Mr. Djamshid Kuchkarov
Minister of Finance
Ministry of Finance
Tashkent
Republic of Uzbekistan

APRIL 13, 2019

OFFICIAL DOCUMENTS

REPUBLIC OF UZBEKISTAN: ECAPDEV Project Preparation Grant for the proposed
Water Services and Institutional Support Program (TF049295)
Letter Agreement

Dear Mr. Kuchkarov:

In response to the request for financial assistance made on behalf of the Republic of
Uzbekistan ("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 four hundred thousand United States Dollars (USD 400,000) ("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 Water Services and Institutional Support Program; 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.
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effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 90 days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]
Authorized Representative

AGREED:

REPUBLIC OF UZBEKISTAN

[Signature]
Authorized Representative

Name: DJAMSHID KHACHNAROV

Title: DEPUTY PRIME MINISTER AND MINISTER OF FINANCE

Date: APRIL 13, 2019

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with the “Disbursement Guidelines for Investment Project Financing”, dated February 2017.
Article I
Standard Conditions; Definitions


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:

(a) "Kommunkhizmat Agency" or "KA" means the Recipient’s agency established under the MHCS pursuant to the Resolution of the President of the Republic of Uzbekistan No. PP-2900 dated April 18, 2017.

(b) "MHCS" means the Ministry of Housing and Communal Services of the Recipient or any successor or successors thereto.

(c) "PCU" means the project coordination unit established within the Kommunkhizmat Agency.

(d) "Project Area" means Kattakurgan town in the Samarkand region within the Recipient’s territory.

(e) "State Investment Committee" means the state investment committee of the Recipient, established through the Recipient’s Presidential Decree, dated March 31, 2017, responsible for coordinating the preparation and implementation of a unified state investment policy and attracting foreign investments in Uzbekistan.

(f) "Subsidiary Agreement" means the agreement to be entered into the Recipient and the Kommunkhizmat Agency referred to in Section 2.02 to this Agreement.

(g) "Water Services and Institutional Support Program" means the proposed project for the preparation of which the World Bank has made this 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 Project is to facilitate the preparation of the proposed Water Services and Institutional Support Program through the development of the feasibility study and baseline survey for the selected Project Area.

The Project consists of the following parts:
(i) Preparation of the feasibility study for the water supply and sewerage systems within the Project Area. The feasibility study will include field topographic surveys, conditions surveys for existing assets, technical diagnostics, development of hydraulic models and optimal design solutions (considering full life-cycle costs), detailed cost estimates, financial and economic analysis, socio-economic analysis (considering results of beneficiary survey under Part (ii) below), social and environmental assessments, and preparation of prioritized investment proposals;

(ii) Support for baseline data collection for the selected Project Area, including beneficiary survey, verification of existing data, collection of missing data and field measurements to ensure reliability and accuracy of baseline data; and

(iii) Support Project audits.

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 the Kommunkhizmat Agency 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 (“Anti-Corruption Guidelines”); (c) this Article II and (d) the Subsidiary Agreement.

2.03. Institutional and Other Arrangements. For purposes of carrying out the Project, the Recipient shall cause the Kommunkhizmat Agency to maintain a PCU at all times during the Project implementation, with adequate staffing, under terms of reference and with functions and responsibilities, all acceptable to the World Bank.

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 (1) calendar semester, and shall be furnished to the World Bank not later than one (1) 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 (6) 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 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 January 15, 2019, 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 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 consulting services (including audit), 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 this Agreement.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is either; (a) December 31, 2019; or (b) the date on which the World Bank declares the proposed Water Services and Institutional Support Program effective whichever comes first.

**Article IV**

**Additional Remedies**

4.01. **Additional Event[s] 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 Water Services and Institutional Support Program.

**Article V**

**Recipient’s Representative; Addresses**

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Chair of State Investment Committee.

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

State Investment Committee  
34A Taras Shevchenko Street  
Tashkent City  
Uzbekistan 100029  
Phone +998 (71) 252-22-16  
Fax: +998 (71) 252-22-16
5.03. **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