Grant Agreement

(Second Health and Social Protection Project)

between

KYRGYZ REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
and
INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 5, 2014
GRANT NUMBER TF015135

GRANT AGREEMENT

AGREEMENT dated February 5, 2014, entered into between KYRGYZ REPUBLIC ("Recipient"); and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator of grant funds provided by the Swiss Agency for Development and Cooperation.

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


1.02. 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 as following:

1. "Annual Program of Work" or "APW" means the annual program of activities included in the "Den Sooluk" Program to be carried out in each Fiscal Year (as defined hereinafter) under said "Den Sooluk" Program, as agreed upon between the Recipient and the World Bank pursuant to paragraph 3 of Section I.A of Schedule 2 to this Agreement.


3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


5. "Development Partners" means any country, agency, or organization that has agreed to finance the Program and has signed the Memorandum of
account of Project implementation, management, monitoring, including utilities, supplies, communications, maintenance costs, advertising expenses, Social Charges, bank charges, travel and per diems for employees of the MoH, MHIF, or MSD, salaries and statutory contributions of support staff, but not including salaries of officials or employees of the Recipient’s civil service, as well as any contributions by these officials or employees to any social fund.

16. “MHIF” means the Mandatory Health Insurance Fund of the Recipient established by a Decree of the President of the Recipient No. 326 dated November 22, 1996, or any legal successor thereto.

17. “MoF” means the Ministry of Finance of the Recipient or any legal successor thereto.

18. “MoH” means the Ministry of Health of the Recipient or any legal successor thereto.

19. “MSD” means the Ministry of Social Development of the Recipient or any legal successor thereto.


21. “Procurement Plan” means the Recipient’s procurement plan covering the first and each successive APW, as the same shall be updated from time to time in accordance with this Agreement.


23. “Project Operational Manual” means the manual to be adopted by the Recipient pursuant to Section 5.01(a) of this Agreement, describing procedures for implementation of the Project, consistent with the provisions of this Agreement and with the national laws and regulations of the Recipient and including, inter alia: (i) procedures governing administrative, procurement (including the Harmonized Procurement Manual for Health Facilities), accounting, financial management, including adequate measures for procurement and forensic audits and complaint mechanisms in case of misuse of the proceeds of the Financing, and monitoring and evaluation arrangements; and (ii) sample formats of Annual Program of Work and annual reports.
Understanding executed by the Recipient, the Association, and other Development Partners setting forth the framework of cooperation for purposes of implementing the Program.

6. “Eligible Program Expenditures” means the expenditures for goods, works, consultants’ services, training, incremental operating costs and recurrent costs required for carrying out the Project in accordance with the respective APW.

7. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster, as determined pursuant to Section I.A.(11)(f) of Schedule 2.

8. “Emergency Expenditure” means any of the Eligible Expenditures set forth in the Emergency Financing Plan in accordance with the provisions of Section I.A.(13)(a) of Schedule 2 to this Agreement and required for the activities included in Part II of the Project.

9. “Emergency Financing Plan” means the plan referred to in Section I.A.(13)(a) of Schedule 2 to this Agreement.

10. “EMF” means the Environmental Management Framework prepared and adopted by the Recipient on December 17, 2012, describing the environmental mitigation, monitoring and institutional measures under the Project.

11. “EMP” means a site-specific Environmental Management Plan, prepared and adopted pursuant to the EMF, for site-specific construction or rehabilitation activities under a respective APW under Part A of the Project.

12. “Fiscal Year” means the twelve (12) month period beginning January 1 and ending December 31 of each year.


14. “Health Policy Council” means the council established by a Decree of the Recipient’s Minister of Health No.130 dated April 2, 2002 and referred to in paragraph 5 of Schedule 2, Section I.A. to this Agreement.

15. “Incremental Operating Costs” shall mean the expenses incurred by the Recipient’s MoH, MHIF, or MSD for the incremental expenses on
24. “Social charges” means any payments, premiums or contributions for health benefits, unemployment benefits, disability insurance, workers’ compensation benefits, retirement (pension or social security) benefits, and life insurance, which constitute payment for the drawdown of future benefits to the staff concerned.


26. “Training” shall mean the expenses incurred by the MoH, MHIF, or MSD in connection with study tours, training courses, seminars, workshops and other training-related activities under the Project including travel costs and per diem for participants, trainers and trainees, trainers’ fees, rental of training facilities, preparation and reproduction of training materials and other activities incidental to the preparation and implementation of training activities.

27. “Transfers for APWs” means the amount of the proceeds of the Financing transferred by the Association, through the Recipient’s MoF to MoH’s budget, to cover reasonable costs of goods, works, consultants’ services, Training, Incremental Operating Costs and recurrent costs required for the implementation of the respective APW, as such amounts are agreed upon between the Recipient and the Association.

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient through MoH, shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to Eleven
Million Nine Hundred Sixty Three Thousand Five Hundred United States Dollars ($11,963,500) ("Grant") to assist in financing the Project.

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

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donor to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

**Article IV**

**Additional Remedies**

4.01. The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following:

(a) The Additional Event of Suspension consists of the following: namely, that a situation has arisen which shall make it improbable that the Program or a significant part thereof, will be carried out; and

(b) The Additional Event of Acceleration consists of the following: any of the events 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**

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

(a) The Project Operational Manual, satisfactory to the Association, has been updated to reflect activities under the Program, including project accounting and reporting (including simplified un-audited interim financial reports), funds flow, audit arrangements, disbursement procedures, an updated harmonized procurement manual for health facilities, and standard bidding documents that are consistent with the Procurement Guidelines and the Consultant Guidelines.

(b) The Recipient has contracted with external auditors, acceptable to the Association, to prepare financial and operational audit reports as required by this Agreement.
(c) The Recipient has submitted to the Association a status report on its action plan to resolve issues raised by the audit of the 2011 financial statements of the Health and Social Protection Project, IDA Grant No. H197 KG, and said status report is acceptable to the Association.

(d) The Ministry of Health has retained at least one qualified contract management specialist, procurement consultant and procurement assistant, all with terms of reference and qualifications acceptable to the Association.

Article VI
Recipient’s Representative; Addresses

6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Finance.

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

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

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

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

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

Cable: INTBAFRAD
Telex: 248423 (MCI) or 1-202-477-6391
Facsimile: 64145 (MCI)
AGREED at Bishkek, Kyrgyz Republic, as of the day and year first above written.

KYRGYZ REPUBLIC

By

Authorized Representative

Name: Olga Lavrova

Title: Minister of Finance

28.05.2014

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

administrator of grant proceeds provided by the Swiss Agency for Development and Cooperation

By

Saroj Kumar Jha
Regional Director
Central Asia
SCHEDULE 1
Project Description

The objective of the Project is to improve health outcomes in four health priority areas in support of the “Den Sooluk” National Health Reform Program 2012-2016.

The Project consists of the following parts:

Part I: Support for Implementation of the “Den Sooluk” National Health Reform Program

Support to MoH in the implementation of the “Den Sooluk” National Health Reform Program covering the period 2012-2016 and its associated APW, including strengthening MoH’s institutional and fiduciary capacities and support to the State Guaranteed Benefits Packages. The Program will prioritize the following health improvement areas for gains in health outcomes and improvement in the delivery of core services: cardiovascular disease, mother and child care, tuberculosis, and Human Immunodeficiency Virus.

Part II: Contingent Emergency Response

Improving the Recipient’s response capacity in the event of an Eligible Crisis of Emergency as needed, for health sector expenditures.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall carry out the Project in accordance with the provisions of the Project Operational Manual and shall not amend, suspend, abrogate, repeal or waive any provision of the Project Operational Manual without prior approval of the Association.

2. The Recipient shall not amend, suspend, abrogate, repeal or waive any provisions of the Program unless such changes are satisfactory to the Association.

3. On behalf of the Recipient, MoH shall have the overall leadership and coordination role for the execution of the Project, with staffing and resources adequate to enable it to effectively oversee the Project implementation. MoH shall designate its Finance Department to:
   
   (a) prepare applications for withdrawal of the Financing proceeds;
   
   (b) maintain records and accounts related to the Project and to arrange the audits thereof; and
   
   (c) incorporate procurement activities reports into annual reports referred to in paragraph 4(c) of this Schedule.

4. The Recipient, through MoH, shall:
   
   (a) not later than November 15 of each year during the implementation of the Project, or such later date as may be agreed by the Association, submit to the Association an APW, satisfactory to the Association, prepared in accordance with the format included in the Project Operational Manual and which shall include agreed amounts of Transfers for APWs for the following Fiscal Year;
   
   (b) not later than November 15 of each year during the implementation of the Project, or such later date as may be agreed by the Association, submit to the Association an updated Procurement Plan consistent with the proposed APW;
   
   (c) not later than September 15 of each year during the implementation of the Project or such later date as may be agreed by the Association,
provide to the Association for its review, a report on the progress achieved in the carrying out of the Project during the preceding period of July 1 to June 30, as monitored pursuant to indicators and monitoring arrangements and as set forth in the Project Operational Manual;

(d) on an annual basis, jointly undertake with the Association and other Development Partners a review of the Project activities based on the report referred to in sub-paragraph (c) above; and

(e) on an annual basis, participate in technical meetings with the Association and other Development Partners.

5. The Recipient, through MoH, shall maintain until completion of the Project, the Health Policy Council, headed by the MoH, consisting of the state secretary, deputy ministers, and heads of departments, including representatives of MHIF, that will be responsible for coordinating the Project activities.

6. The Recipient shall maintain until completion of the Project the Inter-ministerial Coordination Committee consisting of representatives of MoH, MoF, and MSD. The Inter-ministerial Coordination Committee will be responsible for: (a) inter-ministerial coordination of the Project activities, including harmonization activities; and (b) the review of the functioning of a complaint mechanism for considering allegations of the misuse of funds and taking follow up measures in case of serious or unresolved complaints by internal auditors and/or third party audit to ensure the independence and reliability of the system.

7. The Recipient, through MoH and MHIF, shall maintain internal audit functions, including scopes of work and number of personnel, satisfactory to the Association.

8. The Recipient shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Association, the carrying out of the Project and the achievement of the objectives thereof;

(b) following the implementation of the first APW, exchange views with the Association and undertake any corrective measures, as agreed upon by the Association, for the implementation of the Project;

(c) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about August 15, 2015, a mid-term report integrating the results of the monitoring and evaluation activities performed pursuant to sub-paragraph (a) of this paragraph, on the
progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(d) review with the Association, by October 15, 2015, or such later date as the Association shall request, the report referred to in sub-paragraph (c) of this paragraph, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association’s views on the matter.

9. The Recipient, through MoH, shall ensure that evaluation studies are conducted at least twice during Project implementation separately for each of the four priority areas of the Program.

10. By no later than six (6) months after the Effective Date, the Recipient, through MoH, shall prepare a multi-year strategy for the improvement of the public procurement system for the health sector, including a capacity building needs analysis.

11. By no later than one (1) year after the Effective Date, the Recipient, through MoH, shall procure technical assistance to develop and implement a comprehensive fiduciary capacity building plan for the health sector, with a focus on all health facilities, with terms of reference satisfactory to the Association.

12. By no later than August 15, 2015, the Recipient, through MoH, shall procure technical assistance to strengthen the internal audit function within MoH and MHIF, including automation of the audit workflow, with terms of reference satisfactory to the Association.

13. In the event that an Emergency arises and in order to ensure the proper implementation of Part II of the Project, the Recipient shall:

(a) prepare an emergency financing plan ("Emergency Financing Plan") which shall set forth detailed implementation arrangements for Part II, including: (i) designation of resources to be allocated to the MoH for coordinating and implementing Part II; (ii) specific activities which may be included in Part II, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for Part II; (iv) procurement methods and procedures for Emergency Expenditures to be financed under Part II; (v) documentation required for withdrawals of Emergency
Expenditures; and (vi) any other arrangements necessary to ensure proper coordination and implementation of Part II;

(b) afford the Association a reasonable opportunity to review said Emergency Financing Plan;

(c) promptly adopt such Emergency Financing Plan for Part II as shall have been approved by the Association;

(d) ensure that Part II is carried out in accordance with the Emergency Financing Plan; provided, however, that in the event of any inconsistency between the provisions of the Emergency Financing Plan and this Agreement, the provisions of this Agreement shall prevail;

(e) not amend, suspend, abrogate, repeal or waive any provision of the Emergency Financing Plan without prior approval by the Association; and

(f) not undertake activities under Part II unless and until the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in Part II in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof.

B. Safeguards

1. The Recipient shall carry out the Project in accordance with the EMF and any site-specific EMPs that are prepared pursuant to the EMF and are satisfactory to the Association.

2. The Recipient shall not amend, suspend, abrogate, repeal or waive any provisions of the EMF or any site-specific EMPs without the prior approval of the Association.

3. The Recipient shall ensure that all measures necessary for the carrying out of the EMF and the EMPs are taken in a timely manner.

4. The Recipient shall ensure that site-specific EMPs are prepared and are satisfactory to the Association prior to the commencement of any works financed by the Project.

5. The Recipient shall not undertake any activities involving land acquisition and/or resettlement.
C. **Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of 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 Governance and Anti-Corruption Action Plan as defined in Article I of this Agreement.

D. **Donor Visibility and Visits to the Recipient’s territory for the purposes related to the Project**

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Donor to visit any part of the Recipient’s territory for purposes related to the Project.

**Section II. Project Monitoring, Reporting and Evaluation**

A. **Project Reports; Completion Report**

1. The Recipient shall monitor and evaluate the progress of the Project and 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 the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

2. The Recipient shall 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 six months after the Closing Date.

B. **Financial Management; Financial Reports; Audits**

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than sixty (60) after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
3. The Recipient shall, upon the World Bank’s request, have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six 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 Section II of the Appendix to this Agreement;
   (b) Limited International Bidding;
   (c) Shopping;
   (d) Framework Agreements;
(c) Direct Contracting; and
(f) Procurement from UN Agencies.

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;
   (f) Selection of Individual Consultants; and
   (g) Selection of UN Agencies.

D. Procurement of Emergency Expenditures under Part II of the Project

   Notwithstanding any provision to the contrary in this Section, Emergency Expenditures required for Part II of the Project shall be procured in accordance with the procurement methods and procedures set forth in the Emergency Financing Plan.

E. 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.

F. Procurement Post Review Report at Health Facility Level

   On an annual basis, the Recipient shall have its procurement at health facilities reviewed by an independent consultant with terms of reference satisfactory to the Association. Each Procurement Post Review Report shall cover the period of one Fiscal Year of the Recipient. The Procurement Post Review Report for each such period shall be furnished to the Association not later than six (6) months after the end of such period.
Section IV. Withdrawal of Grant Proceeds

A. General

1. 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 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 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, works, and consultants’ services under Part I of the Project</td>
<td>11,963,500</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Emergency Expenditures under Part II</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>11,963,500</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;

   (b) for payments under Category 1 for the first quarter of the Fiscal Year unless the Recipient has either (i) provided to the Association a list of signed contracts and contracts intended to be signed as of December 31 for which payments will be due in the first quarter of the next Fiscal Year or (ii) approved the Republican’s budget for the Fiscal Year covered by the respective APW;
(c) for payments under Category I after the first quarter of the Fiscal Year unless the Republican's budget for the Fiscal Year covered by the respective APW has been approved by the Recipient; and

(d) for payments under Category 2 for Emergency Expenditures under Part II of the Project, unless and until the Association is satisfied, and has notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said activities:

(i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in Part II in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

(ii) the Recipient has adopted an Emergency Financing Plan in form, substance and manner acceptable to the Association and the provisions of the Emergency Financing Plan remain - or have been updated in accordance with the provisions of Section I of this Schedule 2 so as to be - appropriate for the inclusion and implementation of said activities under Part II; and

(iii) the Recipient has ensured that no expenditures in the Emergency Financing Plan finances salaries or any activities that are not in compliance with the EMF or any of the Association's safeguard policies.

2. The withdrawals for Category I shall be made quarterly on the basis of an APW for the respective Fiscal Year and a report to be submitted to the Association in form and substance satisfactory to the Association, such report to include interim unaudited financial reports for the preceding quarter, forecast of expenditures for the next semester, an updated Procurement Plan, progress against agreed sector monitoring indicators for the preceding quarter, and other information as the Association shall specify by notice to the Recipient. In the first such request submitted to the Association, information regarding progress against agreed sector monitoring indicators shall not be required.

3. The amounts deposited into the Designated Account shall be exclusively used for the Eligible Program Expenditures.

4. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2016.