
GRANT NUMBER 0001-KGZ(SF) (SEFF-FA)

FACILITY AGREEMENT
(Special Operations)

(Multisector Activities Support Facility)

between

KYRGYZ REPUBLIC

and

ASIAN DEVELOPMENT BANK

DATED 25 December 2019

KGZ 52256

**FACILITY AGREEMENT
(Special Operations)**

AGREEMENT dated 25 December 2019 between KYRGYZ REPUBLIC ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Recipient may from time to time request ADB to finance eligible expenditures for small-scale activities (individually an "Activity", and collectively, "Activities") under an ADB small expenditure financing facility ("Facility") in the form of an activity sub-grant or activity sub-grants from ADB's Special Funds resources (individually an "Activity Sub-Grant", and collectively, "Activity Sub-Grants"); and

(B) the Recipient and ADB wish to establish a framework within which the Recipient may request for such Activity Sub-Grants and the general terms and conditions upon which ADB will provide each such Activity Sub-Grants under the Facility;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Definitions

Section 1.01. For purposes of this Agreement:

- (a) "AAM" means each activity administration manual prepared under the Facility in relation to an Activity and agreed between the Recipient and ADB, as updated from time to time in accordance with the respective administrative procedures of the Recipient and ADB;
- (b) "Activity Executing Agency" means the entity or agency designated as such in the Activity Sub-Grant Agreement, which is responsible for the carrying out of the Activity;
- (c) "Activity Implementing Agency" means any entity or agency designated as such in the Activity Sub-Grant Agreement, which is responsible for implementing the Activity;
- (d) "Activity Sub-Grant Account" means the account opened or to be opened by ADB on its books in the name of the Recipient to which the amount of the Activity Sub-Grant has been or will be credited;
- (e) "Activity Sub-Grant Agreement" means a letter agreement to be entered into between the Recipient and ADB, substantially in the form shown in Schedule 3 to this Agreement;

- (f) "Activity Sub-Grant Effective Date" means the date on which ADB receives the Activity Sub-Grant Agreement countersigned by the Recipient;
- (g) "Activity Sub-Grant Request" means a notice to be submitted by the Recipient to ADB, substantially in the form set out in Schedule 2 to this Agreement;
- (h) "Dollar" or the sign "\$" each means the lawful currency of the United States of America;
- (i) "Effective Date" means the date on which this Agreement shall have come into force and effect pursuant to Section 5.02 of this Agreement;
- (j) "Ensuing Project(s)" means the prospective project(s) to be financed by ADB;
- (k) "Facility Availability Period" means the facility availability period referred to in Section 2.02 of this Agreement;
- (l) "General Terms and Conditions" means the general terms and conditions applicable to the Activity Sub-Grant, set out in Schedule 1 to this Agreement;
- (m) "SEFF" means the small expenditure financing facility;
- (n) "SPS" means ADB's Safeguard Policy Statement (2009); and
- (o) "Total Facility Amount" means the total facility amount referred to in Section 2.01 of this Agreement.

ARTICLE II

The Facility

Section 2.01. ADB hereby makes available to the Recipient a Facility to finance Activities which support project preparation, implementation, and/or post completion of ADB-financed projects. The Facility is to be financed from ADB's Special Funds resources and the maximum financing amount available under the Facility is ten million Dollars (\$10,000,000).

Section 2.02. (a) Pursuant to this Agreement, ADB may from time to time provide Activity Sub-Grants to the Recipient to finance Activities during a period of 5 years from the Effective Date.

(b) At the end of the Facility Availability Period, ADB may, in consultation with the Recipient extend the Facility Availability Period for an additional term of 5 years.

ARTICLE III

Activity Sub-Grants

Section 3.01. (a) The Recipient may utilize the Facility by submitting to ADB a duly completed Activity Sub-Grant Request in the form set forth in Schedule 2 to this Agreement.

(b) ADB will provide each Activity Sub-Grant pursuant to the receipt of an Activity Sub-Grant Request upon its review of the documents and materials provided in connection with the Activity Sub-Grant Request for the Activity to be financed under the Activity Sub-Grant in accordance with applicable ADB operational policies and procedures, including on procurement, financial management, disbursement, and the environmental and social safeguards.

Section 3.02. (a) Each Activity Sub-Grant provided by ADB shall be subject to (i) this Agreement; (ii) the General Terms and Conditions; and (iii) the particular terms and conditions set out in the relevant Activity Sub-Grant Agreement in the form set forth in Schedule 3 to this Agreement. All Activity Sub-Grant Agreements will form an integral part of this Agreement.

(b) Neither this Agreement nor the provision of any Activity Sub-Grant constitutes or implies a commitment or legal obligation on the part of ADB to provide financial assistance to the Recipient for any Ensuing Project.

Section 3.03. Upon ADB's approval of the Activity Sub-Grant Request, ADB shall provide the Activity Sub-Grant Agreement to the Recipient to be countersigned by the Recipient. The Activity Sub-Grant shall become effective on the date of receipt by ADB of the countersigned Activity Sub-Grant Agreement.

ARTICLE IV

Particular Covenants

Section 4.01. The Recipient shall ensure that each Activity is implemented in accordance with the detailed arrangements set forth in the applicable AAM. Any subsequent change to the applicable AAM shall become effective only after approval of such change by the Recipient and ADB. In the event of any discrepancy between the AAM and the related Activity Sub-Grant Agreement, the provisions of the Activity Sub-Grant Agreement shall prevail.

Section 4.02. (a) The Recipient shall cause each Activity Executing Agency or Activity Implementing Agency, as applicable, to (i) maintain separate accounts and records for the Activities; (ii) prepare annual financial statements for the Activities in accordance with financial reporting standards acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable

to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the Activity Sub-Grant proceeds, and a management letter (which sets out the deficiencies in the internal control of the Activities that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Activities and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

(c) The Recipient shall cause each Activity Executing Agency or Activity Implementing Agency, as applicable, to enable ADB, upon ADB's request, to discuss the financial statements for the related Activity and the financial affairs of the Activity Executing Agency and Activity Implementing Agency, as applicable, where they relate to the Activity with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Activity Executing Agency or Activity Implementing Agency, as applicable, unless the Activity Executing Agency or Activity Implementing Agency, as applicable, shall otherwise agree.

Section 4.03. (a) The Recipient, the Activity Executing Agencies, and the implementing agencies, shall (i) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Activities; and (ii) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

(b) The Recipient, the Activity Executing Agencies and the implementing agencies shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Activities.

ARTICLE V

Effectiveness; Termination

Section 5.01. (a) This Agreement shall become effective upon receipt by ADB of evidence satisfactory to ADB that the execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary corporate and governmental action.

(b) As part of the evidence to be furnished pursuant to subsection 5.01(a) hereinabove, the Recipient shall furnish, or cause to be furnished, to ADB an opinion

satisfactory to ADB of counsel acceptable to ADB showing that (i) this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Recipient, and (ii) this Agreement, and each Activity Sub-Grant Agreement to be entered into on behalf of the Recipient under this Agreement, are legally binding upon the Recipient in accordance with their terms.

Section 5.02. Except as ADB and the Recipient shall otherwise agree, this Agreement shall come into force and effect on the date of ADB's notice to the Recipient of its acceptance of the evidence required by Section 5.01.

Section 5.03. If this Agreement shall not have come into force and effect within 90 days after the date of the Agreement, the Agreement, and all obligations of the parties hereunder, shall terminate, unless ADB, after consideration of the reasons for the delay, shall establish a later date. ADB shall promptly notify the Recipient of such later date.

ARTICLE VI

Enforceability; Failure to Exercise Rights

Section 6.01. (a) The rights and obligations of ADB and the Recipient under this Agreement shall be valid and enforceable in accordance with its terms notwithstanding the law of any state or political or administrative subdivision thereof to the contrary.

(b) Neither ADB nor the Recipient shall be entitled in any proceeding under this Section to assert any claim that any provision of this Agreement is invalid or unenforceable because of any provision of the Agreement Establishing the Asian Development Bank or for any other reason.

Section 6.02. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Agreement upon any default shall impair any such right, power or remedy, or be construed to be a waiver thereof or an acquiescence in any such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

ARTICLE VII**Miscellaneous**

Section 7.01. The Minister of Finance of the Recipient is designated as representative of the Recipient for the purposes of the Facility and each Activity Sub-Grant under this Agreement.

Section 7.02. Any notice or request required or permitted to be given or made under this Agreement shall be in writing and shall be delivered by hand or by mail, facsimile, or electronic mail to the party to which it is required or permitted to be given or made at such party's address specified in Section 7.03, or at such other address as such party shall have designated by notice to the party giving such notice or making such request.

Section 7.03. The following addresses are specified for the purposes of any request or notice to be given or made under this Agreement:

For the Recipient

The Ministry of Finance
58, Erkindik Boulevard
Bishkek, 720040
Kyrgyz Republic

Facsimile Number:

(996) 312 661645.

For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:


(632) 636-2444

(632) 636-2407.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.


KYRGYZ REPUBLIC

By


BAKTYGUL JEENBAEVA
Minister of Finance

ASIAN DEVELOPMENT BANK

By


STEVEN LEWIS-WORKMAN
Authorized Representative

SCHEDULE 1 TO THE FACILITY AGREEMENT

General Terms and Conditions Applicable to Activity Sub-Grants

I. Grant Regulations; Definitions

1.01. The provisions of ADB's Special Operations Grant Regulations, dated 1 January 2017 ("Grant Regulations") apply to each Activity Sub-Grant with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

- (a) The term "Grant", wherever it appears in the Grant Regulations as a defined term or as part of a defined term, shall be substituted by the term "Activity Sub-Grant".
- (b) The term "Project", wherever it appears in the Grant Regulations as a defined term or as part of a defined term, shall be substituted by the term "Activity".
- (c) The following term as defined under Section 2.01 (Definitions) of the Grant Regulations is deleted: "Project Agreement".
- (d) The following term as defined under Section 2.01 (Definitions) of the Grant Regulations is deleted and the following is substituted therefor:

"Effective Date" means the date on which the Activity Sub-Grant Agreement shall have come into force and effect pursuant to Section 9.01;

- (e) Section 9.01 (Conditions Precedent to Effectiveness) is deleted and the following is substituted therefor:

"Section 9.01. **Activity Sub-Grant Effective Date.** (a) Except as ADB and the Recipient shall otherwise agree, the Activity Sub-Grant Agreement shall come into force and effect on the date of ADB's receipt of the Activity Sub-Grant Agreement duly signed by both the Recipient and ADB;

(b) If, before the Activity Sub-Grant Effective Date, any event shall have occurred which would have entitled ADB to suspend the right of the Recipient to make withdrawals from the Activity Sub-Grant Account if the Activity Sub-Grant Agreement had been effective, ADB may postpone the effectiveness referred to in paragraph (a) of this Section until such event shall have ceased to exist.

- (f) Section 9.02 (Legal Opinions) is deleted.
- (g) Section 9.03 (Effective Date) is deleted.

- (h) Section 9.04 (Termination for Failure to Become Effective) is deleted.
- (i) Section 11.01 (Notices and Requests) is deleted and the following is substituted therefor:

"Section 11.01. **Notices and Requests.** Any notice or request required or permitted to be given or made under the Activity Sub-Grant Agreement, and any other agreement between any of the parties contemplated by the Activity Sub-Grant Agreement, shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, facsimile or electronic mail to the party to which it is required or permitted to be given or made at such party's address specified in the Activity Sub-Grant Agreement or at such other address as such party shall have designated by notice to the party giving such notice or making such request."

1.02. Wherever used herein, the several terms defined in the Grant Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used herein and in the Activity Sub-Grant Agreement have the following meanings:

- (a) "Activity Executing Agency" within the meaning of the Grant Regulations means the entity or agency designated as such in the Activity Sub-Grant Agreement, which is responsible for the carrying out of the Activity;
- (b) "Activity Sub-Grant Agreement" means each letter agreement to be entered into between the Recipient and ADB, substantially in the form set forth in Schedule 3 to this Agreement;
- (c) "Allocation Table" means the table showing the allocation of the Activity Sub-Grant proceeds to items of expenditure under the Activity, and the withdrawal percentage for disbursement for each such item of expenditure from the Activity Sub-Grant proceeds, as set forth in the Activity Sub-Grant Agreement;
- (d) "Consulting Services" means the consulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Activity Sub-Grant;
- (e) "EARF" means the environmental assessment and review framework for the Facility, including any update thereto, prepared and submitted by the Recipient and cleared by ADB;
- (f) "EMP" means each environmental management plan for an Activity, including any update thereto, incorporated in the IEE;

- (g) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (h) "Goods" means equipment and materials as set out in the Procurement Plan and to be financed out of the proceeds of the Activity Sub-Grant, including those financed out of the proceeds of the Activity Sub-Grant under a contract for Consulting Services and any related Nonconsulting Services such as transportation, insurance, installation, commissioning, training, and initial maintenance;
- (i) "IEE" means each initial environmental examination for an Activity, including any update thereto, prepared and submitted by the Recipient pursuant to the requirements set forth in the EARF and cleared by ADB;
- (j) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (k) "Nonconsulting Services" means nonconsulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Activity Sub-Grant;
- (l) "Procurement Policy" means ADB's Procurement Policy – Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (m) "Procurement Regulations" means ADB's Procurement Regulations for ADB Borrowers – Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (n) "Procurement Plan" means the procurement plan for the Activity incorporated in the AAM, as updated from time to time in accordance with the Procurement Policy and Procurement Regulations, and other arrangements agreed with ADB;
- (o) "Safeguards Monitoring Report" means each report prepared and submitted by the Recipient to ADB that describes progress with implementation of, and compliance with the EMP, including any corrective and preventative actions;
- (p) "Services" means Consulting Services and Nonconsulting Services; and
- (q) "Works" means construction or civil works as set out in the Procurement Plan and to be financed out of the proceeds of the Activity Sub-Grant, including any related Nonconsulting Services and Activity related services that are provided as part of a single responsibility or turnkey contract.

II. The Activity Sub-Grant

2.01. (a) ADB agrees to make available to the Recipient from ADB's Special Funds resources the amount specified in the Activity Sub-Grant Agreement.

(b) The amount of each Activity Sub-Grant shall not exceed the equivalent of three million Dollars (\$3,000,000).

III. Use of Proceeds of the Activity Sub-Grant

3.01. The Recipient shall cause the proceeds of the Activity Sub-Grant to be applied exclusively to the financing of expenditures on the Activity in accordance with the Activity Sub-Grant Agreement and these General Terms and Conditions.

3.02. Except as ADB may otherwise agree, the proceeds of the Activity Sub-Grant shall be allocated to items of expenditure, and disbursed on the basis of the withdrawal percentage for each item of expenditure, as set forth in the Allocation Table.

3.03. Notwithstanding the allocation of Activity Sub-Grant proceeds and the withdrawal percentages set forth in the Allocation Table,

- (a) if the amount of the Activity Sub-Grant allocated to any category appears to be insufficient to finance all agreed expenditures in that category, ADB may, in consultation with the Recipient, (i) reallocate to such category, to the extent required to meet the estimated shortfall, amounts of the Activity Sub-Grant which have been allocated to another category but, in the opinion of ADB, are not needed to meet other expenditures; and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such category may continue until all expenditures thereunder shall have been made; and
- (b) if the amount of the Activity Sub-Grant allocated to any category appears to exceed all agreed expenditures in that category, ADB may, in consultation with the Recipient, reallocate such excess amount to any other category.

3.04. Except as ADB may otherwise agree, the Activity Sub-Grant proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

3.05. The Recipient shall ensure that:

- (a) the procurement of Goods, Works and Services is carried out in accordance with the Procurement Policy and the Procurement Regulations;
- (b) Goods, Works and Services shall be procured based on the detailed arrangements set forth in the Procurement Plan, including the procurement and selection methods, the type of bidding documents, and ADB's review requirements. The Recipient may modify the detailed

arrangements set forth in the Procurement Plan only with the prior agreement of ADB, and such modifications must be set out in updates to the Procurement Plan; and

- (c) (i) all Goods and Works procured and Services obtained (including all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party; and (ii) all contracts for the procurement of Goods, Works and Services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor, supplier, consultant or service provider with respect to the matters referred to in this subparagraph.

3.06. The Recipient shall not award, or shall cause the Activity Executing Agencies or Activity Implementing Agencies, as applicable, not to award, any Works contract for an Activity which involves environmental impacts until the Activity Executing Agency or Activity Implementing Agency, as applicable, has:

- (a) obtained the final approval of the IEE from the the relevant environment authority of the Recipient; and
- (b) incorporated the relevant provisions from the EMP into the Works contract.

3.07. Withdrawals from the Activity Sub-Grant Account in respect of Goods, Works, and Services shall be made only on account of expenditures relating to:

- (a) Goods which are produced in and supplied from and Works and Services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement; and
- (b) Goods, Works, and Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

3.08. The Recipient shall enable ADB's representatives to inspect the Activity, the Goods and Works, and any relevant records and documents.

3.09. (a) The Recipient shall ensure through the Activity Executing Agency or the Activity Implementing Agency, as applicable, that the Activity Sub-Grant does not finance any activities which are classified as category A for environment and social impact under the SPS.

(b) The Recipient shall ensure or cause the Activity Executing Agency or Activity Implementing Agency, as applicable, to ensure that no proceeds of the Activity Sub-Grant are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

3.10. The Recipient shall ensure or cause the Activity Executing Agency or Activity Implementing Agency, as applicable, to ensure that the Activity Sub-Grant

is only used to support (a) activities in a sector that has been targeted for ADB support under the current or any future ADB country partnership strategy for the Recipient and (b) an activity that is of a type identified in the "Activity" row of the Form of Activity Sub-Grant Request attached as Schedule 2 to the Facility Agreement.

3.11 The Recipient shall ensure the exemption of taxes, duties and fees for all Activities under the Facility.

SCHEDULE 2 TO THE FACILITY AGREEMENT¹

Form of Activity Sub-Grant Request

[Date]

Asian Development Bank
 [] Department
 6 ADB Avenue
 Mandaluyong City
 1550 Metro Manila
 Philippines

Attention: [], []

Re: Small Expenditure Financing Facility Activity Sub-Grant (Special Operations)

Dear [Sir]/[Ma'am],

We refer to the Facility Agreement (Special Operations) dated [insert date] between the Recipient and ADB ("Facility Agreement"). This is a request ("Activity Sub-Grant Request") for a Small Expenditure Financing Facility Activity Sub-Grant ("Activity Sub-Grant").

We hereby request an Activity Sub-Grant on the following terms.

Activity	The Activity shall support project [preparation][implementation][post completion] of ADB-financed project[s] identified below, including:
	<ul style="list-style-type: none"> <li data-bbox="608 1330 1353 1464">(i) [undertaking feasibility studies, including preliminary engineering design; cost estimates; technical, financial, economic, and socioeconomic analysis; environmental and social impact assessment; and capacity building; <li data-bbox="608 1491 1353 1653">(ii) undertaking detailed engineering design, including specifications, drawings, detailed cost estimates, and environmental and social safeguards planning documents for the Ensuing Project(s) or ongoing project(s); <li data-bbox="608 1680 1353 1787">(iii) advance procurement actions, including preparation of bidding documents for the Ensuing Project(s) and supporting the bidding process until contract award;

¹ The signing version of the Facility Agreement may retain the footnotes in this schedule for ease of future reference by the Recipient.

	<p>(iv) small equipment, works, and services associated with, or to support, ADB-financed projects, such as (i) pilot testing, (ii) rehabilitation works, (iii) post-disaster recovery, and (iv) operations and maintenance contracts;</p> <p>(v) payments for ADB's reimbursable technical assistance and transaction advisory services for public-private partnerships;² [and][or]</p> <p>(vi) external audits on the use of the Activity Sub-Grant proceeds.]</p>
[Ensuing Project(s)][Ongoing Project(s)][Post-Completion Support]]	[]
Activity Executing Agency	[], or any successor thereto acceptable to ADB.
Activity Implementing Agency	[], or any successor thereto acceptable to ADB.
Activity Sub-Grant amount	[Dollars (\$)]
Allocation Table	As set forth in the Attachment to this Activity Sub-Grant Request, subject to such changes as ADB may notify to the Recipient.

We hereby confirm that matters continue to be in accordance with the general understandings and expectations on which the SEFF is based and which are laid out in the Facility Agreement.

We acknowledge that this Activity Sub-Grant Request is subject to ADB's review and approval in accordance with Section 3.01 of the Facility Agreement.

Very truly yours,

By _____
[Name and designation]³

² Expenditures may also include payments for transaction advisory services (TAS) to prepare public-private partnership projects. When ADB (through its Office of Public-Private Partnerships) has been engaged as the transactions advisor, the relevant policies and procedures will apply.

³ Should be consistent with Representative of the Recipient.

Allocation Table⁴

ALLOCATION AND WITHDRAWAL OF ACTIVITY SUB-GRANT PROCEEDS				
Number	Item	Total Amount Allocated for ADB Financing [\$]		Basis for Withdrawal from the Activity Sub-Grant Account
		Category	Subcategory	
1	Works [**]			
1A				____ % of total expenditure claimed[*]
1B				____ % of total expenditure claimed
2	Goods			
2A				____ % of total expenditure claimed
2B				____ % of total expenditure claimed
3	Consulting Services			____ % of total expenditure claimed
4	Unallocated			
	TOTAL			

* Exclusive of taxes and duties imposed within the territory of the Recipient

* Subject to the condition for withdrawal described in the Activity Sub-Grant Agreement

⁴ Though not encouraged, the categories may be divided into subcategories (as exemplified only in Category 1 and Category 2 above), if convenient or necessary for activity-specific reasons; but no subcategory may be further divided.

If local taxes are not financed by ADB and the withdrawal percentage is presented on a net-of-tax basis, insert "*" after the relevant item of expenditure, and include "Exclusive of taxes and duties imposed within the territory of the Recipient" below the Table. Counsel should consult with CTL as there may be activity-specific variations. Counsel should also read OM J6 and Staff Instructions on Cost Sharing and Eligibility Expenditures for ADB Financing: A New Approach (2006).

If an item of expenditure is subject to a condition for withdrawal and is separately categorized, insert "***" after the relevant item of expenditure and include "*** Subject to the condition for withdrawal described in the Activity Sub-Grant Agreement" below the Table. Counsel should consult with CTL as there may be activity-specific variations.

This attachment must be completed and inserted for all Activity Sub-Grants, unless the information necessary to complete the attachment is not available at the time of the submission of the Activity Sub-Grant Request.

SCHEDULE 3 TO THE FACILITY AGREEMENT

Form of Activity Sub-Grant Agreement

[Date]

[]
[]

Kyrgyz Republic

Re: Small Expenditure Financing Facility Activity Sub-Grant
Sub-Grant Number: SEFF []-KGZ(Special Operations)

Dear [Sir][Ma'am],

1. We are pleased to inform you that on *[insert date]*, the Asian Development Bank ("ADB") approved the request from Kyrgyz Republic ("Recipient") ("Activity Sub-Grant Request") for the provision of a small expenditure financing facility activity Sub-Grant ("Activity Sub-Grant") to the Recipient for the purposes of the activities and on terms described in the table below ("Activity").

2. The Activity Sub-Grant is provided pursuant to the Facility Agreement (Special Operations) dated *[insert date]* between the Recipient and ADB ("Facility Agreement"). The Recipient and ADB hereby agree that the Activity will be financed and carried out on terms and conditions set forth in this letter agreement ("Activity Sub-Grant Agreement").

3. The general terms and conditions set forth in Schedule 1 to the Facility Agreement ("General Terms and Conditions") are hereby made applicable to this Activity Sub-Grant Agreement with the same force and effect as if they were fully set forth herein. Unless the context otherwise requires, capitalized terms used but not defined in this Activity Sub-Grant Agreement have the meaning given thereto in the General Terms and Conditions.

Activity	The Activity shall support project [preparation] [implementation] [post completion] of ADB-financed project[s] identified below,
	<p>(a) [undertaking feasibility studies, including preliminary engineering design; cost estimates; technical, financial, economic, and socioeconomic analysis; environmental and social impact assessment; and capacity building;</p> <p>(b) undertaking detailed engineering design, including specifications, drawings, detailed cost estimates, and environmental and social safeguards planning documents for the Ensuing Project(s);</p>

	<p>(c) advance procurement actions, including preparation of bidding documents for the Ensuing Project(s) and supporting the bidding process until contract award;</p> <p>(d) small equipment, works, and services associated with, or to support, ADB-financed projects, such as (i) pilot testing, (ii) rehabilitation works, (iii) post-disaster recovery, and (iv) operations and maintenance contracts;</p> <p>(e) payments for ADB's reimbursable technical assistance and transaction advisory services for public-private partnerships; [and][or]</p> <p>(f) external audits on the use of the Activity Sub-Grant proceeds.]</p>
Ensuing Project(s)][Ongoing Project(s)][Post-Completion Support]	[]
Activity Executing Agency	[], or any successor thereto acceptable to ADB.
Activity Implementing Agency	[], or any successor thereto acceptable to ADB.
Activity Sub-Grant amount	[Dollars (\$)]
Allocation Table	Attachment.
Activity Sub-Grant Closing Date	[]
Termination	The Activity Sub-Grant Agreement and all obligations of the parties thereunder shall terminate on a date [] ⁵ years after the date of this Activity Sub-Grant Agreement.
Recipient's Representative	The Minister of Finance of the Recipient is designated as representative of the Recipient for the purposes of Section 11.02 of the Grant Regulations.
Contact Information	The following addresses are specified for the purposes of Section 11.01 of the Grant Regulations:

⁵ Counsel should confirm with PTL the economic life of assets financed under the Activities and insert the number here.

	<p><u>For the Recipient</u></p> <p>The Ministry of Finance 58, Erkindik Boulevard Bishkek, 720040 Kyrgyz Republic</p> <p>Facsimile Number:</p> <p>(996) 312 661645.</p> <p><u>For ADB</u></p> <p>Asian Development Bank 6 ADB Avenue Mandaluyong City 1550 Metro Manila Philippines</p> <p>Facsimile Numbers:</p> <p>(632) 636-2444 (632) 636-2407.</p>
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4. Notwithstanding any other provision of this Agreement, no withdrawals shall be made from the Activity Sub-Grant Account for [] until [specify the event satisfying condition(s)].]
5. According to ADB's Access to Information Policy 2018 ("AIP") on disclosure and exchange of information, this Activity Sub-Grant Agreement will be disclosed on the ADB website once it has been signed by both parties. If ADB is advised that this Activity Sub-Grant Agreement contains any information or data of a sensitive or confidential nature falling within the AIP exceptions to presumed disclosure under the AIP, it will be disclosed after redaction of such information.
6. The Recipient is requested to confirm its agreement to the terms and conditions of this Activity Sub-Grant Agreement by having an authorized representative countersign the two original counterparts of this Activity Sub-Grant Agreement in the space indicated below. Please retain one signed original counterpart for your records, and return the other signed original counterpart to ADB.

Very truly yours,

By _____
[Name and designation]

The Recipient hereby agrees to the terms and conditions of this Activity Sub-Grant Agreement.

On behalf of Kyrgyz Republic:

Name:
Title:
Date:

The Activity Executing Agency hereby agrees to perform all obligations set forth in this Activity Sub-Grant Agreement to the extent that they are applicable to the Activity Executing Agency.⁶

On behalf of [the Activity Executing Agency]:

Name:
Title:
Date:

Attachment: AAM

⁶ To be used in situations where ADB would have otherwise entered into a project agreement with the Activity Executing Agency.

Allocation Table⁷

ALLOCATION AND WITHDRAWAL OF ACTIVITY SUB-GRANT PROCEEDS				
Number	Item	Total Amount Allocated for ADB Financing [\$/]		Basis for Withdrawal from the Activity Sub-Grant Account
		Category	Subcategory	
1	Works [**]			
1A				____ % of total expenditure claimed[*]
1B				____ % of total expenditure claimed
2	Goods			
2A				____ % of total expenditure claimed
2B				____ % of total expenditure claimed
3	Materials			____ % of total expenditure claimed
4	Consulting Services			____ % of total expenditure claimed
5	Unallocated			
	TOTAL			

* Exclusive of taxes and duties imposed within the territory of the Recipient.

** Subject to the condition for withdrawal described in this Activity Sub-Grant Agreement.

⁷ Though not encouraged, the categories may be divided into subcategories (as exemplified only in Category 1 and Category 2 above), if convenient or necessary for activity-specific reasons; but no subcategory may be further divided.

If local taxes are not financed by ADB and the withdrawal percentage is presented on a net-of-tax basis, insert "***" after the relevant item of expenditure, and include "Exclusive of taxes and duties imposed within the territory of the Recipient" below the Table. Counsel should consult with CTL as there may be activity-specific variations. Counsel should also read OM J6 and Staff Instructions on Cost Sharing and Eligibility Expenditures for ADB Financing: A New Approach (2006).

If an item of expenditure is subject to a condition for withdrawal and is separately categorized, insert "***" after the relevant item of expenditure and include "Subject to the condition for withdrawal described in the Activity Sub-Grant Agreement" below the Table. Counsel should consult with CTL as there may be activity-specific variations.

This attachment must be completed and inserted for all Activity Sub-Grants.