

*N 5159,005
of 19.11.2014,*

LOAN NUMBER 3093- KAZ

GUARANTEE AGREEMENT
(Ordinary Operations)

(Small and Medium Enterprise Investment Program – Tranche 2)

between

REPUBLIC OF KAZAKHSTAN

and

ASIAN DEVELOPMENT BANK

DATED 18.11.2014

KAZ 44060

**GUARANTEE AGREEMENT
(Ordinary Operations)**

GUARANTEE AGREEMENT dated 18.11.2014 between
REPUBLIC OF KAZAKHSTAN ("Guarantor") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) The JSC "Entrepreneurship Development Fund 'Damu' " ("Borrower"), the Government of the Guarantor and ADB have entered into a Framework Financing Agreement, dated 12 May 2011 (as amended, "FFA"), for the purposes of assisting the Borrower in financing projects under a Small and Medium Enterprise Investment Program ("Investment Program") through a multitranche financing facility to be provided by ADB;

(B) by a periodic financing request dated 26 August 2013 ("PFR") submitted by the Borrower and endorsed by the Guarantor pursuant to the FFA, the Borrower has applied to ADB for a loan, and ADB has agreed to provide from ADB's ordinary capital resources such loan under the condition that the Guarantor agrees to guarantee the obligations of the Borrower in respect of such loan as set forth in this Guarantee Agreement and upon the terms and conditions set forth in a Loan Agreement (Ordinary Operations) dated 29 October 2014 between the Borrower and ADB ("Loan Agreement"), for the purposes of financing the Project as defined in the Loan Agreement; and

(C) the Guarantor, in consideration of ADB's entering into the Loan Agreement with the Borrower, has agreed to guarantee such obligations of the Borrower on the basis of the Decree of the Government of the Republic of Kazakhstan dated 16 October 2014 No 1099 "On Provision of State Guarantee for the Project 'Financing of Small and Medium Enterprises through second tier banks using the funds of the Asian Development Bank' ";

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Section 1.01. All the provisions of the Ordinary Operations Loan Regulations Applicable to LIBOR-Based Loans Made from ADB's Ordinary Capital Resources, dated 1 July 2001, ("Loan Regulations") are hereby made applicable to this Guarantee Agreement with the same force and effect as if they were fully set forth herein subject, however, to the modifications thereof set forth in the Loan Agreement.

Section 1.02. Wherever used in this Guarantee Agreement, the several terms defined in the Loan Agreement and in the Loan Regulations shall have the respective meanings set forth therein unless the context otherwise requires.

ARTICLE II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Guarantee Agreement contained and regardless whether the Project will be successfully implemented, the Guarantor hereby unconditionally guarantees, as primary obligor, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the premium, if any, on the prepayment of the Loan, and the punctual performance of all the covenants and agreements of the Borrower, all as set forth in the Loan Agreement. All originals of this Guarantee Agreement shall be returned to the Guarantor upon its request after this Guarantee Agreement is duly terminated in accordance with Section 10.05 of the Loan Regulations.

Section 2.02 (a) It is the mutual intention of the Guarantor and ADB that no other external debt shall have any priority over the Loan by way of a lien on the assets of the Guarantor. To that end, the Guarantor undertakes (i) that, except as ADB may otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will ipso facto equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan; and (ii) that the Guarantor, in creating or permitting the creation of any such lien, will make express provision to that effect.

(b) The provisions of paragraph (a) of this Section shall not apply to (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

ARTICLE III

Section 3.01. The Minister of Finance of the Guarantor is designated as representative of the Guarantor for the purposes of Section 12.02 of the Loan Regulations.

Section 3.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Guarantor

Ministry of Finance
11 Pobedy Avenue
Astana 010000
Republic of Kazakhstan

Facsimile Number:

+7 (7172) 717785

For ADB

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

Facsimile Numbers:

+63 2 636-2444
+63 2 636-2424.

For the Borrower

JSC "Entrepreneurship Development Fund 'Damu' "
111 Gogol Street
Almaty, 050004
Kazakhstan

Facsimile Number:

+7(727) 278-0776

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee 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.

REPUBLIC OF KAZAKHSTAN

By  _____
BAKHYT SULTANOV
Minister of Finance

ASIAN DEVELOPMENT BANK

By  _____
ASEL CHYNGYSHEVA
Authorized representative