

**OFFICIAL  
DOCUMENTS**

---

---

**GRANT NUMBER D094-7C**

**Financing Agreement**  
**(Climate Adaptation and Mitigation Program for Aral Sea Basin)**

**between**

**EXECUTIVE COMMITTEE OF INTERNATIONAL FUND FOR  
SAVING THE ARAL SEA**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated**

*July 01, 2016*

---

---

**GRANT NUMBER D094-7C**

**FINANCING AGREEMENT**

AGREEMENT dated *July 01*, 2016, entered into between the EXECUTIVE COMMITTEE OF THE INTERNATIONAL FUND FOR SAVING THE ARAL SEA ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

**WHEREAS:**

- A. The Governments of the Republic of Tajikistan and the Republic of Uzbekistan (collectively, "Participating Countries") wish to support the Climate Adaptation and Mitigation Program for Aral Sea Basin ("CAMP4ASB"), which goal is to enhance regionally coordinated access to improved climate change knowledge services as well as to increased investments and capacity building that, combined, will address climate challenges common to Central Asian countries.
- B. The Participating Countries intend this Project, as described in Schedule 1, to be the first phase of said Program, with future phases, under preparation, progressively supporting the participation of all Central Asian countries in the Program
- C. The Association intends to support the Project, as described in Schedule 1 hereto.
- D. Component 1 and Subcomponent 3.1 of the Project will be carried out by the Recipient, which is an international organization established by the heads of states of the Republic of Kazakhstan, Kyrgyz Republic, Republic of Tajikistan; Republic of Turkmenistan and the Republic of Uzbekistan, and established by the resolution of the President of IFAS, the President of the Republic of Uzbekistan, I. Karimov, dated August 2, 2013.
- E. The Recipient, through an Operating Agreement to be entered with CAREC (as further defined in the Appendix to this Agreement) shall cause RCU, established within CAREC, to be responsible for day-to-day management and implementation of Component 1 and Subcomponent 3.1 of the Project, all in accordance with the Operating Agreement and the Project Operational Manual;
- F. Participating Countries and their respective NCU's will carry out Component 2 and Subcomponent 3.2 of the Project.

The Recipient confirms that IFAS and IFAS Entities Regulations, and the EC-IFAS Regulations are in full force and effect in the Participating Countries; that the Recipient is duly authorized by IFAS and IFAS Entities Regulations and EC-IFAS Regulations to execute this Agreement; and that its staff, enjoy the privileges and immunities awarded to organizations of IFAS under the IFAS Status Agreement. The Recipient and the Association 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 — FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to ten million seven hundred thousand Special Drawing Rights (SDR 10,700,000) (“Financing”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. The Recipient’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the head of the RCU.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Payment Dates are July 15 and January 15 in each year.
- 2.05. The Payment Currency is Dollar.

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Component 1 and Subcomponent 3.1 of the Project in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that Component 1 and Subcomponent 3.1 of the Project are carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Events of Suspension consists of the following:
  - (a) The Recipient's Documents have, in the opinion of the Association, been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement.
  - (b) Any action has been taken for the dissolution, disestablishment as an international organization or suspension of the operation of the Recipient, CAREC, or the RCU.
  - (c) Either party to the Operating Agreement has failed to perform any of its obligations under the Operating Agreement.
  - (d) The Association has suspended in whole or in part the right of any one of the Participating Countries to make withdrawals under the Financing Agreement (Republic of Tajikistan), or the Financing Agreement (Republic of Uzbekistan), as the case may be, because of a failure of the Participating Country concerned to perform any of its obligations under its Financing Agreement.

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
  - (a) At least one of the National Financing Agreements has been signed and all conditions precedent to its effectiveness or to the right of the relevant

Participating Country to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

- (b) The Operating Agreement has been executed by the Recipient and CAREC in accordance with Section I.A.(5) of Schedule 2 to this Agreement, in a manner acceptable to the Association.
- (c) The Project Operational Manual, satisfactory to the Association has been adopted by the Recipient.
- (d) The RCU has contracted, under terms of reference satisfactory to the Association, a financial management specialist and a procurement specialist.

5.02. The Additional Legal Matter consists of the following:

- (a) The Operating Agreement has been duly authorized or ratified by the Recipient and CAREC and is legally binding upon the Recipient and CAREC in accordance with its terms.

5.03. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.

5.04. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

#### **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient's Representative is its Chairman.

6.02. The Recipient's Address is:

Executive Committee of the International Fund For Saving  
the Aral Sea  
15, Shota Rustaveli Str.  
Tashkent, 100070, Republic of Uzbekistan

Facsimile:

+998 71 281-54-74

6.03. The Association's Address is:

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

AGREED at District of Columbia, United States of America on behalf of the Association and at Tashkent, Republic of Uzbekistan on behalf of the Recipient, as of the day and year first above written.

EXECUTIVE COMMITTEE OF THE INTERNATIONAL  
FUND FOR SAVING THE ARAL SEA

By



Authorized Representative

Name: Shaokat Khamraev

Title: Acting Chairman

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Marian Sherman

Title: Acting Regional Director

## SCHEDULE 1

### Project Description

The objective of the Project is to enhance regionally coordinated access to improved climate change knowledge services for key stakeholders (e.g., policy makers, communities, and civil society) in participating Central Asian countries as well as to increase investments and capacity building that, combined, will address climate challenges common to these countries.

The Project consists of the following components:

#### Component 1: Regional Climate Knowledge Services

Develop a unified, regional analytical platform for climate resilient and low emissions development in Central Asia through:

- (a) establishment of the regional information platform for Central Asia through provision of technical assistance, goods (including software and equipment), consulting services and training and carrying out of minor civil works;
- (b) upgrading of climate-related monitoring systems for Participating Countries;
- (c) development of methodologies, approaches and tools to support climate-related decision making;
- (d) development of knowledge products, such as specialized analytical work, made available via, *inter alia*, web portals, mobile apps, publications;
- (e) capacity building through regional training, e-learning events, internships and study tours;
- (f) development of a mechanism to assess the results and lessons of climate investments implemented under Subcomponent 2.1 below, including through establishment of a pool of experts to evaluate the Sub-projects accomplished under Subcomponent 2.1;
- (g) design and implementation of a communications and public engagement strategy, including through climate knowledge fora and networks, to support knowledge dissemination, public outreach and coalition building.

Component 2: Regional Climate Investment Facility

**Subcomponent 2.1: Investment Financing**

Increase productivity and address climate change by promoting the adoption of climate-resilient and mitigation measures in rural production, land management and other areas through establishing and operating credit line facilities for the provision of financing, through Subsidiary Loans, to PFIs, through Sub-loans to Sub-borrowers to carry out the Sub-Projects, for scaling up suitable practices and technologies to improve climate resilience, risk reduction and mitigation and economic and social benefits.

**Subcomponent 2.2: Capacity Building and Community Support**

- (a) Support awareness raising, participatory planning and implementation support of climate investment plans at the community- level through community level participatory appraisals and community action plans, identification and design of appropriate investment plans, and building of the technical and organizational capacities of communities to implement their investments.
- (b) Support Facilitating Organizations to provide technical advisory services to potential beneficiaries under Subcomponent 2.1.
- (c) Provide capacity building of the PFIs through technical assistance in the area of assessment of climate investment proposals.

Component 3: Regional and National Coordination

**Subcomponent 3.1: Regional Coordination**

Provide project management support to the Regional Coordination Unit for implementation of Component 1, including procurement, disbursements, financial management, monitoring and evaluation of Project performance, as well as Incremental Operating Costs.

**Subcomponent 3.2: National Coordination**

Provide project management support to the National Coordination Units for implementation of Component 2, including procurement, disbursements, financial management, monitoring and evaluation of Project performance, safeguards oversight as well as Incremental Operating Costs.



## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. The Recipient shall carry out Component 1 and Subcomponent 3.1 of the Project in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in the Project Operational Manual and the Environmental Management Framework (EMF), and shall not assign, amend, abrogate or waive any provisions of the Project Operational Manual or the EMF without prior approval of the Association.
2. The Chairman of the Recipient, or the Acting Chairman shall have overall responsibility for oversight, inter-agency coordination and policy guidance for the regional activities of the Project, in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in the Project Operational Manual and the Operating Agreement. The Chairman or the Acting Chairman shall retain the overall responsibility for oversight, inter-agency coordination and policy guidance for the regional activities of the Project until such time as a new Chairman or Acting Chairman is appointed, in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in the Project Operational Manual and the Operating Agreement.
3. The Recipient shall, within sixty (60) days of the Effective Date, establish and thereafter maintain, a Steering Committee, with the terms of reference acceptable to the Association, to provide strategic guidance for Project implementation, including putting forward and recommending activities to be implemented under Component 1 of the Project. The Steering Committee, the mechanism and structure of which is to be agreed upon by the Recipient and the Association and documented in the Project Operational Manual, may include representatives of NCUs, Chairman of the RCU, Chairmen of EC-IFAS and ICSD and representatives of the NCUs.
4. The Recipient shall contract, under terms of reference and in a manner acceptable to the Association, two technical specialists, to assist the Recipient in carrying out the oversight, inter-agency coordination and policy guidance of the regional activities of the Project.
5. The Recipient shall:
  - (a) enter in an operating agreement with CAREC (“Operating Agreement”) on terms and conditions satisfactory to the Association, which shall

include, *inter alia*, the pertinent obligations set forth in this Agreement as applicable to CAREC including:

- (i) The undertaking of CAREC to be accountable to the Chairman or the Acting Chairman of the Recipient, as the case may be, in carrying out the day-to-day management and implementation of Component 1 of the Project.
  - (ii) The undertaking of CAREC to establish and thereafter maintain throughout the implementation of the Project a Regional Coordination Unit ("RCU"), accountable to the Steering Committee, with staffing, functions and resources satisfactory to the Association, after consultation and in coordination with the Recipient and with due consideration of the Recipient's views, vested with the responsibility of day-to-day management and implementation of Component 1 of the Project, including the coordination with each National Coordination Unit, at the broader Project level activities, all in accordance with the Project Operational Manual and the Operating Agreement, and Anti-Corruption Guidelines.
  - (iii) The undertaking of CAREC to ensure that its Chief Accountant has overall responsibility for financial management and disbursement functions, with the support of a financial management consultant.
  - (iv) The undertaking of CAREC, within thirty (30) days of Effectiveness, to (a) sign the contract for installation and adaptation of the accounting software acceptable to the Association for project accounting, budgeting and reporting; and (b) make provisions for adequate training on the new accounting system for the effective use by its accounting staff.
  - (v) The undertaking of CAREC that the RCU shall be located and maintained in the city of Almaty, Republic of Kazakhstan, for the life of the Project, all in accordance with the Project Operational Manual and the Operating Agreement.
- (b) shall have the right to terminate forthwith the Operating Agreement upon CAREC's failure to perform any of its obligations under the Operating Agreement; and
  - (c) shall exercise its rights and carry out its obligations under the Operating Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except

as the Association shall otherwise agree, the Recipient shall not assign, abrogate, terminate, waive or fail to enforce the Operating Agreement or any of its provisions.

**B. Anti-Corruption**

The Recipient shall ensure that Component 1 and Subcomponent 3.1 of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**C. Safeguards**

1. The Recipient, through the RCU shall: (i) carry out Component 1 in accordance with the EMF; (ii) prior to the commencement of works on any site under Component 1 of the Project, carry out the EA in accordance with the EMF and prepare any EMP as may be required, under and in accordance with EMF, provided that the EMP for the first three sites shall be subject to the Association's prior review; (iii) thereafter, implement the EMP in a manner satisfactory to the Association; and (iv) not amend, suspend, abrogate or waive any provisions of the respective EAs and associated EMPs without the prior approval of the Association.
2. The Recipient shall ensure that no works under Component 1 of the Project involve the involuntary taking of land resulting in relocation or loss of shelter, loss of assets or access to assets, loss of income sources or means of livelihood, or involving the involuntary restriction of access to legally designated parks and protected areas.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

The Recipient shall monitor and evaluate the progress of Component 1 and Subcomponent 3.1 of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association 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 Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall prepare and furnish to the Association not later than forty-five days after the end of each calendar quarter, interim unaudited financial reports for

Component 1 and Subcomponent 3.1 of the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements for Component 1 and Subcomponent 3.1 of the Project audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

### **Section III. Procurement**

#### **A. General**

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for Component 1 and Subcomponent 3.1 of the Project and to be financed out of the proceeds of the Financing 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 Component 1 and Subcomponent 3.1 of the Project and to be financed out of the proceeds of the Financing 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 Association 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, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

- (a) Shopping;
- (b) Direct contracting; and
- (c) Procurement from United Nations Agencies.

**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) Least Cost Selection; (c) Selection based on Consultants' Qualifications; (d) Selection under a Fixed Budget; (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; (g) Single-source procedures for the Selection of Individual Consultants; and (h) Selection of UN Agencies following paragraph 3.15 of Consultant Guidelines.

**D. Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

**Section IV. Withdrawal of the Proceeds of the Financing**

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association 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 Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed, exclusive of VAT</b>
(1) Civil works, goods, non-consulting services, consultants' services, Incremental Operating Costs and Training for the Project	10,700,000	100%
<b>TOTAL AMOUNT</b>	<b><u>10,700,000</u></b>	

**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 April 30, 2021.

## 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. “CAREC” means the Regional Environmental Centre for Central Asia, an international organization established by Kyrgyz Republic, Turkmenistan, the Republic of Tajikistan, Republic of Kazakhstan and the Republic of Uzbekistan, European Commission and the United Nations Development Program, in accordance with a decision of the Fourth Pan-European Conference held in 1998 in Aarhus, Denmark, and headquartered in Almaty, Republic of Kazakhstan.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Committee for Environmental Protection for the Republic of Tajikistan” means Republic of Tajikistan’s Committee for Environmental Protection or any legal successor thereto.
5. “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).
6. “EAs” means the site-specific environmental assessments, to be prepared and implemented by the Recipient pursuant to the EMF and Schedule 2, Section I(C) of this Agreement, and satisfactory to the Association, in respect of works to be undertaken under Component 1 defining details of measures to manage potential environmental risks and mitigate, reduce and/or offset adverse environmental impacts associated with the implementation of activities under Component 1 of the Project, together with an environmental and social baseline for each site, details of the relevant environmental legislative framework, adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms, as the same may be amended and supplemented from time to time with the Association’s prior written approval; and “EA” refers to one of the above-referenced EAs.
7. “EC- IFAS” means the Executive Committee of the International Fund for Saving the Aral Sea, established by the resolution of the President of IFAS, the President of the Republic of Uzbekistan, I. Karimov, dated August 2, 2013.
8. “EMF” means the environmental management framework, dated May 11, 2015 prepared and adopted by the Recipient, disclosed in the World Bank’s Infoshop on

May 14, 2015 referred to in Schedule 2, Section I(C) of this Agreement, and satisfactory to the Association describing the rules, guidelines and procedures to assess environmental impacts of the Project's activities and defining measures to reduce, mitigate or offset adverse environmental impacts and enhance the positive impacts of the Project's activities, including a section on pest management-related risks and mitigation measures, as the same shall be amended from time to time with the prior approval of the Association.

9. "Environmental Management Plans" or "EMPs" means the site-specific documents, contained in each site-specific EA, to be prepared and adopted by the Recipient, pursuant to the EMF and Schedule 2, Section I(C) of this Agreement, and satisfactory to the Association, in respect of works to be undertaken by the Recipient under the Project defining details of measures to manage potential environmental risks, as the same may be amended and supplemented from time to time with the Association's prior written approval; and "EMP" refers to one of the above-referenced EMPs.
10. "Financing Agreement (Tajikistan)" means the Financing Agreement of even date between the Republic of Tajikistan and Association provided for the Project by Association in an amount of six million four hundred thousand Special Drawing Rights (SDR 6,400,000) to implement Component 2 and Subcomponent 3.2 of the Project.
11. "Financing Agreement (Uzbekistan)" means the Financing Agreement of even date between the Republic of Uzbekistan and Association provided for the Project by Association in an amount of ten million Special Drawing Rights (SDR 10,000,000) to implement Component 2 and Subcomponent 3.2 of the Project.
12. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
13. "ICSD" means Interstate Commission for Sustainable Development established in accordance with Article 2 of the "Agreement on joint actions to address the problems of the Aral Sea and the Aral Sea region, environmental well-being and social economic development of the Aral Sea Region," and signed by the heads of state of Kyrgyz Republic, Turkmenistan, the Republic of Tajikistan, Republic of Kazakhstan and the Republic of Uzbekistan on March 26, 2003.
14. "Incremental Operating Costs" means incremental operating costs incurred by the Recipient, RCU or the Steering Committee, as appropriate, on account of Component 1 of the Project implementation, management and monitoring, including salaries of Recipient's and RCU's staff who are not civil servants, cost of office and equipment maintenance and repair, vehicle maintenance and repair, local travel, communication, translation and interpretation, bank charges, Social



Charges, and other miscellaneous costs directly associated with the Project, all based on periodic budgets acceptable to the Association.

15. “Leasing Company” means a company registered and operating in accordance with the applicable laws and regulations of the relevant Participating Country pertaining to companies, while at the same time licensed to engage in transactions that include transactions qualifying as leasing in accordance with the applicable laws and regulations of the relevant Participating Country pertaining to leasing.
16. “Ministry of Agriculture and Water Resources of the Republic of Uzbekistan” means Republic of Uzbekistan’s Ministry of Agriculture and Water Resources or any legal successor thereto.
17. “National Coordination Units” means, indistinctively, the individual entities in each of Republic of Tajikistan and Republic of Uzbekistan, in charge of overall management and coordination of Subcomponent 2.1, 2.2, and 3.2 respectively, and coordination with the RCU.
18. “National Financing Agreements” means, collectively, Financing Agreement (Tajikistan); and Financing Agreement (Uzbekistan).
19. “NCUs” mean, respectively, Committee for Environmental Protection for the Republic of Tajikistan, and Ministry of Agriculture and Water Resources of the Republic of Uzbekistan.
20. “Operating Agreement” means the legally binding agreement between CAREC and the Recipient referred to in Section I.A.(5)(a) of Schedule 2 of this Agreement outlining CAREC’s and Recipient’s respective duties and responsibilities in implementation of the Project, as more specifically provided in Schedule 2, Section I(A), in form and substance satisfactory to the Association, as amended from time to time with the prior concurrence of the Association.
21. “Participating Countries” means Republic of Tajikistan and Republic of Uzbekistan, both participating in the Climate Adaptation and Mitigation Program for the Aral Sea Basin.
22. “Participating Financial Institution” or “PFI” means a participating and prequalified commercial banking sector or microfinance institution or a Leasing Company which meets the criteria set forth in the Line of Credit Operational Manual, selected for the provision of Sub-loans under Component 2.1 of the Project in a particular Participating Country. PFIs mean a group of such institutions collectively.

23. "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).
24. "Procurement Plan" means the Recipient's procurement plan for the Project, dated May 23, 2015 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.
25. "Project Operational Manual" or "POM" means the manual, adopted by the Recipient, pursuant to Section 5.01(c) of this Agreement, and satisfactory to the Association, setting forth the operational and administrative responsibilities, procedures and rules for the implementation of Component 1 and Subcomponent 3.1 of the Project, including a manual of financial procedures, consistent with the provisions of this Agreement and with the national laws and regulations of the Recipient, as the same may be amended and supplemented from time to time with the Association's prior written approval.
26. "Recipient Documents" means "Recipient's Documents" means: (i) the decision of Heads of the Central Asia States on the Re-Organization of the Structure of the International Fund for Saving the Aral Sea dated February 28, 1997 (the "Re-Organization of IFAS"); (ii) the Agreement dated April 9, 1999 between the Government of Republic of Kazakhstan, the Government of Kyrgyz Republic, the Government of Republic of Tajikistan, the Government of Turkmenistan, and the Government of Republic of Uzbekistan About the Status of the International Fund for Saving the Aral Sea (IFAS) and its Organizations (the "IFAS Status Agreement"); (iii) the Regulations of IFAS and its Entities, as approved by Decision of the Heads of Central Asia States dated April 9, 1999 (the "IFAS and IFAS Entities Regulations"); (iv) the Regulations of the Executive Committee of the International Fund for Saving the Aral Sea (EC-IFAS), as approved by the President of IFAS – President of the Republic of Uzbekistan, dated August 2, 2013 (the "EC-IFAS Regulations");
27. "Regional Coordination Unit" or "RCU," operated within CAREC, responsible for the implementation of Component 1 and Subcomponent 3.1 of the Project, including the coordination of the National Coordination Units in each of Republic of Tajikistan and Republic of Uzbekistan.
28. "Social Charges" means any payments, *premia*, or contributions for health benefits, unemployment benefits, disability insurance, workers' compensation benefits, retirement (pension or social security) benefits, and life insurance, which constitute payment for the drawdown of future benefits to the staff concerned.
29. "Steering Committee" means a committee established under Section I.A.(3) of Schedule 2 of this Agreement.

30. "Sub-loan" means financing made or proposed to be made by the PFI to the Sub-borrowers out of the proceeds of the financing provided under the applicable National Financing Agreement, for purposes of financing all or a portion of the expenditures incurred by a Sub-borrower for goods, works, non-consulting services and consultants' services under a Sub-Project under Subcomponent 2.1 of the Project in a particular Participating Country, in accordance with the Line of Credit Operational Manual.
31. "Sub-Project Agreement" means an agreement entered into between a PFI and a Sub-borrower under Subcomponent 2.1 of the Project, for the purpose of financing, in part or in full, as the case may be, expenditures of a Sub-Project.
32. "Sub-project" means a specific project or activity selected by any one of the Participating Countries under Subcomponent 2.1 of the Project in accordance with the eligibility criteria and procedures set forth in the Project Operational Manual and financed by a Sub-loan, pursuant to a respective Sub-Project Agreement.
33. "Training" means expenditures for Component 1 of the Project related to study tours, training courses, seminars, workshops and other training activities not included under goods or service providers' contracts, including costs of training materials, space and equipment rental, travel and *per diem* costs of trainees and trainers.

## **Section II. Modifications to the General Conditions**

The General Conditions are hereby modified as follows:

1. Section 2.06 is modified to read as follows:

*"Section 2.06. Financing Taxes*

The use of any proceeds of the Financing to pay for Taxes levied by, or in the territory of, the Member Country on or in respect of Eligible Expenditures, or on their importation, manufacture, procurement or supply, if permitted by the Financing Agreement, is subject to the Association's policy of requiring economy and efficiency in the use of the proceeds of its credits and grants. To that end, if the Association at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Association may, by notice to the Recipient, adjust the percentage of such Eligible Expenditures to be financed out of the proceeds of the Financing specified in the Financing Agreement, as required to ensure consistency with such policy of the Association."

2. Sections 3.03, 3.04 and 3.08 are deleted in their entirety, and Sections 3.05, 3.06, 3.07, 3.09 and 3.10 are re-numbered, respectively, as Sections 3.03, 3.04, 3.05, 3.06 and 3.07.
3. Paragraphs (b) and (c) of the newly re-numbered Section 3.07 are modified to read as follows:
  - “(b) All Financing Payments shall be paid without restrictions of any kind imposed by, or in the territory of, the Member Country, and without deduction for, and free from, any Taxes levied by, or in the territory of, the Member Country.
  - “(c) The Legal Agreements shall be free from any Taxes levied by, or in the territory of the Member Country, or in connection with their execution, delivery or registration.”
4. In Section 4.11, paragraph (a) is modified to reads as follows:

“Section 4.11. *Visits*

  - “(a) The Recipient shall take all action necessary or useful to ensure that the Member Country affords all reasonable opportunity for representatives of the Association to visit any part of their territories for purposes related to the Financing or the Project.”
5. Section 5.01 is deleted in its entirety.
6. Section 6.02 is modified as follows:
  - (a) Paragraph (j) on *Membership* is modified to read as follows:
    - (j) *Membership.* The Member Country or any member of the Recipient: (i) has been suspended from membership in or ceased to be a member of the Association; or (ii) has ceased to be a member of the International Monetary Fund.”
  - (b) Paragraph (m) is renumbered as paragraph (n), and a new paragraph (m) is added to read as follows:

“(m) *Interference.* The Member Country: (i) has taken or permitted to be taken any action which would prevent or interfere with the execution of the Project or the performance by the Recipient of its obligations under the Financing Agreement; or (ii) has failed to afford a reasonable opportunity for representatives of the Association to visit any part of its territory for purposes relating to Financing or the Project.”

7. Paragraph (a) of Section 8.01 is modified to read as follows:

“(a) The execution and delivery of each Legal Agreement on behalf of the Recipient which is a party to such Legal Agreement have been duly authorized by all necessary corporate action.”

8. The Appendix (**Definitions**) is modified as follows:

- (a) Paragraph 29 is modified to read as follows:

“29. “Foreign Expenditure” means an expenditure in the Currency of any country other than the Member Country for goods, works or services supplied from the territory of any country other than the Member Country.”

- (b) Paragraph 33 is modified to read as follows:

“33. “Local Expenditure” means an expenditure: (a) in the Currency of the Member Country; or (b) for goods, works or services supplied from the territory of the Member Country; provided, however, that if the Currency of the Member Country is also that of another country from the territory of which goods, works or services are supplied, an expenditure in such Currency for such goods, works or services shall be deemed to be a Foreign Expenditure.”

- (c) A new paragraph 34 with the definition of Member Country is added to read as follows, and the subsequent paragraphs are renumbered accordingly:

““34. “Member Country” means the member of the Association in whose territory the Project is carried out or any such member’s political or administrative subdivisions. If such activity is carried out in the territory of more than one such member, “Member Country” refers separately to each such member.”

- (d) Renumbered paragraph 46 is modified to read as follows:

“46. “Recipient” means the party to the Financing Agreement to which the Financing is extended.”