Loan Agreement

(Justice Sector Institutional Strengthening Project)

between

REPUBLIC OF KAZAKHSTAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated April 29, 2014
LOAN AGREEMENT

Agreement dated April 29, 2014, between the REPUBLIC OF KAZAKHSTAN ("Borrower") and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank 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—LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of thirty-six million Dollars (USD36,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

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

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount. The Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.

2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

2.05. The Payment Dates are March 15 and September 15 in each year.
2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III—PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project, through the Ministry of Justice, in accordance with the provisions of Article V of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV—EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of the following:
(a) The PIU has been formed under the Ministry of Justice, with terms of reference, staff, and resources satisfactory to the Bank;

(b) The Implementation Support Group, which shall be a part of the PIU, has been selected by the Borrower, through the Ministry of Justice; and

(c) The Borrower, through the Ministry of Justice, has adopted the Project Operations Manual, in form and substance satisfactory to the Bank.

4.02. The Effectiveness Deadline is the date one hundred and eighty (180) days after the date of this Agreement.

ARTICLE V—REPRESENTATIVE; ADDRESSES

5.01. The Borrower’s Representative is the Minister of Finance.

5.02. The Borrower’s Address is:

Ministry of Finance
11 Pobedy Avenue
Astana 010000
Republic of Kazakhstan

Telex: Facsimile:
265126 (FILIN) (7) (7172) 717785

5.03. The Bank’s Address is:

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

Cable address: Telex: Facsimile:
INTBAFRAD 248423(MCI) or 1-202-477-6391
Washington, D.C. 64145(MCI)
AGREED at Astana, Republic of Kazakhstan, as of the day and year first above written.

REPUBLIC OF KAZAKHSTAN

By

Authorized Representative

Name: Bakhyt Sultanov

Title: Deputy Prime Minister / Minister of Finance

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Sebnem Akkoysu

Title: Country Manager
SCHEDULE 1

Project Description

The objectives of the Project are: (a) to strengthen the institutional capacity of Selected Agencies for effective implementation of selected laws; and (b) to improve the efficiency, transparency of, and access to selected public services in the justice sector.

The Project consists of the following parts:

Part A. Strengthening the Implementation of Key Elements of the Legal and Institutional Framework

1. Provision of consultants' services and training to strengthen the institutional capacity of the Ministry of Justice and other Selected Agencies whose competencies include carrying out government functions under the draft Commercial Code, the Administrative Offenses Code and the Penal Code, including through but not limited to: (a) carrying out regulatory and impact assessments; (b) workshops, training, organizing focus groups, and carrying out user surveys and other communications and outreach activities for broad consultations on the Codes; and (c) development of monitoring and evaluation systems for measuring the effectiveness of the Codes.

2. Provision of consultants' services, training and goods to support Selected Agencies with the drafting of a new proposed Law on Self-regulated Professional Organizations, and associated regulations, including but not limited to: (a) organizing drafting workshops and training; (b) carrying out regulatory and impact assessments; (c) organizing focus groups and carrying out user surveys and other communications and outreach activities for broad consultations on the drafting of the proposed law and regulations; and (d) development of monitoring and evaluation systems for measuring the effectiveness of the proposed law and regulations, once adopted.

3. Provision of consultants' services, training and goods to the Ministry of Justice and other Selected Agencies for improvement of the Borrower's legislative drafting policies, processes and capacity, including: (a) coordination and consultation processes across the Borrower's relevant government agencies; (b) feedback mechanisms to assess the quality of legislative drafting; and (c) measures to improve the transparency and knowledge base for legislative drafting, including establishing and maintaining a legislative drafting web-based portal for the Ministry of Justice and other Selected Agencies of the Borrower.
Part B. Improving the Service Quality and Responsiveness of the Ministry of Justice

1. Provision of consultants’ services, training and goods to the Ministry of Justice to strengthen its capacity, including but not limited to: (a) carrying out periodic institutional self-assessments; (b) carrying out annual public surveys to assess public trust in the Ministry of Justice and other justice institutions of the Borrower selected pursuant to criteria set forth in the Project Operations Manual; (c) development and implementation of a comprehensive performance monitoring framework and indicators and results collection and reporting; (d) development of a comprehensive communications strategy and capacity; (e) the development and implementation of an operational roadmap for the Ministry of Justice; and (f) development of monitoring and evaluation systems.

2. Provision of consultants’ services, training and goods to the Ministry of Justice for improving: (a) the enforcement of judicial decisions of the Borrower’s courts, (b) carrying out surveys and assessments of efficiency and transparency in the enforcement of judicial decisions; (c) development of monitoring and evaluation systems for benchmarking international good practices as compared to the Borrower’s enforcement practices; (d) development and piloting of a medium term information systems investment and modernization strategy; and (e) forensic capability.

3. Provision of consultants’ services, training and goods for the improvement of the Borrower’s public registration services under the Ministry of Justice through, including but not limited to: (a) carrying out institutional assessments and diagnostics, and supporting implementation of the outcomes of said assessments and diagnostics; (b) supporting the adoption of performance indicators; (c) carrying out activities to improve data and information quality in real estate registration databases; and (d) supporting the accelerated conversion of paper-based registration records to electronic format.

4. Provision of consultants’ services and goods to the Ministry of Justice to improve access to legal aid through, inter alia: (a) workshops and training on application of the Law on Free Legal Aid; (b) piloting innovative, participatory and more efficient ways to provide legal aid and development of required amendments and enabling regulations to the said Law; (c) development and operation of a web-based legal aid portal; (d) generation and publication of feedback from users, providers and other stakeholders; (e) analysis of service provision by lawyers and notaries; (f) a policy review and a fiscal impact assessment; and (g) analysis of gender issues in provision of and access to free legal aid and the preparation of a costed and sequenced strategy to address key legal aid-related gender issues, and support for implementing the strategy.

5. Provision of consultants’ services for Selected Agencies to develop: (a) a strategy to facilitate socio-economic re-integration of former offenders,
including through employment opportunities; and (b) technical specifications for penitentiaries’ information system to improve connectivity with the courts and Selected Agencies for more effective case processing.

Part C. Strengthening Judicial Efficiency and Professionalism

1. Provision of consultants’ services, training and goods to the Supreme Court and Selected Courts in the following areas:

   (a) Support the Selected Courts, through the provision of consultants’ services, training and goods, to: (i) carry out analyses and diagnostics, to identify impediments that increase the non-adjudicative burden on judges; (ii) develop recommendations to remove such impediments and increase judges’ efficiency; and (iii) carry out such recommendations in pilot courts.

   (b) Strengthen the Supreme Court’s capacity to support and manage the judiciary through the provision of consultants’ services, training and goods for: (i) monitoring and evaluation of lower courts performance; (ii) simplifying and streamlining court procedures; (iii) developing an action plan to expand access to information on court functioning for the public and litigants; (iv) facilitating specialization of courts and judges; (v) strengthening institutional capacity of the Supreme Court to carry out its administrative and management functions of the lower courts; (vi) strengthen the capacity of the Supreme Judicial Council to assess and strengthen judicial disciplinary processes; and (vii) fostering peer-based knowledge sharing amongst judges and other justice sector officials.

2. (a) Support the improvement of the capacity of the Institute of Justice and Selected Agencies, through the provision of consultants’ services, training and goods for: (i) training judges and judicial staff; (ii) prepare and carry out institutional assessments, surveys, policy research, develop strategies and action plans; (iii) the design and delivery of sensitization training and workshops for judges and other justice stakeholders on social inclusion and gender issues and on other challenges affecting vulnerable groups.

   (b) Provision of technical support to:

   (i) The Institute of Justice for the preparation of a Medium Term Development Strategy and Action Plan, including a Training and Infrastructure Needs Assessment;

   (ii) The Institute of Justice and Selected Agencies for carrying out of pilot e-learning courses for judges and judicial staff; establishment of monitoring system to measure training impact; launch of appropriate staff development arrangements to benefit from global knowledge and
international good practices; and strengthen the Institute's applied policy research capacity and focus (including in the areas of social inclusion, gender, socio-economic re-integration of former offenders, etc.).

Part D. Project Implementation Coordination, and Fellowships

1. Provision of consultants’ services, training and Incremental Operating Costs to the Ministry of Justice to: implement, manage, coordinate, monitor and evaluate the Project, including hiring of the ISG.

2. Provision of Fellowship Grants for competitively selected Eligible Candidates from justice sector agencies to expose them to global knowledge and international good practices in reform design and implementation
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower, through the Ministry of Justice, shall:

   (a) maintain throughout the period of implementation of the Project, a project implementation unit (the "PIU"), headed by a Project Director, which shall be responsible for overall Project implementation, and management and supervision of the Implementation Support Group.

   (b) no later than seven (7) days from the Date of Effectiveness, or such other later date as the Borrower and the Bank may agree to in writing, enter into a consultant services contract with the Implementation Support Group to support the PIU, on terms of reference, and with resources and staff, all satisfactory to the Bank, and shall thereafter maintain the Implementation Support Group as part of the PIU.

   (c) select Eligible Candidates for Fellowship Grants in accordance with eligibility criteria, selection methods and procedures acceptable to the Bank, which shall be set forth in the Fellowship Grants Manual, and shall ensure that the PIU reviews, appraises and evaluates Eligible Candidates, all in accordance with financial payment, control and clearance processes, and other provisions acceptable to the Bank as further set forth in the Project Operations Manual.

   (d) ensure that contractual arrangements are entered into in relation to each Fellowship Grant, in form and substance, and on terms and conditions satisfactory to the Bank, which shall include that the Borrower shall obtain rights adequate to protect its interests and those of the Bank and to accomplish the purposes of the Project, including the right to: (i) suspend or terminate the right of the Eligible Candidate to be eligible for a Fellowship Grant upon the Eligible Candidate's failure to perform any of its obligations under the relevant contractual arrangements; and (ii) obtain all such information as the Bank or the Borrower shall reasonably request relating to the Fellowship Grant.

1. The Borrower shall carry out the Project in accordance with the Project Operations Manual, in form and substance satisfactory to the Bank, said manual to include, *inter alia*, the institutional, procurement, financial management, monitoring and evaluation arrangements for the implementation of the Project, the responsibilities and coordination arrangements among Selected Agencies.

2. The Borrower shall ensure that Part D.2 of the Project is carried out in accordance with the Fellowship Grants Manual, in form and substance satisfactory to the Bank, which shall include *inter alia*: (a) the selection methods and eligibility criteria for Eligible Candidates; (b) financial payment, control and clearance processes; (c) the terms of reference for Fellowship Grants; and (d) a model agreement for the provision of the Fellowship Grants.

3. The Project Operations Manual and/or the Grants Manual may be amended from time to time with the prior written approval of the Bank. In the case of any conflict between the terms of the Project Operational Manual or the Grants Manual and those of this Agreement, the terms of this Agreement shall prevail. In case of any conflict between the terms of the Project Operations Manual and those of the Grants Manual, the terms of the Project Operations Manual shall prevail.

C. Anti-Corruption

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

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain, or cause to be maintained, a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. The Borrower shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Non-consulting Services.** All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Loan 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 Loan 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 Bank 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 and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to additional provisions set forth in the Attachment to this Schedule 2; and (b) Shopping.

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) Selection under a Fixed Budget; (b) Least Cost Selection; (c) Selection based on Consultants' Qualifications; (d) Single-source Selection; and (e) Selection of Individual Consultants.

D. **Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts, which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. **Withdrawal of Loan Proceeds**

A. **General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the 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 Loan (“Category”), the allocation of the amounts of the Loan 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 Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants' services, Training, goods and Incremental Operating Costs for the Project (excluding Fellowship Grants under Part D.2. of the Project)</td>
<td>35,577,000</td>
<td>60%</td>
</tr>
<tr>
<td>(2) Fellowship Grants under Part D.2. of the Project</td>
<td>423,000</td>
<td>60%</td>
</tr>
</tbody>
</table>
TOTAL AMOUNT | 36,000,000

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) from the Loan Account until the Bank has received payment in full of the Front-end Fee;

   (b) for payments made prior to the date of this Agreement; or

   (c) under Category (2), until the Fellowship Grants Manual satisfactory to the Bank has been adopted by the Borrower, through the Ministry of Justice.

2. The Closing Date is December 31, 2018.

Section V. Other undertakings

No later than forty-five (45) days from the Effective Date, the Borrower shall cause the Ministry of Justice to launch a fully operational module for the automated accounting software for the Project, with capacity to generate interim unaudited financial reports, and capture Project accounts and commitments, acceptable to the Bank.
Attachment
to
SCHEDULE 2

The procurement procedure to be followed for National Competitive Bidding ("NCB") shall be the Tender procedure set forth in the Law of the Republic of Kazakhstan on Public Procurement No. 303-III, dated July 21, 2007, as amended as of 14 January, 2014 by the Law of the Republic of Kazakhstan on Changes in and Amendments to Several Regulatory Acts of the Republic of Kazakhstan on State Procurement Issues No. 161-V; provided, however, that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 the "Guidelines for Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" (January 2011) (the "Procurement Guidelines") and the following additional provisions:

(a) **Eligibility:** The eligibility of bidders to participate in a procurement process and to be awarded a Bank-financed contract 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 Bank for reasons other than those provided in Section I of the Procurement Guidelines. Foreign bidders shall be allowed to participate in NCB procedures, and shall not be obligated to partner with local bidders in order to participate in a procurement process.

(b) **Registration:** 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.

(c) **Preferences:** No preference of any kind shall be applied in bid evaluation on the basis of bidder nationality; origin of goods, services or labor; local content; citizen degree of ownership; and/or any other preferential programs.

(d) **Bidding Documents:** Procuring entities shall use the appropriate standard bidding documents, including contractual provisions, satisfactory to the Bank.

(e) **Cost Estimates:** Cost estimates shall not be disclosed to prospective bidders.

(f) **Bid Validity:** 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, provided that such extension shall cover only the minimum period required to complete the evaluation and/or award a contract, but not to exceed four (4) weeks. No further extensions shall be requested without the prior written concurrence of the Bank.

(g) **Bid Submission and Bid Opening:** Prospective bidders shall be given at least thirty (30) days from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later, to prepare
and submit bids. Bids shall be opened in public immediately after the deadline for their submission. A copy of the bid opening minutes shall be promptly provided to all bidders who submitted bids, and to the World Bank with respect to contracts subject to the Bank’s prior review.

(h) **Qualification:** Qualification criteria shall be clearly specified in the bidding documents. All criteria so specified, and only such specified criteria, shall be used to determine whether a bidder is qualified. Qualification shall be assessed on a “pass or fail” basis, and merit points shall not be used. Such assessment shall be based entirely upon the bidder’s or prospective bidder’s capability and resources to effectively perform the contract, taking into account objective and measurable factors, including: (i) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (ii) financial position; and where relevant (iii) capability of construction and/or manufacturing facilities.

(i) Prequalification procedures and documents satisfactory to the Bank shall be used for large, complex and/or specialized works contracts. Verification of the information upon which a bidder was prequalified, including current commitments and the bidder’s capability with respect to personnel and equipment, shall be carried out at the time of contract award.

(j) Where prequalification is not used, the qualification of the bidder who is recommended for award of contract shall be assessed by post-qualification, applying the qualification criteria stated in the bidding documents.

(k) **Bid Evaluation:** Evaluation criteria shall be clearly specified in the bidding documents. Evaluation of bids shall be made in strict adherence to the quantifiable criteria declared in the bidding documents. Evaluation criteria, other than price, shall be quantified in monetary terms. Merit points and bracketing shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation. Bidders shall not be eliminated on the basis of minor, nonmaterial deviations. The procuring entity shall ask bidders for clarifications needed to evaluate their bids, but shall not ask or permit bidders to change the substance or price of their bids after the bid opening.

(l) Contracts shall be awarded to the qualified bidder whose bid has been determined: (i) to be substantially responsive to the bidding documents; and (ii) to offer the lowest-evaluated cost. No negotiation as to the price or substance of the bid shall take place.

(m) **Rejection of Bids and Re-Bidding:** No bids shall be rejected solely because they fall below or exceed the estimated cost or outside of a range or “bracket” of bid values. All bids (including in the case when less than two bids are received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the World Bank’s prior written concurrence.
Guarantees: Bid and contract guarantees shall be in the format and have the required period of validity specified in the bidding documents. If required, bid security shall be expressed as a fixed amount and shall not exceed two percent (2%) of the estimated cost of the contract. No advance payments shall be made to contractors without a suitable Advance Payment Guarantee.

Confidentiality: The process of bid evaluation shall be confidential until the publication of contract award.

Electronic Procurement Systems: Electronic procurement systems may be used, provided that the World Bank is satisfied with the adequacy of the systems, including *inter alia*, that the system is secure, maintains the integrity, confidentiality, and authenticity of bids submitted.

Fraud and Corruption: In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the World Bank’s policy to sanction firms or individuals, found to have engaged in fraud and/or corruption as defined in the Procurement Guidelines.

Inspection and Audit Rights: In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Bank financing shall provide that bidders, suppliers, contractors and their subcontractors, agents, personnel, consultants, service providers, or suppliers will permit the Bank to inspect all accounts, records and other documents relating to the bid submission and performance of the contract and to have said accounts and records audited by auditors appointed by the Bank. Acts intended to materially impede the exercise of the Bank’s inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Guidelines.

Publication of the Award of Contract: The procuring entity shall publish the following information on contract award in a free and open access website or on another means of publication acceptable to the World Bank: (a) name of each bidder who submitted a bid; (b) bid prices as read out at bid opening; (c) name and evaluated price of each bid that was evaluated; (d) name of bidders whose bids were rejected and the reasons for their rejection; and (e) name of the winning bidder, price it offered as well as the duration and summary scope of the contract awarded.
SCHEDULE 3

Amortization Schedule

1. Subject to the provisions of paragraph 2 of this Schedule, the Borrower shall repay each Disbursed Amount in semiannual installments payable on each March 15 and September 15, the first installment to be payable on the eleventh (11th) Payment Date following the Maturity Fixing Date for the Disbursed Amount and the last installment to be payable on the thirtieth (30th) Payment Date following the Maturity Fixing Date for the Disbursed Amount. Each installment except for the last one shall be equal to one-twentieth (1/20) of the Disbursed Amount. The last installment shall be equal to the remaining outstanding amount of the Disbursed Amount.

2. If any one or more installments of principal of the Disbursed Amount would, pursuant to the provisions of paragraph 1 of this Schedule, be payable after March 15, 2034, the Borrower shall also pay on such date the aggregate amount of all such installments.

3. The Bank shall notify the Loan Parties of the amortization schedule for each Disbursed Amount promptly after the Maturity Fixing Date for the Disbursed Amount.
APPENDIX

Definitions


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

4. "Codes" means, collectively, the Commercial Code, the Administrative Offences Code, and the Penal Code.


6. "Commercial Code" means the Borrower's draft Commercial Code being prepared pursuant to the plan of legislative work of the government, expected to be submitted to the Borrower's Parliament in June 2014. The same term shall apply to the Commercial Code once fully enacted by the Borrower.

7. "Eligible Candidate" means a candidate eligible for a Fellowship Grant in accordance with selection and eligibility criteria acceptable to the Bank as set forth in the Project Operations Manual.

8. "Fellowship Grant" means a grant provided for an Eligible Candidate in accordance with the selection methods, eligibility criteria, procedures, transaction, control and clearance processes, implementation mechanisms, and necessary terms of reference set forth in the Project Operations Manual.

9. "Fellowship Grants Manual" means the manual to be adopted by the Borrower, and referred to in Section I.B.2 of Schedule 2 to this Agreement


11. "Implementation Support Group" or "ISG" means a consulting firm to be hired by the Borrower, through the Ministry of Justice, to provide
implementation support to the PIU for the Project pursuant to Section I.A.1(b) of Schedule 2 to this Agreement.

12. "Incremental Operating Costs" means the reasonable and necessary incremental expenditures on account of Project implementation, management, coordination, and monitoring and evaluation, as approved by the Bank on the basis of semi-annual budgets acceptable to the Bank, and including, inter alia, the costs of: (i) utilities and communication costs; (ii) organization of workshops; (iii) travel costs and per diems, including for officials and experts participating in the implementation of the Project; (iv) consumable office supplies; (v) media communication and advertisements, printing and publications; (vi) costs of translation and interpretation; (vii) bank charges; and (viii) vehicle rental and fuel charges. Notwithstanding the foregoing, Incremental Operating Costs shall not include salaries or allowances of the Borrower's civil servants.

13. "Institute of Justice" means the Borrower's Institute of Justice within the Public Administration Academy under the President of the Republic of Kazakhstan, established pursuant to the Decree of the President of the Republic of Kazakhstan No. 1583, dated May 31, 2005, and any successor thereto.

14. "Law on Free Legal Aid" means the Borrower's Law on State Guaranteed Legal Aid, dated July 3, 2013 (No. 122-V), as may be amended from time to time.

15. "Law on Self-regulated Professional Organizations" means the law on self-regulated professional organizations to be drafted by the Borrower, and referred to under Part A.2. of Schedule 1 to this Agreement.


18. "Procurement Plan" means the Borrower's procurement plan for the Project, dated February 10, 2014 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 Implementation Unit" or "PIU" means the Project implementation unit under the Ministry of Justice, in charge of Project implementation.
20. "Ministry of Economy and Budget Planning" means the Borrower's Ministry of Economy and Budget Planning, and any successor thereto.


22. "Ministry of Justice" means the Borrower's Ministry of Justice, and any successor thereto.

23. "Project Operations Manual" means the manual to be adopted by the Borrower, and referred to in Section I.B.1 of Schedule 2 to this Agreement.

24. "Selected Agencies of the Borrower" means any or all of the following: (a) Ministry of Justice; (b) the Ministry of Economy and Budget Planning; (c) the Ministry of Regional Development; (d) Ministry of Internal Affairs; (e) the Supreme Court; or (f) another government agency of the Borrower selected pursuant to criteria set forth in the Project Operations Manual.

25. "Selected Courts" means the Borrower's first-instance courts located in Almaty, Astana, Aktobe, Semey, Pavlodar, Karaganda or such other courts selected pursuant to the criteria set forth in the Project Operations Manual.

26. "Supreme Court" means the Borrower's Supreme Court, and any successor thereto.

27. "Training" means training activities (other than consultants' services) to be carried out under the Project, as approved by the Bank on the basis of semi-annual training and study tour plans acceptable to the Bank, including the reasonable and necessary local and international travel and visa expenses incurred by participants in training workshops, as well as lodging, subsistence, local and international per diem allowances according to the guidelines of the Borrower, registration, tuition and facilitators' fees, minor organizational expenses (including costs of stationery, handouts and training materials), translation and interpretation costs, facility rental costs, and other expenditures directly relating to the training workshop and study tour activity.