

# LOAN AGREEMENT

BETWEEN

THE KYRGYZ REPUBLIC

AND

ISLAMIC DEVELOPMENT BANK

REGARDING THE RECONSTRUCTION OF THE ISSY-KUL RING ROAD - SECTION FROM  
KORUMDU TO BALBAY BAATYR

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## LOAN AGREEMENT

This Loan Agreement (the **Agreement**) is made on 27 / 05 / 1442H corresponding to 11 / 01 / 2021G,

Between

**The Kyrgyz Republic** (hereinafter referred to as the "**Recipient**")

And

**Islamic Development Bank** (hereinafter referred to as the "**Bank**").

The Recipient and the Bank are hereinafter referred to individually as "**Party**" and collectively as "**Parties**".

**Whereas,**

- A. The Recipient has requested the Bank to assist in financing Reconstruction of the Issy-Kul Ring Road - Section from Korumdu to Balbay Baatyr as described in Annex-I (hereinafter referred to as the "**Project**");
- B. One of the purposes of Bank is to assist its member countries by way of making loans for financing developmental projects and programmes;
- C. The Bank has on 22/06/1441H (16/02/2020G) approved to make available a loan (hereinafter referred to as the "**Loan**"), as specified in Article-2, to the Recipient upon the terms and conditions hereinafter set forth; and
- D. The Arab Coordination Group, whose membership consists of the Saudi Fund for Development, Kuwaiti Fund for Arab Economic Development, Abu Dhabi Fund for Economic Development and OPEC Fund for International Development, shall co-finance the Project.

**Now, therefore,** the Parties agree as follows:

### **Article-1 GENERAL CONDITIONS, DEFINITIONS AND INTERPRETATIONS**

- 1.1 The Parties accept all the provisions of the General Conditions with the same force and effect as if they were fully set forth herein.
- 1.2 Unless the context otherwise requires, the terms defined in the General Conditions and in this Agreement shall have the meaning ascribed to them wherever used in this Agreement. In addition, the following terms shall have the meaning ascribed to them:

**Consultant:** the individual consultant as well as any consulting firm selected in accordance with the provisions of this Agreement for the supervision of the implementation of the Project.

**Disbursement Procedures:** The effective "Disbursement Procedure" of the Bank, as well as any amendment thereto.

**Disbursement:** any withdrawal from the Loan to cover the cost of the components financed in accordance with this Agreement.

**Executing Agency:** the entity identified in Section 6.1 of the Agreement and responsible for the implementation of the Project for and on behalf of the Recipient.

|                                |   |
|--------------------------------|---|
| <b>First Disbursement:</b>     | the first Disbursement following the Effectiveness in accordance with this Agreement and the Disbursement Procedures.   |
| <b>General Conditions:</b>     | the "General Conditions Applicable to Loan and Guarantee Agreements" dated 08/11/1976 approved by the Board of Executive Directors of the Bank (BED Resolution No.47/BED/96/10(27)).  |
| <b>Loan/Loan Amount:</b>       | the amount, the Bank has agreed to lend to the Recipient as specified in Article-2.   |
| <b>Principal Amount:</b>       | the total Disbursements in accordance with this Agreement.  |
| <b>Procurement Guidelines:</b> | the Bank's Guidelines for the Procurement of Goods, Works and Related Services under IsDB Project Financing (2019) and Guidelines for the Procurement of Consultant Services under IsDB Project Financing (2019).   |
| <b>Project:</b>                | the project described in Recital-A above.   |
| <b>Sanctionable Practices:</b> | <p>any of Corrupt practice, Coercive practice, Collusive practice, Fraudulent practice or Obstructive practice:</p> <ul style="list-style-type: none"> <li>(i) <b>Corrupt Practice:</b> means the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party.</li> <li>(ii) <b>Coercive Practice:</b> means any act or omission impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.</li> <li>(iii) <b>Collusive Practice:</b> means an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.</li> <li>(iv) <b>Fraudulent practice:</b> means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.</li> <li>(v) <b>Obstructive Practice:</b> means, <ul style="list-style-type: none"> <li>(a) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede the Bank investigation into allegations of a Corrupt, Fraudulent,</li> </ul> </li> </ul> |

Coercive or Collusive practice, and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or

- (b) acts intended to materially impede the exercise of the Bank's access to contractually required information in connection with the Bank's investigation into allegations of a Corrupt, Fraudulent, Coercive or Collusive practice.

**Service Fee:** the fee to cover the administrative expenses of the Bank in administering the Loan in accordance with Sections 3.02 of the General Conditions and 3.2 of this Agreement.

### 1.3 Interpretations:

- (i) an "annex", "schedule", shall, subject to any contrary indication, be construed as a reference to an annex, schedule of the agreement or document in which such reference appears;
- (ii) "including" shall be construed as a reference to "including, without limitation";
- (iii) this Agreement or any other agreement or document shall be construed as a reference to this Agreement or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, notated or supplemented;
- (iv) "Article", "Section", "paragraph", or "preamble" shall, unless a contrary indication appears, be construed as one in or to this Agreement;
- (v) the headings in this Agreement are for convenience only and are not intended, and shall not be construed, to alter, limit, or enlarge in any way the scope or meaning of the language contained in this Agreement;
- (vi) the singular includes the plural and vice versa; and
- (vii) a "day" and "year" shall be to a day, month and year, respectively of the Gregorian calendar.

## Article-2 THE LOAN

- 2.1 The Bank shall make available to the Recipient a loan in an amount not exceeding ID14,533,088 (Islamic Dinar Fourteen Million Five Hundred and Thirty-Three Thousand and Eighty-Eight) approximately equivalent to USD 20,000,000.00 (United States Dollar Twenty Million).
- 2.2 The obligation of the Bank to make the Loan available under this Agreement is conditional upon:
  - (i) the effectiveness of this Agreement being achieved within 180 (One Hundred and Eighty) days from the date of this Agreement; and

- (ii) the submission of a request to make the First Disbursement within 180 (One Hundred and Eighty) days from the Date of Effectiveness.
- 2.3 Except as the Bank shall otherwise agree, Goods and services to be financed from the proceeds of the Loan shall be procured in accordance with the Procurement Guidelines. In this regard, the Recipient shall abide by the Regulations of the Organization of Islamic Cooperation concerning Boycott of Israel.
- 2.4 The Disbursement shall take place from the Date of Effectiveness and by no later than 15/07/2025 from the date of this Agreement (the **Closing Date**). Any Disbursement request by the Recipient shall be in accordance with Schedule-C of Annex-II and other provisions of this Agreement, the General Conditions and the Disbursement Procedures.
- 2.5 All the amounts withdrawn by the Recipient from the Loan shall be used solely for the purpose of the Project.
- 2.6 Subject to Section 2.7, all payments for Goods and services provided for under this Agreement shall be made by direct payment in accordance with the Disbursement Procedures.
- 2.7 If and where applicable, a Special Account in USD will be opened with the central bank of the Recipient or in a local commercial bank acceptable to the Bank for easy and timely disbursement of the Project. The maximum amount to be deposited in the Special Account (for project administration only, i.e. PIU expenses) shall not be more than USD 500,000.00 (United States Dollars Five Hundred Thousand) at a time. The replenishment of the Special Account and other matters shall be in accordance with the Guidelines for Opening a Special Account.

### **Article-3 REPAYMENT OF PRINCIPAL AMOUNT AND PAYMENT OF SERVICE FEE**

- 3.1 The Recipient shall pay the Principal Amount in 25 (Twenty-Five) including a 7 (Seven) years of grace period commencing from the date of this Agreement, in 36 (Thirty-Six) consecutive semi-annual installments as set forth in Schedule-A of Annex-II.
- 3.2 The Recipient shall pay the Service Fee in an amount estimated initially at ID 806,913 (Islamic Dinar Eight Hundred Six Thousand Nine Hundred Thirteen) equivalent to USD1,110,450 (United States Dollar One Million One Hundred and Ten Thousand Four Hundred and Fifty) in the manner set forth in Schedule-B of Annex-II. The Service Fee will be payable from the date of this Agreement and shall be calculated and levied in accordance with Bank's Guidelines for Calculation and Levy of Service Fee on Loans.
- 3.3 The amount of the Service Fee referred to in Section 3.2 is an estimation based on the assumption of the implementation period and the period of disbursement of the Loan Amount as herein envisaged. The actual amount of the Service Fee shall be calculated after the implementation of the Project, provided that the amount shall not exceed 1.5% per annum of the Loan Amount when calculated on annual basis.
- 3.4 Any payment under this Agreement, including repayments of the Principal Amount and Service Fee, shall be considered duly made when funds constituting such payments are credited to an account indicated for this purpose by the Bank.
- 3.5 Without prejudice to the generality of the provisions of Section 3.4, any payment hereunder shall be deemed to have been duly made when either of the following banks confirms the receipt of such payment to the Bank:

|                     | US Dollar  | Pound Sterling         | Euro   |
|---------------------|--|------------------------|--|
| A/c Name:           | Islamic Development Bank, Jeddah, Saudi Arabia (Swift: ISLDSAJEXXX)                                |                        |  |
| IBAN:               | GB36SINT60928000159111   | GB40SINT60928000159137 | GB69SINT60928000159127 FR7643599000019696500151088   |
| A/c No.:            | 159111   | 159137                 | 159127 96965 001 51 0  |
| Bank/Address:       | Gulf International Bank (UK) Ltd, One Knightsbridge, London<br>United Kingdom (Swift: SINTGB2LXXX) |                        | Union de Banques Arabes et Françaises<br>92523 Paris, Neuilly Cedex, France<br>(Swift: UBAFFRPP) |
| Correspondent Bank: | HSBC Bank, 452 Fifth Avenue<br>New York, NY 10018, USA<br>(Swift: MRMDUS33XXX)                     |                        | Deutsche Bank AG<br>Frankfurt AM Main<br>(Swift: DEUTDEFFXXX)                                    |
|                     |  |                        | Credit Agricole SA<br>Paris, France<br>(Swift: AGRIFRPP)   |

3.6 If any payment becomes due on a day on which the banks are not officially open for business in the place where payment is to be effected by the Recipient in the currency concerned, such payment shall be made on the following day on which such banks are open for business.

3.7 If the Recipient fails to pay any amount payable hereunder when it is due, the Recipient, in addition to the amount due, shall, in accordance with the Principles of Islamic Shari'ah:

- (i) compensate the Bank for any loss, damage, reasonable actual costs and expenses (including, but not limited to any legal, or collecting agent's costs and expenses) incurred by the Bank as a result of delay in payment to the Bank; and
- (ii) pay the Bank a late payment charge in respect of the overdue amount, any such late payment charge shall be calculated and applied as a sum determined by the Bank after applying the formula indicated below:

$$\frac{A \times B \times C}{360}$$

Where: "A" means the unpaid amount;  
 "B" means 01% per annum; and  
 "C" means the number of days from and including such due date to, and, including the date of actual payment (whether before or after judgment).

The Bank shall, after the deduction of all actual costs and expenses incurred, pay any amount received pursuant to this Article to the Bank's Waqf Fund Account:

|                     | Euro   | US Dollar  |
|---------------------|--|--|
| A/c Name:           | Islamic Development Bank, Jeddah, Saudi Arabia (Swift: ISLDSAJEXXX)                                |  |
| IBAN:               | GB67SINT60928000159135   | GB40SINT60928000159136   |
| A/c No.:            | 159135   | 159136   |
| Bank/Address:       | Gulf International Bank (UK) Ltd, One Knightsbridge, London<br>United Kingdom (Swift: SINTGB2LXXX) |  |
| Correspondent Bank: | Deutsche Bank AG<br>Frankfurt AM Main<br>(Swift: DEUTDEFFXXX)                                      | HSBC Bank, 452 Fifth Avenue<br>New York, NY 10018, USA<br>(Swift: MRMDUS33XXX) |

3.8 The Bank shall not apply the late payment charge set out in Article 3.7(ii) if the Recipient is able to demonstrate, to the satisfaction of the Bank, that the Recipient's failure to make the payment is not due to its willful default.

#### Article-4 DECLARATION OF EFFECTIVENESS

This Agreement and the obligations of the Bank hereunder shall not be effective until and unless the Recipient provides documents to the satisfaction of the Bank relating to the following:

- (i) Evidence that the execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by the competent authorities of the Recipient;
- (ii) Legal opinion acceptable to the Bank emanating from the chief legal officer and/or judicial authority of the Recipient stating that the provisions of the Agreement constitute enforceable binding obligations upon the Recipient substantially in the form provided in Annex-III to this Agreement;
- (iii) (a) A letter issued by the Ministry of Finance or any other duly authorized organ of the Recipient to the central bank of the Kyrgyz Republic instructing/authorizing the central bank that payment of the Principal Amount and the Service Fee installments by the Recipient under this Agreement shall be effected by the central bank on the dates on which they fall due; and  
(b) The central bank acknowledging that it has received the said letter of instruction/authorization and that it will adhere to the instructions contained therein;

OR

The Recipient, through its Ministry of Finance or any other duly authorized organ, shall provide the Bank with a letter confirming that the concerned department or unit charged with servicing external debt has been instructed to make payment of the Principal Amount and the Service Fee installments on due dates.

#### Article-5 SUSPENSION, CANCELLATION AND TERMINATION

5.1 This Agreement and all obligations of the Parties, in accordance with Article 2.2, shall automatically be terminated in the event:

- (i) the Agreement has not been declared effective within 180 (One Hundred and Eighty) days from the date of this Agreement; or
- (ii) The Recipient has not submitted a request for First Disbursement within 180 (One Hundred and Eighty) days from the Date of Effectiveness.

5.2 In addition to the provisions of Article-VI of the General Conditions, the Bank may, by notice to the Recipient, suspend and/or cancel the Loan or any part thereof, if at any time, with respect to the implementation of the Project, including with respect to the procurement or execution of any contract concluded by virtue of this Agreement, the Bank determines that any person or entity has engaged in Sanctionable Practices without the Recipient having taken timely and appropriate action satisfactory to the Bank to remedy the situation or to address such practices when they occur.

#### Article-6 EXECUTION OF THE PROJECT

6.1 The Ministry of Transport and Roads of Kyrgyz Republic (Housing Project Implementation Unit (EA/PIU)) shall be the Executing Agency.



- 6.2 The implementation of the Project shall be completed within 4 (Four) years and 3 (three) months from the Date of Effectiveness.
- 6.3 The Recipient undertakes to:
- (i) implement the Project and to conduct its operations and affairs through the Executing Agency with due diligence and efficiency and in accordance with sound administrative, financial, engineering and economic practices, under the supervision of qualified and experienced management and personnel and in accordance with the Bank's approved budgets, plans and specifications concerning the Project approved by the Bank;
  - (ii) ensure or cause to be ensured that, all contractors and consultants providing Goods or carrying out works and/or services under the Project carry out their activities under the Project with due diligence and efficiency and in accordance with sound, technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including with the provisions of any anti-corruption guidelines applicable to the Recipient;
  - (iii) make appropriate arrangements so that the Executing Agency will at all times function under rules and regulations in form and substance satisfactory to the Bank and have such powers, management and administration as are necessary for the diligent and efficient implementation of the Project.
  - (iv) submit to the Bank for its approval, in such detail as the Bank may reasonably request, any envisaged important modifications to the budget, plans and specifications of the Project as well as any substantial changes in any contract for services or procurement of Goods relating to the execution of the Project.
  - (v) ensure that the proceeds from the Loan shall not be used to finance any expenditure with respect to which the Bank determines that Sanctionable Practices were engaged in by representatives of the Recipient or other recipient of the proceeds from the Loan, without the Recipient having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.
- 6.4 **Conditions Precedent to Disbursement:** Prior to or at the time of submitting a request for the First Disbursement for Civil Works, the Recipient shall provide the Bank with a copy of the final Environmental and Social Management Plan (ESMP) and a Resettlement Action Plan (RAP).

#### **Article-7 REPRESENTATIONS**

The Recipient represents that:

- (i) all governmental authorizations and actions of any kind necessary to authorise or required for the validity or enforceability of the obligations contemplated under the Agreement have been obtained or performed and are valid and subsisting in full force and effect.
- (ii) under the laws of the Kyrgyz Republic in force at the date of this Agreement, the claims of the Bank against the Recipient under this Agreement will rank at least proportionally, without preference, with the claims of all other unsecured creditors for any indebtedness of the Recipient; and

- (iii) the concerned department or unit charged with servicing external debt has been instructed to make payment of the Principal Amount and the Service Fee instalments on due dates.

#### **Article-8 PARTICULAR COVENANTS**

8.1 The Recipient shall make available promptly, as needed, all sums including amounts necessary for local currency cost which shall be required for the implementation of the Project, on terms and conditions satisfactory to the Bank. Without prejudice to the generality of the foregoing, the Recipient undertakes to provide from its own resources the necessary funds for adequate operation and regular maintenance of the Project after completion thereof.

8.2 Except as the Bank shall otherwise agree and provided that the Procurement Guidelines are followed, the Recipient shall award contracts for procurement of Goods, Civil Works and Services financed from the proceeds of the Loan as follows:

Civil Works:

- Construction of Korumdu to Balbay Baatyr (84km) - ICB

Goods:

- Supply of O&M Machinery (specialized machinery) - ICB
- IT equipment for PIU - Shopping
- Office Furniture for PIU - Shopping
- Office Vehicles for PIU - Shopping

Services:

- Road Map study for Issykul Regional Development and Private sector participation (2 experts) - IC (LC)
- PIU Staff (7 key staffs) - Local staff
- Financial Audit Service - LCS (LC)

8.3 The Recipient shall seek the prior approval of the Bank for the awarding of:

- (i) any contract for Goods and works with value exceeding the equivalent of ID150,000.00 (Islamic Dinars One Hundred Fifty Thousand); and
- (ii) all contracts for consultancy services.

8.4 Without any limitation or restriction upon any of its other obligations under this Agreement, the Recipient shall allow the Bank a reasonable time period to comment on any substantial changes to be made to any contract for services or procurement of Goods relating to the execution of the Project, including any extension of the contract period.

8.5 The Recipient shall ensure, or cause to be ensured, that anti-corruption and anti-fraud provisions acceptable to the Bank are included in all bidding documents and contracts, including provisions specifying the right of the Bank to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

8.6 The Recipient shall promptly furnish the Bank with approved studies of, and the plans and specifications for, the Project, the schedule of its execution and any material

modifications subsequently made therein, in such detail as the Bank shall from time to time request.

- 8.7 The Recipient shall establish and maintain adequate records to:
- (i) identify the Goods and/or services financed from the proceeds of the Loan Amount and disclose their use in the Project;
  - (ii) record the progress of the Project; and
  - (iii) reflect in accordance with consistently maintained sound accounting practices, the operations and financial position of the Executing Agency.
- 8.8 The Recipient shall, during the implementation of the Project and until fulfilling all its obligations hereunder, afford all reasonable opportunity for accredited representatives of the Bank to make visits and inspect the Project, the Goods and any relevant records and documents in relation thereto; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds from the Loan, the Project, the Goods and the operations and financial position of the Executing Agency.
- 8.9 The Recipient shall take out or shall cause to be taken out adequate insurance from reputable insurers acceptable to the Bank for all Goods and works financed by the Bank. Such insurance shall cover marine, transit and other risks incidental to purchase and importation of the Goods into the territory of the Recipient and delivery thereof to the site of the Project, and shall be for such amounts, as are consistent with sound commercial practices. Such insurance will be made in accordance with applicable laws on the understanding that the proceeds of insurance will be paid in the currency of the contract or in a freely convertible currency in accordance with the Procurement Guidelines.
- 8.10 The Recipient shall make available, as and when needed, all such land and rights in respect of land as shall be required for carrying out the Project and shall furnish to the Bank, at its request, evidence satisfactory to the Bank that such land and rights in respect of land are available for purposes related to the Project.
- 8.11 The Recipient shall take all action, which shall be necessary on its part to enable the Executing Agency to implement the Project and shall not take, or permit to be taken any action, which would prevent or interfere with the implementation or operation of the Project or the performance of any obligations under this Agreement.
- 8.12 Unless otherwise decided by the Bank, the Recipient shall consider as confidential all documents, correspondence, and information provided by the Bank to the Recipient.
- 8.13 All taxes, charges, fees and duties related to the Bank's financing of the Project shall be borne by the Recipient.
- 8.14 The Recipient shall ensure that there is no funding gap for the Project and shall be responsible for all cost overruns.
- 8.15 The Recipient shall ensure that in the implementation of the Project, the Bank's participation is acknowledged by, amongst other measures, sign-postings at all sites, and with printing on all equipment and documents, the following phrase and its translation in all languages used and understood in the locality of the Project.

**"Project Financed by the Islamic Development Bank"**

## Article-9 REPORTS

- 9.1 The Parties shall cooperate fully and share information in order to ensure that the proceeds from the Loan are utilized for the purposes of accomplishing the Project. To this end, each Party shall furnish to the other all such information, as it shall reasonably request with regard to the general status of the Loan and the Project. On the part of the Recipient, such information shall include information with respect to financial and economic conditions, including the balance of payments position of the Recipient.
- 9.2 (i) The Recipient shall submit or ensure submission, , to the Bank, to the latter's satisfaction and at the times specified for each, the following reports:
- (a) within 30 (Thirty) days after the end of each quarter, or within such other period as the Parties may agree, a report on the execution of the Project in such manner as the Bank may, from time to time, specify;
  - (b) such other reports as the Bank may reasonably request regarding the application of the proceeds from the Loan and the progress of the Project;
  - (c) promptly after completion of the Project, but in any event not later than 180 (One Hundred and Eighty) days after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Bank, the Recipient shall prepare and furnish to the Bank a completion report, of such scope and in such detail as the Bank shall reasonably request, on the execution and initial operation of the Project.
- (ii) The documents described in this Section shall be certified at the option of the Bank, in such manner as the Bank may reasonably require.

## Article-10 SETTLEMENT OF DISPUTES

- 10.1 In the event of a dispute arising out of or relating to this Agreement, including any question regarding its existence, validity or termination and any claim by any Party against the other Party arising under this Agreement, which could not be determined by agreement of the Parties within 30 (Thirty) days of notice by one Party to the other, shall be submitted to an arbitration panel for final and binding decision in accordance with the rules and procedures of the International Islamic Centre for Reconciliation and Arbitration (IICRA), Dubai, United Arab Emirates. The arbitration rules and procedures of IICRA shall be in lieu of any other procedure for the determination of disputes between the Parties to this Agreement or any claim by any Party against the other Party arising thereunder.
- 10.2 If within 30 (Thirty) days after counterparts of the award shall have been delivered to the Parties, the award is not complied with, any Party may enter judgment upon, or institute a proceeding to enforce the award, in any court of competent jurisdiction against the other Party, may enforce such judgment by execution or may pursue any other appropriate remedy against the other Party for the enforcement of the award or the provisions of this Agreement.
- 10.3 Each Party to this Agreement agrees that any judgment rendered under this Agreement against it may be executed against its funds (assets) in any jurisdiction. The Parties hereby irrevocably waive any objection they may have to any suit, action or proceeding arising out of or relating to the enforcement of an arbitration judgment

under this Agreement, whether brought in any jurisdiction in which they have funds (assets), and hereby further irrevocably waive any claim that any such suit, action or proceeding brought in any jurisdiction have been brought in any inconvenient forum.

- 10.4 To the extent that the Bank may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid or execution, before award or judgment or otherwise) or other legal process or to the extent that in any such jurisdiction there may be attributed to itself or its assets such immunity (whether or not claimed), the Recipient hereby irrevocably agrees not to claim and hereby irrevocably waives such immunity.

#### **Article-11 CO-ORDINATION AND NOTICES**

11.1 The Recipient hereby appoints Ministry of Finance of the Kyrgyz Republic as the authorized representative of the Recipient (the **Recipient's Representative**) for the purposes of Section 11.03 of the General Conditions and on all matters under this Agreement and for all intents and purposes without limitation; accordingly, the Recipient's Representative shall:

- (i) directly deal with the Bank.
- (ii) be directly responsible for fulfilling the obligations incumbent on the Recipient by virtue of this Agreement;
- (iii) be directly responsible for communicating with the Bank on all matters pertaining to the implementation of this Agreement; and
- (iv) at all times, conduct proper and efficient coordination and cooperation, and ensure that the Recipient and the Executing Agency carry out their duties hereunder.

11.2 The Recipient may change the Recipient's Representative hereunder by giving written notice to the Bank.

11.3 Any notice, request, consent, approval or other communication to be given or made under this Agreement and for the purpose of Section 10.01 of the General Conditions shall be in writing and shall be deemed to have been duly given when delivered by hand, airmail, established courier service, or facsimile to the Party to which it is given at such Party's address specified below or at such other address as such Party shall have designated by notice to the Party giving such notice, request or communication.

**For the Recipient:**

Ministry of Finance of the Kyrgyz Republic  
720040, Kyrgyz Republic  
Bishkek, Erkindik Avenue, 58  
Tel: +996 312 66 05 04  
Fax: +996 312 66 16 45

**For the Bank:**

8111 King Khalid St. Al Nuzlah Al Yamania Dist.  
Unit No.1, Jeddah-22332-2444  
Kingdom of Saudi Arabia  
Tel: +966 12 6361400  
Fax: +966 12 6366871  
Email: [ldbarchives@isdb.org](mailto:ldbarchives@isdb.org)

## Article-12 MISCELLANEOUS

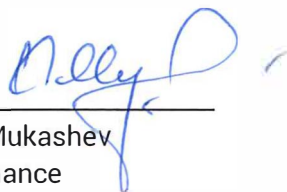
- 12.1 The recitals and the annexes are an integral part of this Agreement.
- 12.2 This Agreement, including any amendments, may be executed in counterparts, which shall, in all cases, constitute a single agreement. Copies of this Agreement will be equally binding as originals and faxed or scanned and emailed counterpart signatures will be sufficient to evidence execution, though the Parties may require original signed documents to be delivered.
- 12.3 This Agreement is the entire agreement and supersedes any prior oral or written agreement or communications between the Parties regarding its subject matter. The provisions of this Agreement are severable so that if any provision is found to be invalid, illegal or unenforceable, such finding shall not affect the validity, construction or enforceability of any remaining provision.
- 12.4 This Agreement may be amended by a mutual written agreement of the Parties.
- 12.5 The date of this Agreement shall, for all purposes of this Agreement, be that appearing in the Preamble.
- 12.6 This Agreement, including any amendments, may be executed in all counterparts, each of which shall be deemed an original agreement and all of which shall constitute one and the same agreement. The counterparts of this Agreement may be executed and delivered by facsimile or other electronic signature (including portable document format) by either of the parties and the receiving party may rely on the receipt of such document so executed and delivered electronically or by facsimile as if the original had been received.

*[END OF ARTICLES]*

**Execution Page**

**IN WITNESS WHEREOF**, the Parties, through their duly authorized representatives, have signed this Agreement on the date first above written.

**FOR AND ON BEHALF OF  
THE KYRGYZ REPUBLIC**



\_\_\_\_\_  
Mr. Kiyalbek Mukashev  
Minister of Finance

Date: 25.12.2020

**FOR AND ON BEHALF OF  
ISLAMIC DEVELOPMENT BANK**



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Dr. Mansur Muhtar  
Vice-President (Country Programs)

Date: 1/11/2021

## Annex-I DESCRIPTION OF THE PROJECT

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The project development objective is to improve the efficiency of the road transport infrastructure and ensure safe movement of goods and people along the project road section. Specifically, it will help cope with current traffic and meet future demands for transportation, eliminate the current road efficiency constraints, which is caused by the poor design and condition of road. Eventually, average travel time as well as vehicle operating costs will decrease. This objective will contribute to the overall impact of socio-economic development and a better quality of life for the people living in the areas of influence of the project in particular and the country in general.

The project is composed of the following components:

- (i) **Road Construction** consists of construction works for approximately 80.5 km road from Korumdu to Balbay Baatyr, km 104-184.5 and rehabilitation of bridges on the road as well as box/pipe culverts, which include the needed earthworks, drainage, structural works, roadbeds, pavement, rehabilitation of engineering structures as well as other ancillary works related to these activities. The road will be a Category II road with 4 traffic lanes on dual carriageway.
- (ii) **Project Implementation and Supervision Support** will cover consultancy services including detailed design review and finalization, preparation of tender documents, and supervision of civil work contracts under the project. The consultant will also carry out road safety audit along the road section to ensure the proper road safety measures are incorporated into the design. A detailed Environmental and Social Management Plan (ESMP) will be prepared to ensure the necessary environmental and social impact measures are taken during construction and operation.
- (iii) **Project Management** will encompass all expenses needed for PIU operations, including staff salaries, logistics and office equipment. It will also include cost of publication of procurement notices.
- (iv) **Financial Audit** will finance auditing services to be carried out for maintaining appropriate project account records.
- (v) **Road Maintenance and Protection** will procure selected road maintenance equipment for the ministry to maintain the road after the construction and mobile weighting stations to protect the road from damages to be caused by the vehicles non-complying allowed axle load. This component will also ensure the operational sustainability upon the construction.
- (vi) **Technical Studies** will finance the preparation of two technical reports: (i) Private sector participation in the transport sector of the Kyrgyz Republic and (ii) Enhancing value chain development and connectivity in Issyk Kul Region. This component will also help the Bank and the Government determine the complimentary investments of the project and shed light on the implementation of Global Value Chain approach with the upcoming interventions.

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Annex-II REPAYMENT SCHEDULE FOR PRINCIPAL AMOUNT AND PAYMENT SCHEDULE FOR SERVICE FEE

| Schedule-A                        |           |                   |
|-----------------------------------|-----------|-------------------|
| Repayment of the Principal Amount |           |                   |
| Number                            | Date      | Amount (ID)       |
| 1                                 | 31-Dec-27 | 403,696.89        |
| 2                                 | 30-Jun-28 | 403,696.89        |
| 3                                 | 31-Dec-28 | 403,696.89        |
| 4                                 | 30-Jun-29 | 403,696.89        |
| 5                                 | 31-Dec-29 | 403,696.89        |
| 6                                 | 30-Jun-30 | 403,696.89        |
| 7                                 | 31-Dec-30 | 403,696.89        |
| 8                                 | 30-Jun-31 | 403,696.89        |
| 9                                 | 31-Dec-31 | 403,696.89        |
| 10                                | 30-Jun-32 | 403,696.89        |
| 11                                | 31-Dec-32 | 403,696.89        |
| 12                                | 30-Jun-33 | 403,696.89        |
| 13                                | 31-Dec-33 | 403,696.89        |
| 14                                | 30-Jun-34 | 403,696.89        |
| 15                                | 31-Dec-34 | 403,696.89        |
| 16                                | 30-Jun-35 | 403,696.89        |
| 17                                | 31-Dec-35 | 403,696.89        |
| 18                                | 30-Jun-36 | 403,696.89        |
| 19                                | 31-Dec-36 | 403,696.89        |
| 20                                | 30-Jun-37 | 403,696.89        |
| 21                                | 31-Dec-37 | 403,696.89        |
| 22                                | 30-Jun-38 | 403,696.89        |
| 23                                | 31-Dec-38 | 403,696.89        |
| 24                                | 30-Jun-39 | 403,696.89        |
| 25                                | 31-Dec-39 | 403,696.89        |
| 26                                | 30-Jun-40 | 403,696.89        |
| 27                                | 31-Dec-40 | 403,696.89        |
| 28                                | 30-Jun-41 | 403,696.89        |
| 29                                | 31-Dec-41 | 403,696.89        |
| 30                                | 30-Jun-42 | 403,696.89        |
| 31                                | 31-Dec-42 | 403,696.89        |
| 32                                | 30-Jun-43 | 403,696.89        |
| 33                                | 31-Dec-43 | 403,696.89        |
| 34                                | 30-Jun-44 | 403,696.89        |
| 35                                | 31-Dec-44 | 403,696.89        |
| 36                                | 30-Jun-45 | 403,696.85        |
| <b>Total:</b>                     |           | <b>14,533,088</b> |

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| Schedule-B<br>Payment of Service Fee |           |                   |
|--------------------------------------|-----------|-------------------|
| Number                               | Date      | Amount (ID)       |
| 1                                    | 31-Dec-20 | 16,138.26         |
| 2                                    | 30-Jun-21 | 16,138.26         |
| 3                                    | 31-Dec-21 | 40,345.63         |
| 4                                    | 30-Jun-22 | 40,345.63         |
| 5                                    | 31-Dec-22 | 40,345.63         |
| 6                                    | 30-Jun-23 | 40,345.63         |
| 7                                    | 31-Dec-23 | 40,345.63         |
| 8                                    | 30-Jun-24 | 40,345.63         |
| 9                                    | 31-Dec-24 | 40,345.63         |
| 10                                   | 30-Jun-25 | 40,345.63         |
| 11                                   | 31-Dec-25 | 45,187.11         |
| 12                                   | 30-Jun-26 | 45,187.11         |
| 13                                   | 31-Dec-26 | 45,187.11         |
| 14                                   | 30-Jun-27 | 45,187.11         |
| 15                                   | 31-Dec-27 | 45,187.11         |
| 16                                   | 30-Jun-28 | 45,187.11         |
| 17                                   | 31-Dec-28 | 45,187.11         |
| 18                                   | 30-Jun-29 | 45,187.11         |
| 19                                   | 31-Dec-29 | 45,187.33         |
| 20                                   | 30-Jun-30 | 45,187.33         |
| <b>Total:</b>                        |           | <b>806,913.10</b> |

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| <b>Schedule-C</b>  |               |              |             |              |             |
|--|---------------|--------------|-------------|--------------|-------------|
| <b>Withdrawal of Proceeds from the Loan (in mln USD)</b> |               |              |             |              |             |
| Components   | Total Cost    | Bank         |             | Recipient    |             |
|  |               | Amount       | %           | Amount       | %           |
| Road Construction (80.5 km)                              | 109.80        | 16.10        | 14.6        | 11.70        | 10.7        |
| Project Management                                       | 0.50          | 0.50         | 100.0       |              |             |
| Financial Audit  | 0.05          | 0.05         | 100.0       |              |             |
| Road Maintenance and Protection                          | 1.80          | 1.50         | 83.3        |              |             |
| Technical Studies  | 0.05          | 0.05         | 100.0       |              |             |
| <b>Base Cost</b>   | <b>116.20</b> | <b>18.20</b> | <b>15.6</b> | <b>11.70</b> | <b>10.1</b> |
| Contingencies (5% + 5%)                                  | 11.60         | 1.80         | 15.7        | 1.10         | 9.5         |
| <b>Total</b>   | <b>127.80</b> | <b>20.00</b> | <b>15.6</b> | <b>12.80</b> | <b>10.0</b> |

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Annex-III FORM OF LEGAL OPINION OF THE BORROWER'S CHIEF LEGAL AND/OR  
JUDICIAL AUTHORITY

[TO BE PROVIDED ON THE LETTERHEAD]

Islamic Development Bank  
8111 King Khalid St. Al Nuzlah Al Yamanian Dist.  
Unit No.1, Jeddah-21432  
Kingdom of Saudi Arabia

Dear Sirs,

Under the powers vested in the Ministry of Justice of the Kyrgyz Republic in accordance with the laws of the Kyrgyz Republic, the Ministry of Justice hereby certifies that this document constitutes the Legal Opinion issued in relation to Article-4 of the Loan Agreement dated \_\_\_/\_\_\_/1442H (\_\_\_/\_\_\_/202\_G) entered into between the Kyrgyz Republic and the Islamic Development Bank (the "Bank") (the "Loan Agreement") for financing Reconstruction of the Issy-Kul Ring Road - Section from Korumdu to Balbay Baatyr (the "Project") in an amount not exceeding ID 14,533,088 (Islamic Dinar Fourteen Million Five Hundred Thirty Three Thousand Eighty Eight) approximately equivalent to USD 20,000,000.00 (United States Dollar Twenty Million).

For the purpose of this Legal Opinion, the Ministry of Justice has examined,

- (a) the Loan Agreement;
- (b) the authorization to enter into and sign the Loan Agreement<sup>1</sup>;
- (c) applicable laws, rules, regulations, orders, decrees and the like of the Kyrgyz Republic; and
- (d) such other documents and instruments as the Ministry of Justice deemed necessary.

Accordingly, the Ministry of Justice is of the opinion that the Loan Agreement signed for and on behalf of the Kyrgyz Republic by the Minister of Finance of the Kyrgyz Republic

- (a) has been duly authorized, executed and delivered in accordance with the applicable governmental and/or legislative procedures;
- (b) does not violate any provision of the Constitution, any law, rule, regulation, order or decree of the Kyrgyz Republic; and
- (c) constitute legal valid and binding obligations upon the Kyrgyz Republic enforceable against the the Kyrgyz Republic in accordance with the terms and conditions stipulated in the said Agreement.

DONE at Bishkek, Kyrgyz Republic on \_\_\_/\_\_\_/\_\_\_H (corresponding to \_\_\_/\_\_\_/\_\_\_G).

Yours truly,

Signature| Name| Designation

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<sup>1</sup> Ratification documents, power of attorney to sign, as applicable.