January 29, 2014

Ms. Nadezhda Dobretsova  
Chairperson  
Development Policy Institute (DPI)  
Usenbaeva 44  
Bishkek, 720021  
KYRGYZ REPUBLIC

Re: Kyrgyz Republic: Voice of Village Health Committees and social accountability of local self-government bodies on health determinants of rural communities of Kyrgyz (GPSA Grant No. TF015846)

Dear Ms. Dobretsova:

In response to the request for financial assistance made on behalf of the Development Policy Institute (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development and the International Development Association (“World Bank”), acting as administrator of grant funds provided by various donors (“Donors”) under the Global Partnership for Social Accountability (“GPSA”), proposes to extend to the Recipient for the benefit of the Kyrgyz Republic (“Member Country”), a grant from the GPSA in an amount not to exceed five hundred ninety-eight thousand eight hundred thirty-three United States Dollars (US$598,833) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”).

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

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Saroj Kumar Jha
Regional Director
Central Asia

CONFIRMED AND AGREED:

DEVELOPMENT POLICY INSTITUTE (DPI)

By: ____________________________ Date: January 29, 2014

Authorized Representative

Name: Ms. Nadezda Dzvetsova
Title: Chairperson, Development Policy Institute (DPI)

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006

(3) “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


Article I

Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

1.02. **Definitions.** 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.

   (a) “AVHCs” or “Association of Village Health Committees” means a non-profit association, with legal personality and duly registered in the Member Country, established and operating pursuant to Registration Number 112354-3301-OIOJ dated June 18, 2010.

   (b) “AVHC Agreement” means the agreement referred to under Section 2.03 (b) of this Agreement.

   (c) “DPI” or “Development Policy Institute” means a non-profit association, with legal personality and duly registered in the Member Country, established and operating pursuant to Registration Number 107348-3301-Y-e dated August 24, 2009.

   (d) “VHC” means Village Health Committees means groups of individuals residing in the Member Country’s vulnerable rural areas represented by the AVHC and selected according to selection criteria agreed between the Recipient and the World Bank to participate in the Project activities.

Article II

Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to build the capacity of Village Health Committees (VHCs) to collaborate with Local-Self-Governments (LSGs) on local issues associated with health determinants. The Project consists of the following parts:

   Part 1: Capacity Building of VHCs and the AVHCs to strengthen working relationships with LSGs, especially regarding budget decisions and Program Coordination

   (a) Carry out of training to VHC and AVHC staff to promote: (i) VHC and AVHC participation in budget planning and execution decisions by LSG; (ii) citizen participation in LSG budget process; and (iii) interaction with LSGs staff and local councils on health issues; (b) carry out participatory rural assessments (PRAs) through the use of social accountability tools and analysis of data resulting from said assessments to identify local health priorities, and (c) carry out the management, monitoring and evaluation of Project activities including Project audits.
Part 2: Use of Data Results of the Participatory Rural Assessments (PRAs) to Better Target Local Health Priorities

Carry out communication activities with local health authorities to disseminate data results from the assessments carried out in Part 1 (b).

Part 3: Provision of Technical Assistance to LSG on Social Accountability Tools

Provide technical assistance to LSG staff to enable them to: (a) use social accountability tools to improve delivery of local services; (b) conduct workshops in the targeted municipalities; (c) develop local policies and programs to address health problems affecting local communities, including, inter alia vulnerable groups such as children, youth, women and mothers in the targeted municipalities;

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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”); (c) this Article II; and (d) the AVHC Agreement.

2.03. Implementation Arrangements. (a) For purposes of carrying out the Project, the Recipient shall maintain at all times during Project implementation professional staff in adequate numbers and with terms of reference, qualifications and functions acceptable to the World Bank, including, inter alia, procurement financial management, monitoring, reporting and evaluation aspect of the Project.

(b) The Recipient shall not later than three (3) months after countersignature of this Agreement: enter into an agreement with AVHC under terms and conditions acceptable to the World Bank (“the AVHC Agreement”), which shall include, inter alia: (i) their respective roles and responsibilities, including AVHC’s obligation to carry out the technical implementation of its respective part under the Project; and (ii) the conditions for the Recipient’s payment, out of the proceeds of the Grant, of limited operating costs related to AVHC discharge of its responsibilities.

(c) The Recipient shall exercise its rights and carry out its obligations under the AVHC Agreement in such manner as to protect the interest of the Recipient and the World Bank to accomplish the purposes of the Grant. Unless the Recipient and the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, terminate, waive or fail to enforce the AVHC Agreement or any provision thereof. In the event of any inconsistency between the provisions of the AVHC Agreement and the provisions of this Agreement, the provisions of this Agreement shall prevail.

2.04. Donor Visibility. (a) 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.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donors to visit any part of the Recipient’s territory for purposes related to the Project.

2.05. Project Monitoring, Reporting and Evaluation. (a) 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 thirty (30) calendar days after the end of the period covered by such report.
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 (6) months after the Closing Date or at any later date as established by the Association.

2.06. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period. The Recipient shall ensure that the audited financial statements are made publicly available in a timely fashion and in a manner acceptable to the World Bank.

2.07. **Procurement.** All goods and consulting services required for the Project and to be financed, fully or partially, out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the “Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011 (“Procurement Guidelines”), and the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011 (“Consultant Guidelines”).

2.08. Any contract for Eligible Expenditures to be financed in full or in part out of the proceeds of the Grant shall be included in the procurement plan prepared by the Recipient and approved by the Bank in accordance with the Procurement Guidelines and the Consultant Guidelines, prior to initiating the procurement process for any such contract.

**Article III**

**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** 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 100% of Eligible Expenditures consisting of goods, consultants’ services, Training and Workshops, and Operating Costs inclusive of Taxes (including audits);

For the purposes of this paragraph the following:

(a) “Training and Workshops” means the reasonable costs, as shall have been approved by the World Bank, for training and workshops conducted under the Project, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants’ services).

(b) “Operating Costs” means reasonable recurrent expenditures incurred by: (a) the Recipient required for the implementation, monitoring and evaluation of the Project and (b) the AVHC, including,
salaries of staff of the Recipient and AVHC working on the Project, and required for the implementation of the Project, overhead and staff costs (including staff salaries); office rental, supporting staff for the project, transportation, basic utilities (electricity, water), and communications expenses (telephone, internet access, among others), but excluding salaries of officials of the Member Country’s civil service; and any other reasonable expenditures as may be agreed upon by the World Bank.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is January 31, 2018.

3.04. **Other Undertakings.** The Recipient undertakes that the proceeds of the Grant shall not be used to finance the following goods; art, furniture, carpet, vehicles and generators.

### Article IV
**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Chairperson.

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

  - **Attention:** Ms. Nadezhda Dobretsova
  - **Chairperson, Development Policy Institute (DPI)**
  - **Telephone:** +996 777-777-990
  - **E-mail:** NDobretsova@dpi.kg

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

  The World Bank
  1818 H Street, N.W.
  Washington, D.C. 20433
  United States of America

  - **Attention:** Roberto Senderowitsch
  - **Program Manager**
  - **GPSA Secretariat**
  - **Mail Stop: J 4-403**
  - **World Bank Institute (WBI)**

  - **Telephone:** +1 202 458-7173
  - **E-mail:** rsenderowitsch@worldbank.org