May 10, 2016

Mr. Shavkat Khamraev
Acting Chairman
Executive Committee of the International Fund for Saving the Aral Sea (EC-IFAS)
15 Shota Rustaveli Street
Tashkent, Republic of Uzbekistan

Re: ECAPDEV Grant for the Climate Adaptation and Mitigation Program for Aral Sea Basin
Grant No. TF0A2580

Dear Mr. Khamraev,

I am writing on behalf of the International Bank for Reconstruction and Development (“IBRD”) and the International Development Association (“IDA”, and jointly with IBRD, “World Bank”) to indicate the World Bank’s agreement, as administrator of grant funds provided by the Russian Federation (“Donor”) under the Multi-Donor Programmatic Trust Fund for Europe and Central Asia Region Capacity Development (TF071624) (“ECAPDEV”), to make a grant in an amount not exceeding five hundred and forty seven thousand seven hundred Dollars ($547,700) (“Grant”) to the Executive Committee of the International Fund for Saving the Aral Sea (“Recipient”).

The Grant is made in response to the Recipient’s request for financial assistance and for the purposes and on the terms and conditions set forth in the Annex to this Letter Agreement. The Recipient hereby confirms its request that the World Bank carry out the activities described in paragraph 1 of the Annex to this Letter Agreement, and represents that it is authorized to contract the Grant for the said purposes and on the said terms and conditions.

Please note that it is the World Bank’s policy to make publicly available this Letter Agreement and any information related thereto, after this Letter Agreement has become effective and the Recipient has given its consent to such disclosure. The Recipient, by countersigning this Letter Agreement, confirms its consent to such disclosure.
Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing, dating, and returning to us the enclosed copy of this Letter Agreement. Upon receipt by the World Bank of the copy of this Letter Agreement countersigned by you, this Letter Agreement will become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
AND
INTERNATIONAL DEVELOPMENT ASSOCIATION

By
Mariam J. Sherman
Acting Regional Director for Central Asia

AGREED:
EXECUTIVE COMMITTEE OF THE
INTERNATIONAL FUND FOR SAVING THE ARAL SEA (EC-IFAS)

By
Shavkat Khamraev
Acting Chairman of EC-IFAS

Date May 23, 2016
Purposes, Terms and Conditions of the Grant

1. The purpose of the Grant is to assist in the preparation of the first phase of the Climate Adaptation and Mitigation Program for the Aral Sea Basin Project to be implemented in the Republic of Tajikistan and the Republic of Uzbekistan, which has as main objective to enhance regionally coordinated access to improved climate change knowledge services for key stakeholders (e.g., policy makers, communities, and civil society) in Central Asian countries, and to increased investments and capacity building that, combined, will address climate challenges common to these countries ("Project"). The activities ("Activities") for which the Grant is given are as follows:

Part 1. Implementation readiness

Enhance the Recipient’s Project implementation readiness through:
(a) The preparation of the Project Operations Manual; and
(b) The preparation of terms of reference of consultants needed for the first year of implementation of the Project, in the following areas: project coordination, procurement, financial management, climate change in agriculture, climate change in water resources management, knowledge and information systems, communications and public outreach, facilitation support, and monitoring and evaluation.

Part 2. Capacity building for Project implementation

Build the Recipient’s capacity for Project implementation through the identification of climate adaptation and mitigation investment opportunities for the first year of implementation of the Project, including carrying out awareness campaigns in the Republic of Tajikistan and the Republic of Uzbekistan.

2. The Grant shall be used to finance Eligible Expenditures consisting of:
(a) consultants’ services in the aggregate amount of $435,500; and
(b) media and workshop costs, travel expenses, and associated overhead expenses (collectively referred to as Operating Costs) in the aggregate amount of $112,200.

3. The World Bank shall carry out the Activities on behalf of the Recipient. The Recipient shall cooperate with the World Bank to the extent necessary to permit the World Bank to carry out the Activities promptly and effectively, and to evaluate the results of the Activities. The Recipient shall, with respect to the Activities, carry out the following: (i) contribute to the terms of reference and identification of consultant shortlists for the Activities; (ii) support oversight of implementation of the Activities; and (iii) review and confirm acceptability of the outputs (which include documents prepared and proposals identified by the World Bank) under the Activities. The Recipient shall indemnify the World Bank against any costs or liabilities incurred by the World Bank as a result of claims against the World Bank in connection with the Activities, except those resulting from the gross negligence or willful misconduct of its staff or external consultants.

4. The World Bank shall carry out the Activities pursuant to this Letter Agreement only to the extent that the Grant funds required for such Activities are available to the World Bank from the Donor.

5. The Activities shall be completed by not later than August 15, 2016, or the date when the World Bank declares the Project effective, whichever occurs first, or such later date as the World
Bank may establish by notice to the Recipient ("Closing Date"). After the Closing Date, the World Bank may at any time cancel the remaining balance of the Grant.

6. The engagement and supervision of the consultants ("Consultants") required to assist in the carrying out of the Activities shall be the responsibility solely of the World Bank and shall be done according to the World Bank's applicable procedures.

7. The Recipient may at any time request the World Bank in writing to terminate the Activities. Whether or not the Recipient has made such a request, the World Bank may at any time suspend or, after consultation with the Recipient, terminate the right of the Recipient to receive Grant funds for the Activities if any of the following events has occurred and is continuing: (a) the Recipient has failed to perform any of its obligations under this Letter Agreement; or (b) the right of the Recipient, or any other entity to which IBRD has made a loan with the guarantee of the Republic of Tajikistan and the Republic of Uzbekistan, to make withdrawals under any loan agreement with the IBRD or any development credit, grant or financing agreement with IDA has been suspended.

The World Bank may also terminate the right of the Recipient to receive Grant funds if: (a) the World Bank has decided, at any time after consultation with the Recipient, to withdraw its support to the Project; or (b) the Recipient has withdrawn its request for the World Bank's assistance in the financing of the Project.

8. The World Bank is not an agent of, or trustee for, the Recipient and shall not have any fiduciary relationship with the Recipient. The Recipient shall have no right to any portion of the Grant that is not expended by the World Bank pursuant to this Letter Agreement.

9. Unless the context requires otherwise, the capitalized terms used in this Letter Agreement have the meanings ascribed to them in this Letter Agreement.

(a) "Executive Committee of the International Fund for Saving the Aral Sea" means the executive committee of IFAS established by the resolution of the President of IFAS, the President of the Republic of Uzbekistan, I. Karimov, dated August 2, 2013.

(b) "IFAS" or "International Fund for Saving the Aral Sea" means the international organization established by the heads of state 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.

(c) "Project Operations Manual" means the Recipient's operations manual for the Project, including, inter alia: the Project's implementation arrangements (roles of the Project's regional coordination unit and the national coordination units of the Republic of Tajikistan and the Republic of Uzbekistan, fiduciary arrangements (sub-project proposals procedures, approval and implementation oversight), monitoring and evaluation, and social and environmental safeguards.