

**CONFORMED COPY**

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**GRANT NUMBER H203 KG**

# **Financing Agreement**

**(Avian Influenza Control and Human Pandemic  
Preparedness and Response Project)**

**between**

**KYRGYZ REPUBLIC**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated April 27, 2006**

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**GRANT NUMBER H203 KG**

**FINANCING AGREEMENT**

AGREEMENT dated April 27, 2006, between KYRGYZ REPUBLIC (“Recipient”) and 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 the Financing 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 in an amount equivalent to two million eight hundred thousand Special Drawing Rights (SDR 2,800,000) (“Grant”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 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 Payment Dates are May 15 and November 15 each year.
- 2.05. The Payment Currency is Dollars.

### **ARTICLE III – PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project which is a part of the Association's Global Program for Avian Influenza Control and Human Pandemic Preparedness and Response designed to help countries in prevention, containment, control and eradication of avian influenza. To this end, the Recipient shall carry out the Project through MoH and MAWRPI in accordance with the provisions of Article IV of the General Conditions.
- 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 Event of Suspension consist of the following:
- (a) (i) Subject to sub-paragraph (ii) of this paragraph, the right of the Recipient to withdraw the proceeds of any grant made to the Recipient by the Co-financier for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefore.
  - (ii) Sub-paragraph (i) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Association that:
    - (A) such suspension, cancellation or termination is not caused by the failure of the Recipient to perform any of its obligations under such agreement; and
    - (B) adequate funds for the Project are available to the Recipient from other sources on terms and conditions consistent with the obligations of the Recipient under this Agreement.

### **ARTICLE V – EFFECTIVENESS; TERMINATION**

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

- (a) the Project Operational Manual, satisfactory to the Association, has been approved by the Recipient; and
  - (b) the annual work program for the first year of the Project, satisfactory to the Association, has been approved by the Recipient.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under Schedule 2 to this Agreement 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 Economy and Finance.
- 6.02. The Recipient’s Address is:

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

Telex:  
245-156 NUR KH

Facsimile:  
(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: 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/ Akylbek Japarov

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ James Christopher Lovelace

Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to assist the Recipient in minimizing the threat posed to humans and to the poultry industry by Highly Pathogenic Avian Influenza (HPIA) infection, and in preparing for, control, and respond to influenza pandemics. The Project consists of the following parts:

#### **I. Animal Health**

1. Provision of technical assistance, training, civil works and goods to MAWRPI, the Rural Advisory Services, the State Agency for Environment and Forestry, and community-based organizations in HPIA prevention, containment, control and eradication activities in the livestock sector to improve: (a) national preparedness and prevention capacity; (b) disease surveillance, diagnostic and applied research capacity; (c) control and outbreak containment capacity; and (d) bio-security at poultry farms and associated premises.
2. Establishment and operation of a Compensation Fund for the provision of cash compensation to poultry owners for poultry culled by the Recipient's Governmental order.

#### **II. Human Health**

Provision of technical assistance, training, civil works and goods to MoH to: (a) enhance public health program planning and coordination; (b) strengthen national public health surveillance systems; (c) strengthen health system response capacity; and (d) assist health care system in preparedness planning and strategy development.

#### **III. Public Information and Awareness**

Provision of technical assistance, training and goods to MoH, MAWRPI and Rural Advisory Services to support HPIA public information and communication by developing basic communication materials, testing messages and materials, training courses in communications methodology and implementing relevant activities for effective coordination and collaboration among stakeholders.

#### **IV. Implementation Support and Monitoring and Evaluation**

1. Provision of technical assistance, training and goods to MAWRPI, MoH, RAAC, and APIU in the Project management, coordination and implementation.
2. Provision of technical assistance, training and goods to MAWRPI, MoH, RAAC, and APIU in the Project monitoring, evaluation and impact assessment.

V. Emergency Imports

Financing of emergency imports as specified in Section IV.C of Schedule 2 to this Agreement, subject to such modifications thereof as the Recipient and the Association may agree upon from time to time.



## **SCHEDULE 2**

### **Project Execution**

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

1. The Recipient shall carry out the Project in accordance with the provisions of the EMP and the Project Operational Manual and the Compensation Fund Manual.
2. The Recipient shall maintain the institutional arrangements, satisfactory to the Association, as follows:
  - (a) the RAAC responsible for overseeing the implementation of avian influenza control, ensuring coordination and linkages across relevant agencies and donors;
  - (b) the APIU responsible for: (i) preparing applications for withdrawal of the Grant proceeds; (ii) preparing of consolidated annual work program, budgets and reports; (iii) financial management and procurement for the Project; and (iv) maintaining records and accounts related to the Project and to arrange the audits thereof; and
  - (c) the Project Component Coordinators who will be responsible for: (i) coordinating with relevant Government departments to provide guidance and monitor the Project implementation at the central level; and (ii) preparing of an annual work program, budgets and reports.

#### **Section II. Project Monitoring, Reporting, 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 calendar quarter and shall be furnished to the Association not later than one (1) 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 on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of the Project Report not later than one (1) month after the end of each calendar quarter, interim un-audited 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 (1) 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 and Works.** All goods and works 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 Schedule.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Schedule.

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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

#### **B. Particular Methods of Procurement of Goods and Works**

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

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

| <b><u>Procurement Method</u></b> |   |
|----------------------------------|---|
| (a)                              | Limited Competitive Bidding   |
| (b)                              | <p>National Competitive Bidding of the Recipient may be used for procurement of goods and works for the Project, provided that the following provisions are complied with:</p> <p>A.     <u>Registration and Licensing</u></p> <p style="padding-left: 40px;">(i)     Bidding shall not be restricted to pre-registered/licensed firms.</p> <p style="padding-left: 40px;">(ii)    Where registration or licensing is required, bidders: (a) shall be allowed a reasonable time to complete the registration or licensing process; and (b) shall not be denied registration/licensing for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.</p> <p style="padding-left: 40px;">(iii)   Foreign bidders shall not be precluded from bidding. If a registration or licensing process is required, a foreign bidder declared the lowest evaluated bidder shall be given a reasonable opportunity to register or to obtain a license.</p> <p>B.     <u>Advertising</u></p> <p style="padding-left: 40px;">Invitations to bid shall be advertised in the Bulletin of State Procurement and in at least one (1) widely circulated national daily newspaper allowing a minimum of thirty (30) days for the preparation and submission of bids.</p> <p>C.     <u>Pre-qualification</u></p> <p style="padding-left: 40px;">When pre-qualification shall be required for large or complex works, invitations to pre-qualify for bidding shall be advertised in at least one (1) widely circulated national daily newspaper a minimum of thirty (30) days prior to the deadline for the submission of pre-qualification applications. Minimum experience, technical and financial requirements shall be explicitly stated in the pre-qualification documents.</p> <p>D.     <u>Participation by Government-owned enterprises</u></p> <p style="padding-left: 40px;">Government-owned enterprises in the Kyrgyz Republic shall be eligible to</p> |

participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the contracting authority. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

E. Bidding Documents

Procuring entities shall use the appropriate standard bidding documents for the procurement of goods, works or services, acceptable to the Association.

F. Bid Opening and Bid Evaluation

- (i) Bids shall be opened in public, immediately after the deadline for submission of bids.
- (ii) Evaluation of bids shall be made in strict adherence to the monetarily quantifiable criteria declared in the bidding documents.
- (iii) Domestic preference should not be applied.
- (iv) Contracts shall be awarded to qualified bidder having submitted the lowest evaluated substantially responsive bid and no negotiation shall take place.

G. Price Adjustment

Civil works contracts of long duration (for example, more than eighteen (18) months) shall contain an appropriate price adjustment clause.

H. Rejection of Bids

All bids shall not be rejected and new bids solicited without the Association's prior concurrence.

I. Rejection of an Individual Bid

An individual bid shall be rejected only in the following cases:

- (i) The bidder is not qualified;
- (ii) The bidder does not accept the correction of an arithmetical error in his bid by the Tender Commission of the procuring

|   |
|---|
| entity;   |
| (iii) The bidder is not responsive to the requirements of the bidding documents; or                 |
| (iv) Under the circumstances referred to in Article 6 of the Law “on State Procurement”.            |
| J. State unit costs shall not be used for bidding and evaluation of bids for civil works contracts. |
| (c) Shopping  |
| (d) Direct Contracting  |
| (e) Procurement from UN Agencies  |

**C. Particular Methods of Procurement of Consultants’ Services**

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

2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

| <b>Procurement Method</b> |   |
|---------------------------|---|
| (a)                       | Quality and Cost-based Selection              |
| (b)                       | Selection Based on Consultants’ Qualification |
| (c)                       | Individual Consultants                        |
| (d)                       | Single Source Selection                       |
| (e)                       | Least-cost Selection                          |

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

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

**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 2 of the General Conditions and this Section and such additional instructions as the Association may specify by notice to the Recipient, 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:

| <b>Category</b>   | <b>Amount of the Financing Allocated (Expressed in SDR)</b> | <b>Percentage of Expenditures to be Financed</b>           |
|---|---|--|
| (1) Goods   | 804,000   | 100%   |
| (2) Civil works   | 56,000  | 100%   |
| (3) Consultants services, including audit and training  | 390,000   | 100% of Local Expenditures and 90% of Foreign Expenditures |
| (4) Operating costs   | 320,000   | 100%   |
| (5) Compensation Fund under Part I.2 of the Project   | 700,000   | 100%   |
| (6) Eligible imported goods and commodities required for the Project as specified in Section IV.C of this Agreement | 320,000   | 100%   |
| (7) Unallocated   | 210,000   |  |
| <b>TOTAL AMOUNT</b>   | <u>2,800,000</u>  |  |

**B. Withdrawal Conditions; Withdrawal Period**

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

(a) payments made prior to the date of this Agreement; except that withdrawals up to an aggregate amount not to exceed SDR 280,000 equivalent may be made for payments made prior to this date but on or after December 1, 2005, for Eligible Expenditures under Categories (1), (3) and (4);

(b) expenditures under Category (5) in the table in Part A.2 of Section IV of Schedule 2 to this Agreement, unless the Compensation Fund Manual, satisfactory to the Association, has been adopted by the Recipient;

(c) expenditures under Category (2) in the table in Part A.2 of Section IV of Schedule 2 to this Agreement, unless the EMP, satisfactory to the Association, has been adopted by the Recipient; and

(d) expenditures under Category (6) in the table in Part A.2 of Section IV of Schedule 2 to this Agreement: (i) unless a national emergency on avian influenza has been declared by the Recipient and a well-defined emergency recovery program, satisfactory to the Association, has been adopted by the Recipient; (ii) for goods supplied under a contract which any national or international financing institution or agency other than the Association shall have financed or agreed to finance or which the Association has financed or agreed to finance under another Grant or Credit; (iii) in excess of an aggregate amount equivalent to 50% of the amount of the Financing for any category of eligible imports specified in Section IV.C of Schedule 2 to this Agreement without prior approval by the Association; and (iv) for used or luxury goods.

2. The Closing Date is December 30, 2010.

**C. List of Eligible Imported Goods and Commodities to be Financed Under the Grant**

1. Protective clothing and gear
2. Pharmaceuticals and vaccines
3. Medical and veterinary supplies and equipment
4. Communication equipment and supplies
5. Food and water containers

## APPENDIX

### Definitions

1. “APIU” means the Agricultural Projects Implementation Unit established within the Ministry of Agriculture, Water Resources and Processing Industry by an Order No. 32 of the Minister dated March 9, 2000.
2. “Category” means a categories (1), (2), (3), (4), (5) and (6) set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Co-financier” means the Government of Japan who intends to provide financing to the Project.
4. “Co-financing Agreement” means the agreement to be entered into between the Recipient and the Association as an administrator of grant funds provided by the Government of Japan.
5. “Compensation Fund Manual” means the manual to be prepared and adopted by the Recipient setting forth principles and procedures for operating of the Compensation Fund and referred to in paragraph 1 of Section I of Schedule 2 to this Agreement.
6. “Compensation Fund” means the fund to be established by the Recipient out of the proceeds of the Grant to be utilized to pay cash compensation to poultry owners for poultry culled and referred to in Part I.2 of Schedule 1 to this Agreement.
7. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
8. “EMP” means the Environmental Management Plan, describing procedures for the safe management and disposal of animal carcasses and medical wastes under Parts I and II of the Project.
9. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005.
10. “MAWRPI” means the Ministry of Agriculture Water Resources and Processing Industry of the Recipient or any successor or successors thereto.
11. “MoEF” means the Ministry of Economy and Finance of the Recipient or any successor or successors thereto.



12. “MoH” means the Ministry of Health of the Recipient or any successor or successors thereto.
13. “Operating Costs” means the incremental expenses incurred by MAWRPI, MoH, APIU and PCCs on account of the Project implementation such as the costs of communication, printing and publications, supplies, vehicle operation and maintenance, bank charges, local travel costs and field trip expenses and such other reasonable expenditures as may be agreed upon by the Association, all based on an annual budget to be prepared by the APIU which shall have been approved by the Association.
14. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
15. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated January 11, 2006, 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.
16. “Project Component Coordinators” or “PCCs” means the Project component coordinators appointed by an Order No. 547 of the Minister of Health of the Recipient dated December 15, 2005, and an Order No. 330 of the Minister of Agriculture Water Resources and Processing Industry of the Recipient dated December 20, 2005, and referred to in paragraph 2 (c) of Section I of Schedule 2 to this Agreement.
17. “Project Operational Manual” means the manual, to be approved by the Recipient pursuant to Section 5.01 of this Agreement, describing procedures for implementation of the Project, consistent with the provisions of this Agreement and with the national laws and regulations of the Recipient and including, *inter alia*: (i) procedures governing administrative, procurement, accounting, financial management, including adequate measures for procurement and forensic audits and complaint mechanisms in case of misuse of the proceeds of the Grant, and monitoring and evaluation arrangements; and (ii) sample formats for annual reports; as the same may be amended from time to time with the agreement of the Association.
18. “RAAC” means the Republican Antiepidemic Antiepzootic Committee of the Recipient or any successor or successors thereto.
19. “Training” means expenditures incurred on account of Project related study tours, training courses, seminars, workshops and other training activities, including travel and per diem costs of trainees and trainers.