

# OFFICIAL DOCUMENTS

## The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

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Washington, D.C. 20433  
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Cable Address: INTBAFRAD  
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March 29, 2017

Mr. Adylbek Kasymaliev  
Minister  
Ministry of Finance  
58 Erkindik Blvd.  
Bishkek City, 720040  
Kyrgyz Republic

Dear Mr. Kasymaliev,

***Kyrgyz Republic: ECAPDEV Project Preparation Grant for the proposed Third Phase of  
the Central Asia Regional Links Program (CARs-3) (TF0A4647)  
Letter Agreement***

In response to the request for financial assistance made on behalf of Kyrgyz Republic (“Recipient”), I am pleased to inform you that the International Development Association (“World Bank”), acting as administrator of grant funds provided by various donors (“Donors”) under the Multi-Donor Programmatic Trust Fund for Europe and Central Asia Region Capacity Development (ECAPDEV) (TF071624), proposes to extend to the Recipient a grant in an amount not to exceed five hundred thirty thousand United States Dollars (USD 530,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”).

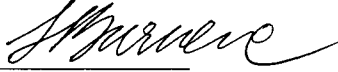
This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Agreement does not constitute or imply any commitment on the part of World Bank to assist in financing the proposed Third Phase of the Central Asia Regional Links Program (CARs-3); and (b) it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

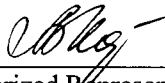
March 29, 2017

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank.

Very truly yours,  
INTERNATIONAL DEVELOPMENT ASSOCIATION

By   
Lilia Burunciuc  
Regional Director  
Central Asia

AGREED:  
KYRGYZ REPUBLIC

By   
Authorized Representative  
Name Adylbek Kasymaliev  
Title Minister of Finance  
Date: July 13, 2017

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012
- (2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Investment Project Financing, dated February 2017
- (3) "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, and as of July 1, 2016

**Trust Fund Grant No. TF0A4647  
ANNEX**

**Article I  
Standard Conditions; Definitions**

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

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement. The following definitions will have the following meanings:

- (i) “IPIG” means the Investment Project Implementation Group established within MOTR for purposes of day-to-day Project management or any successors thereto.
- (ii) “MOTR” means the Recipient’s Ministry of Transport and Roads, or any of its successor thereto.
- (iii) “Rules of Operation” means the World Bank’s set of rules and procedures dated July 2014 applicable to the Multi-donor Programmatic Trust Fund for Europe and Central Asia Region Capacity Development (ECAPDEV), containing *inter-alia*: the criteria for eligible countries, the approval process for grants, the financing thresholds of Eligible Expenditures and the applicable governance arrangements; as the same may be amended from time to time by agreement between the Donors of ECAPDEV and the World Bank.
- (iv) “Safeguard Policies” means the Association’s operational policies and procedures set forth in the Association’s Operational Manual under OP/BPs 4.01, 4.04, 4.07, 4.09, 4.10, 4.11, 4.12, 4.36 and 4.37, as said manual is published under [www.WorldBank.org/opmanual](http://www.WorldBank.org/opmanual).
- (v) “Social Charges” means any payments or contributions for health benefits, unemployment benefits, disability insurance, workers’ compensation benefits, retirement (pension or social security) benefits, and life insurance, or any other benefits according to the Recipient’s legislation.
- (vi) “Third Phase of the Central Asia RoadRegional Links Program” or “CARs-3” means the proposed project for the preparation of which the World Bank has made the Grant available and in support of which the Recipient has requested or intends to request the World Bank’s financial assistance.

**Article II  
Project Execution**

2.01. **Project Objectives and Description.** The objective of the grant is to support the Kyrgyz Government to advance the project preparation by financing preparatory studies for connector transport infrastructure. . The Project consists of the following parts:

- (i) Providing support for the preparation of key project preparatory documents for connector transport infrastructure, including *inter alia*: the preparation of feasibility studies and technical design for the modernization and rehabilitation of Karakol and Issyk-Kul International Airports, including preparation of tender documents for infrastructure and equipment, finalization of draft safeguards documents as well as results matrix for project monitoring.
- (ii) Provision of consultants' services for the Project financial audit.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through MOTR in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016 ("Anti-Corruption Guidelines"); and (c) this Article II.

2.03. **Institutional and Other Arrangements.** For purposes of carrying out the Project, the Recipient shall: (a) maintain at all times during Project implementation, professional staff at the IPIG under the MOTR in adequate numbers and with terms of reference, qualifications and functions acceptable to the World Bank, to perform all Project related functions including procurement; (b) ensure that the IPIG is responsible for overall financial management and disbursement related to implementation of Project activities.

2.04. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have the Project Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. The audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. **Procurement** All goods and consulting services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the "World Bank Procurement Regulations for Borrowers under Investment Project

Financing” dated July 1, 2016 (“Procurement Regulations”), and the provisions of the Recipient’s procurement plan for the Project (“Procurement Plan”) dated March 2, 2017 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

2.07 The Recipient shall ensure that the terms of reference for any consultancies related to the technical assistance provided under the Project shall duly incorporate the requirement of the Association’s Safeguard Policies then in force, as applied to the advice conveyed through such technical assistance.

### **Article III Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance 100% of Eligible Expenditures consisting of consultants’ services, inclusive of Taxes, and Social Charges.

3.02 Unless otherwise agreed with the World Bank, the Recipient shall ensure that the amounts allocated to finance Eligible Expenditures do not exceed the financing thresholds of said Eligible Expenditures pursuant to the Rules of Operation.

3.03. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of this Agreement.

3.04. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2017.

### **Article IV Additional Remedies**

4.01. **Additional Events of Suspension.** The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following, namely that the World Bank has decided, at any time after consultation with the Recipient, to withdraw its financial support for the proposed CARs-3 Program.

### **Article V Effectiveness; Termination**

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

(a) The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.

5.02. As part of the evidence to be furnished pursuant to Section 5.01 (a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to

the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Member Country, showing the following matters:

(a) on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.04. *Termination for Failure to Become Effective.* This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

#### **Article VI Recipient's Representative; Addresses**

6.01. *Recipient's Representative.* The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance.

6.02. *Recipient's Address.* The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance  
58 Erkindik Blvd.  
Bishkek City, 720040  
Kyrgyz Republic

Telex: 245-156 NUR KH      Facsimile: (996-312) 661645

6.03. *World Bank's Address.* The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Telex: 248423 (MCI) or      Facsimile: 1-202-477-6391