30 June, 2017

Mr. Bakhyt Sultanov
Minister of Finance
Ministry of Finance
Astana
Kazakhstan

Re: Republic of Kazakhstan
South-West Roads: Western Europe-Western China International Transit Corridor (CAREC 1b & 6b) Project
Loan No. 7681-KZ
Amendment No. 2 to the Loan Agreement

Dear Mr. Sultanov:

We refer to the above-referenced Loan Agreement between the Republic of Kazakhstan ("Borrower") and the International Bank for Reconstruction and Development ("Bank") dated June 13, 2009, as amended ("Loan Agreement"). We also refer to a letter from the Borrower’s Ministry of Finance, dated February 10, 2017 requesting the Bank to restructure the Project and to make certain amendments to the Loan Agreement in view of the proposed restructuring.

We are pleased to inform you that, after due consideration, the Bank proposes to amend the Loan Agreement as follows:

1. Part 5 of Schedule 1 to the Loan Agreement is hereby amended and replaced in its entirety to read as follows:

"Part 5: Supervision of Civil Works

Provision of consulting services to supervise civil works under Part 1, Part 2 and Part 6 of the Project."

[Signature]

[Stamp]
2. A new part 6 to Schedule 1 to the Loan Agreement is added as follows:

"Part 6: Upgrade and reconstruction of road sections within Almaty Oblast

Provision of works to support:

(i) the upgrade and reconstruction of road sections within Almaty Oblast, including: (a) the Kurty-Togyz section; and (b) the Otar-Uzynagash section;
(ii) improving the (a) road safety; (b) roadside services; and (c) road maintenance and operation.

3. Paragraph I.A.1 of Schedule 2 to the Loan Agreement is hereby amended and replaced in its entirety to read as follows:

"1. The Borrower, through the MoID, with the assistance of the PMC shall carry out the Project in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in the Project Operational Manual, the GAC Action Plan, the Resettlement Policy Framework, the EIA and the ESIs, and shall not assign, amend, abrogate or waive any provisions of the Project Operational Manual, the GAC Action Plan, the Resettlement Policy Framework, the EIA or the ESIs without prior approval of the Bank."

4. Paragraph I.A.3 of Schedule 2 to the Loan Agreement is hereby amended and replaced in its entirety as follows:

"3. The Borrower, through the MoID:

(a) shall prepare, prior to the commencement of any works under the Project, Environmental Management Plans, satisfactory to the Bank, in accordance with the EIA and the ESIs;
(b) shall carry out the Project in accordance with the respective Environmental Management Plans;
(c) shall ensure that Chance Find Procedures are followed in cases where physical cultural resources are found during the course of Project implementation. The Borrower shall further ensure that Chance Find Procedure clause are included in civil works contracts and that such clauses are enforced during the course of Project implementation; and
(d) shall not amend, suspend or abrogate any of the provisions of the respective Environmental Management Plans without the prior agreement of the Bank."

5. The table under paragraph IV.A.2 of Schedule 2 to the Loan Agreement is hereby amended and replaced in its entirety to read as follows:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works under Part 1 of the Project</td>
<td>1,085,300,000</td>
<td>85%</td>
</tr>
<tr>
<td>(2) Works under Part 2 of the Project</td>
<td>700,000,000</td>
<td>85%</td>
</tr>
<tr>
<td>(3) Consultants' services under Part 3 of the Project</td>
<td>8,200,000</td>
<td>85%</td>
</tr>
<tr>
<td>(4) Consultants' services under Part 4 of the Project</td>
<td>3,000,000</td>
<td>85%</td>
</tr>
<tr>
<td>(5) Consultants' services under Part 5 of the Project</td>
<td>55,500,000</td>
<td>85%</td>
</tr>
<tr>
<td>(6) Goods under Part 4 of the Project</td>
<td>1,000,000</td>
<td>85%</td>
</tr>
<tr>
<td>(7) Unallocated</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(8) Works under Part 6 of the Project</td>
<td>272,000,000</td>
<td>85%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>2,125,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

6. Paragraph IV.B.2 of Schedule 2 to the Loan Agreement is amended to read as follows (modifications are shown in italics):

"2. The Closing Date is December 31, 2021."

7. Two new paragraphs I.3 and I.6 respectively are added in the Appendix to the Loan Agreement in alphabetical order and subsequent paragraphs are renumbered accordingly:

"3. ‘Chance Find Procedures’ means the procedures to be followed in cases where Physical Cultural Resources are found during the course of Project implementation the Project which require that the Borrower take the appropriate safeguarding measures, including temporary suspension of activity in the site and reporting to the public entity in charge of cultural property."

"6. ‘Environmental and Social Impact Assessments’ or ‘ESIAs’ means the final Environmental and Social Assessment Reports prepared and disclosed by the Borrower on May 31, 2017, all satisfactory to the Bank, consisting of, *inter alia:* (i) a detailed description of the sites where the activities under Part 6 of the Project are to be carried out; (ii) the potential and actual adverse environmental impacts of the activities referred to under paragraph (i) above; and (iii) site-specific ESMPs setting out measures to be taken during the implementation and operation of the Project to mitigate, eliminate or otherwise offset adverse environmental impacts under the Project."

8. Paragraph I.8 (formerly paragraph I.6) in the Appendix to the Loan Agreement is hereby amended and replaced in its entirety to read as follows:

"8. ‘Environmental and Social Management Plans’ or ‘ESMPs’ means the site-specific documents, adopted by the Borrower, and satisfactory to the Bank,
pursuant to the ESIA, and pursuant to paragraph 3 of Section I.A of Schedule 2 to this Agreement, in respect of works to be undertaken by the Borrower under the Project defining, inter alia: (i) detailed measures to manage potential environmental risks and mitigate, reduce and/or offset adverse environmental impacts associated with the implementation of activities under the Project, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with; (ii) potential impacts on natural habitats and the relevant mitigation measures for contractors during works under the Project; and (iii) physical cultural resources and management plans prepared in accordance with the Borrower’s legislation, as the same may be amended and supplemented from time to time with the Bank’s prior written approval; and “ESMP” refers to one such ESMP.

The terms “Environmental Management Plans” and “EMPs” shall be replaced with “Environmental and Social Management Plans” and “ESMPs” and every reference to the Environmental Management Plans or EMPs shall be deemed to refer to Environmental and Social Management Plans or ESMPs.

9. Paragraph I.11 (formerly paragraph I.9) in the Appendix to the Loan Agreement is hereby amended and replaced in its entirety to read as follows, and every reference to MoTC, or to the Ministry of Transport and Communication in the Agreement, shall be deemed to refer to MOID:

“11. “MOID” means the Ministry of Investments and Development of the Borrower, or any successor thereto.”

10. Paragraph I.17 (formerly paragraph I.15) in the Appendix to the Loan Agreement is hereby amended and replaced in its entirety to read as follows:

“17. “Resettlement Policy Framework” means the document prepared and endorsed by the Borrower and disclosed on May 1, 2008, updated and disclosed by the Borrower on: (i) March 18, 2009 and through Bank’s Infoshop on March 25, 2009, and (ii) June 25, 2015 and November 17, 2015 respectively, setting forth resettlement procedures, institutional arrangements, eligibility criteria, entitlements and compensation, including valuation procedures, public consultation and participation, monitoring and evaluation, disclosure criteria to be applied in preparing a site-specific Resettlement Action Plan (RAP) and all the required due diligence tasks to mitigate adverse social impacts under the Project.”

All the provisions of the Loan Agreement that have not been amended hereby shall remain unchanged and in full force and effect.

Please confirm your agreement with the foregoing amendment on behalf of the Borrower, by signing, dating, and returning to us the enclosed copy of this letter. The amendment will become effective on the date upon which the Borrower dispatches to the Bank notice that the execution and delivery of this amendment on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action.
Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Lilia Burunciuc
Regional Director
Central Asia

AGREED:

REPUBLIC OF KAZAKHSTAN

By: Bakhyt Sultanov
Authorized Representative

Title: Minister of Finance

Date: September 26, 2017

Enclosure