02 of this Agreement, the Borrower's Representative is the Borrower's Deputy Prime Minister.
- 5.02. The Borrower's Address is:

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

Facsimile:

375 17 2226665

5.03. The Bank's Address is:

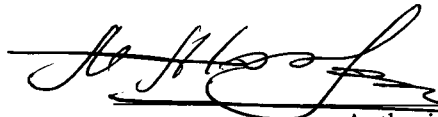
International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED at Minsk, Republic of Belarus, as of the day and year first above written.

REPUBLIC OF BELARUS

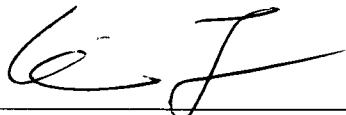
By

  
\_\_\_\_\_  
Authorized Representative

Name: Michael Aveljanovich  
Title: Minister of Forestry of  
the Republic of Belarus

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By

  
\_\_\_\_\_  
Authorized Representative

Name: Qimiao Fan  
Title: Country Director  
Ukraine, Belarus and Moldova

## SCHEDULE 1

### Project Description

The objectives of the Project are to enhance silvicultural management and reforestation and afforestation, increase the use of felling residues and improve the public good contribution from forests in the Borrower's targeted forest areas.

The Project consists of the following parts:

#### **Part 1: Improvement of Silviculture and the Sustainability of Forest Management**

Improving silviculture and forest management effectiveness through, *inter alia*:

1. the increased intensity of silviculture activities by thinning of young and middle-aged stands through the provision of necessary equipment (including harvesters and forwarders);
2. the development of the use of woody biomass from logging residues to enhance the forest management productivity through the provision of necessary equipment (including heavy duty chipper machines); and
3. the improvement of forest nurseries for afforestation and reforestation through the modernization of selected forest nurseries through, *inter alia*: (i) the provision and installation of new seeding lines, greenhouses, cooling machinery and watering systems; and (ii) other forest nursery equipment.

#### **Part 2: Improvement of Forest Fire Prevention, Monitoring, Detection and Suppression**

Reducing the incidents of forest fire hazards through, *inter alia*:

1. the enhancement of the Borrower's capacity to respond to fire incidents through, *inter alia*: (i) the carrying out of public awareness activities; (ii) the development of a fire-fighting zone system; and (iii) the carrying out of an inventory of depleted peat lands;
2. (i) the strengthening of fire detection and monitoring measures through the provision of the necessary equipment; and (ii) the enhancement of communication mechanisms among State-owned Forestry Enterprises; and
3. the improvement of fire suppression efforts through the provision of: (i) modern fire-fighting vehicles; and (ii) other modern fire-fighting equipment.

**Part 3: Capacity Building for Sustainable Forest Management**

Strengthening the Borrower's capacity for sustainable forest management through, *inter alia*:

1. the facilitation of an enabling environment for sustainable forest management through, *inter alia*: (i) the review and update of the Borrower's forest policy and legal framework and forestry sector strategy; (ii) the development of the necessary methods and techniques to improve the biological and landscape diversity in forest management, including through the piloting of trial new silvicultural approaches; and (iii) the carrying out of Training activities to raise awareness of State-owned Forestry Enterprises on international best practices in the forestry sector;
2. the strengthening of the forest management information system and forest management planning capacity through, *inter alia*: (i) the provision of equipment; (ii) the development of a web-based interface for sharing information among relevant forest sector stakeholders; (iii) the development of a geo-information system-based map and database of potential forestry carbon (non Project) investments;
3. the use of advanced forest management technologies through the provision of Training;
4. (i) the design and implementation of a monitoring system of radiological conditions of forests in the Borrower's territory; and (ii) the strengthening of the existing system of protective measures of radiological monitoring activities; and
5. the provision of support for the implementation, monitoring and evaluation of the Project, including: (i) the carrying out of the Project audits; and (ii) the implementation and supervision of the ESMP.

## **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 MoF, and to this end, through Bellesexport, shall operate and maintain, throughout Project implementation, the Project Implementation Unit (PIU) with qualified staff in sufficient numbers, adequate funds, facilities, services and other resources for Project implementation, all acceptable to the Bank.
2. The Borrower, through Bellesexport, shall: (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.
3. The Borrower shall ensure, during the implementation of the Project, the coordination among its offices, units and subordinated agencies (including, State-owned Forestry Associations, State-owned Forest Enterprises, Bellesozahita and Belgosles) and any other relevant ministry (including the Ministry of Natural Resources and Environmental Protection) with technical, environmental and social safeguards, fiduciary and other Project related responsibilities for implementing the Project, all with powers, functions, capacity, staffing and resources acceptable to the Bank to fulfill their respective responsibilities under the Project.

##### **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, through Bellesexport, shall carry out the Project in accordance with the ESMP. Except as the Bank shall otherwise agree, the Borrower, through Bellesexport, shall not assign, amend, abrogate or waive the ESMP or any of its provisions.
2. The Borrower, through Bellesexport, shall ensure that no activities to be carried out under the Project involve Involuntary Resettlement.



3. The Borrower shall ensure, that the terms of reference for any consultancy in respect of any Project activity under the Project shall be satisfactory to the Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the Bank Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance.

## **Section II. Project Monitoring Reporting and Evaluation**

### **A. Project Reports and Mid-term Review**

1. The Borrower, through Bellesexport, 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 indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than one month after the end of the period covered by such report.
2. By February 15, 2017, or such other date as the Bank shall agree upon, and without limitation to the provisions of Section 5.08 (a) and (b) of the General Conditions, the Borrower, through Bellesexport, shall: (a) carry out jointly with the Bank, a mid-term review of the implementation of activities under the Project, which shall cover the progress achieved in the implementation of the Project; and (b) following such mid-term review, act promptly and diligently to take any corrective action as shall be agreed by the Bank.

### **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. The Borrower, through Bellesexport, shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the Bank not later than forty five (45) calendar days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
3. The Borrower, through Bellesexport, 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 furnished to the Bank no later than six months after the end of such period.

**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 (including Annex A to this Schedule).
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: (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: (a) Quality-based Selection; (b) Selection under a Fixed

Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (j) Single-source procedures for the 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, through Bellesexport, shall no later than June 30 of every year during the implementation of the Project, beginning on June 30, 2016: (i) 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*: (A) a description of the issues which arose during the full procurement cycle under the Project during the twelve months preceding the date of presenting each Procurement Report, from design through planning, bidding, contract implementation and completion; (B) a list of proposed measures and actions to be taken to resolve the issues identified under (A) above; and (C) a proposed timeline for the implementation of the said measures and actions; and (ii) thereafter implement the proposed measures and actions under each Procurement Report in accordance with its terms and in a manner acceptable to 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.

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be financed (inclusive of Taxes)</b>
Goods, works, non-consulting services and Training under Parts 1.1, 1.2, 1.3(i), 2.2 and 2.3(i) of the Project	40,714,000	100%
<b>TOTAL AMOUNT</b>	<u>40,714,000</u>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) from the Loan Account until the Bank has received payment in full of the Front-end Fee; and
  - (b) for payments made prior to the date of this Agreement.
2. The Closing Date is August 31, 2020.

**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 Borrower (Law No. 419-3 on Public Procurement of Goods (Works, Services), 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 set forth in paragraph 1.10 of the Procurement Guidelines. 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 Borrower’s 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) calendar 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, the contract finalization) shall be conducted using conventional paper formats. The Borrower/Bellesexport shall be able to use an 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, works and non-consulting services, 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 acceptable to the Bank.

D. Participation by Government-owned Enterprises

Government-owned enterprises 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 government. 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 pertinent 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, goods, and non-consulting services 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 in a manner acceptable to the Bank.

- (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.
- (c) 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) calendar days from the date of the decision to extend the bid validity. No further extensions shall be requested without the prior approval of the Bank.
- (d) 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.
- (e) 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.
- (f) 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.
- (g) No domestic preference shall apply under National Competitive Bidding.
- (h) 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 acceptable to the Bank

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 ten percent (10%) 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) calendar 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

With respect to contracts subject to the Bank's prior review, the Borrower/Bellesexport shall obtain the Bank's no objection before agreeing to: (a) a material extension of the stipulated time for performance of a contract; (b) any substantial modification of the scope of services or other significant changes to the terms and conditions of the contract; (c) any variation order or amendment which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than fifteen percent (15%); or (d) the proposed termination of the contract. A copy of all contract amendments shall be provided to the Bank.

L. Fraud and Corruption

Each bidding document and contract financed out of the proceeds of the Loan shall include provisions stating the Bank's policy to sanction firms or individuals, found to have engaged in fraud and corruption as defined in paragraph 1.16(a) of the Procurement Guidelines.

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.



**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.

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
On each April 15 and October 15  Beginning April 15, 2020, through April 15, 2035	3.13%
On October 15, 2035	2.97%

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.

## APPENDIX

### **Section I. Definitions**

1. “Anti-Corruption Guidelines” means 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.
2. “Bank Safeguards Policies” means the World Bank’s operational policies and procedures set forth in the Bank’s Operational Manual under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60 as said manual is published under [www.WorldBank.org/opmanual](http://www.WorldBank.org/opmanual).
3. “Belgosles” means the Borrower’s forest management republican unitary (state-owned) enterprise established pursuant to MoF Order No. 32, dated February 15, 2001.
4. “Bellesexport” means Borrower’s Republican Unitary (state-owned) Enterprise established pursuant to MoF Order No. 71, dated July 19, 1995, or any successor thereto, acceptable to the Bank.
5. “Bellesozahita” means the Borrower’s institution responsible of forest protection and monitoring, established pursuant to MoF Order No. 105, dated May 5, 2000.
6. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
7. “Consultant Guidelines” means 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).
8. “ESMP” means the Borrower’s environmental and social management plan (which includes an environmental impact assessment), publicly disclosed on December 8, 2014, in form and substance acceptable to the Bank which contains, *inter alia*: (a) environmental and social mitigation measures anticipated for activities under the Project; and (b) the Borrower’s agencies responsible for monitoring of construction and operational impacts, as said plan may be amended from time to time with the prior written agreement of the Bank.
9. “FSC” means Forest Stewardship Council.
10. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012, with the modifications set forth in Section II of this Appendix.

11. “Grant Agreement” means the agreement referred to in the whereas clause, as such agreement may be amended from time to time. “Grant Agreements’ includes all appendices, schedules and agreements supplemental to the Grant Agreement.
12. “Involuntary 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.
13. “Ministry of Forestry” or “MoF” means the Borrower’s Ministry of Forestry, or any of successor thereto.
14. “Ministry of Natural Resources and Environmental Protection” means the Borrower’s Ministry of Natural Resources and Environmental Protection, or any successor thereto.
15. “PEFC” means Program for the Endorsement of Forest Certification.
16. “Procurement Guidelines” means 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 (revised July 2014).
17. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated January 15, 2015 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 Implementing Unit” means the unit referred to in Section I.A.1 of Schedule 2 to this Agreement.
19. “Project Operational Manual” or “POM” means the manual for the Project, 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 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. "State-owned Forestry Association" means any of the Borrower's state-owned forestry associations established in each of the Borrower's six regions.
21. "State-owned Forestry Enterprise" means any of the Borrower's state-owned enterprises under the administrative jurisdiction of the MoF, certified to be in compliance with PEFC and/or FSC standards, and participating in the implementation of the Project.
22. "Training" means expenditures (other than those for consultants' services) incurred by the Borrower 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 of the Project.

## **Section II. Modifications to the General Conditions**

The General Conditions are hereby modified as follows:

1. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.
2. Section 3.01. (*Front-end Fee*) is modified to read as follows:

"Section 3.01. *Front-end Fee; Commitment Charge*

  - (a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").
  - (b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."
3. In the Appendix, **Definitions**, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.

4. The Appendix is modified by inserting a new paragraph 19 with the following definition of “Commitment Charge”, and renumbering the subsequent paragraphs accordingly:

“19. “Commitment Charge” means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b).”

5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of “Front-end Fee” is modified by replacing the reference to Section 3.01 with Section 3.01 (a).
6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term “Loan Payment” is modified to read as follows:

“68. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”

7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest”.