Dear Mr. Zulpuev:

In response to the request for financial assistance made on behalf of Debt Enterprise Bank Resolution Agency ("Recipient"), I am pleased to inform you that the International Development Association ("Bank"), acting as administrator of grant funds provided by the Government of the Swiss Confederation, represented by the Swiss State Secretariat for Economic Affairs (SECO), proposes to extend to the Recipient, for the benefit of Kyrgyz Republic ("Member Country"), a grant in an amount not to exceed three hundred and thirty six thousand three hundred United States Dollars (US$336,300) ("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 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.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.
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 Amendment, and returning it to the Bank. Upon receipt by the Bank of this countersigned copy, this Amendment shall become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Jean-Michel Happi
Country Manager

RESOLUTION AGENCY

By Authorized Representative

Name: Sadiqbek Zulpiev
Title: Director
Date: 01.14.2016

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006;
(3) 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; and
Article I
Standard Conditions; Definitions

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.

(a) “Debt Enterprise Bank Resolution Agency” or “DEBRA” means a state owned asset management company established and operating pursuant to the Decree of the President of the Kyrgyz Republic on Regulation on the Debt Enterprise Bank Resolution Agency, No. 255, dated October 12, 2011 or its legal successor thereto.

(b) “National Bank of Kyrgyz Republic” or “NBKR” means the Member Country’s central bank, established and operating pursuant to the Member Country’s Law No. 59 on the National Bank of the Kyrgyz Republic dated July 29, 1997 or its legal successor thereto.

(c) “PIU” means the project implementation unit in NBKR, established under the World Bank financed Project Credit No. 3871-KG, Payments and Banking System Modernization Project.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to enhance financial sector stability by (i) strengthening the legal and regulatory capacity of NBKR as a financial sector regulator; and (ii) improving financial safety net”. The Project consists of the following part:

A. **Audit of the Agency for Bank Reorganization and Debt Restructuring**

Conducting an audit and diagnostic study of DEBRA to determine its effectiveness in fulfilling its legislative mandate with a view to providing recommendations on its future including its financial assets.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient 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”); and (c) this Article II.
2.03. **Institutional and Other Arrangements**

The Recipient shall:

(a) have overall responsibility for the implementation of the Project and shall carry out the Project in accordance with this Agreement;

(b) maintain at all times during Project implementation, professional staff in adequate numbers, with terms of reference, qualifications and experience acceptable to the World Bank; and

(c) carry out procurement, financial management, and monitoring and evaluation with assistance from the PIU.

2.04. **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 indicators acceptable to the 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.

(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.

2.05. **Procurement.** All consulting 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 the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011 and updated in July 2014 (“Consultant Guidelines”).

2.06. 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 Bank in accordance with 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 consisting of, consultants' services inclusive of Taxes.
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants’ services under the Project</td>
<td>336,300</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>336,300</td>
<td></td>
</tr>
</tbody>
</table>

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 this Agreement.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2017.

**Article IV**

**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Director.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

The Debt Enterprise Bank Resolution Agency  
114, Chui Avenue  
Bishkek City, 720040  
Kyrgyz Republic  

Telex:  Facsimile:  
245-156 NUR KH (996-312) 661645  

4.03. **World Bank’s Address.** 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  

Telex:  Facsimile:  
248423 (MCI) or 64145 (MCI) 1-202-477-6391  

5