
LOAN NUMBER 2995-KGZ (SF)

GRANT NUMBER 0340-KGZ (SF)

FINANCING AGREEMENT
(Special Operations)

(Central Asia Regional Economic Cooperation
Regional Improvement of Border Services Project)

between

KYRGYZ REPUBLIC

and

ASIAN DEVELOPMENT BANK

DATED 22 May, 2013

REG 46124

**FINANCING AGREEMENT
(Special Operations)**

FINANCING AGREEMENT dated 22 May, 2013 between KYRGYZ REPUBLIC ("Beneficiary") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Beneficiary has applied to ADB for a loan and a grant for the purposes of the Project described in Schedule 1 to this Financing Agreement;

(B) the Project forms part of a regional project covering the Beneficiary and the Republic of Tajikistan for the improvement of border services;

(C) the Project will be carried out by the Ministry of Economy, and for this purpose the Beneficiary will make available to the State Enterprise "Single Window Center" in the foreign arena under the Ministry of Economy of the Kyrgyz Republic ("State Enterprise "Single Window Center") the proceeds of the loan and the grant provided for herein upon terms and conditions satisfactory to ADB; and

(D) ADB has agreed to provide financing by making a loan and a grant to the Beneficiary from ADB's Special Funds resources upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB and the State Enterprise "Single Window Center";

NOW THEREFORE the parties agree as follows:

ARTICLE I

Loan Regulations and Grant Regulations; Definitions

Section 1.01. All provisions of the Special Operations Loan Regulations of ADB, dated 1 January 2006 ("Loan Regulations"), are hereby made applicable to the Loan made pursuant to this Financing Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

(a) The term "Loan Agreement", wherever it appears in the Loan Regulations, shall be substituted by the term "Financing Agreement".

(b) The term "Borrower", wherever it appears in the Loan Regulations, shall be substituted by the term "Beneficiary" as defined in the opening paragraph of this Financing Agreement.

(c) Section 2.01(25) is deleted and the following is substituted therefor:

"Project Agreement" means the Project Agreement of even date herewith between ADB and the State Enterprise "Single Window Center";

- (d) The term "Project Executing Agency" appearing in Section 6.01(a), 8.01(d), 8.01(f), 8.01(k), 9.01(c) and 9.02(c) of the Loan Regulations shall be substituted by the term "State Enterprise "Single Window Center"".

Section 1.02. All provisions of the Special Operations Grant Regulations of ADB, dated 7 February 2005 ("Grant Regulations"), are hereby made applicable to the Grant made pursuant to this Financing Agreement with the same force and effect as if they were fully set forth herein subject, however, to the following modifications:

- (a) The term "Grant Agreement", wherever it appears in the Grant Regulations, shall be substituted by the term "Financing Agreement".

- (b) The term "Recipient", wherever it appears in the Grant Regulations, shall be substituted by the term "Beneficiary" as defined in the opening paragraph of this Financing Agreement.

- (c) Section 2.01(16) is deleted and the following is substituted therefor:

"Project Agreement" means the Project Agreement of even date herewith between ADB and the State Enterprise "Single Window Center";

- (d) The term "Project Executing Agency" appearing in Section 6.01(a), 8.01(d), 8.01(f), 8.01(k), 9.01(b) and 9.02(b) of the Loan Regulations shall be substituted by the term "Implementing Agency".

Section 1.03. Wherever used in this Financing Agreement, the several terms defined in the Loan Regulations and the Grant Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Financing Agreement have the following meanings:

- (a) "CAREC" means Central Asia Regional Economic Cooperation Program, with ADB as its Secretariat as of the date of this Financing Agreement;

- (b) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2010, as amended from time to time);

- (c) "Consulting Services" means the services to be financed out of the proceeds of the Loan or the Grant as described in paragraph 3 of Schedule 1 to this Financing Agreement;

- (d) "Goods" means equipment and materials to be financed out of the proceeds of the Loan or the Grant; and including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;

(e) "HIV/AIDS" means human immunodeficiency virus/acquired immunodeficiency syndrome;

(f) "Implementing Agency" means the State Enterprise "Single Window Center" of the Beneficiary or any successor thereto acceptable to ADB;

(g) "Initial Environmental Examination" or "IEE" means the initial environmental examination for the Project, including any update thereto, prepared and submitted by the Beneficiary and cleared by ADB;

(h) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;

(i) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2012, as amended from time to time);

(j) "PAM" means the Project administration manual for the Project dated 8 November 2012 and agreed between the Beneficiary and ADB, as updated from time to time in accordance with the respective administrative procedures of the Beneficiary and ADB;

(k) "Procurement Guidelines" means ADB's Procurement Guidelines (2010, as amended from time to time);

(l) "Procurement Plan" means the procurement plan for the Project dated 8 November 2012 and agreed between the Beneficiary and ADB, as updated from time to time in accordance with the Procurement Guidelines, Consulting Guidelines, and other arrangements agreed with ADB;

(m) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations and the Grant Regulations, respectively, means the Ministry of Economy of the Beneficiary or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;

(n) "Project facilities" means facilities to be constructed, rehabilitated, upgraded, installed, developed or operationalized under the Project;

(o) "Resettlement Plan" or "RP" means the resettlement plan for the Project, including any update thereto, prepared and submitted by the Beneficiary and cleared by ADB;

(p) "Safeguards Monitoring Report" means each report prepared and submitted by the Beneficiary to ADB that describes progress with implementation of and compliance with the RP, including any corrective and preventative actions;

(q) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009);

(r) "State Enterprise "Single Window Center"" means the State Enterprise "Single Window Center" in the foreign arena under the Ministry of Economy of the Kyrgyz

Republic, established pursuant to the government resolution dated 27 August 2009, No.539 "On establishment of the State Enterprise "Single Window Center" in the foreign trade arena"; and

(s) "Works" means construction or civil works to be financed out of the proceeds of the Loan or the Grant, including services such as drilling or mapping, and Project related services that are provided as part of a single responsibility or turnkey contract, but excluding Consulting Services.

ARTICLE II

The Loan and the Grant

Section 2.01. ADB agrees to provide to the Beneficiary from ADB's Special Funds resources, on terms and conditions set forth in this Financing Agreement:

- (a) a loan in various currencies equivalent to two million seven hundred and forty-eight thousand Special Drawing Rights (SDR2,748,000) ("Loan"); and
- (b) a grant in the amount of four million two hundred and two thousand Dollars (\$4,202,000) ("Grant").

Section 2.02. (a) The Beneficiary shall pay to ADB an interest charge at the rate of 1% per annum during the grace period, and 1.5% per annum thereafter, on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

(b) The term "grace period" as used in paragraph (a) of this Section means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 2 to this Financing Agreement.

Section 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 15 February and 15 August in each year.

Section 2.04. The Beneficiary shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 2 to this Financing Agreement.

Section 2.05. The currency of repayment of the principal amount of the Loan and the currency of payment of the interest charge for the purposes of Section 4.03(a) and 4.04 of the Loan Regulations shall be the Dollar.

ARTICLE III

Use of Proceeds of the Loan and the Grant

Section 3.01. The Beneficiary shall make the proceeds of the Loan and the Grant available to the Implementing Agency upon terms and conditions satisfactory to ADB and shall cause the Implementing Agency to apply such proceeds to the financing of expenditures on the Project in accordance with the provisions of this Financing Agreement and the Project Agreement.

Section 3.02. The proceeds of the Loan and the Grant shall be allocated and withdrawn in accordance with the provisions of Schedule 3 to this Financing Agreement, as such Schedule 3 may be amended from time to time by agreement between the Beneficiary and ADB.

Section 3.03. Except as ADB may otherwise agree, the Beneficiary shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loan and the Grant in accordance with the provisions of Schedule 4 to this Financing Agreement and the Project Agreement.

Section 3.04. Except as ADB may otherwise agree, the Beneficiary shall cause all items of expenditure financed out of the proceeds of the Loan and the Grant to be used exclusively in the carrying out of the Project.

Section 3.05. Withdrawals from the Loan Account and the Grant Account in respect of Goods, Works, and Consulting Services shall be made only on account of expenditures relating to:

- (a) Goods which are produced in and supplied from and Works and Consulting Services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement, and
- (b) Goods, Works and Consulting Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.06. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 June 2018, and the Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 30 June 2018 or, in each case, such other date as may from time to time be agreed between the Beneficiary and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Beneficiary shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Financing Agreement and the Project Agreement.

Section 4.02. (a) The Beneficiary shall ensure that the Implementing Agency will (i) maintain separate accounts and records for the Project, including separate accounts and records for the Loan and Grant; (ii) prepare annual financial statements for the Project in accordance with accounting principles acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the use of the Loan and Grant proceeds and compliance with the financial covenants of this Financing Agreement as well as on the use of the procedures for the imprest accounts and statement of expenditures) and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

(c) The Beneficiary shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the financial affairs of the Beneficiary, the Project Executing Agency and the Implementing Agency, as applicable, where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Beneficiary, the Project Executing Agency or the Implementing Agency, as applicable, unless the Beneficiary shall otherwise agree.

Section 4.03. The Beneficiary shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.04. The Beneficiary shall take all action which shall be necessary on its part to enable the Implementing Agency to perform its obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

ARTICLE V

Effectiveness

Section 5.01. A date 90 days after the date of this Financing Agreement is specified for the effectiveness of the Financing Agreement for the purposes of Section 9.04 of the Loan Regulations and Section 9.04 of the Grant Regulations.

ARTICLE VI

Delegation of Authority

Section 6.01. The Beneficiary hereby designates the Project Executing Agency its agent for the purposes of taking any action or entering into any agreement required or permitted under Sections 3.02, 3.03 and 3.05 of this Financing Agreement and under Sections 5.01, 5.02, 5.03 and 5.04 of the Loan Regulations, and Sections 5.01, 5.02, 5.03 and 5.04 of the Grant Regulations.

Section 6.02. Any action taken or any agreement entered into by the Project Executing Agency pursuant to the authority conferred under Section 6.01 of this Financing Agreement shall be fully binding on the Beneficiary and shall have the same force and effect as if taken by the Beneficiary.

Section 6.03. The authority conferred on the Project Executing Agency under Section 6.01 of this Financing Agreement may be revoked or modified by agreement between the Beneficiary and ADB.

ARTICLE VII

Miscellaneous

Section 7.01. The Minister of Finance of the Beneficiary is designated as representative of the Beneficiary for the purposes of Section 11.02 of the Loan Regulations and Section 11.02 of the Grant Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations and Section 11.01 of the Grant Regulations:

For the Beneficiary

Ministry of Finance
 58 Erkindik Boulevard
 Bishkek 720040
 Kyrgyz Republic

Facsimile Number:

(996) 312 661 645

For ADB

Asian Development Bank
 6, ADB Avenue
 Mandaluyong City
 1550 Metro Manila
 Philippines

Facsimile Numbers:

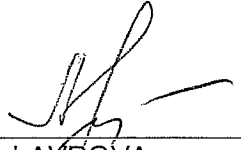
(632) 636-2444

(632) 636-2428.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Financing Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.


KYRGYZ REPUBLIC

By


 OLGA LAVROVA
 Minister of Finance

ASIAN DEVELOPMENT BANK

By


 RIE HIRAOKA
 Country Director
 Kyrgyz Resident Mission

SCHEDULE 1**Description of the Project**

1. The objective of the Project is to achieve faster, more predictable, and cost efficient cross-border transport and trade activities in the CAREC countries.
2. The Project shall comprise:
 - (a) improvement of the Karamyk border crossing point, including upgrade and outfitting of terminal facilities and passageways and sidewalks, and provision of communications, power, water supply and wastewater facilities;
 - (b) establishment of a national single window facility in Kyrgyz Republic, including (i) development of single window system and trade portal software, certificate of origin and license track and trace systems; (ii) provision of single window backup system, regional center and trade portal hardware; (iii) operational assistance to the single window governance and working groups; (iv) business process analysis and re-engineering; (v) legal and regulatory framework review and proposal; (vi) stakeholder engagement and public awareness activities; and (vii) market study and research; and
 - (c) Project management support to the Implementing Agency including engineering and procurement support, and contract supervision.
3. The Project includes the provision of consulting services for preconstruction activities, Project management, construction supervision, single window institutional and technical support and activities referred to in paragraph 2(c) above relating to Project management support to the Implementing Agency.
4. The Project is expected to be completed by 31 December 2017.

SCHEDULE 2

Amortization Schedule

(Central Asia Regional Economic Cooperation Regional Improvement of Border Services Project)

<u>Date Payment Due</u>	<u>Payment of Principal</u> <u>(expressed in Special Drawing Rights)*</u>
15 February 2021	57,250
15 August 2021	57,250
15 February 2022	57,250
15 August 2022	57,250
15 February 2023	57,250
15 August 2023	57,250
15 February 2024	57,250
15 August 2024	57,250
15 February 2025	57,250
15 August 2025	57,250
15 February 2026	57,250
15 August 2026	57,250
15 February 2027	57,250
15 August 2027	57,250
15 February 2028	57,250
15 August 2028	57,250
15 February 2029	57,250
15 August 2029	57,250
15 February 2030	57,250
15 August 2030	57,250
15 February 2031	57,250
15 August 2031	57,250
15 February 2032	57,250
15 August 2032	57,250
15 February 2033	57,250
15 August 2033	57,250
15 February 2034	57,250
15 August 2034	57,250
15 February 2035	57,250
15 August 2035	57,250
15 February 2036	57,250
15 August 2036	57,250
15 February 2037	57,250
15 August 2037	57,250
15 February 2038	57,250
15 August 2038	57,250
15 February 2039	57,250
15 August 2039	57,250
15 February 2040	57,250
15 August 2040	57,250
15 February 2041	57,250

Date Payment DuePayment of Principal
(expressed in Special Drawing Rights)*

15 August 2041	57,250
15 February 2042	57,250
15 August 2042	57,250
15 February 2043	57,250
15 August 2043	57,250
15 February 2044	57,250
15 August 2044	57,250
Total	2,748,000

* The arrangements for payment of each maturity are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.

SCHEDULE 3**Allocation and Withdrawal of Loan and Grant Proceeds**General

1. The tables attached to this Schedule set forth the Categories of items of expenditure to be financed out of the proceeds of the Loan and the Grant. Table 1 sets forth the allocation of the Loan proceeds to each such Category. Table 2 sets out the allocation of the Grant proceeds to each such Category (Reference to "Category" in this Schedule is to a Category or Subcategory of Table 1 and Table 2, respectively.)

Basis for Withdrawal from the Loan and Grant Account

2. Except as ADB may otherwise agree, the proceeds of the Loan and the Grant shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in Table 1 and Table 2, respectively.

Interest Charge

3. The amount allocated to Category 3 of Table 1 is for financing the interest charge on the Loan during the implementation period of the Project.

Reallocation

4. Notwithstanding the allocation of the Loan proceeds and the Grant proceeds and the withdrawal percentages set forth in Table 1 and Table 2, respectively,

(a) if the amount of the Loan or the Grant allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, in consultation with the Beneficiary, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan or the Grant which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Loan or the Grant then allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, in consultation with the Beneficiary, reallocate such excess amount to any other Category.

Disbursement Procedures

5. Except as ADB may otherwise agree, the proceeds of the Loan and the Grant shall be disbursed in accordance with the Loan Disbursement Handbook.

TABLE 1

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Central Asia Regional Economic Cooperation Regional Improvement of Border Services Project)			
Number	Item	Total Amount Allocated for ADB Financing (SDR) Category	Percentage and Basis for Withdrawal from the Loan Account
1	Border crossing point improvement (Works)	1,531,000	100.0 percent of total expenditure claimed*
2	National single window development (Goods)	800,000	83.5 percent of total expenditure claimed*
3	Interest Charges	35,000	100.0 percent of amounts due
4	Unallocated	382,000	
	Total	2,748,000	

* Exclusive of taxes and duties imposed within the territory of the Beneficiary, which shall be financed by the Beneficiary as its counterpart financing of the Project.

TABLE 2

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (Central Asia Regional Economic Cooperation Regional Improvement of Border Services Project)				
Number	Item	Total Amount Allocated for ADB Financing (\$)		Percentage and Basis for Withdrawal from the Grant Account
		Category	Subcategory	
1	National single window development	2,210,000		
1A	Single window system development (Goods)		242,000	16.5 percent of total expenditure claimed*
1B	Single window institutional and technical support (Consulting Services)		1,968,000	100.0 percent of total expenditure claimed*
2	Project Management and Supervision	1,408,000		
2A	Project implementation unit (Project management consultants)		1,256,000	100.0 percent of total expenditure claimed*
2B	Auditing		100,000	100.0 percent of total expenditure claimed*
2C	Office equipment and miscellaneous expenses		52,000	100.0 percent of total expenditure claimed*
3	Unallocated	584,000		
	Total	4,202,000		

* Exclusive of taxes and duties imposed within the territory of the Beneficiary, which shall be financed by the Beneficiary as its counterpart financing of the Project.

SCHEDULE 4

Procurement of Goods, Works and Consulting Services

General

1. The procurement of Goods, Works and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
2. All terms used in this Schedule and not otherwise defined in this Financing Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

Goods and Works

3. Except as ADB may otherwise agree, Goods and Works shall only be procured on the basis of the method of procurement set forth below:

(a) International Competitive Bidding.

4. The method of procurement is subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Beneficiary may only modify the method of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

Conditions for Award of Contract

5. The Beneficiary shall not award any Works contracts which involves environmental impacts until the State Agency of Environmental Protection and Forestry of the Beneficiary or its successor has granted the final approval of the IEE.
6. The Beneficiary shall not award any Works contract which involves involuntary resettlement impacts, until the Beneficiary has prepared and submitted to ADB the final RP based on the Project's detailed design, and obtained ADB's clearance of such RP.

Consulting Services

7. Except as ADB may otherwise agree, and except as set forth in paragraph 9 below, the Beneficiary shall apply quality- and cost-based selection for selecting and engaging Consulting Services.
8. The Beneficiary may recruit the individual consultants for Project management support, provided that such recruitment is made in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

9. (a) The Beneficiary shall ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether

separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) The Beneficiary shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

10. The Beneficiary shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the Consulting Services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

ADB's Review of Procurement Decisions

11. Contracts procured under international competitive bidding procedures and contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Beneficiary and ADB and set forth in the Procurement Plan.

12. In the case of a contract for Goods or Works, which is subject to ADB's prior review, the Beneficiary shall seek ADB's prior approval of any modification or waiver of the terms and conditions of the contract, including:

(a) granting an extension of the stipulated time for completion of a contract for a period of 30 days or more, or which is likely to require an extension of the Loan Closing Date or the Grant Closing Date; and

(b) increases in aggregate of the original price by more than 5% (for the avoidance of doubt, such increase shall take into account any previous change under such contract).

13. In the case of a contract for Goods or Works, which is subject to ADB's post review, ADB shall review the required contract modification or waiver and respond to the Beneficiary as soon as practicable, but not later than 30 days after the receipt of the required document.

SCHEDULE 5

Execution of Project

Implementation Arrangements

1. The Beneficiary, through the Project Executing Agency, shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Beneficiary and ADB. In the event of any discrepancy between the PAM and this Financing Agreement, the provisions of this Financing Agreement shall prevail.
2. (a) The Beneficiary shall ensure effective coordination and consultation among the Project Executing Agency, the Implementing Agency, other relevant government agencies, and the private sector in relation to implementation of the Project.

(b) Within 45 days from the Effective Date, the Beneficiary shall ensure that the Project steering committee is established in accordance with the PAM.
3. The Beneficiary shall ensure that, within 15 days from the Effective Date, the Implementing Agency shall establish the Project implementation unit and that such Project implementation unit shall remain adequately staffed and equipped in accordance with the PAM until the Project is completed.
4. The Beneficiary shall ensure that its State Customs Service will provide support to the Project Executing Agency and the Implementing Agency, as necessary for the successful and timely implementation of the Project.
5. Within one year from the Effective Date, the Beneficiary shall ensure that a Project monitoring and evaluation system satisfactory to ADB will be established.

Construction Quality and Inter-operability; Operation and Maintenance

6. The Beneficiary shall ensure that training plan for development and operation of the single window system will be delivered on time and that the relevant staff of the Implementing Agency will be required to attend such training;
7. The Beneficiary shall ensure that ADB's consent is obtained at least 6 months prior to the implementation of any of the following: (a) any change in ownership of any asset, facility or structure financed under the Project; (b) any sale, transfer, or assignment of interest or control in any asset, facility or structure financed under the Project; or (c) any lease or other contract or modification of the functions and authority of the State Enterprise "Single Window Center" of the Beneficiary over operation and maintenance of any such asset, facility or structure.
8. The Beneficiary shall ensure that (a) the improvement of the Karamyk border crossing point under the Project is carried out in accordance with the agreed design and technical specifications in accordance with national standards and satisfactory to ADB; (b) construction supervision, quality control, and contract management are in accordance with internationally accepted standards and practices; and (c) the single window facilities under

the Project will adopt international standards to ensure regional inter-operability and that the recommendations related to single window development as issued by the United Nations Economic Commission for Europe will be followed.

9. The Beneficiary shall prepare and submit to ADB an operations and maintenance plan satisfactory to ADB not later than 12 months before the expected Project completion date. The plan shall address operations and maintenance of the Project facilities, including but not limited to plans on recruiting or retaining qualified technical staff for the operation of the single window system.

Enabling conditions

10. In order to ensure that the Implementing Agency has adequate legal powers to implement the single window system as financed under the Project, the Beneficiary shall (a) promptly consider the recommendations regarding legislative and/or regulatory amendments required for facilitating the adoption, operation, and mandatory use of the single window facilities developed under the Project; (b) consult with ADB on any comments thereon; and (c) formally approve such recommendations (with amendments as necessary) and submit such proposed legislative or regulatory changes to the relevant authority for approval within 2 years from Effective Date.

Border crossing

11. The Beneficiary shall use its best efforts to implement the cross border cooperation agreements to which it is party, particularly those for customs and transport cooperation.

12. Within 30 months from the Effective Date, the Beneficiary shall start the pilot of joint customs control with the Republic of Tajikistan at the Karamyk BCP under the framework of CAREC Customs Cooperation Committee.

13. The Beneficiary shall ensure strict border control to prevent the illegal trafficking of humans, wildlife, endangered species and illegal substances through the Karamyk border crossing point.

14. The Beneficiary shall ensure that all heavy commercial vehicles are weighed when entering and leaving the Kyrgyz Republic at Karamyk border crossing point, and that all heavy commercial vehicles on the roads leading to the Karamyk border crossing point are routinely checked according to applicable legislation and international standards. The Beneficiary shall ensure that the penalties under the legislation for vehicles found to be loaded in excess of the permitted maximum load are strictly imposed and transparently transferred to the state budget.

Involuntary Resettlement

15. The Beneficiary shall ensure that all land and all rights-of-way required for the Project are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Beneficiary relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement

Safeguards; and (c) all measures and requirements set forth in the RP, and any corrective or preventative actions set forth in the Safeguards Monitoring Report.

16. Without limiting the application of the Involuntary Resettlement Safeguards or the RP, the Beneficiary shall ensure that no physical or economic displacement takes place in connection with the Project until:

- (a) compensation and other entitlements have been provided to affected people in accordance with the RP; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with the RP.

Environment and Indigenous Peoples

17. The Beneficiary shall ensure that the Project does not have any environmental or indigenous peoples impact within the meaning of SPS. In the event that the Project does have any such impact, the Beneficiary shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Beneficiary and with the SPS.

Human and Financial Resources to Implement Safeguards Requirements

18. The Beneficiary shall make available necessary budgetary and human resources to fully implement the RP.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

19. The Beneficiary shall ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures relevant to the contractor set forth in the RP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report;
- (b) make available a budget for all such environmental and social measures; and
- (c) provide the Beneficiary with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the RP.

Safeguards Monitoring and Reporting

20. The Beneficiary shall do the following:

- (a) submit semi-annual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission;

- (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the RP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
- (c) report any actual or potential breach of compliance with the measures and requirements set forth in the RP promptly after becoming aware of the breach.

Prohibited List of Investments

21. The Beneficiary shall ensure that no proceeds of the Loan and the Grant are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Social Development Action Plan

22. The Beneficiary shall ensure that the social development action plan as set out in the PAM will be implemented in a timely manner and report the progress of such implementation to ADB semi-annually.

Labor Standards

23. The Beneficiary shall ensure that the civil works contracts incorporate provisions to the effect that the contractors shall: (a) comply with applicable core labor standards and labor laws, and incorporate applicable workforce occupational safety norms; (b) not differentiate payment between men and women for work of equal value; (c) not employ child labor; (d) abstain from forced or compulsory labor; (e) abstain from employment discrimination; (f) allow for freedom of association; (g) to the extent possible, maximize employment of local poor and disadvantaged persons for Project construction purposes, provided that the requirements for job and efficiency are adequately met; and (h) provide safe working conditions.

24. The Beneficiary shall ensure that the civil works contractors disseminate information (in local languages) on the risks of sexually-transmitted diseases, including HIV/AIDs, in health and safety programs for all construction works at campsites. The Beneficiary shall ensure that specific provisions to this effect shall be included in the bidding documents and civil works contracts, and the Beneficiary shall ensure that compliance shall be strictly monitored by the Implementing Agency.

Governance and Anticorruption

25. The Beneficiary, including the Project Executing Agency and the Implementing Agency, shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

26. The Beneficiary shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB 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.

27. The Beneficiary shall ensure that updated information on the Project on the website of the Implementing Agency. Such information shall reflect the performance of the Project, business opportunities, bidding process and guidelines, outcome of biddings and summary progress reports of the Project.