H.E. Rustam Azimov  
First Deputy Prime-Minister  
Minister of Finance  
Ministry of Finance  
Mustakilik Square 5  
Tashkent 100008  
Republic of Uzbekistan

Re: Preparation of the Regional Roads Development Project (“RRDP”)  
Grant No. TF018007

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Uzbekistan (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development/International Development Association (the “World Bank”), acting as administrator of grant funds provided by the Europe and Central Asia Region Capacity Building Development Trust Fund (Donor), proposes to extend to the Recipient a grant in an amount not to exceed four hundred thousand United States Dollars ($400,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

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

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and return it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date on which the World Bank dispatches to the Recipient notice of its acceptance of the evidence that the execution and delivery of this Agreement on behalf of the Recipient has been duly authorized by all necessary corporate actions; provided, however,
that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Saroj Kumar Jha
Regional Director
Central Asia

AGREED:
REPUBLIC OF UZBEKISTAN

By

Authorized Representative

Name: Jamol Shukurov
Title: Director, RRF
Date: October 16, 2014

Enclosures:


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

(3) Procurement Guidelines dated January 2011 and revised in July 2014;

(4) Consultant Guidelines dated January 2011 and revised in July 2014; and

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

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement; and the below additional terms have the following meanings:

   (a) "RRDP" means the proposed Regional Roads Development Project.

   (b) "RRF" means Republican Road Fund within the Recipient’s Ministry of Finance.

   (c) "Project Operational Manual" means a manual to be prepared by the Recipient under Part I of this Grant for the purposes of the RRDP.

   (d) "PMU" means project management unit within RRF.

   (e) "Uzavtoyul JSC" means a joint stock company established pursuant to Presidential Decree of the Republic of Uzbekistan № UP-3292 dated 19 August 2003 or any successor thereto.

**Article II**

**Project Execution**

2.01. **Project Objectives and Description.** The objectives of the Project is to: (i) improve the quality of the project preparation by mobilizing relevant consultants' services to review the deliverables; (ii) identify priority activities to strengthen the institutional capacity of regional road asset management; and (iii) build capacity of the PMU and the "Uzavtoyul".

The Project consists of the following parts:

**Part I: Preparation of the RRDP Appraisal Activities**

Provision of consultants' services to: (i) carry out and prepare necessary social and environmental assessments and instrument for the RRDP; (ii) carry out audit of project design documents; (iii) carry out an assessment of institutional capacity and prepare the terms of reference for safety capacity building; and (iv) prepare baseline data and the Project Operational Manual and a procurement plan for the RRDP.
Part II: Capacity Building and Training

Provision of consultants’ services and Training for the PMU staff.

Part III: Financial Audit

Provision of consultants’ services to carry out the audit of this Grant.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient, through PMU within RRF, shall carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”).

2.03. **Institutional and Other Arrangements.** The Recipient shall ensure that the PIU is maintained in operational and organizational form, with staff, resources and under terms of reference, all satisfactory to the World Bank.

2.04. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors’ support for the Project.

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

2.05. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators acceptable to the World Bank. Each Project Report shall cover the period of 6 months, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) 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.

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

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.07. **Procurement.** All goods, non-consulting services, and/or consulting services required for the Project and to be financed, fully or partially, out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the “Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011 and revised in July 2014 (“Procurement Guidelines”), and the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011 and revised in July 2014 (“Consultant Guidelines”).

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

### Article III

**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance 100% of Eligible Expenditures directly relating to the achievement of milestones for each Part of the Project and consisting of goods, consultants’ services (including audits), Training, inclusive of Taxes, and excluding works, art, furniture, carpets, vehicles and generators.

For the purposes of this paragraph, the terms:

(i) “Training” means expenditures incurred by the Recipient to conduct training, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants’ services).

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