Loan Agreement

(Skills and Jobs Project)

between

REPUBLIC OF KAZAKHSTAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated July 20, 2015
LOAN AGREEMENT

Agreement dated July 20, 2015, 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 one hundred million Dollars ($100,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 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 days after the Effective Date.

2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02(e) of the General Conditions.
2.06. The Payment Dates are March 15 and September 15 in each year.

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

2.08. (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: (A) 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; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and

(iii) the setting of limits on the Variable Rate or the Reference 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 or the Reference 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 its Ministry of Healthcare and Social Development (MHSD) 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; TERMINATION

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

(a) The POM has been adopted by the Borrower through MHSD in a manner satisfactory to the Bank.

(b) The Borrower, through MHSD, has issued an order to establish the PMU, as provided in Section I. A.3. of Schedule 2 to this Agreement.

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 its Minister of Finance.

5.02. The Borrower’s Address is:

Ministry of Finance
11 Pobedy Avenue
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 64145(MCI)
Facsimile: 1-202-477-6391
AGREED at Astana, Republic of Kazakhstan, as of the day and year first above written.

REPUBLIC OF KAZAKHSTAN

By

Authorized Representative

Name: Kabyrt Suleimen
Title: Minister of Finance

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: L. Britsev
Title: Country Manager
SCHEDULE 1

Project Description

The objectives of the Project are to improve employment outcomes and skills of target beneficiaries and to improve the relevance of technical and vocational education and training and higher education programs.

The Project consists of the following parts:

Part 1: Building the Foundation of a National Qualifications System

Enhance the institutional capacity of the Borrower for improving the relevance of technical and vocational education and training, higher education, and in-service training, through:

(a) enhancement of occupational standards, including improvement of approval and updating processes thereof;

(b) development and implementation of a framework to review and update the educational and training standards and curricula for technical and vocational education and training and higher education; and

(c) development of a roadmap for establishing an independent qualifications assessment and award system through the provision of technical assistance for piloting sector-specific skills testing and professional certification centers.

Part 2: Enhancing Skills for Improved Employment Outcomes and Productivity

Provide relevant workforce training to unemployed persons, unproductively self-employed persons, and employed persons in need of training, all identified and selected in accordance with the criteria set forth in the POM, through:

(a) Improvement of public employment services for unemployed and unproductively self-employed people, through:

(i) the design and implementation of an action plan to improve and expand public employment services through the Employment Centers or Employment Units, based on an assessment of current capacity carried out in accordance with the POM; and

(ii) the improvement of the capacity of the Employment Centers and Employment Units to provide better advice to users through: (A) the introduction of a profiling tool; (B) the strengthening of the existing labor market information system of the Borrower to enhance the information available to staff of the Employment Centers and Employment Units; and (C) training of staff to adopt a more proactive approach to public employment service provision.
(b) Improvement of the relevance of workforce training, through:

(i) the review of the regulatory framework concerning provision of workforce training provision;

(ii) the development of an inventory of workforce training providers;

(iii) the assessment of the relevance of workforce training and, on the basis of such assessment, development of a list of pre-qualified workforce training providers eligible to provide Training under Part 2(c) below; and

(iv) the provision of the necessary support to selected workforce training providers to improve the relevance of training delivery, including Training under Part 2(c) below.

(c) Establishment and implementation of a skills enhancement training program, consisting of the provision of Training for: (i) unemployed and unproductively self-employed persons; and (ii) currently employed in need of training, all pursuant to criteria set forth in the POM.

Part 3: Project Management and Monitoring and Evaluation

(a) Support Project management, monitoring and evaluation activities and financing of Operating Costs.

(b) Development and implementation of a Project information and communication campaign, a feedback and resolution mechanism, and an awards of excellence program, all pursuant to criteria set forth in the POM.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Without limitation to the provisions of Section 3.01 of this Agreement, the Borrower, through MHSD, shall carry out the Project in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in the POM.

2. The Borrower shall not assign, amend, abrogate or waive any provisions of the POM without the prior approval of the Bank.

3. The Borrower, through MHSD, shall: (a) establish, and thereafter operate and maintain throughout Project implementation, a Project Management Unit (PMU) with functions and responsibilities (including the responsibility to carry out the day-to-day Project activities), all satisfactory to the Bank; and (b) ensure that the PMU staff possesses qualifications and experience satisfactory to the Bank, is at all times during Project implementation headed by a Project coordinator, and includes, at minimum, the following: (i) a financial management specialist; (ii) an accountant; (iii) one or more procurement specialists as needed; (iv) a monitoring and evaluation specialist; (v) an environmental/social safeguards specialist as needed; (vi) a national qualifications system specialist; (vii) employment services specialists (one for employment services and one for the labor market information system); (viii) a workforce training specialist; and (ix) administrative and support staff, including an assistant and, as needed, interpreters.

4. Notwithstanding the provisions of paragraph 3 of this Section, no later than forty-five days (45) from the Effective Date, the Borrower, through MHSD, shall hire the Project coordinator, the financial management specialist, at least one procurement specialist, and the accountant for the PMU.

5. The Borrower shall maintain throughout Project implementation, a Skills and Jobs Working Group, satisfactory to the Bank, in charge of national inter-ministerial/agency coordination in respect of the Project, and with a composition set forth in the POM, including senior level members from the respective ministries and agencies involved.

6. The Borrower shall establish and thereafter maintain throughout Project implementation a Project Steering Committee with a composition set forth in the POM (including, inter alia, representatives of MHSD, MOES and NCE), and functions and responsibilities, acceptable to the Bank, including, inter alia, the responsibility to: (i) oversee management of the Project; and (ii) provide strategic and technical guidance to the MHSD for overall Project implementation.
7. No later than sixty (60) days following the Effective Date, the Borrower, through MHSD, shall acquire operational accounting software for Project accounting and financial reporting, 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.

C. Safeguards

1. The Borrower shall carry out the Project in accordance with the Environmental Management Plan Checklist (and any site-specific environmental management plans prepared thereunder), and shall not assign, amend, suspend, abrogate, repeal or waive any provision thereof without the prior approval of the Bank.

2. The Borrower shall ensure that no activities are carried out in connection with the Project involving Involuntary Resettlement or which are likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented, as determined by the Bank.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower, through MHSD, 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 acceptable to 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.

B. Financial Management, Financial Reports and Audits

1. The Borrower, through MHSD, 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, through MHSD, 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 pertinent calendar 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 Borrower and the Bank not later than six months after the end of such period, and be made publicly available in a timely fashion and in a manner acceptable to the Bank.

Section III. Procurement

A. General

1. Goods and Non-consulting Services. All goods and non-consulting 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 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Non-consulting Services

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

2. Other Methods of Procurement of Goods and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan:

   (a) National Competitive Bidding, subject to additional provisions set forth in the Attachment to this Schedule 2;

   (b) Shopping; and

   (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 methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan:

   (a) Quality-based Selection;
   (b) Selection under a Fixed Budget;
   (c) Least Cost Selection;
   (d) Selection based on Consultants’ Qualifications;
   (e) Single-source Selection of Consulting Firms;
   (f) Procedures set forth in paragraphs 5.2 and 5.3 of Consultants’ Guidelines for the Selection of Individual Consultants; and
   (g) Single-source Procedures for 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.
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consultants' services, Operating Costs, and Training under the Project</td>
<td>100,000,000</td>
<td>73%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>100,000,000</td>
<td></td>
</tr>
</tbody>
</table>

For purposes of this table:

The term “Operating Costs” means the reasonable and incremental expenses incurred by the MHSD, on account of implementation of the Project, for office supplies and other consumables, office rent, internet connection and communications costs, support for information systems, translation costs, utilities, reasonable travel, transportation, *per diem*, accommodation costs (lodging) (excluding those associated with Training), and other reasonable expenditures directly associated with implementation of the Project, as agreed between the Borrower and the Bank on the basis of semi-annual budgets acceptable to the Bank.

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; or

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

2. The Closing Date is June 30, 2020.
Attachment to SCHEDULE 2

The procurement procedures to be followed for National Competitive Bidding shall be the tender procedure set forth in the Law of the Republic of Kazakhstan on Public Procurement No. 303-III dated July 21, 2007, as amended by the Law of the Republic of Kazakhstan No. 239-V dated September 29, 2014; provided, however, that such procedures shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the Procurement Guidelines and the following additional provisions:

(a) Eligibility: The eligibility of bidders to participate in a procurement process and to be awarded a Bank-financed contract shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Bank for reasons other than those provided in Section I of the Procurement Guidelines. Foreign bidders shall be allowed to participate in NCB procedures, and shall not be obligated to partner with local bidders in order to participate in a procurement process.

(b) Registration: Bidding shall not be restricted to pre-registered firms, and foreign bidders shall not be required to be registered with local authorities as a prerequisite for submitting bids.

(c) Preferences: No preference of any kind shall be applied in bid evaluation on the basis of bidder nationality; origin of goods, services or labor; local content; citizen degree of ownership; and/or any other preferential programs.

(d) Bidding Documents: Procuring entities shall use the appropriate standard bidding documents, including contractual provisions, satisfactory to the Bank.

(e) Cost Estimates: Cost estimates shall be confidential and shall not be disclosed to prospective bidders.

(f) Bid Validity: An extension of bid validity, if justified by exceptional circumstances, may be requested in writing from all bidders before the expiration date and for a minimum period required to complete the evaluation or award a contract, provided that such extension shall cover only the minimum period required to complete the evaluation and/or award a contract, but not to exceed four (4) weeks. No further extensions shall be requested without the prior written concurrence of the Bank.

(g) Bid Submission and Bid Opening: Prospective bidders shall be given at least thirty (30) days from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later, to prepare and submit bids. Bids shall be opened in public immediately after the deadline for their
submission. A copy of the bid opening minutes shall be promptly provided to all bidders who submitted bids, and to the Bank with respect to contracts subject to the Bank's prior review.

(h) Qualification: Qualification criteria shall be clearly specified in the bidding documents. All criteria so specified, and only such specified criteria, shall be used to determine whether a bidder is qualified. Qualification shall be assessed on a "pass or fail" basis, and merit points shall not be used. Such assessment shall be based entirely upon the bidder's or prospective bidder's capability and resources to effectively perform the contract, taking into account objective and measurable factors, including: (i) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (ii) financial position; and where relevant (iii) capability of construction and/or manufacturing facilities.

(i) Prequalification procedures and documents satisfactory to the Bank shall be used for large, complex and/or specialized works contracts. Verification of the information upon which a bidder was prequalified, including current commitments and the bidder's capability with respect to personnel and equipment, shall be carried out at the time of contract award.

(j) Where prequalification is not used, the qualification of the bidder who is recommended for award of contract shall be assessed by post-qualification, applying the qualification criteria stated in the bidding documents.

(k) Bid Evaluation: Evaluation criteria shall be clearly specified in the bidding documents. Evaluation of bids shall be made in strict adherence to the quantifiable criteria declared in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms. Merit points and bracketing shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation. Bidders shall not be eliminated on the basis of minor, nonmaterial deviations. The procuring entity shall ask bidders for clarifications needed to evaluate their bids, but shall not ask or permit bidders to change the substance or price of their bids after the bid opening.

(l) Contracts shall be awarded to the qualified bidder whose bid has been determined: (i) to be substantially responsive to the bidding documents; and (ii) to offer the lowest-evaluated cost. No negotiation as to the price or substance of the bid shall take place.

(m) Rejection of Bids and Re-Bidding: No bids shall be rejected solely because they fall below or exceed the estimated cost or outside of a range or "bracket" of bid values. All bids (including in the case when less than two bids are received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Bank's prior written concurrence.
Guarantees: Bid and contract guarantees shall be in the format and have the required period of validity specified in the bidding documents. If required, bid security shall be expressed as a fixed amount and shall not exceed two percent (2%) of the estimated cost of the contract. No advance payments shall be made to contractors without a suitable advance payment guarantee.

Confidentiality: The process of bid evaluation shall be confidential until the publication of contract award.

Electronic Procurement Systems: Electronic procurement systems may be used, provided that the Bank is satisfied with the adequacy of the systems, including inter alia, that the system is secure, maintains the integrity, confidentiality, and authenticity of bids submitted.

Fraud and Corruption: In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the Bank’s policy to sanction firms or individuals, found to have engaged in fraud and/or corruption as defined in the Procurement Guidelines.

Inspection and Audit Rights: In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Loan shall provide that bidders, suppliers, contractors and their subcontractors, agents, personnel, consultants, service providers, or suppliers shall permit the Bank to inspect all accounts, records and other documents relating to the bid submission and performance of the contract and to have said accounts and records audited by auditors appointed by the Bank. Acts intended to materially impede the exercise of the Bank’s inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Guidelines.

Publication of the Award of Contract: The procuring entity shall publish the following information on contract award in a free and open access website or on another means of publication acceptable to the Bank: (a) name of each bidder who submitted a bid; (b) bid prices as read out at bid opening; (c) name and evaluated price of each bid that was evaluated; (d) name of bidders whose bids were rejected and the reasons for their rejection; and (e) name of the winning bidder, price it offered as well as the duration and summary scope of the contract awarded.
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.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each March 15 and September 15 Beginning September 15, 2020 through September 15, 2033</td>
<td>3.57%</td>
</tr>
<tr>
<td>On March 15, 2034</td>
<td>3.61%</td>
</tr>
</tbody>
</table>

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.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
APPENDIX

Section I. Definitions


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


4. "Employment Center" means a government institution established by a local executive body of rayon, cities of oblast and republican significance, and capital city, for the purpose of implementing active measures to promote employment, pursuant to the Borrower’s Law on Employment of Population, dated January 23, 2001 #149-II, as such law may be amended from time to time, or any successor thereto.

5. "Employment Unit" means an authorized body, which is a sub-division of a local executive body of rayon, cities of oblast and republican significance, and capital city, which facilitates employment and provides social protection against unemployment at a regional level, pursuant to the Borrower’s Law on Employment of Population, dated January 23, 2001 #149-II, as such law may be amended from time to time, or any successor thereto.

6. "Environmental Management Plan Checklist" means the Borrower’s document, dated December 19, 2014, prepared by MHSD, and acceptable to the Bank, describing the Project and potential environmental impacts related to rehabilitation, including a list of potential mitigation measures, disclosed on the website of the MHSD and the Bank’s Infoshop on December 19, 2014.

7. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012, with the modifications set forth in Section II of this Appendix.

8. "Involuntary Resettlement" means the impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (i) standard of living adversely affected; or (ii) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business,
occupation, work or place of residence or habitat adversely affected, temporarily or permanently.


10. “MOES” means the Borrower’s Ministry of Education and Science, or any successor thereto.

11. “NCE” means the National Chamber of Entrepreneurs, a noncommercial, self-regulating organization that is a union of business entities established to provide favorable legal, economic and social conditions for implementation of entrepreneurial initiatives and development of a mutually beneficial partnership between business community and government authorities of the Republic of Kazakhstan, as well as promote and support the activities of individual entrepreneurs’ associations and (or) legal entities in the form of association (union), pursuant to the Borrower’s Law on National Chamber of Entrepreneurs #129-V, dated July 4, 2013, as such law may be amended from time to time, or any successor thereto.

12. “PMU” means the Project Management Unit referred to in Section I.A.3 of Schedule 2 to this Agreement.

13. “POM” means the Borrower’s operational manual, prepared by MHSD, and satisfactory to the Bank, describing and setting forth procedures for implementation of the Project and institutional arrangements, consistent with the provisions of this Agreement including, inter alia, timetables of actions required to be carried out under the Project, the respective roles and responsibilities of the Borrower’s agencies involved in the implementation of the Project, selection criteria for and list of workforce training providers under Part 2(b) of the Project, selection criteria for Training recipients under Part 2(c) of the Project, staffing, the fiduciary, technical and operational aspects and procedures for implementation of the Project, including the financial management procedures (budgeting, accounting and internal control, disbursement and flow of funds, financial reporting, annual reports, internal and external audit arrangements procedures and including the Project specific chart of accounts), procurement procedures, monitoring and evaluation arrangements, and other fiduciary and administrative arrangements and necessary terms of reference, as the same may be amended from time to time by agreement with the Bank.

15. "Procurement Plan" means the Borrower's procurement plan for the Project, prepared by MHSD, dated February 19, 2015 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

16. "Project Steering Committee" means the committee specified in Section I.A.6 of Schedule 2 to this Agreement.

17. "Training" means expenditures (other than for consultants' services), incurred during the implementation of the Project, based on periodic budgets acceptable to the Bank, for: (i) reasonable travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training; (ii) course fees; (iii) training/workshop facility and equipment rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses not otherwise covered under this paragraph.

18. "Skills and Jobs Working Group" means the group specified in Section I.A.5 of Schedule 2 to this Agreement.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

2. Section 3.01. (Front-end Fee) is modified to read as follows:

"Section 3.01. Front-end Fee; Commitment Charge

(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").

(b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."
3. In the Appendix, Definitions, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.

4. The Appendix is modified by inserting a new paragraph 19 with the following definition of “Commitment Charge”, and renumbering the subsequent paragraphs accordingly:

“19. “Commitment Charge” means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b).”

5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of “Front-end Fee” is modified by replacing the reference to Section 3.01 with Section 3.01 (a).

6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term “Loan Payment” is modified to read as follows:

“68. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”

7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest”.