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CONFORMED COPY

LOAN NUMBER 8023-KZ

Loan Agreement

(KAZSTAT: Strengthening the National Statistical System Project)

between

REPUBLIC OF KAZAKHSTAN

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated August 26, 2011

LOAN NUMBER 8023-KZ

LOAN AGREEMENT

Agreement dated August 26, 2011, between REPUBLIC OF KAZAKHSTAN (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of twenty million Dollars (\$20,000,000) (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.05. The Payment Dates are April 15 and October 15 in each year.

- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa, or from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through ASRK in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV —EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The PIT has been established by the Borrower, through the ASRK, with a composition, resources and terms of reference satisfactory to the Bank.
- (b) The CWG has been established by the Borrower with a composition, resources and terms of reference satisfactory to the Bank.
- (c) The Borrower has adopted the Project Operations Manual satisfactory to the Bank.

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

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower's Representative is the Minister of Finance.

- 5.02. The Borrower's Address is:

Ministry of Finance
11 Pobedy Street
Astana 010000
Republic of Kazakhstan

Telex:

Facsimile:

265126 (FILIN)

7-7172-717785

- 5.03. The Bank's Address is:

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

Cable address:

Telex:

Facsimile:

INTBAFRAD
Washington, D.C.

248423(MCI) or
64145(MCI)

1-202-477-6391

AGREED at Astana, Republic of Kazakhstan, as of the day and year first above written.

REPUBLIC OF KAZAKHSTAN

By /s/ Bolat Zhamishev

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Sebnem Akkaya

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to improve efficiency and effectiveness of the national statistical system to provide relevant, timely and reliable data in line with internationally accepted methodology and best practices.

The Project consists of the following parts:

Part 1. Improvement of the Institutional Framework and Operations of the Statistical System

Provision of goods, consultants' services and training to: (a) improve laws and regulations governing the interaction between various statistical agencies; (b) rationalize the institutional structure of ASRK; (c) improve the strategic planning procedures and methodologies; (d) develop and implement an effort recording system; (e) introduce a quality management program; and (f) maintain and improve office furniture and equipment.

Part 2. Improvement of Information and Communication Systems and Physical Infrastructure

Provision of goods, consultants' services and training to: (a) improve the integrated processing system; (b) strengthen the expertise and skills of the ICT Unit staff; (c) upgrade hardware and software at ASRK for accelerated data processing; and (d) improve the existing ASRK corporate communications network.

Part 3. Improvement of Human Resources

Provision of goods, consultants' services and training to: (a) introduce performance management, career development and staff assignment programs at ASRK; (b) design and implement a training strategy at ASRK; (c) develop and implement a training abroad program for staff at ASRK; and (d) revise the current recruitment policies and procedures at ASRK.

Part 4. Improvement of Statistical Infrastructure, Standards and Methodology

Provision of goods, consultants' services and training to: (a) update the Business Register; (b) improve the Population Register; (c) improve the Dwelling Register; (d) improve the Agricultural Register; (e) improve statistical classifications and standards; (f) develop the statistical toolkit system; (g)

improve the sampling methods; (h) develop and introduce time series and seasonal adjustment methods; and (i) improve the analysis function of ASRK.

Part 5. Improvement of User - Provider Relations

Provision of goods, consultants' services and training to: (a) improve the user relations policy; (b) develop data dissemination procedures and marketing policies; (c) improve provider policies; and (d) improve the ASRK web-portal.

Part 6. Improvement of Individual Subject Matter Programs and Methodologies

Provision of goods, consultants' services and training to: (a) improve macro-economic statistics; (b) improve micro-economic statistics including industry, energy, construction, investment, foreign and domestic trade, and services statistics; (c) improve agricultural statistics; (d) improve social statistics; (e) improve labor statistics; and (f) develop environmental statistics.

Part 7. Project Management

Provision of goods, consultants' services, training and incremental operating costs to ASRK for project management, implementation and monitoring and evaluation.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

The Borrower shall carry out the Project in accordance with the following institutional and other arrangements:

1. The CWG 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.
2. The Borrower shall carry out the Project, through ASRK, and with the assistance of the PIT, in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in the Project Operations Manual and shall not assign, amend, abrogate or waive any provisions of the Project Operations Manual without prior approval of the Bank. The PIT will coordinate day-to-day Project activities, including responsibilities for reporting, procurement and financial management under the Project.
3. At all times during the implementation of the Project, the Borrower shall maintain the ASRK, the PIT and the CWG with a composition, resources, and terms of reference satisfactory to the Bank.
4. The Borrower shall, not later than December 20 of each year, during the implementation of the Project, and starting December 20, 2011, submit to the Bank an Annual Business Plan for the following calendar year identifying Project activities by component and sub-component, and their related expenditures and financing sources, and shall agree with the Bank on activities to be undertaken under the Project in the following year and the related budget.
5. Not later than December 31, 2011, the Borrower shall select and engage the services of an independent auditor under terms of reference satisfactory to the Bank.

B. Anti-Corruption

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

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty five (45) days after the end of the period covered by such report.
2. For purposes of Section 5.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than six (6) months after the Closing Date.
3. Not later than 30 months after the Effective Date, the Borrower shall carry out jointly with the Bank, the midterm review, which shall cover, amongst other things, the overall Project performance.
4. The Borrower shall prepare, and furnish to the Bank, at least six (6) weeks prior to the Midterm Review a separate report describing the status of implementation of each component of the Project and a summary report of Project implementation generally.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank not later than forty five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.
4. Before Project implementation begins, the Borrower shall select and engage the services of a financial management consultant with qualifications and under terms of reference satisfactory to the Bank, to support the chief accountant and be responsible for financial management of the Project.

Section III. Procurement

A. General

1. **Goods** All goods required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods

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

Procurement Method
(a) National Competitive Bidding, subject to the additional provisions set forth in the Attachment to this Schedule 2
(b) Shopping
(c) Direct Contracting

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 the 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.

Procurement Method
(a) Quality Based Selection
(b) Least Cost Selection
(c) Selection under a Fixed Budget
(d) Selection based on Consultants’ Qualifications
(e) Single-Source Selection
(f) Procedures set forth in paragraphs 5.2, 5.3 and 5.4 of the Consultant Guidelines for the Selection of Individual Consultants

D. Review by the Bank of Procurement Decisions

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

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, consultants’ services, Training, and Incremental Operating Costs for the Project	20,000,000	100%
TOTAL AMOUNT	20,000,000	

For the purpose of this table:

- (a) the term “Incremental Operating Costs” means the reasonable expenditures incurred for the implementation of the Project by the ASRK on account of communications, translations, office supplies, advertisements, photocopying, mail, and travel expenses. Such costs will be financed out of the Loan Proceeds pursuant to an annual budget approved by the Bank, and according to the ASRK administrative procedures acceptable to the Bank. Incremental Operating Costs will not include salaries of officials of the Borrower’s civil service.
- (b) “Training” means Project related training and workshops to be carried out according to annual training plans to be prepared by the ASRK and agreed to by the 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:
 - (a) from the Loan Account until the Bank has received payment in full of the Front-end Fee; or
 - (b) for payments made prior to the date of this Agreement.
- 2. The Closing Date is April 30, 2017.

**Attachment
to
SCHEDULE 2**

National Competitive Bidding procedures of the Borrower may be used for procurement of goods under 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 Association for reasons other than those provided in Section I of the Guidelines: Procurement under IBRD Loans and IDA credits.
2. Procuring entities shall use the appropriate standard bidding documents acceptable to the 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. National preferences should not be applied.
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. The post-qualification criteria shall only pertain to past contract performance, financial and technical capabilities of bidders.
7. Joint venture partners shall be jointly and severally liable for their obligations.
8. Bids shall be opened in public, immediately after the deadline for their submission. No bids should be rejected at bid opening unless they are late.
9. No bids shall be rejected solely because they exceed the estimated price.
10. Qualification criteria for bid evaluation shall be applied on a pass or fail basis.
11. Contracts shall be awarded to qualified bidder having submitted the lowest evaluated substantially responsive bid and no price negotiation shall take place.

SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each April 15 and October 15 Beginning April 15, 2016 through October 15, 2025	5.0%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
- (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
 - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
 - (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

APPENDIX

Section I. Definitions

1. “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, as revised in January 2011.
2. “ASRK” means the Agency of the Republic of Kazakhstan on Statistics established by the Borrower’s Government by Decree No. 1460, dated December 31, 2004 or any successor or successors thereto, and which, with the PIT, is responsible for implementing the Project.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
4. “Coordination Working Group” or “CWG” means the inter-agency coordination working group established pursuant to Section 4.01(b) of this Agreement to oversee and monitor the implementation of the Project.
5. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans,” dated July 31, 2010.
6. “Project Implementation Team” or “PIT” means the project implementation team established within the ASRK pursuant to Section 4.01(a) of this Agreement, to carry out the implementation and day-to-day management of the Project, and which shall include, *inter alia*: (i) a project coordinator; (ii) a financial management specialist; and (iii) a procurement specialist.
7. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006 and May 2010.
8. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated February 16, 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.
9. “Project Operations Manual” or “POM” means the manual, to be adopted by the Borrower pursuant to Section 4.01(c) of this Agreement, setting forth the operational and administrative responsibilities, procedures and rules for the implementation of the Project, including a manual of financial management procedures that sets out procedures for Project accounting, reporting and audit,

disbursements, flow of funds and management of the designated account as the same may be amended from time to time with the agreement of the Bank.