CREDIT NUMBER 5521-KG
GRANT NUMBER H976-KG

Financing Agreement

(Pasture and Livestock Management Improvement Project)

between

KYRGYZ REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 10, 2014
FINANCING AGREEMENT

AGREEMENT dated December 10, 2014, entered into between KYRGYZ REPUBLIC ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association 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 — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant and a credit (collectively, "Financing") in the following amounts to assist in financing the project described in Schedule 1 to this Agreement ("Project"): 

(a) an amount equivalent to four million four hundred thousand Special Drawing Rig ts (SDR 4,400,000) ("Grant"); and

(b) an amount equivalent to five million four hundred thousand Special Drawing Rig ts (SDR 5,400,000) ("Credit").

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

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are February 15 and August 15 in each year.
2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is United States Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall:

(a) carry out Parts I.A(i), (ii), and (iv), Part I.B, Parts I.C(i) - (iii), Parts II.A(ii) - (iii), Parts II.B(i), (iii) and (v), and Part III(i) of the Project, through the APIU within its Ministry of Agriculture and Melioration ("MoAM"), in accordance with the provisions of Article IV of the General Conditions; and

(b) cause Parts I.A(iii) and (v), Part I.C(iv), Part II.A(i), Part II.B(ii) and (iv), and Part II (ii) of the Project to be carried out by the Project Implementing Entity (hereinafter, referred to as "ARIS"), in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association 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 IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following, namely, that ARIS’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of ARIS to perform any of its obligations under the Project Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

(a) the Subsidary Agreement has been executed on behalf of the Recipient and ARIS; and

(b) the Project Operational Manual has been adopted by the Recipient and ARIS.
5.02. The Additional Legal Matter consists of the following, namely that the Subsidiary Agreement has been duly authorized by the Recipient and ARIS and is legally binding upon the Recipient and ARIS in accordance with its terms.

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

5.04. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is the Minister of Finance.

6.02. The Recipient’s Address is:

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

   Telex:  
   Facsimile:

   245-156 NUR KH  
   (996-312) 661645

6.03. The Association’s Address is:

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

   Cable:  
   Telex:  
   Facsimile:

   INDEVAS  
   248423 (MCI)  
   1-202-477-6391
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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Jean-Michel Hegg
Title: Country Manager
SCHEDULE 1

Project Description

The objective of the Project is to improve community-based pasture and livestock management in the Project Area.

The Project consists of the following parts:

Part I: Community-Based Pasture Management

Improving community-based pasture management in the Project Area through:

Part I.A: provision of works, goods, consultants’ services, and Training to carry out strengthening of community-based pasture management and related investments by:

(i) carrying out public awareness workshops on pasture legislation and providing legal advice to Pasture User Unions (“PUUs”);

(ii) carrying out pasture boundary demarcation and inventory, including digitizing external pasture boundaries and registering pasture boundaries at the national level;

(iii) strengthening community-based pasture governance through assessments of PUU governance, including conflict resolution mechanisms; capacity building of PUUs on governance matters; and capacity building of rayon associations of PUUs to support PUUs;

(iv) (a) strengthening the capacity of PUUs to prepare community-based pasture management plans, including through the preparation of community-based mapping; (b) delivering Training to Pasture Consultants to provide advice on community-based pasture management plans; (c) training Pasture Advisors to advise PUUs on community-based pasture management plans; (d) carrying out a public awareness campaign of PUU members and other relevant stakeholders regarding PUU governance and decision-making; and (e) preparing and implementing PUU performance assessments; and

(v) (a) delivering PUU Sub-Grants for investments in improvement of pastures, pasture infrastructure, animal feed production and storage, livestock production, handling and housing, and improvement of PUU office facilities; (b) preparing and disseminating materials designed to improve the quality of PUU Sub-Grant proposals, and (c) Training for
PUU Pasture Committee members in the implementation of PUU Sub-Grants.

**Part I.B:** provision of goods, works, non-consulting services, consulting services, and Training to strengthen MoAM Pasture Department, local departments of agrarian development, and the KLPRI by:

(i) (a) building capacity of the MoAM Pasture Department, including legal support to advice on legislative reforms; and (b) carrying out a public awareness campaign on pasture management;

(ii) building capacity of local departments of agrarian development, including upgrading of facilities; and

(iii) building capacity of the KLPRI and supporting field research on pasture improvement.

**Part I.C:** provision of goods, works, non-consulting services, consulting services, and Training to pilot community-based management of Forestry Enterprise pastures by:

(i) providing legal and administrative advice to SAEPF and the MoAM Pasture Department and Training for PUU Pasture Committees and Forestry Enterprises on the use of Forestry Enterprise pastures by PUUs;

(ii) carrying out an inventory of land use, including preparation of land use plans and identification of environmentally sensitive areas, in Forestry Enterprise pastures;

(iii) providing advice to SAEPF, the MoAM Pasture Department, and PUUs on the integration of Forestry Enterprise pastures into PUU community-based pasture management plans; and

(iv) (a) providing PUU Sub-Grants for the improvement of Forestry Enterprise pastures and the implementation of Site Specific ESMPs; (b) preparing and disseminating materials designed to improve the quality of PUU Sub-Grant proposals; and (c) Training for PUU Pasture Committee members in the implementation of PUU Sub-Grants.

**Part II: Community Based Animal Health and Husbandry Services**

Improving animal health and husbandry in the Project Area through:
Part II.A: Provision of goods, works, non-consulting services, consulting services, and Training to carry out community animal health and husbandry planning investments by:

(i) Providing PUU Sub-Grants for the preparation and implementation of PUU animal health plans through the procurement of private veterinary services, including the services of veterinary graduates;

(ii) Supervising the provision of veterinary services to PUUs with expert advice and monitoring and delivering Training to AHH Groups and their veterinarians;

(iii) Providing specialist advice on implementation and monitoring of national disease control strategies to PUUs and relevant national level agencies.

Part II.B: Provision of goods, works, non-consulting services, consulting services, and Training to strengthen the development of private veterinarians in the Project Area by:

(i) Training of private veterinarians by master veterinarians selected by the Veterinary Chamber;

(ii) Providing Private Veterinarians Sub-Grants for veterinary equipment and veterinary medicine;

(iii) Strengthening rayon associations of private veterinarians through Training and upgrading of office facilities and equipment;

(iv) Supporting the Graduate Incentive Program on veterinary medicine, including provision of veterinary equipment and veterinary medicine for forty-eight (48) veterinary graduates of universities in the Kyrgyz Republic;

(v) Building capacity of the Veterinary Chamber.

Part III: Project Management

(i) Supporting APIU in Project management, including coordination and technical supervision of the implementation, financial management, procurement, monitoring and evaluation and progress reporting through the provision of goods, Training, consulting services and Incremental Operating Costs.

(ii) Supporting ARIS in Project management, including coordination and technical supervision of the implementation, financial management,
procurement, monitoring and evaluation and progress reporting through the provision of goods, Training, consulting services and Incremental Operating Costs.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. (a) The Recipient, through the APIU, shall implement Parts I.A(i), (ii), and (iv), Part I.B, Parts I.C(i) - (ii), Parts II.A(ii) - (iii), Parts II.B(i), (iii) and (v), and Part III(i) of the Project in accordance with the provisions of the Project Operational Manual.

    (b) The Recipient shall cause ARIS to implement Parts I.A(iii) and (v), Part I.C(iv), Part II.A(i), Part II.B ii) and (iv), and Part III(ii) of the Project in accordance with the provisions of the Project Operational Manual.

2. Except as the Association shall otherwise agree, the Recipient shall not, and shall ensure that ARIS does not, amend or waive any provision of the Project Operational Manual.

3. The Recipient shall at all times maintain the APIU with adequate functions, staffing and resources satisfactory to the Association.

4. The Recipient shall ensure that within thirty (30) days of the Effective Date, the software for accounting and financial reporting maintained by APIU and ARIS will be updated to meet the requirements of World Bank-financed projects, including the ability to generate interim unaudited financial reports, withdrawal applications, statements of expenditures and annual financial statements.

5. The Recipient shall ensure that within sixty (60) days of the Effective Date, APIU and ARIS each retain the services of a disbursement specialist for the Project.

6. The Recipient shall ensure that ARIS organizes the selection of veterinary graduates participating in the Graduate Incentive Program on a competitive basis by a panel comprising representatives from MoAM, the Recipient’s Ministry of Education, the Veterinary Chamber, the Kyrgyz National Agrarian University, and the State Inspectorate for Veterinary and Phytosanitary Safety under the Government of the Kyrgyz Republic, and taking into account the graduates’ academic achievements and tested knowledge of animal disease control issues in Central Asia.

B. Subsidiary Agreement

1. To facilitate the carrying out of Parts I.A(iii) and (v), Part I.C(iv), Part II.A(i), Part II.B(ii) and (iv), and Part III(ii) of the Project by ARIS, the Recipient shall make part of the proceeds of the Financing available to ARIS under a subsidiary agreement between
the Recipient and ARIS, under terms and conditions agreed by the Association ("Subsidiary Agreement").

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Anti-Corruption

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

D. Sub-Grants

1. The Recipient shall cause ARIS to make available Sub-Grants to Beneficiaries and to carry out the Graduate Incentive Program under Parts I.A(v), I.C(iv), Part II.A(i), and Part II.B(ii) and (iv) of the Project, in accordance with eligibility criteria and procedures set forth in the Project Operational Manual and acceptable to the Association.

2. The Recipient shall ensure that said Sub-Grants are made available to Beneficiaries by ARIS through Sub-Grant Agreements executed by ARIS and each Beneficiary on terms and conditions acceptable to the Association, including those referred to in Section I.D.3 of this Schedule 2.

3. The Recipient shall ensure that the terms and conditions of Sub-Grant Agreements provide ARIS the right to:

   (a) suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-Grant, or obtain a refund of all or any part of the amount of the Sub-Grant then withdrawn, upon the Beneficiary’s failure to perform any of its obligations under the Sub-Grant Agreement; and

   (b) require each Beneficiary to:

      (i) carry out activities under the Sub-Grant with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines;

      (ii) provide, promptly as needed, the resources required for the purpose of carrying out Project activities under the Sub-Grant;
(iii) procure the goods, works and services to be financed out of the Sub-Grant in accordance with the provisions of this Agreement and the Project Operational Manual;

(iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of activities under the Sub-Grant and the achievement of its objectives;

(v) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-Grant; and

(B) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association;

(vi) enable the Recipient and the Association to inspect activities under the Sub-Grant, the Sub-Grant's operation and any relevant records and documents; and

(vii) prepare and furnish to the Recipient and the Association, all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

4. For PUU Sub-Grant; implemented pursuant to Part I.A.(v) of the Project, the Recipient shall ensure that AUIS requires that any PUU receiving a PUU Sub-Grant has:

(a) a community-based pasture management plan approved by its Aiyl Kenesh after approval by the Pasture Department; and

(b) agreed in the Sub-Grant Agreement to contribute a minimum of twenty-five percent (25%) of the total value of the micro-project, including five percent (5%) in cash.

5. For PUU Sub-Grant; implemented pursuant to Part I.C.(iv) of the Project, the Recipient shall ensure that AUIS requires that:
(a) no Sub-Grant exceeds the equivalent of ten thousand Dollars ($10,000); and

(b) any PUU receiving a PUU Sub-Grant has:

(i) entered into an agreement with the relevant Forestry Enterprise, satisfactory to the Association;

(ii) prepared a community-based pasture management plan approved by its Aïyl Kenesh, the Pasture Department, and SAEPF and acceptable to the Association; and

(iii) agreed in the Sub-Grant Agreement to contribute a minimum of twenty-five percent (25%) of the total value of the micro-project, including five percent (5%) in cash.

6. For PUU Sub-Grant: implemented pursuant to Part II.A.(i) of the Project, the Recipient shall ensure that ARIS requires that:

(a) no Sub-Grant exceeds the equivalent of one thousand four hundred Dollars ($1,430); and

(b) the PUU Sub-Grant is used only for contracting the services of private veterinarians selected by the PUU.

7. For Private Veterinarians Sub-Grants implemented pursuant to Part II.B.(ii) of the Project, the Recipient shall ensure that ARIS requires that:

(a) no Sub-Grant exceeds the equivalent of one thousand five hundred Dollars ($1,500); and

(b) Beneficiaries receiving a Private Veterinarians Sub-Grant:

(i) are registered with the Veterinary Chamber;

(ii) are members of a registered rayon association;

(iii) have been contracted by a PUU to provide veterinary services; and

(iv) have been nominated by a PUU, had their eligibility reviewed by the Veterinary Chamber, and have been endorsed by the State Inspectorate for Veterinary and Phytosanitary and Safety under the Government of the Kyrgyz Republic.
8. For the Graduate Incentive Program implemented pursuant to Part II.B.(iv) of the Project, the Recipient shall ensure that ARIS provides no more than the equivalent of one thousand Dollars ($1,000) in veterinary equipment and medicine to each veterinary graduate.

9. The Recipient shall ensure that ARIS exercises its rights under each Sub-Grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall ensure that ARIS does not assign, amend, abrogate or waive any Sub-Grant Agreement or any of its provisions.

E. Safeguards

1. The Recipient, through the APIU, shall carry out the Parts I.A(i), (ii), and (iv), Part I.B, Parts I.C(i) - (iii), Parts II.A.(ii) - (iii), Parts II.B(i), (iii) and (v), and Part III(i) of the Project in accordance with the provisions of the Pest Management Framework and Environmental and Social Management Plan.

2. The Recipient shall cause ARIS to carry out Parts I.A(iii) and (v), Part I.C(iv), Part II.A(i), Part II.B(ii) and (iv), and Part III(ii) of the Project in accordance with the provisions of the Pest Management Framework and Environmental and Social Management Plan.

3. The Recipient shall ensure that ARIS, prior to the commencement of any works through Sub-Grants provided under Part I.A(v), Part I.C(iv), Part II.A(i), and Part II.B(ii) of the Project, prepares a Site-Specific ESMP in accordance with the PMF, ESMP, and the Project Operational Manual.

4. The Recipient shall not undertake any Project activities that involve involuntary land acquisition or resettlement of people or loss of assets or income.

5. The Recipient shall cause ARIS, prior to approval of any PUU Sub-grants which involve temporary or permanent acquisition of privately-owned land, to require the respective PUU to provide satisfactory evidence that: (i) the terms of land acquisition have been properly negotiated with the land owner, and (ii) adequate contractual arrangements have been entered into between the parties.

6. The Recipient shall ensure that prior to carrying out pasture boundary demarcation activities, it has established guidelines for public disclosure of complaints, dispute resolution, and monitoring of dispute resolution mechanisms.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators agreed with the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain, or cause to be maintained, a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation of the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association, not later than forty-five (45) days after the end of each calendar quarter, internally unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General 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 Association not later than six (6) 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 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 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 Plans:

   (a) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule 2;
   (b) Shopping; and
   (c) Direct Contracting.

C. Particular Methods of Procurement of Consulting Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consulting services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. Other Methods of Procurement of Consulting Services. The following methods, other than Quality and Cost-based Selection, may be used for procurement of consulting services for those contracts which are specified in the Procurement Plans:

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

D. Review by the Association of Procurement Decisions

The Procurement Plans 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.
Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association 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 Financing ("Category"), the allocations of the amounts of the Financing 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 Credit Allocated (expressed in SDR)</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consulting services, Training, and Incremental Operating Costs for Parts I.A(i), (ii), and (iv), Part I.B, Parts I.C(i) - (iii), Parts II.A(ii) - (iii), Parts II.B(i) and (iii) - (v), and Part III(i) of the Project</td>
<td>1,540,000</td>
<td>1,240,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consulting services, Training, and Incremental Operating Costs for Parts I.A(iii) and (v) and Part III(ii) of the Project</td>
<td>1,230,000</td>
<td>1,010,000</td>
<td>100%</td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Credit Allocated (expressed in SDR)</td>
<td>Amount of the Grant Allocated (expressed in SDR)</td>
<td>Percentage of Expenditures to be Financed (inclusive of Taxes)</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>---------------------------------------------------</td>
<td>--------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>(3) Sub-Grants for Part I.A(v) and Part I.C(iv) of the Project</td>
<td>2,440,000</td>
<td>1,990,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Sub-Grants for Part II.A(i) and Part II.B(ii) of the Project</td>
<td>190,000</td>
<td>160,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>5,400,000</td>
<td>4,400,000</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 for payments made prior to the date of this Agreement.

2. The Closing Date is March 31, 2019.
ANNEX
TO SCHEDULE 2

Modifications to National Competitive Bidding (NCB) Procedures

The procurement procedure to be followed for National Competitive Bidding shall be the tendering with unlimited participation procurement method set forth in the Law of the Kyrgyz Republic on Public Procurement No. 69 of May 24, 2004, as amended (the "PPL"); provided, however, that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of 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:

1. **Eligibility**: Eligibility of bidders to participate in a procurement process and to be awarded an Association-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 or Association for reasons other than those provided in Section I of the Procurement Guidelines.

2. **Domestic Preference**: No domestic preference may be applied in bid evaluation on the basis of bidder nationality, the origin of goods, services or labor, and/or preferential programs.

3. **Registration and Licensing**: Registration shall not be used to assess bidders' qualifications. A foreign bidder shall not be required to register or obtain a license as a condition for submitting its bid, and a foreign bidder recommended for contract award shall be given a reasonable opportunity to register or obtain a license, with the reasonable cooperation of the Recipient, prior to contract signing.

4. **Bidding Documents**: Procuring entities shall use the appropriate standard bidding documents acceptable to the Association, which documents shall be prepared so as to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines.

5. **Bid Validity**: The bid validity period required by the bidding documents shall be sufficient to account for any period that may be required for the approval and registration of the contract as contemplated in the Public Procurement Law. An extension of bid validity, if justified by exceptional circumstances, may be requested in writing from all bidders before the original bid validity expiration date, provided that such extension shall cover only the minimum period required to complete the evaluation, award a contract, and/or complete the contract.
registration process. No further extensions shall be requested without the prior written concurrence of the Association.

6. **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: (a) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (b) financial position; and where relevant (c) capability of construction and/or manufacturing facilities. Prequalification procedures and documents acceptable to the Association 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. In the procurement of goods and works 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.

7. **Cost Estimates and State Unit Costs:** Cost estimates shall be confidential and shall not be disclosed to prospective bidders. No bids shall be rejected on the basis of comparison with the cost estimates and/or budget ceiling without the Association's prior written concurrence. State unit costs shall not be used for contract budgeting and/or for evaluation for civil works contracts.

8. **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. No bids shall be rejected at bid opening. A copy of the bid opening minutes shall be promptly provided to all bidders who submitted bids, and to the Association with respect to contracts subject to the Association's prior review.

9. **Rejection of Bids and Re-bidding:** No bids shall be rejected solely because they exceed the estimated cost. All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Association's prior written concurrence.

10. **Bid Evaluation:** Evaluation criteria shall be clearly specified in the bidding documents. Evaluation of bids shall be made in strict adherence to the evaluation criteria specified in the bidding documents. All bid evaluation criteria other than price shall be quantifiable in monetary terms. Merit points 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. 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 negotiations shall be permitted in connection with the bid evaluation or the contract registration process. The format of the bid evaluation report shall be acceptable to the Association.

11. Guarantees: Guarantees shall be in the format specified in the bidding documents. The bid guarantee shall be valid for twenty-eight days (28) beyond the original validity period of the bid, or beyond any period of extension if requested.

12. Contract Modifications: With respect to contracts subject to the Association’s prior review, the Recipient shall obtain the Association’s no objection before agreeing to: (i) a material extension of the stipulated time for performance of a contract; (ii) any substantial modification of the contract scope of services or other significant changes to the terms and conditions of the contract; (iii) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than fifteen percent (15%); or (iv) the proposed termination of the contract. A copy of all contract amendments shall be provided to the Association.

13. Fraud and Corruption: The bidding documents and contract as deemed acceptable by the Association shall include provisions stating the Association’s policy to sanction firms or individuals, found to have engaged in fraud and corruption as defined in the Procurement Guidelines.

14. Inspection and Audit Rights: In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the Association to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association. Acts intended to materially impede the exercise of the Association’s inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Procurement Guidelines.
SCHEDULE 3
Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 15 and August 15:</td>
<td></td>
</tr>
<tr>
<td>commencing August 15, 2020 to and including February 15, 2052</td>
<td>1.5625%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
APPENDIX

Definitions

1. “AHH Groups” means Animal Health and Husbandry Groups, which are groups of PUU members appointed by a PUU Pasture Committee to prepare and oversee implementation of the PUU's animal health and husbandry plans.

2. “Aïyl Kenesh” means a village council in the Kyrgyz Republic.


4. “APIU” means the Agricultural Projects Implementation Unit of the Recipient’s Ministry of Agriculture and Melioration, or any successor thereto, through which the Recipient shall carry out implementation of certain parts of the Project, as described in Schedule 2, Section 1, Part A, paragraph 1(a).

5. “ARIS’s Legislation” means the Edict of the President of the Kyrgyz Republic, No. 330, dated October 15, 2003, including any amendments thereto or any succeeding legislation.

6. “ARIS” means the Recipient’s Community Development and Investment Agency, the Project Implementing Entity for this Project, or any successor thereto.

7. “Beneficiary” means either: (a) a PUU eligible to receive a PUU Sub-Grant under Part I.A(v), Part I.C(iv), or Part II.A(i) of the Project, or (b) a private veterinarian eligible to receive a Private Veterinarians Sub-Grant under Part II.B(ii) of the Project.

8. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


10. “Environmental and Social Management Plan” or “ESMP” means the Recipient’s environmental and social management plan for the Project, furnished to the Association on April 14, 2014, as such plan may be updated from time to time in agreement with the Association, setting forth the mitigating, monitoring and institutional measures to be taken during the implementation and operation of the.
Project to offset or reduce adverse environmental, natural habitats and cultural property impacts to levels acceptable to the Association.

11. "Forestry Enterprise" means a local organization, including a national park, established to oversee the use of forests and pastures in the Kyrgyz Republic pursuant to the Forestry Code of the Kyrgyz Republic dated July 9, 1999, or any successor thereto.


13. "Graduate Incentive Program" means the funding of training for veterinary graduates of universities in the Kyrgyz Republic, to be selected in accordance with the Project Operational Manual and approved by the Association, and the provision of veterinary equipment and veterinary medicine for the same veterinary graduates.

14. "Incremental Operating Costs" means reasonable and necessary incremental expenses incurred by the Recipient or ARIS Entity with respect to Project implementation, management and monitoring, including the costs of salaries and Social Charges of staff (excluding salaries of the Recipient's civil service staff as well as any contributions by their employers to the Social Fund), communication, editing, printing and publication, translation, vehicle operation and maintenance, bank charges, local travel costs and field trip expenses, office rentals, utilities, equipment and supplies, training, based on the Project annual budget satisfactory to the Association.

15. "KLPRI" means the Kyrgyz Livestock and Pasture Research Institute established pursuant to the Government Decree No. 527, dated September 23, 2008, or any successor thereto.


17. "Pasture Consultants" means individuals or service providers qualified to provide advisory services to P'UUs on community-based pasture management.

18. "Pasture Department" is a unit within the Recipient's MoAM responsible for pasture management issues.

19. "Pest Management Framework" means the Recipient’s pest management framework for the Project, annexed to the Environmental and Social Management Plan, as such framework may be updated from time to time in agreement with the Association, setting forth the mitigating, monitoring and institutional measures to be taken during the implementation and operation of the Project regarding the safe use of agricultural pesticides as well as the use of...
biological or environmental control methods to reduce reliance on synthetic chemical pesticides to levels acceptable to the Association.

20. "Private Veterinarians Sub-Grants" means Sub-Grants to be made out of the proceeds of the Financing to selected private veterinarians under Part II.B(2) of Schedule I to this Agreement for the purpose of the purchase of necessary veterinary equipment and veterinary medicine.


22. "Procurement Plans" means the Recipient’s and ARIS’s procurement plans, dated May 19, 2014, for their respective Parts of the Project, 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.

23. "Project Area" means the Chui Oblast and Talas Oblast in the Kyrgyz Republic.

24. "Project Operational Manual" means the manual adopted by the Recipient and ARIS, satisfactory to the Association, describing and setting forth procedures for implementation of the Project and institutional arrangements, consistent with the provisions of this Agreement and with applicable laws and regulations and including, inter alia, timetables of actions required to be carried out under the Project, staffing, the fiduciary, technical and operational aspects and procedures for implementation of the Project, including the financial management procedures (budgeting, accounting and internal control, disbursement and flow of funds, financial reporting, annual reports, internal and external audit arrangements procedures and including the Project specific chart of accounts), procurement procedures, monitoring and evaluation arrangements, eligibility criteria for Beneficiaries of Sub-Grants, and other fiduciary and administrative arrangements and necessary terms of reference, as the same may be amended from time to time by agreement with the Association.

25. "PUU Sub-Grants" means Sub-Grants to be made available out of the proceeds of the Financing to P.JUs in the Project Area under Parts I.A(v), I.C(iv) and Part II.A(i) of Schedule I to this Agreement for the purposes set forth therein.

26. "PUU(s)" means Pasture User Union(s) in the Kyrgyz Republic.

27. "SAEPF" means the State Agency for Environmental Protection and Forestry of the Recipient established pursuant to Resolution #12 of January 12, 2012 "About State Governing Bodies Under the Government of the Kyrgyz Republic and
28. "Site Specific Environmental and Social Management Plans" or "Site Specific ESMPs" means the site-specific environmental and social management plans, to be prepared and adopted by ARIS pursuant to the ESMP and satisfactory to the Association, in respect of works to be undertaken by ARIS under the Project defining details of measures to manage potential environmental risks, as the same may be amended and supplemented from time to time with the Association's prior written approval.

29. "Social Charges" means any payments, premia, 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.

30. "Sub-Grant Agreement" means an agreement to be entered into between ARIS and a selected Beneficiary for the purposes of implementing Part I.A(v), Part I.C(iv), Part II.A(i) and Part II.B(ii) of the Project, in accordance with Section I.D. of Schedule 2 of this Agreement and the Project Operational Manual.

31. "Sub-Grants" means PUU Sub-Grants, Private Veterinarians Sub-Grants, and the Graduate Incentive Program as defined in this Appendix, collectively.

32. "Subsidiary Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to ARIS.

33. "Training" means Project related study tours, training courses, seminars, workshops and other training activities, not included under goods or service providers' contracts, including costs of training materials, space and equipment rental, travel, per diem costs of trainees and trainers and trainers' fees, based on an annual budget agreed with the Association.

34. "Veterinary Chamber" means a standards setting and accreditation agency of the Recipient, registered with the Recipient's Ministry of Justice on April 25, 2011, or any successor thereto.