

OFFICIAL DOCUMENTS



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July 26, 2017

H.E. Adylbek Kasymaliev
Minister of Finance
Ministry of Finance
Kyrgyz Republic

**Re: Kyrgyz Republic: Advance Agreement for Preparation of Proposed Enhancing Resilience in Kyrgyzstan Project
Project Preparation Advance No. IDA V106-KG**

Excellency:

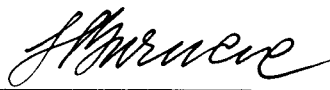
In response to the request for financial assistance made on behalf of Kyrgyz Republic ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank") proposes to extend to the Recipient an advance out of the World Bank's Project Preparation Facility in an amount not to exceed three million six hundred thousand Dollars (\$3,600,000) ("Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in financing the activities described in the Annex ("Activities"). The objective of the Activities is to facilitate the preparation of a proposed project designed to support the Recipient in strengthening its capacity to respond to disasters, in providing safer and improved learning environment for children, and in reducing adverse financing impacts of natural hazards on the Recipient's budget and population ("Project"), for the carrying out of which the Recipient has requested the World Bank's financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

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. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective on the date upon which the Recipient dispatches to the Association notice that the execution and delivery of this amendment on behalf of the Recipient have been duly authorized or ratified.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By 
Lilia Burunciuc
Regional Country Director
Central Asia Region

AGREED:

KYRGYZ REPUBLIC

By 
Authorized Representative

Name AdyLbek Kasymaliev

Title Minister of Finance

Date: November 10, 2017

Enclosures:

- (1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010; and
- (2) Disbursement Letter for the Advance of the same date as this Agreement, together with "Disbursement Guidelines for Investment Project Financing", dated February 2017.

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility” dated July 31, 2010 (“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.

- (i) “MoE” means the Recipient’s Ministry of Education and Science, or any successor thereto.
- (ii) “MoES” means the Recipient’s Ministry of Emergency Situations, or any successor thereto.
- (iii) “Operating Costs” means the reasonable costs, as shall have been approved by the World Bank, for the incremental expenses incurred on account of Project implementation, consisting of vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office equipment and maintenance/repair, utilities, document duplication/printing, publications and advertisement (electronic and/or paper), interpretation and translation costs, consumables, travel cost and *per diem* for Project staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project (but excluding consultants’ services and salaries of officials of the Recipient’s civil service).
- (iv) “PIU” means the Project Implementing Unit established within MoES through the order #634 dated June 13, 2017, responsible to the financial management, procurement, and overall management of the Activities.
- (v) “SAACCS” means the Recipient’s State Agency for Architecture, Construction and Communal Services referred to in Section 2.03 of this Agreement, or any successor thereto.
- (vi) “SIO” means State Insurance Organization, an organization established by the Recipient through government resolution #883 dated December 28, 2015, responsible for providing mandatory catastrophe insurance to homeowners, or any successor thereto.
- (vii) “SSFMRS” means the Recipient’s State Service of Financial Market Regulation and Supervision referred to in Section 2.03 of this Agreement, or any successor thereto.
- (viii) “Training and Workshops” means expenses incurred by the Recipient in connection with carrying out training activities, workshops and study tours under the Project, including travel costs and per diem for local trainees, trainers and

workshop participants, rental of facilities and equipment and training materials and related supplies.

Article II Execution of the Activities

2.01. ***Description of the Activities.*** The Activities for which the Advance is provided consist of the following parts:

- (a) Provision of advisory services:
 - (i) for the preparation of feasibility studies and engineering designs for retrofitting/reconstruction of schools facilities in support of improving safety and functionality of school infrastructure;
 - (ii) for the carrying out studies on the review and revision of business model for the SIO in support of increasing insurance penetration and enhancing financial protection;
 - (iii) for the carrying out of economic analysis, environmental and social assessments, resettlement policy framework, environmental management plans and other studies which may be required for the Project; and
 - (iv) in support of project management related work to be carried out by the MoES PIU including financial management, procurement and audits.
- (b) Provision of financial support to purchase necessary equipment required by the MoES to strengthen disaster preparedness and response system.

2.02. ***Execution of the Activities Generally.*** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through MoES PIU, in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) 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.

2.03. ***Institutional and Other Arrangements.*** The MoES, through its PIU, shall: (a) coordinate with other relevant Recipient ministries and agencies in carrying out the Activities; (b) be responsible of fiduciary aspects of the Activities; and, (c) ensure, in particular, that representatives of MoE, SAACCS and SSFMRS, provide necessary inputs in matters related to their areas of relevance, including in the preparation and/or clearance of terms of reference for, and in the selection of, providers of advisory services financed by the Proceeds of this Advance.

2.04. ***Monitoring, Reporting and Evaluation of the Activities.*** The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.05. ***Financial Management.*** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

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

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for 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, non-consulting services and consulting services required for the Activities and to be financed out of the proceeds of the Advance 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 Activities dated July 11, 2017 (“Procurement Plan”) 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.

Article III Withdrawal of the Advance

3.01. ***Eligible Expenditures.*** The Recipient may withdraw the proceeds of the Advance 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 goods, non-consulting services, consultants’ services, Training and Workshops and Operating Costs, including audits (inclusive of Taxes).

3.02. ***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 countersignature of this Agreement by the Recipient.

3.03. ***Refinancing Date.*** The Refinancing Date is October 31, 2018.

Article IV
Terms of the Advance

4.01. **Service Charge.** The Recipient shall pay a service charge on the Withdrawn Advance Balance at the rate of three-fourths of one percent ($3/4$ of 1%) per annum. The service charge shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. Service charges shall be computed on the basis of a 360-day year of twelve 30-day months.

4.02. **Repayment.** The Withdrawn Advance Balance shall be repaid by the Recipient to the World Bank (together with any service charges accrued thereon) in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

(a) *Refinancing under the Refinancing Agreement:* If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be repaid to the World Bank (together with any service charges accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such service charges, in accordance with the provisions of the Refinancing Agreement.

(b) *Repayment in the absence of a Refinancing Agreement:* If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date or at any time thereafter, it has been so executed but terminates without becoming effective, then:

- (i) if the amount of the Withdrawn Advance Balance does not exceed \$50,000, it shall be repaid by the Recipient to the World Bank (together with service charges accrued on the Withdrawn Advance Balance to the date of repayment) on such date as the World Bank shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and
- (ii) if the amount of the Withdrawn Advance Balance exceeds \$50,000, it (together with service charges accrued on the Withdrawn Advance Balance to the Notice Date) (the "Aggregate Balance") shall be paid by the Recipient to the World Bank in ten approximately equal semiannual installments, in the amounts and on the dates ("Payment Dates") which the World Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than 60 days following the date ("Notice Date") of dispatch of such notice. The Recipient shall pay a service charge on the Aggregate Balance at the rate of three-fourths of one percent ($3/4$ of 1%) per annum, payable in arrears on each Payment Date. The service charge shall be computed on the basis of a 360-day year of twelve 30-day months.

Article V
Recipient's Representative; Addresses

5.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is the Minister of Finance.

5.02. **Recipient's Address.** The Recipient's Address referred to in Section 9.01 of the Standard Conditions is:

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

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

5.03. **World Bank's Address.** The World Bank's Address referred to in Section 9.01 of the Standard Conditions is:

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

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