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RFPCR TF GRANT NUMBER TF099880

Public Disclosure Authorized

**Russia Food Price Crisis  
Rapid Response  
Trust Fund  
Grant Agreement**

(Agricultural Productivity Assistance Project)

between

**KYRGYZ REPUBLIC**

and

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

acting as Trustee of the Russia Food Price Crisis Rapid Response Trust Fund for  
Tajikistan and the Kyrgyz Republic

Dated October 5, 2011

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**RFPCR TF GRANT NUMBER TF099880**

**RUSSIA FOOD PRICE CRISIS RAPID RESPONSE TRUST FUND  
GRANT AGREEMENT**

AGREEMENT dated October 6, 2011, entered into between: Kyrgyz Republic (“Recipient”); and INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank” or “IDA”), acting as Trustee of the Russia Food Crisis Rapid Response Trust Fund for Tajikistan and the Kyrgyz Republic.

The Recipient and the World Bank hereby agree as follows:

**Article I  
Standard Conditions; Definitions**

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010 (“Standard Conditions”) 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 Standard Conditions or in the Appendix to this Agreement.

**Article II  
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out Parts 1(a) and 3(a) of the Project through CLMU and Parts 1(b), 2, and 3(b) of the Project through ABCC in accordance with the provisions of Article II of the Standard Conditions.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**Article III  
The Grant**

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to six

million eight hundred and fifty thousand United States Dollars (\$6,850,000) (“Grant”) to assist in financing the Project.

- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

#### **Article IV Additional Remedies**

- 4.01. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:
  - (a) The Recipient has failed to make payment (notwithstanding the fact that such payment may have been made by a third party) of the principal, interest, service charges or any other amount due to IDA or IBRD: (i) under any agreement between the Recipient and IDA; or (ii) under any agreement between the Recipient and IBRD; or (iii) in consequence of any guarantee extended or other financial obligation of any kind assumed by IDA or IBRD to any third party with the agreement of the Recipient.
  - (b) The World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient's right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred
  - (b) The ABCC Charter shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the operations or financial condition of ABCC or its ability to perform any of its obligations under this Agreement;
  - (c) The Recipient shall have taken any action for the suspension of the activities of ABCC, or CLMU; and

- (d) Sub-financing Guidelines for the implementation of Part 1:A of the Project shall have been amended, suspended, abrogated, repealed or waived without the World Bank's prior consent.

**Article V**  
**Effectiveness; Termination**

- 5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that:
  - (a) The Project Operational Manual satisfactory to the World Bank has been adopted by the Recipient;
  - (b) The Project accounting system satisfactory to the World Bank is in place, with adequate built-in controls and capable of tracking Project resources and expenditures and generating financial reports, including interim financial reports (IFRs); and
  - (c) The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.
- 5.02. As part of the evidence to be furnished pursuant to Section 5.01 (a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing, on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.
- 5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
- 5.04. *Termination for Failure to Become Effective.* This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of

this Section. The World Bank shall promptly notify the Recipient of such later date.

**Article VI**  
**Recipient's Representative; Addresses**

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

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

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

Telex:  
245-156 NUR KH

Facsimile:  
(996-312) 661645

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

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

Cable:  
INDEVAS  
Washington, D.C.

Telex:  
248423 (MCI) or  
64145 (MCI)

Facsimile:  
1-202-477-6391

AGREED at Bishkek, Kyrgyz Republic, as of the day and year first above written.

Kyrgyz Republic

By /s/ Melis Mambetjanov

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION  
acting as Trustee of the Russia Food Crisis Rapid Response  
Trust Fund for Tajikistan and the Kyrgyz Republic

By /s/ Alexander Kremer

Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to increase the agricultural productivity of the Project Beneficiaries.

The Project consists of the following parts:

#### **Part 1. Investment Support for Improved Farm-Level Productivity**

(A) Establishing a credit line for provision of Sub-financing to in the form of working capital loans and investment loans or leases to eligible Sub-borrowers for the financing of eligible Sub-projects; and

(B) Supporting Eligible Community Organizations through procurement of seeds and fertilizers as well as through Training.

#### **Part 2. Technical Support for Improved Farm-Level Productivity**

(A) Improving the delivery of weather information to farmers through: (i) enhancing Kyrgyzhydromet's capacity for timely delivery of weather information to the Project Beneficiaries using cell phones; (ii) supporting ABCC's delivery of weather information to the Project Beneficiaries using computer and cell phones; and (iii) carrying out procurements for the installation of weather stations for data collection in agricultural microclimates; and

(B) Provision of training and advisory services to Project Beneficiaries on: (i) farm management practices; (ii) integrated pest management; (iii) measures against adverse weather situations; and (iv) general agricultural productivity issues.

#### **Part 3. Project Management and Monitoring and Evaluation**

(A) Carrying out the financial management and safeguards support functions for the entire Project, and monitoring and evaluating Part 1(A) of the Project; and

(B) Carrying out: (i) management of activities under Parts 1(B) and 2 of the Project; (ii) procurement functions for the entire Project; and (iii) monitoring and evaluation activities under Parts 1(b) and 2 of the Project.



## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Institutional and Other Arrangements**

##### **A. Implementation Arrangements**

1. The Recipient, through CLMU, will carry out Part 1(a) and Part 3 (a) of the Project.
2. The Recipient, through ABCC, will carry out Parts 1(b), 2 and 3 (b) of the Project.
3. Not later than October 1, 2011, the Recipient shall establish a Steering Committee comprising representatives of the Prime Minister's Office, Ministry of Agriculture, Ministry of Economic Regulation, Ministry of Finance, Parliament and private sector. The Steering Committee shall have overall responsibility for Project oversight, inter-agency coordination and policy guidance in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in the Project Operations Manual.
4. The Recipient shall maintain the Steering Committee, CLMU, and ABCC until completion of the Project with staff, resources and terms of reference satisfactory to the World Bank.
5. The Recipient, through ABCC and CLMU as applicable, will coordinate implementation of Part 1(b) of the Project with organizations operating in the territory of the Recipient, including the Public Union of Community Seed Funds (PUCSF) and UN Women, as applicable, for the identification of Eligible Community Organizations, for which financing, procurement and delivery of seeds, including vegetable seeds, and fertilizers will be undertaken pursuant to the provisions, and eligibility criteria set forth in the Project Operational Manual.
6. The Recipient, through ABCC shall be responsible for selecting Eligible Community Organizations.

##### **B. Subsidiary Loan Agreements**

1. To facilitate the carrying out of Part 1(a) of the Project, in order to provide working capital loans and investment loans or leases (each, individually or jointly a "Sub-financing") to Sub-borrowers, the Recipient shall first make the proceeds of the Grant allocated from time to time to category 1 of the table set forth in Section IV.A.2 of this Schedule available to PFIs through Subsidiary Loans, in each case under a Subsidiary Loan Agreement between the Recipient and each qualifying PFI, under terms and

conditions approved by the World Bank which shall include, among others, the following:

- (a) Each Subsidiary Loan shall be:
  - (i) Provided on terms and conditions set forth in the Project Operational Manual and the EMP;
  - (ii) Denominated and repayable in Som or Dollars;
  - (iii) Charged a variable (floating) interest rate based on the reference rate which shall be equal to:
    - (A) For Subsidiary Loans in Som, the reference rate will be the average between the annual inflation rate projected by the National Bank of the Kyrgyz Republic for the current year and the actual inflation rate of the preceding year. An initial fixed margin of up to one percent (1%) will be added to the basic reference rate to compensate the Recipient for the administration costs, and a fixed margin of up to one percent (1%) for risk coverage;
    - (B) For Subsidiary Loans in Dollars, the reference rate will be equal to the 6-month LIBOR rate for Dollars. A minimum margin of one percent (1%) will be added to the reference rate to compensate the Recipient for administration costs and risk coverage; and
    - (C) The reference rate applicable to the Subsidiary Loans shall be reviewed jointly with the World Bank, the Ministry of Finance of the Recipient, and the PFIs, and may be revised semi-annually, as necessary; and
  - (iv) repayable over a period not exceeding fifteen (15) years from the date of the Subsidiary Loan Agreement, inclusive of a grace period not exceeding three (3) years, in accordance with a detailed amortization schedule to be furnished to the respective PFI by the Ministry of Finance of the Recipient before the expiration of the grace period indicated above.

(b) The Recipient shall obtain rights adequate to protect its interests and those of the World Bank, including the right to: (i) suspend or terminate the right of the PFI to use the proceeds of the Subsidiary Loan, or declare to be immediately due and payable all or any part of the amount of the Subsidiary Loan then withdrawn, upon the PFI's failure to perform any of its obligations under the Subsidiary Loan Agreement or a

Sub-financing Agreement; and (ii) require each PFI to: (A) carry out its Subsidiary Loan with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the provisions of the EMP, the EA if applicable, and the Anti-Corruption Guidelines applicable to recipients of loan or credit or grant proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Subsidiary Loan in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of any Sub-projects financed out of the proceeds of a Subsidiary Loan and the achievement of its objectives; (E): (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and (2) at the World Bank's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank; (F) enable the Recipient and the World Bank to inspect the Sub-project, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing; and

(c) The PFI shall provide a co-financing to the respective Sub-project in an amount of not less than twenty percent (20%) of the Sub-project cost.

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

### **C. Sub-financing Agreements**

1. Pursuant to the terms of a Subsidiary Loan Agreement, the Recipient shall cause each PFI to make the proceeds of the Subsidiary Loans available to Sub-borrowers, in each case under a Sub-financing Agreement between the PFI and the Sub-borrower, in accordance with terms and conditions approved by the World Bank which shall include, among others, the following:

(a) The Sub-financing shall be: (i) denominated and repayable in Som or Dollars in accordance with the provisions of the Project Operational Manual; and (ii) charged interest on the principal amount withdrawn and outstanding from time to time at interest rates that are consistent with prevailing interest rates in the territory of the

Recipient for comparable credit, as further specified in, and subject to, the provisions of the Project Operational Manual.

(b) Repayment terms and any grace periods for Sub-financings shall be set pursuant to the parameters set forth in the project Operations Manual.

(c) The PFI shall obtain rights adequate to protect its interests, those of the Recipient, and those of the World Bank, including the right to: (i) suspend or terminate the right of the Sub-borrower to use the proceeds of the Sub-financing, or declare to be immediately due and payable all or any part of the amount of the Sub-financing then withdrawn, upon the Sub-borrower's failure to perform any of its obligations under the Sub-financing Agreement; and (ii) require each Sub-borrower to: (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the provisions of the EMP, the EA if applicable, and the Anti-Corruption Guidelines applicable to recipients of loan or credit or grant proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the purpose of carrying out a Sub-project; (C) procure the goods, works and services to be financed out of the Sub-financing in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the Sub-project and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and (2) at the World Bank's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank; (F) enable the Recipient and the World Bank to inspect the Sub-project, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing.

2. The PFI shall exercise its rights under each Sub-financing Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the PFI shall not assign, amend, abrogate or waive any Sub-financing Agreement or any of its provisions.

#### **D. Safeguards**

1. The Recipient shall carry out the Project in accordance with the provisions of the Project Operations Manual and the EMP, and shall not waive, amend, abrogate, or otherwise revise any provisions thereof without the prior approval of the World Bank.

2. The selection and financing of Sub-projects and the provision of seeds and fertilizers to Eligible Community Organizations shall be made in accordance with the provisions of the Project Operational Manual, the EMP, and any applicable EA.

3. Sub-projects which might require any land acquisition or resettlement shall not be eligible for financing under the Project. The Recipient shall ensure that environmental screening of Sub-projects, as per respective provisions of the Project Operational Manual, includes confirmation of the existing land titles.

#### **E. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”).

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

#### **A. Project Reports; Completion Report**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants whose qualifications, experience and terms of reference are acceptable to the World Bank in accordance with the provisions of Section III of this Schedule.

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

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

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than one month after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the

Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

### **Section III. Procurement**

#### **A. General**

1. **Procurement and Consultant Guidelines.** All goods, works, non-consulting-services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(a) Section I of 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") in the case of goods, works and non-consulting services, and Sections I and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("Consultant Guidelines") in the case of consultants' services; and

(b) The provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines ("Procurement Plan").

2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World 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, 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 Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions set forth in the Attachment to this Schedule 2; (b) Shopping; (c) Direct Contracting; and (d) Commercial Practices acceptable to the World Bank.

**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 assignments which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection; and (f) Selection of Individual Consultants.

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

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

**Section IV. Withdrawal of Grant Proceeds**

**A. General**

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Works, Goods, non-consulting services, and consultants' services under Sub-financings.	3,900,000	80% of each Sub-financing

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(2) Goods, non-consulting services, consultants' services, Incremental Operating Costs, and Training under Parts 1(b), 2 and 3 of the Project, and audits under the Project.	2,950,000	100%
<b>TOTAL AMOUNT</b>	<u>6,850,000</u>	

For the purpose of this Table:

(a) "Incremental Operating Costs" means the reasonable expenditures incurred for the implementation of the Project by CLMU and/or ABCC on account of communications, photocopying, printing and publications, office supplies, advertisements, Social Charges, mail, translations, bank charges, travel expenses, including accommodations, vehicles maintenance, insurance and operating costs, salaries of non professional support staff, but excluding salaries of officials of the Recipient's civil servants, all based on an annual budget to be prepared by CLMU and/or ABCC, and approved by the World Bank;

(b) "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; and

(c) "Training" means Project related training and workshops to be carried out according to annual training plans to be prepared by the ABCC and agreed to by the World Bank, including 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, local travel, per diem costs of trainees and trainers' fees, and interpretation and translation services.

**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 referred to in Section 3.06 (c) of the Standard Conditions is March 31, 2015.

**Attachment  
to  
SCHEDULE 2**

National Competitive Bidding procedures of the Kyrgyz Republic may be used for procurement of Goods and Non-consulting services of the Project provided that the following provisions are complied with:

1. The eligibility of bidders shall be as defined under Section I of the Guidelines Procurement under IBRD Loans and IDA credits; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the World Bank for reasons other than those provided in Section I of the Guidelines Procurement under IBRD Loans and IDA credits. Exclusion from participation as a result of debarment should result from violation of clearly identified grounds of misconduct and in accordance with a fair and transparent process.
2. Procuring entities shall use the appropriate standard bidding documents acceptable to the World Bank.
3. An extension of bid validity, if justified by exceptional circumstances, shall be requested in writing from all bidders before the expiration date and for a minimum period required to complete the evaluation or award contract.
4. No national preferences may be applied on the basis of the origin of products or labor.
5. Entities in which the State owns a majority shareholding shall not be invited to participate in tenders for the Government unless they are and can be shown to be legally and financially autonomous and they operate under commercial law.
6. Pre-qualification shall be conducted for large works contracts and shall be applied upon the World Bank's agreement.
7. The pre- and post- qualification criteria shall only pertain to past contract performance, financial, managerial and technical capabilities of bidders.
8. Joint venture partners shall be jointly and severally liable for their obligations.
9. State unit costs shall not be used for contract budgeting and evaluation for civil works contracts.
10. Bids shall be opened in public, immediately after the deadline for their submission. No bids can be rejected at bid opening and under the circumstances referred to Article 6 of the Public Procurement Law.

11. No bids shall be rejected solely because they exceed the estimated price. Bids can be cancelled and new bids invited, only if the conditions of clause 2.62 of the Guidelines Procurement under IBRD Loans and IDA credits, are met.
12. All bid evaluation criteria shall be quantifiable in monetary term.
13. Qualification criteria for bid evaluation shall be applied on a pass or fail basis.
14. Contracts shall be awarded to qualified bidder having submitted the lowest evaluated substantially responsive bid and no negotiation shall take place.
15. There should be an effective and independent protest mechanism allowing bidders and interested parties to protest and to have their protest handled in a timely manner.
16. Advance World Bank no objection is required for any modifications in the contract scope/conditions during contract implementation.

## **APPENDIX**

### **Definitions**

1. “ABCC” means the Agribusiness Competitiveness Center established by the Recipient, responsible for implementation of Parts 1(b), 2, and 3(b) of the Project.
2. “ABCC Charter” means the charter of ABCC approved by Government Resolution Number 873, dated November 29, 2004, of the Kyrgyz Republic.
3. “Anti-Corruption Guidelines” means 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.
4. “CLMU” means the Credit Line Management Unit established by the Recipient, responsible for implementation of Parts 1(a) and 3(a) of the Project.
5. “Community Seed Funds” means public organizations of farmers living in determined villages of the Recipient, and established in accordance with the laws of the Recipient.
6. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the World Bank in January 2011.
7. “EA” means the Environmental Assessment to be prepared and carried out for each Sub-project requiring such assessment, as well as for the provision of seeds and fertilizers to Eligible Community Organizations as applicable, in each case in accordance with the requirements of the Project Operational Manual.
8. “Eligible Community Organizations” means Community Seed Funds or women groups established in accordance with the laws of the Recipient, and that are deemed eligible by the ABCC to receive provision of seeds, including vegetable seeds, and fertilizers under Part 1(b) of the Project.
9. “EMP” means the environmental management plan adopted by the Recipient, disclosed in the Bank’s Infoshop on April 27, 2011, and satisfactory to the World Bank, in respect of activities to be undertaken under the Project defining details of measures to manage potential environmental risks and mitigate, reduce and/or offset adverse environmental impacts associated with the implementation of activities under the Project, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms, including pest management

measures, as the same may be amended and supplemented from time to time with the World Bank's prior written approval.

10. "Kyrgyzhydromet" means the Agency on Hydrometeorology (Kyrgyzhydromet) established under the Ministry of Emergency Situations of the Kyrgyz Republic by and functioning pursuant to Regulation No. 130 approved by the Government of the Kyrgyz Republic on March 5, 2010.
11. "PFI" means a participating financial institution established and operating in accordance with the applicable laws of the Recipient and meeting the eligibility set forth in the Project Operational Manual, and which is a party to a Subsidiary Loan Agreement, in charge of providing Sub-financings for implementation of Sub-projects by the eligible Project Beneficiaries.
12. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and Credits and Grants by World Bank Borrowers" published by the World Bank in January 2011.
13. "Procurement Plan" means the Recipient's procurement plan for the Project, dated June 9, 2011, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
14. "Project Beneficiaries" means the eligible farmers, farmer organizations and rural households in the territory of the Recipient whose agricultural productivity is sought to be increased through the Project.
15. "Project Operational Manual" means the Project's operational manual, satisfactory to the World Bank, referred to in Section 5.01(a) of this Agreement, and setting out the operational and administrative procedures for the implementation of the Project, which shall include a financial management manual and chart of accounts for the Project, the Sub-projects guidelines, and guidelines for the eligibility of PFIs and Sub-borrowers, as the same may be amended from time to time by agreement between the World Bank and the Recipient.
16. "PUCSF" means the Public Union of Community Seed Funds, a non-profit organization operating under the laws of the Kyrgyz Republic.
17. "Som" means the lawful currency of the Recipient.
18. "Sub-borrower" means the person or group of persons receiving a Sub-financing from a qualifying PFI under a Sub-financing Agreement.

19. “Sub-financing” means a working capital loan or an investment loan or lease provided to under Part 1(a) of the Project, pursuant to the terms of a Sub-financing Agreement between a qualifying PFI and an eligible Sub-borrower.
20. “Sub-financing Agreement” means the agreement between a qualifying PFI and a Sub-borrower pursuant to which a Sub-financing is provided.
21. “Sub-project” means an eligible project to be carried out by a Sub-borrower with the proceeds of a Sub-financing, in accordance with the Project Operational Manual.
22. “Subsidiary Loan” means a loan provided out of the proceeds of the Grant by the Recipient to a qualifying PFI pursuant to a Subsidiary Loan Agreement.
23. “Subsidiary Loan Agreement” means an agreement between the Recipient and a qualifying PFI for the provision of Sub-financings to the Sub-borrowers.
24. “UN Women” is the United Nations Entity for Gender Equality and the Empowerment of Women.
25. “Sub-financing Guidelines” means the sub-financing guidelines referred to in Section 4.01(d) of this Agreement.