OFFICIAL DOCUMENTS

CREDIT NUMBER 6088-KG
GRANT NUMBER D204-KG

Financing Agreement

(Additional Financing for Sustainable Rural Water Supply and Sanitation Development Project)

between

KYRGYZ REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 13, 2017
FINANCING AGREEMENT

Agreement dated November 13, 2017, entered into between KYRGYZ REPUBLIC ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement), expanded to include the new Parts 2 (g) and 3 (c) of the Project. 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 and a credit (collectively, "Financing") in the following amounts to assist in financing the project described in Schedule 1 to this Agreement ("Project"):  

(a) an amount equivalent to eleven million nine hundred thousand Special Drawing Rights (SDR 11,900,000) ("Grant"); and

(b) an amount equivalent to fourteen million five hundred thousand Special Drawing Rights (SDR 14,500,000) ("Credit").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are March 15 and September 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. 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 cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.

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 the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following: the Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

4.02. The Additional Event of Acceleration consists of the following: the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Recipient has executed the Subsidiary Agreement on behalf of the Recipient and the Project Implementing Entity, in form and substance satisfactory to the Association.
(b) The Project Implementing Entity has updated and adopted the Project Operational Manual, pursuant to provisions set forth in paragraph 1 of Section I.E of Schedule 2 to this Agreement, in form and substance acceptable to the Association.

5.02. The Additional Legal Matter consists of the following: the Subsidiary Agreement has been duly authorized by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

5.03. The Effectiveness Deadline is the date one hundred eighty (180) 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 Minister of Finance.

6.02. The Recipient’s Address is:

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

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

6.03. The Association’s Address is:

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

Telex: 248423 (MCI)  
Facsimile: 1-202-477-6391
AGREED at Bishkek, Kyrgyz Republic, as of the day and year first above written.

KYRGYZ REPUBLIC

By: 

Authorized Representative

Name: Adylbek Kasymaliyev
Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: 

Authorized Representative

Name: Bolormaa Amgaabazar
Title: Country Manager
SCHEDULE 1

Project Description

The objectives of the Project are: (i) to improve access and quality of water supply and sanitation services in the Participating Rural Communities; and (ii) to strengthen capacity of the Recipient's institutions in the water supply and sanitation sector.

The Project consists of the following parts of which all except Parts 2 (g) and 3 (c) constituted the Original Project:

Part 1: Water Supply Investments

Rehabilitation of existing and/or construction of new water supply systems in the Participating Rural Communities, including preparation of designs and on-site construction supervision.

Part 2: Sanitation Development

(a) Retrofitting of existing indoor sanitary facilities and/or construction of new sanitary facilities in schools, pre-schools, and other social institutions in the Participating Rural Communities, including preparation of designs and on-site construction supervision.

(b) Development of standard designs, including construction and operational guidelines, for households' latrines and septic systems in rural areas.

(c) Provision of strategic technical, policy and capacity support for improved sanitation in rural areas.

(d) Carrying out a needs assessment for the selected Sanitary Epidemiological Surveillance (SES) units located within the Recipient's Ministry of Health at the rayon level and provision of assistance to support their mandate for improving public health related to water-quality testing, monitoring, and compliance mechanisms.

(e) Development and implementation of a communication strategy and water, sanitation and hygiene educational campaigns to promote improved health and hygiene practices.

(f) Preparation of a national strategy for rural sanitation to provide strategic guidance for addressing sanitation related development issues in the rural settings.
(g) Provision of Results-based Incentives to Eligible Beneficiaries as Sub-grants to upgrade their household sanitation facilities to a hygienic level, including associated administration and verification.

Part 3: Institutional Strengthening

(a) At the national level: (i) drafting legal/normative acts necessary for the implementation of the water sector strategy; (ii) providing technical assistance to improve financial and service regulation; (iii) establishing new institutional models for water service delivery; (iv) conducting focused studies on identified areas of need; (v) supporting the preparation of water supply and sanitation financing and investment plans; (vi) augmenting and institutionalizing the sector management information system and data base; and (vii) developing of an institutional support plan for DDWSWDD, including assessment of existing capacity, preparation of an implementation plan, and capacity building activities.

(b) At the local level: (i) building the capacity of local authorities and local service providers responsible for water service delivery in the Participating Rural Communities in the areas of tariff setting, billing and collection systems, operations and maintenance, water quality testing, customer relations, complaints mechanisms, human resources, and commercial management; (ii) preparing service contract agreements, to clarify and formalize respective responsibilities of operators and asset owners and to support governance of service performance, tariffs setting and financing mechanisms; (iii) conducting beneficiary satisfaction surveys and evaluations and supporting mechanisms to improve citizen engagement, feedback, and consumer recourse; (iv) financing start-up support packages to CDWUUUs (such as spare connection materials, meters, testing equipment, and tools) to assist with the transition from construction to operation; (v) strengthening DDWSWDD capacity at the rayon level, focusing on sector monitoring and technical support for complex operational and maintenance issues; and (vi) supporting the development of a connection subsidy strategy for low-income households within each Participating Rural Community.

(c) Support capacity building activities for selected water and sanitation professionals and local actors, through carrying out: (i) an institutional capacity and training needs assessment: and (ii) designing and implementing selected courses and programs.

Part 4: Project Management

Strengthening the Project Implementing Entity's capacity for Project management, monitoring and evaluation, through provision of goods, consultants' services, Training, and financing of Operating Costs.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Recipient shall maintain during the entire period of the Project implementation, DDWSWDD and the Project Implementing Entity with the structure, functions, terms of reference, and resources all satisfactory to the Association and adequate for successful implementation of the Project.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association ("Subsidiary Agreement"), including terms and conditions with respect to Parts 2 (g) and 3 (c) of the Project.

2. The principal amount of the Financing made available under the Subsidiary Agreement ("Subsidiary Financing") shall be denominated in Dollars.

3. The Recipient shall exercise its rights and carry out its obligations under the Subsidiary 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, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Annual Work Plan and Budget

1. The Recipient shall cause the Project Implementing Entity to prepare, in accordance with the terms of reference acceptable to the Association, and furnish to the Association not later than December 1st of each calendar year during the implementation of the Project, a work plan and budget containing all activities proposed for inclusion in the Project for the next calendar year, including: (a) a detailed timetable for the sequencing and implementation of proposed Project activities; (b) the types of expenditures required for such activities and a proposed financing plan (including the necessary funds and resources to be provided by the Recipient for such expenditures); and (c) each Supplemental Social and Environmental Safeguard Instrument applicable to said activities in accordance with the provisions of Section I.G of this Schedule 2 and the measures proposed to be carried out under each of said Supplemental Social and Environmental Safeguard Instrument during the relevant year.
2. The Recipient shall cause the Project Implementing Entity to afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed work plan and budget; and, thereafter ensure that the Project is implemented with due diligence during said following calendar year in accordance with such work plan and budget as shall have been approved by the Association ("Annual Work Plan and Budget").

3. The Recipient shall not make or allow to be made any material change to the approved Annual Work Plan and Budget without prior approval in writing by the Association.

D. Anti-Corruption

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

E. Project Manuals

1. The Recipient shall cause the Project Implementing Entity to implement the Project in accordance with the Project Manuals as follows: (i) the Project Operational Manual to be updated and adopted pursuant to Section 5.01 (b) of this Agreement, and setting forth rules, methods, guidelines and procedures for the carrying out of the Project, including, inter alia: (a) detailed description of the Project and institutional arrangements for its implementation; (b) monitoring, evaluation, reporting, and governance procedures for the Project; (c) disbursement, financial management, auditing and safeguards procedures for the Project; (d) procurement rules, procedures, and standard bidding documents for the Project; and (ii) the Manual for Household Result-Based Sanitation Incentives to be adopted, for Parts 2 (g) of the Project, pursuant to Section IV.B.1 (b) in Schedule 2 to this Agreement and setting forth, inter alia: (a) eligibility criteria, detailed rules and procedures for identification, registration and selection of Eligible Beneficiaries; (b) modalities for documentation and information management; and (c) criteria for verification, in form and substance acceptable to the Association.

2. In the event that any provision of the Project Manuals shall conflict with any provision of this Agreement, the provisions of this Agreement shall prevail. The Recipient shall not amend the Project Manuals without the Association’s prior written approval.

F. Sub-grants - Results-based Incentives

1. The Recipient shall ensure, through the Project Implementing Entity, that:

(a) No Eligible Beneficiary shall be eligible to receive a Sub-grant for a Results-based Incentive unless said Eligible Beneficiary has met the
following requirements, and such further requirements as elaborated in the Manual for Household Result-Based Sanitation Incentives:

(i) the Eligible Beneficiary is a resident in a Participating Rural Community;

(ii) the Eligible Beneficiary has presented a valid identification card; and

(b) the selection, registration and identification of Eligible Beneficiaries are conducted in an open and transparent manner, all in accordance with the provisions of this Agreement and the Manual for Household Result-Based Sanitation Incentives.

G. Safeguards

1. The Recipient shall cause the Project Implementing Entity to implement the Project in accordance with the relevant Safeguards Instruments, and, to that end, shall:

(a) if any activity under the Project would require the adoption of any Supplemental Social and Environmental Safeguard Instrument, cause the Project Implementing Entity to:

(i) prepare: (A) such Supplemental Social and Environmental Safeguard Instrument in accordance with ESMF and RPF; (B) furnish such Supplemental Social and Environmental Safeguard Instrument to the Association for review and approval; and (C) thereafter adopt such Supplemental Social and Environmental Safeguard Instrument, acceptable to the Association, prior to implementation of the activity; and

(ii) thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such Supplemental Social and Environmental Safeguard Instrument; and

(b) if any activity under the Project would involve Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before resettlement measures under the respective Supplemental Social and Environmental Safeguard Instrument, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, have been implemented.
2. Without limitation to the provisions of paragraph 1 above, prior to contracting of
works for each proposed site within the Participating Rural Communities, the
Recipient shall cause the Project Implementing Entity to: (a) submit to the
Association for its prior approval: (i) the proposed design and site for said works
and, where required by the respective Safeguard Instrument or local legislation, as
applicable, any related environmental licenses and permits; and (ii) the proposed
contract for said works to ensure that the provisions of the respective Supplemental
Social and Environmental Safeguard Instrument are adequately included in said
contract; and (b) ensure that such works are carried out in accordance with the
respective Safeguard Instrument.

3. The Recipient shall ensure that no works on a specific site within the Participating
Rural Communities requiring resettlement and/or land acquisition are commenced
until the respective Supplemental Social and Environmental Safeguard Instrument
for said site is fully implemented.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall cause the Project Implementing Entity to monitor and evaluate
the progress of the Project and to prepare Project Reports in accordance with the
provisions of Section 4.08 of the General Conditions and on the basis of the
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 one month 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. Without limitation on the provisions of Part A of this Section, the Recipient shall
prepare and furnish to the Association not later than forty-five (45) after the end of
each calendar quarter, interim unaudited financial reports for the Project covering
the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have Project Financial Statements audited in accordance with
the provisions of Section 4.09 (b) of the General Conditions. Each audit of Project
Financial Statements shall cover the period of one fiscal year of the Recipient. The
audited Project 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 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 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) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule 2; (b) Shopping; and (c) Direct Contracting.

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) Selection under a Fixed
Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (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; and (g) Single-source procedures for the Selection of Individual Consultants.

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.

E. Procurement of Operating Costs

Expenditures included in the Operating Costs category may be procured in accordance with the established administrative procedures of the Project Implementing Entity acceptable to 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 “Disbursement Guidelines for Investment Project Financing” dated February 2017, 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 Credit and 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 Credit Allocated (expressed in SDR)</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works for the Project</td>
<td>14,500,000</td>
<td>150,000</td>
<td>73.5%</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, consultants’ services, Training and Operating Costs for the Project</td>
<td>0</td>
<td>11,020,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Sub-grants under Part 2 (g) of the Project</td>
<td>0</td>
<td>730,000</td>
<td>100% of sub-grant amounts disbursed</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>14,500,000</strong></td>
<td><strong>11,900,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
   
   (a) for payments made prior to the date of this Agreement, except that withdrawals, up to an aggregate amount not to exceed SDR 500,000 may be made for payments made prior to this date but on or after June 1, 2017, for Eligible Expenditures under Categories (1) and (2) under the Grant; and
   
   (b) under Category (3) until and unless the Recipient had adopted the Manual for Household Result-Based Sanitation Incentives in form and substance acceptable to the Association.

2. The Closing Date is June 30, 2025.
ANNEX TO SCHEDULE 2

Modifications to National Competitive Bidding (NCB) Procedures

The procedure to be followed for National Competitive Bidding shall be the “Single-Stage Bidding” method set forth in the Public Procurement Law of the Recipient dated April 3, 2015 № 72 (the “PPL”) provided, however, that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the Procurement Guidelines and the following additional provisions:

1. Procuring entities shall use the appropriate standard bidding documents, including forms of contract acceptable to the Association, which shall be prepared so as to ensure economy, efficiency, transparency and broad consistency with the provisions of Section I of the Procurement Guidelines.

2. The eligibility of bidders shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Procurement Guidelines.

3. No restrictions in respect of eligibility to participate in bidding for contracts shall be placed on the basis of nationality of the bidder and/or the origin of goods other than those imposed by primary boycotts.

4. Foreign bidders shall be allowed to participate in National Competitive Bidding procedures without restrictions of any kind.

5. No preference of any kind shall be applied for domestic bidders and/or for domestically manufactured goods.

6. Bidding shall not be restricted to pre-registered firms, and foreign bidders shall not be required to be registered with local authorities as a prerequisite for submitting bids.

7. Foreign firms shall not be required to associate with a local partner in order to bid as a joint venture, and joint venture partners shall be jointly and severally liable for their obligations.

8. Government-owned enterprises in the Recipient’s territory shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not dependent agencies of the Recipient or sub-recipient. Such enterprises shall be subject to the same bid and performance security requirements as other bidders.
9. Prequalification procedures acceptable to the Association shall be used for large, complex and/or specialized projects.

10. Bidders shall be given at least thirty (30) days from the date of the invitation to bid or the date of availability of bidding documents, whichever is later, to prepare and submit bids.


12. An extension of bid validity, if justified by exceptional circumstances, may be requested in writing from all bidders before the expiration date and for a minimum period required to complete the evaluation or award a contract, but not to exceed thirty (30) days. No further extensions shall be requested without the prior concurrence of the Association.

13. Bids shall be opened in public, immediately after the deadline for their submission in accordance with procedures stated in the bidding documents. No bids should be rejected at bid opening unless they are late/submitted after the stipulated deadline.

14. Evaluation of bids shall be made in strict adherence to the quantifiable criteria declared in the bidding documents. Qualification criteria for bid evaluation shall be applied on a pass or fail basis. Evaluation criteria other than price shall be quantified in monetary terms.

15. Bids that are not substantially responsive to the technical specifications, contract conditions, or other critical requirements in the bidding documents shall be rejected.

16. Bid evaluations shall be confidential, and bidding committee meetings shall not be open to bidders and/or their representatives.

17. Post-qualification criteria shall only pertain to past contract performance, financial and technical capabilities of bidders.

18. Contracts shall be awarded to the bidder who submits the lowest-evaluated, substantially-responsive bid, and who is determined to be qualified to perform the contract in accordance with pre-defined and pre-disclosed evaluation criteria. No negotiation as to the price or substance of the bid shall take place.

19. If the procuring entity fails to conclude a contract with the lowest evaluated bidder, a contract may be awarded to the qualified bidder who is next ranked and whose bid is found substantially responsive. All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Association’s prior concurrence.
20. Bidders shall be given at least twenty-eight (28) days from the receipt of notification of contract award to submit performance securities.

21. Each bidding document and contract financed out of the proceeds of the Financing shall include provisions stating the Association's policy to sanction firms or individuals, found to have engaged in fraud and/or corruption as defined in the paragraph 1.16(a) of the Procurement Guidelines. The Association will sanction a firm or an individual, at any time, in accordance with prevailing Association sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded an Association-financed contract; and (ii) to be a nominated sub-contractor, consultant, supplier, or service provider of an otherwise eligible firm being awarded an Association-financed contract.

22. In accordance with the paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the Association to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association. Acts intended to materially impede the exercise of the Association's inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Procurement Guidelines.

23. Complaints related to the procurement process shall be handled in accordance with the provisions of the Procurement Guidelines.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each March 15 and September 15, commencing September 15, 2023 to and including March 15, 2055</td>
<td>1.5625%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
APPENDIX

Section I. Definitions

1. “Affected Person” means a person who as a result of: (i) the involuntary taking of land under the Project is affected in any of the following ways: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas suffers adverse impacts on his or her livelihood; and “Affected Persons” means the plural thereof.


3. “Annual Work Plan and Budget” means the work plan and budget prepared annually by the Recipient in accordance with the provisions of Section I.C of Schedule 2 to this Agreement, as approved by the Association.

4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

5. “CDWUU” means Community Drinking Water Users Union, and “CDWUUs” means the plural thereof.


7. “DDWSWDD” means the Department of Drinking Water Supply and Wastewater Disposal Development of the State Agency for Architecture, Construction and Communal Services of the Recipient, or any successor thereto.

8. “Eligible Beneficiaries” means each physical persons who have been declared eligible to receive a Sub-grant pursuant to Section I.F of Schedule 2 to this Agreement and “Eligible Beneficiary” means any of the Beneficiaries.

9. “ESMP” means a site specific environmental and social management plan, satisfactory to the Association, to be prepared by the Recipient pursuant to the provisions of ESMF, as such plan may be amended from time to time with the prior written approval of the Association, and “ESMPs” means the plural thereof.
10. "ESMF" means the Environmental and Social Management Framework prepared and adopted by the Project Implementing Entity for the purposes of the Project and disclosed in the Recipient’s country and in the Association’s Infoshop on July 4 and July 6, 2016, respectively, and updated and disclosed on April 5, 2017, which (i) contains, inter alia, the environmental protection measures in respect of the Project, including measures for chance finding of cultural property, pest management, protection of natural habitats, identification of existing environmental conditions and potential direct and indirect environmental and social impacts resulting from the carrying out of the Project, recommendation of mitigation measures for each negative impact identified, as well as measures for enhancing each identified positive impact; and (ii) identifies social problems and risks related to the Project, assesses potential impact on various groups and analyzes the role of beneficiaries and stakeholders in the Project, as well as attainment of social development outcomes; as such framework may be amended from time to time with the Association’s prior approval.


12. "Manual for Household Result-Based Sanitation Incentives" means the manual referred to in Section I.E.1 (ii) in Schedule 2 to this Agreement.

13. "Operating Costs" means incremental costs incurred by the Project Implementing Entity on account of the Project coordination, implementation and monitoring, including expenditures for vehicles operation and maintenance, minor office renovations, office supplies and consumables, utilities, communication, translation and interpretation, bank charges, Project related travel, including per diem and accommodation, salaries and Social Charges of contractual staff for the Recipient (but excluding salaries of the Recipient’s civil servants) and other miscellaneous costs directly associated with the Project implementation, all based on annual budgets acceptable to the Association.

14. "Original Financing Agreement” means the financing agreement for a Sustainable Rural Water Supply and Sanitation Development Project, between the Recipient and the Association, dated October 26, 2016 (Credit No. 5907-KG; Grant No. D138-KG).

15. “Original Project” means the Project described in Schedule 1 to the Original Financing Agreement.

Kainazarova, Taldy-Bulak, Sosnovka, Iskra. Kochkorkaev, Ivanovka, Ken-Bulun, Logvinenko, Kurpuldok, Orto, Kurama, Kara-Bulak, Kok-Oirok, and Boroldoi in Chui Oblast; Chelpek, Darkhan, Ak-Bulun, Boz-Uchuk, Lipenka, Jeti-Oghuz, Orgochor, Tamga, Ak-Terek, Ak Bulak, Sary-Bulak, Kuturgu, Chon-Tash, Sadyr-Ake, Abdrahmanov in Issyk-Kul Oblast, as well as such other rural communities of the Recipient which may be jointly selected by the Association and the Recipient for the purposes of the Project.


18. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 11, 2017 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.

19. “Project Implementing Entity” means the Community Development and Investment Agency of the Kyrgyz Republic, or any successor thereto.

20. “Project Implementing Entity’s Legislation” means the Edict of the President of the Recipient No. 330 dated October 15, 2003, as amended to the date of this Agreement.

21. “Project Manuals” means the manuals referred to in Section 1.E of Schedule 2 to this Agreement.

22. “Project Operational Manual” means the manual referred to in Section 1.E.1 (i) of Schedule 2 to this Agreement.

23. “RAP” or “Resettlement Action Plan” means a site specific resettlement action plan, satisfactory to the Association, to be prepared by the Recipient pursuant to the provisions of RPF for compensation, resettlement and rehabilitation of Affected Persons, in connection with the works to be implemented under the Project, as such plan may be amended from time to time with the prior written approval of the Association, and “RAPs” means the plural thereof.

24. “RPF” or “Resettlement Policy Framework” means the resettlement policy framework, prepared and adopted by the Project Implementing Entity for the purposes of the Project and disclosed in the Recipient’s country and in the Association’s Infoshop on July 6 and 7, 2016, respectively, and thereafter updated and re-disclosed in country on April 3, 2017 and in the Association’s Infoshop on April 4, 2017 satisfactory to the Association, setting forth, inter alia: (i) the description of areas covered by the Project; (ii) the legal basis and screening process for land acquisition, resettlement and land use in connection with the
works to be carried out under the Project; (iii) the resettlement principles and entitlements of Affected Persons based on different categories of impact; (iv) the procedures for valuation, compensation and other assistance provided to the Affected Persons, including the grievance process; (v) the responsibilities, procedures and requirements for the development and implementation of site specific resettlement action plans; and (vi) an estimate of cost of compensation.

25. “Results-based Incentives” means the results-based incentives to households (Eligible Beneficiaries) in the Recipient’s Participating Rural Communities, provided through Sub-grants, with the objective of improving sanitation facilities for such households.

26. “Safeguards Instruments” means ESMF, RPF, and all Supplemental Social and Environmental Safeguard Instruments, and “Safeguards Instrument” means any one of these instruments.

27. “Social Charges” means any payments or contributions for health benefits, unemployment benefits, disability insurance, workers’ compensation benefits, retirement (pension or social security) benefits, and life insurance, or any other benefits according to the Recipient’s legislation.

28. “Sub-grant” means the grant to be made to a Beneficiary referred to in Part 2 (g) of Schedule 1 to this Agreement, and “Sub-grants” mean, collectively, two or more of such grants.

29. “Subsidiary Agreement” means the agreement referred to in Section 1.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity.

30. “Supplemental Social and Environmental Safeguard Instrument” means any EMP, RAP, or other site specific supplemental social and environmental safeguard instruments as may be required under the terms of ESMF or RPF, and “Supplemental Social and Environmental Safeguard Instruments” means the plural thereof.

31. “Training” means Project related study tours, training courses, seminars, workshops and other training activities, not included under service providers’ contracts, including costs of training materials, space and equipment rental, travel, accommodation and per diem costs of trainees and trainers, trainers’ fees, and other training related miscellaneous costs.
Section II. **Amendment to the Original Financing Agreement**

1. Section IV.B.2 of Schedule 2 to the Original Financing Agreement is deleted and replaced with the following:

   “The Closing Date is June 30, 2025”

2. In the Appendix to the Original Financing Agreement, the following definitions are replaced (nos. 10 and 11) and added (no.19) in alphabetical order to read as follows and the rest of the definitions are renumbered accordingly to maintain alphabetical order:

   “10. “Operating Costs” means incremental costs incurred by the Project Implementing Entity on account of the Project coordination, implementation and monitoring, including expenditures for vehicles operation and maintenance, minor office renovation, office supplies and consumables, utilities, communication, translation and interpretation, bank charges, Project related travel, including per diem and accommodation, salaries and Social Charges of contractual staff for the Recipient (but excluding salaries of the Recipient’s civil servants) and other miscellaneous costs directly associated with the Project implementation, all based on periodic budgets acceptable to the Association.

   11. “Participating Rural Communities” means the following Ayil Okmotu’s: Otuzadyr, Kyrgyz-Ata, Kashkajol, Kerme-Too, Sary-Tash, Kashka-Suu, Korul, Bulolu, Kyzyl-Zhar, Kenesh, Toloikon, Kyzyl-Suu, Kyzyl-Too, Salamalik, and Kashka-Suu in Osh Oblast; Ibraimov, Burana, Ak-Beshim, Kurama, Kun-Too, Jayil, Kyzyl-Tuu, Tolok, Tash-Moinok, Kara-Jygach, Ak-Dobo, Vasiliev, Frunze, Kainazarova, Taldy-Bulak, Sosnovka, Iskra, Kochkorbayev, Ivanovka, Ken-Bulun, Logvinenko, Kurpuldok, Orto, Kurama, Kara-Bulak, Kok-Oirok, and Boroldoi in Chui Oblast; Chelpek, Darkhan, Ak-Bulun, Boz-Uchuk, Lipenka, Jeti-Oghuz, Orgochor, Tamga, Ak-Terek, Ak Bulak, Sary-Bulak, Kuturgu, Chon-Tash, Sadyr-Ake, Abdraslanov in Issyk-Kul Oblast, as well as such other rural communities of the Recipient which may be jointly selected by the Association and the Recipient for the purposes of the Project.”

19. “Social Charges” means any payments or contributions for health benefits, unemployment benefits, disability insurance, workers’ compensation benefits, retirement (pension or social security) benefits, and life insurance, or any other benefits according to the Recipient’s legislation.”