

**On the ratification of the loan
agreement (South West Roads Project:
Western Europe- Western China International
Transit Corridor (CAREC 1b & 6b)) between
the Republic of Kazakhstan and the
International Bank for Reconstruction and
Development**

Law of the Republic of Kazakhstan no. 172-IV of 10 July 2009

Kazakhstan Pravda dated 16.07.2009, No. 171 (25915); *Egemen Kazakstan* 21
July 2009 No. 242-243 (25640); *Official Gazette* of 01.08.2009, No. 31 (449);
Kazakhstan Parliamentary Gazette 2009, No. 15-16 (2543-2544), article 68

The loan agreement (South West Roads Project: Western Europe-
Western China International Transit Corridor (CAREC 1b & 6b)) between the
Republic of Kazakhstan and the International Bank for Reconstruction and
Development, signed in Astana on 13 June 2009, is hereby ratified.

*President
of the Republic of Kazakhstan*

N. Nazarbaev

LOAN No. 7681-KZ

Loan Agreement

**(South West Roads Project: Western Europe- Western China
International Transit Corridor (CAREC 1b & 6b))**

between

REPUBLIC OF KAZAKHSTAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated June 13, 2009

LOAN No. 7681-KZ

LOAN AGREEMENT

Agreement dated June 13, 2009, between REPUBLIC OF KAZAKHSTAN ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I - GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II - LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of two billion one hundred twenty-five million Dollars (\$2,125,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount. The Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.

2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.

2.05. The Payment Dates are May 15 and November 15 in each year.

2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III - PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through the MoTC in accordance with the provisions of Article V of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the

Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV - EFFECTIVENESS

4.01. The Additional Conditions of Effectiveness consist of the following:

(a) The MoTC has entered into an agreement, in form and substance satisfactory to the Bank, with the PMC for the purposes of carrying out activities under the Project.

(b) The Borrower, through MoTC, has adopted the GAC Action Plan, satisfactory to the Bank.

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

ARTICLE V - REPRESENTATIVE; ADDRESSES

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

5.02. The Borrower's Address is:

Ministry of Finance
11 Pobedy Street
Astana 010000
Republic of Kazakhstan

Telex: 265126 (FILIN) Facsimile: 7- 7172-717785

5.03. The Bank's Address is:

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

Cable address: INTBAFRAD Telex: 248423(MCI) or Facsimile: 1-202-477-6391
Washington, D.C. 64145(MCI)

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

REPUBLIC OF KAZAKHSTAN

By:

Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By:

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to increase transport efficiency along road sections from the Kyzylorda and Aktobe Oblast border to Shymkent, and to improve road management and traffic safety.

The Project consists of the following parts:

Part 1: Upgrade and reconstruction of road sections within Kyzylorda Oblast

Provision of works to support the upgrade and reconstruction of road sections within Kyzylorda Oblast, and excluding the bypass to Kyzylorda.

Part 2: Upgrade and reconstruction of road sections within South Kazakhstan Oblast (border of Kyzylorda Oblast - Shymkent)

Provision of works to support the upgrade and reconstruction of road sections within South Kazakhstan Oblast, including the bypass to Kyzylorda.

Part 3: Project Management Consultants

Provision of consulting services to assist the MoTC with implementation of the Project.

Part 4: Institutional Development and Improvement of Road Safety and Road Services

(a) Provision of consulting services for studies to: (i) review options for strengthening road management and improving the condition of roads; (ii) train staff on the Committee for Roads to enhance capacity in managing projects; (iii) implement a road management system; (iv) improve oversight of environmental protection; (v) prepare a road safety design manual; (vi) carry out a physical road safety audit of roads; (vii) establish methodologies for identification of accident black spots; (viii) estimate the social cost of accidents; (ix) strengthen road accident research by MoTC institutions; and (x) prepare an action plan for the development of the services along the Project road sections.

(b) Provision of goods and equipment for the road management system.

Part 5: Supervision of Civil Works

Provision of consulting services to supervise civil works under Part 1 and Part 2 of the Project.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

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

1. The Borrower, through the MoTC, with the assistance of the PMC shall carry out the Project in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in the Project Operational Manual, the GAC Action Plan, the Resettlement Policy Framework and the EIA, and shall not assign, amend, abrogate or waive any provisions of the Project Operational Manual, the GAC Action Plan, the Resettlement Policy Framework, or the EIA without prior approval of the Bank.

2. The Borrower, through the MoTC:

(a) shall prepare, prior to the commencement of any works under the Project, Resettlement Actions Plans, satisfactory to the Bank, in accordance with the Resettlement Policy Framework;

(b) shall carry out the Project in accordance with the respective Resettlement Actions Plans; and

(c) shall not amend, suspend or abrogate any of the provisions of the respective Resettlement Action Plans without the prior agreement of the Bank.

3. The Borrower, through the MoTC:

(a) shall prepare, prior to the commencement of any works under the Project, Environmental Management Plans, satisfactory to the Bank, in accordance with the EIA;

(b) shall carry out the Project in accordance with the respective Environmental Management Plans; and

(c) shall not amend, suspend or abrogate any of the provisions of the respective Environmental Management Plans without the prior agreement of the Bank.

4. At all times during the implementation of the Project, the Borrower shall ensure that the PMC is maintained with a composition, resources and terms of reference satisfactory to the Bank.

5. The Borrower, through the MoTC, shall: (i) take all necessary measures, including ensuring access to all relevant information related to the Project, to facilitate an independent procurement audit; and (ii) act promptly upon the findings and recommendations of such audit under terms of reference acceptable to the Bank.

B. Anti-Corruption

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

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators agreed with the Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.

2. Not later than December 31, 2010, and annually thereafter, the Borrower, through the MoTC, shall carry out jointly with the Bank, annual reviews of the progress made in carrying out the Project (hereinafter referred to as the Annual Reviews). The Annual Reviews shall cover, amongst other things:

(a) progress made in meeting the Project's objectives; and

(b) overall Project performance against Project performance indicators.

3. The Borrower, through the MoTC, shall prepare at least four (4) weeks prior to the Annual Reviews, and furnish to the Bank, a separate report describing the status of implementation of each component of the Project and a summary report of Project implementation generally.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank not later than forty five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.

3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

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

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

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

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

D. Review by the Bank of Procurement Decisions

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

Section IV. Withdrawal of Loan Proceeds

A. General

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

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

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Works under Part 1 of the Project	1,134,300,000	85%
(2) Works under Part 2 of the Project	747,200,000	85%
(3) Consultants' Services under Part 3 of the Project	5,500,000	85%
(4) Consultants' Services under Part 4 of the Project	2,100,000	85%
(5) Consultants' Services under Part 5 of the Project	46,800,000	85%
(6) Goods under Part 4 of the Project	900,000	85%
(7) Unallocated	188,200,000	
TOTAL AMOUNT	<u>2,125,000,000</u>	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

(a) from the Loan Account until the Bank has received payment in full of the Front-end Fee;

(b) for expenditures under Category (2) until the Borrower has carried out a study that reviews options for strengthening the Committee for Roads and improving the overall condition of the road network, and has agreed with the Bank on a framework of actions to strengthen the Committee for Roads and improve the overall condition of the republican road network, taking into account the outcomes of the study; and

(c) for payments made prior to the date of this Agreement.

2. The Closing Date is December 31, 2013.

**Attachment
to
SCHEDULE 2**

National Competitive Bidding procedures of the Borrower may be used for procurement of goods and works under the Project provided that the following provisions are complied with:

A. Participation by Government-owned enterprises

Government-owned enterprises on the territory of the Borrower shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the contracting authority. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

B. Bidding Documents

Procuring entities shall use the appropriate standard bidding documents for the procurement of goods and works acceptable to the Bank.

C. Bid Opening and Bid Evaluation

(a) bids shall be opened in public, immediately after the deadline for submission of bids;

(b) evaluation of bids shall be made in strict adherence to the monetarily quantifiable criteria declared in the bidding documents;

(c) domestic preference should not be applied; and

(d) contracts shall be awarded to qualified bidder having submitted the lowest evaluated substantially responsive bid and no negotiation shall take place.

D. Price Adjustment

Civil works contracts of long duration (more than eighteen (18) months) shall contain an appropriate price adjustment clause. Civil works contracts that are not of long duration (eighteen (18) months or less) shall not require an appropriate price adjustment clause.

E. Cancellation of the Bidding Process

Non-recognition of a tender and soliciting new bids can be done only with the prior concurrence of the Bank.

F. Rejection of an Individual Bid

An individual bid shall be rejected only in the following cases:

(a) the bidder is not qualified;

(b) the bidder does not accept the correction of an arithmetical error in his bid by the Tender Commission of the procuring entity; and

(c) the bidder is not responsive to the requirements of the bidding documents.

SCHEDULE 3

Amortization Schedule

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

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each May 15 and November 15 beginning May 15, 2014 through November 15, 2033	2.5%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

(b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

APPENDIX

Section I. Definitions

1. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006.

2. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

3. "Committee for Roads" means the road management agency established under the MoTC on January 1, 2008 by Governmental Resolution Number 1193, "On several issues regarding the Ministry of Transport and Communications of the Republic of Kazakhstan", dated December 6, 2007, and responsible for the republican road network, and includes any successor or successors thereto.

4. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in May 2004 and revised in October 2006.

5. "Environmental Impact Assessment" or "EIA" means the final Environmental Assessment Report prepared and disclosed by the Borrower, dated February 26, 2009, and satisfactory to the Bank, consisting of, *inter alia*: (i) a detailed description of the sites where the Project activities are to be carried out; (ii) the potential and actual adverse environmental impacts of the activities referred to under paragraph (i) above; and (iii) site-specific EMPs setting out measures to be taken during the implementation and operation of the Project to mitigate, eliminate or otherwise offset adverse environmental impacts under the Project.

6. "Environmental Management Plans" or "EMPs" means the site-specific documents, adopted by the Borrower, and satisfactory to the Bank, pursuant to the EIA, and pursuant to paragraph 3 of Section I.A of Schedule 2 to this Agreement, in respect of works to be undertaken by the Borrower under the Project defining details of measures to manage potential environmental risks and mitigate, reduce and/or offset adverse environmental impacts associated with the implementation of activities under the Project, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms, as the same may be amended and supplemented from time to time with the Bank's prior written approval; and "EMP" refers to one such EMP.

7. "GAC Action Plan" means the Governance and Anti-Corruption Action Plan, satisfactory to the Bank and to be adopted by the Borrower, through the

MoTC, pursuant to Section 4.01 (b) of this Agreement, to enhance financial management controls and the transparency and integrity of procurement procedures for the Project.

8. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated July 1, 2005 (as amended through February 12, 2008).

9. "MoTC" means the Ministry of Transport and Communication of the Borrower or any successor or successors thereto.

10. "PMC" means the Project Management Consultant, a legal entity, acceptable to the Bank, and referred to in Section 4.01 (a) of this Agreement, to provide consultants' services to assist the MoTC with the management and implementation of the Project.

11. "Procurement Guidelines" means the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004 and revised in October 2006.

12. "Procurement Plan" means the Borrower's procurement plan for the Project, dated January 30, 2009, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

13. "Project Operational Manual" means the manual, adopted by the Borrower, through the MoTC, March 17, 2009, and satisfactory to the Bank, setting forth the operational and administrative responsibilities, procedures and rules for the implementation of the Project, including a manual of financial procedures, consistent with the provisions of this Agreement and with the national laws and regulations of the Borrower, as the same may be amended and supplemented from time to time with the Bank's prior written approval.

14. "Resettlement Action Plans" means the site-specific documents, including any abbreviated resettlement plans, adopted by the Borrower, pursuant to paragraph 2 of Section I.A of Schedule 2 to this Agreement,, and satisfactory to the Bank, containing, *inter alia*, a program of actions, measures and policies for compensation and resettlement of persons, including compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with its terms for each site; and "Resettlement Action Plan" means one such plan.

15. "Resettlement Policy Framework" means the document prepared and endorsed by the Borrower and disclosed May 1, 2008, updated and disclosed by the Borrower on March 18, 2009 and through Infoshop on March 25, 2009, setting forth resettlement procedures, institutional arrangements, eligibility criteria, entitlements and compensation, including valuation procedures, public consultation and participation, monitoring and evaluation and disclosure criteria to be applied in preparing a Resettlement Action Plan.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Paragraph (a) of Section 2.07 is modified to read as follows:

"Section 2.07. *Refinancing Preparation Advance; Capitalizing Front-end Fee and Interest*

(a) If the Loan Agreement provides for the repayment out of the proceeds of the Loan of an advance made by the Bank or the Association ("Preparation Advance"), the Bank shall, on behalf of such Loan Party, withdraw from the Loan Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Loan Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Bank shall pay the amount so withdrawn to itself or the Association, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance."

2. Paragraph (1) of Section 7.02 is modified to read as follows:

"Section 7.02. *Suspension by the Bank*

... (1) *Ineligibility*. The Bank or the Association has declared the Borrower (other than the Member Country) or the Project Implementing Entity ineligible to receive proceeds of any financing made by the Bank or the Association or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Bank or the Association, as a result of a determination by the Bank or the Association that the Borrower or the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Bank or the Association."

3. (a) The definition of the term "Conversion Date" is modified to read as follows:

"'Conversion Date' means, in respect of a Conversion, the Execution Date (as herein defined) or such other date as requested by the Borrower and accepted by the Bank, on which the Conversion enters into effect, and as further specified in the Conversion Guidelines."

(b) The definition of the term "Variable Rate" is modified, in relevant part, to read as follows:

"(c) upon a Currency Conversion to an Approved Currency of an amount of the Withdrawn Loan Balance that accrues interest at a variable rate during the Conversion Period, the variable rate of interest applicable to such amount shall be equal to either: (i) the sum of: (A) LIBOR, or such other base rate as may be agreed by the Borrower and the Bank, for the Approved Currency; plus (B) the spread to LIBOR or to such other base rate, if any, payable by the Bank under the Currency Hedge Transaction relating to said Currency Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the interest rate component of the Screen Rate."

I hereby certify that this translation complies with the text of the **loan agreement (South West Roads Project: Western Europe-Western China International Transit Corridor (CAREC 1b & 6b)) between the Republic of Kazakhstan and the International Bank for Reconstruction and Development, signed in Astana on 13 June 2009.**

*Head of Administration
Department of Human Resources
and Record Management
of the Ministry of Finance
of the Republic of Kazakhstan*

N. Shabanov

Note from the Republican Legal Information Centre: The text of the Agreement in English follows.