



LOAN NUMBER 8606-BY

Loan Agreement

(Public Financial Management Modernization Project)

between

REPUBLIC OF BELARUS

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated

April 1, 2016

LOAN NUMBER 8606-BY

LOAN AGREEMENT

Agreement dated *April 1*, 2016, between REPUBLIC OF BELARUS (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). 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 ten million Dollars (US\$10,000,000), 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 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. The Borrower’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is its First Deputy Minister of Finance or Deputy Minister of Finance, as the case may be.
- 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 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 March 15 and September 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.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower, through its Ministry of Finance (MoF), shall carry out the Project with the assistance of the Data-Processing Center (IT Center) in accordance with the provisions of Article V of the General Conditions and the Implementation Arrangements.
- 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 — REMEDIES OF THE BANK

- 4.01. The Additional Events of Suspension consist of the following:
- (a) The Implementation Arrangements have 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 ability of the IT Center to carry out the Project.
 - (b) The Borrower's Resolution of the Council of Ministers No. 223 dated June 20, 1973 has been amended, suspended, abrogated, repealed or waived so as to affect materially or adversely, in the opinion of the Bank, the IT Center's ability to carry out the Project pursuant to the Implementation Arrangements.
- 4.02. The Additional Events of Acceleration consist of the following, namely, that any event specified in Section 4.01 (a) or (b) of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Implementation Arrangements have been duly signed and are in full force and effect.
 - (b) The Project Operational Manual has been adopted by the MoF.
- 5.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. Except as provided in Section 2.02 of this Agreement, the Borrower's Representative is the Minister of Finance.

6.02. The Borrower's Address is:

Ministry of Finance
Minsk, 220010
Sovetskaya Str. 7
Republic of Belarus

Facsimile:

375 17 2224593

6.03. The Bank's Address is:

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

Telex:

Facsimile:

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



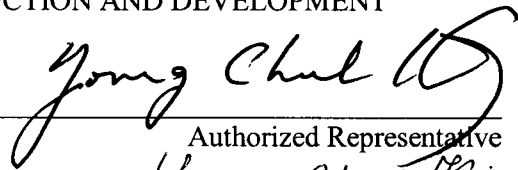
Authorized Representative

Name: Vladimir V. Amarin

Title: Minister of Finance
of the Republic of Belarus

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: Young Chul Kim

Title: Country Manager
for Belarus

SCHEDULE 1

Project Description

The objectives of the Project are to improve policy alignment of the budget, consolidate cash balances, improve budget transparency and lay the foundations for an integrated financial management information system.

The Project consists of the following parts:

Part 1. Budget Management Regulations and Procedures

- 1.1. Strengthening the Borrower's budget preparation through, *inter alia*:
 - (a) the provision of technical assistance on, *inter alia*: (i) the selection and use of financial programming model, including the provision of relevant Training; (ii) the identification of existing gaps in operational capacity and methodology for macroeconomic forecasting;
 - (b) the development of methodologies for estimating: (i) tax expenditures (including tax privileges and exemptions) and assessing their efficiency; and (ii) tax gap;
 - (c) the development of a medium-term budgeting methodology, which includes, *inter alia*: (i) the definition of medium-term expenditure limits for the Borrower's programs; (ii) the carrying out of an assessment regarding the feasibility of establishing reserve funds as a tool for countercyclical fiscal policy; and (iii) the establishment of a mechanism for multi-year allocations and transfer of unused funds into the Borrower's next fiscal year; and
 - (d) the development of a program-based budgeting methodology which includes, *inter alia*: (i) the establishment of indicators to assess efficiency and results of the Borrower's programs; (ii) the development of a new program classification of budget expenditures; and (iii) the carrying out of relevant capacity building activities.
- 1.2. Strengthening the Borrower's debt management system through, *inter alia*: (a) the provision of technical assistance on the implementation of the Borrower's debt management strategy; and (b) the revision of the Borrower's public debt regulatory framework.
- 1.3. Strengthening the Borrower's budget execution and budget reporting through, *inter alia*:

- (a) (i) the development of a plan for a phased consolidation of the Borrower's public funds in the Treasury Single Account (TSA), and implementation of the first phase of said plan; (ii) the provision of technical assistance focused on strengthening the Borrower's management of commitments; (iii) the integration of the Borrower's procurement procedures into the budget execution process; and (iv) the development of cash forecasting tools and procedures, including the provision of Training on their use;
- (b) (i) the development of the conceptual framework for the reform of the national public sector accounting and reporting system, including the definition of institutional responsibilities within the Borrower; (ii) the design of a comprehensive and time bound implementation plan, which includes, *inter alia*: (A) the proposed changes to the existing legal framework; and (B) a proposed mechanism for the development and adoption of accounting and reporting standards which are compliant with International Public Sector Accounting Standards (IPSAS); (iii) the preparatory activities for the adoption of the first set of standards developed using the mechanism referred to in (B) herein, including the carrying out of public consultations; (iv) the development of a unified chart of accounts integrated with the budget classification; (v) the development of financial reporting templates in accordance with IPSAS; including the preparation of methodological instructions for the compilation of financial reports; (vi) provision of technical assistance and Training on the implementation of the new set of standards and on the unified chart of accounts referred to in (iii) and (iv) herein, respectively;
- (c) (i) the development of options for the modernization of the internal financial control and audit system of the Borrower's public sector; and (ii) based on the options developed under (i) herein, the formulation of the conceptual framework of the new public sector internal financial control and audit system; and
- (d) the strengthening of the public access to the Borrower's budget information through, *inter alia*: (i) the preparation and publication of user friendly versions of the Borrower's budget information; (ii) the acquisition and installation of relevant software (e.g. data extraction and business-analysis); and (iii) the provision of Training.

Part 2. Public Financial Management IT Solutions

Carrying out of the following activities, *inter alia*:

- (a) development of public financial management business processes for the design and implementation of an integrated financial management information system, based on the activities carried out under Part 1 above, including through the acquisition and installation of business process management software in the MoF and/or the IT Center;
- (b) carrying out an analysis of existing integrated solutions in the market for the establishment of a financial management information system;
- (c) preparation of bidding documents, including specifications, for the acquisition of a financial management information system, based on the revised business processes carried out under Part 2 (a) above; and
- (d) upgrading of the Automated System for Financial Settlements through, *inter alia*, the acquisition and installation of the necessary software and hardware in the MoF and/or the IT Center.

Part.3 Change Management

- 3.1. Carrying out of capacity building activities supporting the Borrower's change management process to implement the public financial management activities referred to in Parts 1 and 2 above, including: (i) the carrying out of awareness campaigns, Training activities on the implementation of said reforms; (ii) the design and implementation of Training programs for the Training Center;
- 3.2. Strengthening the Training Center's operational capacity through, *inter alia*: (i) the acquisition and installation of relevant hardware and software; and (ii) the provision of technical assistance on developing a business model for training delivery; and
- 3.3. Project management activities through the provision of support for Project implementation, monitoring and evaluation, including the procurement and financial management aspects and the carrying out of the Project audits.

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 MoF, shall:
 - (a) cause the IT Center to: (i) operate and maintain, throughout Project implementation, the Project Implementation Unit (PIU) with qualified staff in sufficient numbers, as well as adequate funds, premises, services and other resources for Project implementation (including, procurement, financial management and monitoring and evaluation) as set forth in the agreement between the MoF and the IT Center referred to in Section I.B of this Schedule, all acceptable to the Bank and described in the POM; and (ii) ensure that any staff of the PIU financed out of the proceeds of the Loan is selected and hired in accordance with Section III of this Schedule; and
 - (b) ensure, throughout Project implementation, the coordination between the IT Center and other relevant Borrower's units and agencies participating in Project implementation, all with powers, functions, capacity, staffing and resources acceptable to the Bank to fulfill their respective responsibilities under the Project.
2. The Borrower, through MoF, shall cause the IT Center to: (a) implement 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.

B. Implementation Arrangements Documents

1. To facilitate the carrying out of the Project, the Borrower, through MoF, shall issue a resolution and, immediately thereafter, enter into an agreement with the IT Center, all under terms and conditions acceptable to the Bank (Implementation Arrangements) which shall include, *inter alia*, the obligation of the IT Center to: (i) implement the Project in accordance with the pertinent provisions of this Agreement (including compliance with the pertinent provisions set forth in the Procurement and Financial Management sections and the provisions of Article V

of the General Conditions), the Anti-Corruption Guidelines and the POM; (ii) use the proceeds of the Loan exclusively for the purposes of the Project; (iii) promptly inform the Borrower, through MoF, and the Bank of any condition which interferes, or threatens to interfere, with the performance of its obligations under the Implementation Arrangements; and (iv) take or permit to be taken all actions to enable the Borrower to comply with the obligations referred to in this Agreement as applicable to the IT Center.

2. The Borrower, through MoF, shall exercise its rights under the Implementation Arrangements in such manner as to protect the interest of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower, through MoF, shall not assign, amend, abrogate or waive the Implementation Arrangements or any of their provisions.

C. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower, through MoF: (a) shall, and shall cause the IT Center to, monitor and evaluate the progress of the Project; and (b) shall cause the IT Center to 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 forty five (45) days after the end of the period covered by such report.

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 MoF, shall cause the IT Center to prepare and furnish to the Bank 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, through MoF, shall cause the IT Center to have the 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 not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Non-consulting Services.** All goods 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 and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) Shopping; and (b) Direct Contracting.

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 MoF, shall cause the IT Center to: (a) as part of every other Project Report referred to in Section II. A of this Schedule of each year during the implementation of the Project, beginning on February 15, 2017 or any other date as shall be agreed by the Bank, prepare and furnish to the Bank an annual procurement progress report (Procurement Report), in form and substance acceptable to the Bank, which shall include, *inter alia*: (i) a description of the issues which arose in connection with the full procurement cycle under the Project during the twelve (12) months preceding the date of presenting each Procurement Report, 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 (A) above; and (iii) a proposed timeline for the implementation of the said measures and actions; and (b) immediately 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.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, non-consulting services, consultants' services, Training and Operating Costs for the Project	9,975,000	100%
(2) Front-end Fee	25,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(3) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 2.08(c) of this Agreement
TOTAL AMOUNT	<u>10,000,000</u>	

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 30, 2019.

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.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each March 15 and September 15 Beginning September 15, 2021 through September 15, 2023	16.67%
On March 15, 2024	16.65%

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. “Automated System for Financial Settlements” means the MoF’s IT system consisting of a set of software and hardware, telecommunication and information security tools to ensure automation of budget formulation, execution, accounting and reporting procedures.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “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).
5. “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.
6. “Implementation Arrangements” means MoF’s Ministerial Resolution and the agreement between MoF and the IT Center designating responsibility to the MoF and the IT Center for the implementation of the Project, as referred to in Section I.B of Schedule 2 to this Agreement.
7. “International Public Sector Accounting Standards” or “IPSAS” means International Public Sector Accounting Standards issued by the International Public Sector Accounting Standards Board of International Federation of Accountants for the preparation of general purpose financial statements by governments and other public sector entities around the world.
8. “IT” means Information Technology.
9. “IT Center” means the Republican Unitary Enterprise “Data-Processing Center of the Ministry of Finance, a separate legal entity under the administrative jurisdiction of the MoF pursuant to the Borrower’s Resolution of the Council of Ministers No. 223, dated June 20, 1973, or any successor thereto acceptable to the Bank.
10. “MoF” means the Borrower’s Ministry of Finance, or any successor thereto.

11. “Operating Costs” means the reasonable incremental operating expenditures incurred by the IT Center for an efficient Project implementation and monitoring, all based on annual budgets acceptable to the Bank, but excluding salaries of the Borrower’s officials and public servants, as set forth in the POM.
12. “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).
13. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated February 16, 2016, 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.
14. “Procurement Report” means any of the reports referred to in Section III.D.2 of Schedule 2 to this Agreement.
15. “Project Implementing Unit” or “PIU” means the unit referred to in Section I.A.1 (a) of Schedule 2 to this Agreement.
16. “Project Operational Manual” or “POM” means the Borrower’s manual for the Project, acceptable to the Bank, 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 Borrower’s subordinated 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
17. “Training” means expenditures (other than those for consultants’ services) incurred by the IT Center in connection with the carrying out of training activities (such as seminars, workshops, study tours, 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 and translation services, as well as training materials, all for the purposes of, and directly related to, the activities of the Project.

18. “Training Center” means the Center for Qualification Upgrading of Executives and Specialists, a public educational institution under the administrative jurisdiction of the MoF, or any successor thereto acceptable to the Bank.
19. “Treasury Single Account” or “TSA” means the set of accounts opened to the MoF (including its territorial departments) for registering funds of the republican budget, subnational budgets, budgets of state extra-budgetary funds and other resources.

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”.