The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
1818 H Street N.W. 120433
Washington, D.C. U.S.A.
(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

December 27, 2013

Mr. Yuri Krivodanov
Director
Public Association “Blago”
Lobody str. 3a, 24 apt
Karaganda, 100000
Republic of Kazakhstan

Mr. Bakhyt Sultanov
Deputy Prime Minister -
Minister of Finance
11 Pobeda avenue
Astana, 010000
Republic of Kazakhstan

Re: Kazakhstan: IDF Grant for Enhancing Demand-Side Governance of the Road Administration Project
IDF Grant No. TF014526

Dear Sirs:

In response to the request for financial assistance made by Public Association “Blago” (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (“World Bank”) proposes to extend to the Recipient, for the benefit of the Republic of Kazakhstan (“Member Country”), a grant from the World Bank’s Institutional Development Fund (“IDF”) in an amount not to exceed three hundred five thousand United States Dollars (U.S.$305,000) (“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”).

The Recipient represents, by confirming its agreement below, that 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.

The Grant is being offered on the basis of the World Bank’s understanding that the Member Country has no objection and agrees to take all action necessary or appropriate to enable the Recipient to carry out the Project in the territory of the Member Country and to perform its obligations under 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 later of (i) countersignature by the Recipient, or (ii) 31 days after the date of delivery of a copy of this letter to the Ministry of Finance, and Ministry of Transport and Communication of the Member Country, unless an objection from the Member Country is communicated before to the World Bank as described below; 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 60 days after the date of signature by the World Bank, unless the World Bank shall have established a later date for such purpose. Notwithstanding the foregoing, the offer of this Agreement shall also be deemed withdrawn if within 30 days after the date of delivery to the Ministry of Finance and Ministry of Transport and Communications, the Member Country through a duly authorized competent official, issues a communication to the World Bank indicating that the Member Country has any objection to the issuance of the Grant or to taking the necessary or appropriate actions to enable the Recipient to carry out the Project.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By D. Nagara Raj
Nagaraju Duthaluri
Acting Regional Director
Central Asia

AGREED:
PUBLIC ASSOCIATION “BLAGO”

By
Authorized Representative
Name: Tuzik Girendarova
Title: Director
Date: November 31, 2013

cc: Askar Zhumagaliyev
Minister of Transport and Communications
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.

(a) Public Association "Blago" means a non-governmental organization, registration number 11093-1930-00, created and operating pursuant to Law No. 3 "On Public Associations", awarded its legal capacity on May 31, 1996.

Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to enhance the participatory performance monitoring and evaluation of the Kazakhstan Road Administration (Ministry of Transport and Communications – MoTC) by building capacity to effectively engage civil society organizations and local communities in the implementation of transport projects. The Project consists of the following parts:

Part A: Introduction of Demand Side Governance Tool. Provision of consultants' services and training to undertake a diagnostic assessment of the demand side governance aspects of the Road Administration, and introduce modern techniques and best practices used in the transport sector (community social audits, ICT enabled community feedback, score cards).

Part B: Local Community Engagement with Ministry of Transport. Provision of consultants' services to: (i) develop a strategy for the National Expert Council on Transparency and Sustainable Development; (ii) develop and carry out an implementation mechanism using demand-side technics and (iii) pilot ICT technology in two regions through SMS enabled beneficiary feedback.

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 Public Association "Blago" ("Project Implementing Entity") 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"); and (c) this Article II.

2.03. Institutional and Other Arrangements. The Recipient shall provide equipment, office space and furniture for the staff.
2.04. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and, upon the World Bank's request, 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 such period as shall be indicated in the World Bank's request and shall be furnished to the World Bank not later than one month after the date of such request.

(b) The Recipient shall, upon the World Bank's request, 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 five 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 its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were 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**

(a) **General.** All goods and consultants' 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:

(i) Section I of 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 (“Procurement Guidelines”), in the case of goods and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) **Definitions.** The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank 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.

(c) **Particular Methods of Procurement of Goods.** Goods shall be procured under contracts awarded on the basis of Shopping.

(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

(e) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by 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 “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in [USD])</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Consultants’ Services including Audit, Training and Workshops</td>
<td>305,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>305,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
For the purposes of this Section, the term “Training and Workshops” means training activities (other than consultants’ services) to be carried out under the Project, including the reasonable and necessary local and international travel and visa expenses incurred by participants in training workshops, as well as lodging, subsistence, local and international per diem allowances according to the guidelines of the Recipient, registration, tuition and facilitators’ fees, minor organization expenses (including costs of stationery, handouts and training materials), translation and interpretation costs, facility rental costs, and other expenses directly relating to training, workshop and study tour activity, acceptable to the World Bank.

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. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is three years after the date of countersignature of this Agreement by the Recipient.

**Article IV**

Recipient’s Representative; Addresses

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Director of Public Association “Blago”.

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

   Mr. Yuri Krivodanov  
   Director  
   Public Association “Blago”  
   Lobody str. 3a, 24 apt  
   Karaganda, 100000  
   Republic of Kazakhstan

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

   International Bank for Reconstruction and Development  
   1818 H Street, N.W.  
   Washington, D.C. 20433  
   United States of America

   Cable: INTBAFRAD  
   Telex: 248423 (MCI) or 64145 (MCI)  
   Facsimile: 1-202-477-6391