Ms. Olga Lavrova  
Minister of Finance  
Ministry of Finance  
58, Erkindik Boulevard  
Bishkek, 720040  
KYRGYZ REPUBLIC

Dear Ms. Lavrova,

Re: Kyrgyz Republic: Second Rural Water Supply and Sanitation Project  
(IDA Grant No. H462-KG and IDA Credit No. 4560-KG)  
Amendment #2 to the Financing Agreement

We refer to the Financing Agreement between the Kyrgyz Republic (the “Borrower”) and the International Development Association (the “Association”), dated May 21, 2009 (the “Financing Agreement”), as amended by the Amendment of July 25, 2011. We also refer to your letter of June 27, 2012, which requested a reallocation of certain amounts under the Financing, an extension of the Closing Date, and the revision of the Project’s Development Objectives and the Project Description.

We hereby propose to amend the Financing Agreement as follows:

1. The first paragraph of Schedule 1 of the Financing Agreement is hereby amended to read as follows:

   “SCHEDULE 1

   Project Description

   The objective of the Project is to assist the Borrower in: (a) improving access to potable water for the participating communities; (b) improving hygiene, sanitation and water-related practices at individual, family and institutional levels in the rural areas; and (c) strengthening the institutional framework and capacity for the rural drinking water supply and sanitation sector.”

2. Section I.C. of Schedule 1 of the Financing Agreement is hereby deleted.

3. Section I.D. of Schedule 1 of the Financing Agreement is hereby amended by adding the following provisions:

   “5. Land Acquisition and Resettlement

   In the event that land acquisition or resettlement is required for the purposes of carrying out activities under the Project, the Borrower shall:...
(a) notify the Association or ensure that the Project Implementing Entity notifies the Association, of any intended acquisition of land or resettlement, in whole or in part, and of each Resettlement Action Plan (if any) prepared in accordance with the Resettlement Policy Framework, of any of the following: residences, agricultural holdings, commercial structures and businesses, land used by people without claim to legal title, and persons affected by Project activities;

(b) disclose, or ensure that the Project Implementing Entity discloses, the Resettlement Policy Framework and each Resettlement Action Plan (if any) prepared under the Project and all relevant information relating thereto in a manner satisfactory to the Association no less than sixty (60) days prior to carrying out any land acquisition or resettlement; and

(c) ensure that the Project Implementing Entity causes all land acquisition and resettlement under the Project to be undertaken in accordance with the provisions and procedures contained in the Resettlement Policy Framework and the respective Resettlement Action Plans, and that all relevant information is adequately provided to all affected persons, and potentially affected persons, in a timely and adequate manner.”

4. The table under Section III.C.2. of Schedule 1 of the Financing Agreement is hereby amended to add the following provision:

“(f) Selection of the United Nations Children’s Fund.”

5. The table under Section IV.A.2. of Schedule 1 of the Financing Agreement is hereby amended as follows:
<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>Goods under Parts A and D of the project</td>
<td></td>
<td>22,077</td>
<td>100%</td>
</tr>
<tr>
<td>Works and Goods under Part A of the Project</td>
<td>3,800,000</td>
<td>1,399,359</td>
<td>80%</td>
</tr>
<tr>
<td>Consultants’ services, including audit and training</td>
<td></td>
<td>840,000</td>
<td>100% of local expenditures and 90% of foreign expenditures</td>
</tr>
<tr>
<td>Operating costs and OP 4.12 compensations</td>
<td></td>
<td>800,000</td>
<td>100%</td>
</tr>
<tr>
<td>Refund of Preparation Advance</td>
<td></td>
<td>38,564</td>
<td>Amount payable pursuant of Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>3,800,000</td>
<td>3,100,000</td>
<td></td>
</tr>
</tbody>
</table>

6. Section IV.B.2. is hereby amended as follows:

   “2. The Closing Date is October 31, 2014.”

7. Section I., paragraph 5 of the Appendix is hereby amended to read as follow:


8. Section I., paragraph 18 of the Appendix is hereby amended to read as follow:


Pursuant to paragraphs 7 and 8 above, as of the effective date of this Amendment #2, procurement under this Project will be in compliance with the most recent Procurement Guidelines and Consultant Guidelines, both published in January 2011.
Ms. Olga Lavrova

January 15, 2013

This Amendment #2 shall become effective upon signature by both parties hereto.

Sincerely,

Saroj Kumar Jha
Regional Director
Central Asia

CONFIRMED AND AGREED:

KYRGYZ REPUBLIC

By: ______________

Name: Olga Lavrova
Title: Minister of Finance
Date: April 16, 2013

cc: Alexander Kremer, Country Manager, the World Bank
Jorg G. Frieden, Executive Director, the World Bank
Holger Tausch, Senior Advisor to Executive Director, World Bank
Chorobek Imashov, Advisor to Executive Director, the World Bank
Ms. Olga Lavrova

January 15, 2013

Cleared w/ and cc: Adam Shayne (LEGLE), Marie Khoury and Joseph Paul Formoso (CTRLA), Sumila Gulyani (ECSUW), Gerard Byam (ECSOQ)

Distribution: KG DL, ECSSD Sector Staff, ECAVP Managers, ECACA Sector Staff, ECSOQ Sector Staff, Ioa-eca, Anna Cestari, Pier Francesco Mantovani and Guy Tchabo (ECSUW), Roxanne Hakim (ECSSO), Arcadie Capcelea (ECSEN), Irina Goncharova (ECSO2), Galina Alagardova (ECSO3), Zhanetta Baidolotova (ECCKG)