Ms. Baktygul Jeenbaeva  
Minister of Finance  
Ministry of Finance  
58 Erkindik Boulevard  
Bishkek, 720 040  
KYRGYZ REPUBLIC

June 10, 2020

Re: Kyrgyz Republic: Heat Supply Improvement Project  
(Credit No. 6146-KG and Grant No. D240-KG)  
Amendment No. 1 to the Financing Agreement

Dear Ms. Jeenbaeva:

We refer to: (i) the Financing Agreement (the “Agreement”) between the Kyrgyz Republic (“Recipient”) and the International Development Association (“Association”), dated January 26, 2018 for the above-mentioned Heat Supply Improvement Project; and (ii) to the Recipient’s letter dated July 16, 2019, requesting specific amendments to the Financing Agreement. The capitalized terms used in this amendment letter (Amendment Letter) and not defined herein have the meanings ascribed to them in the Financing Agreement.

We hereby propose to amend the Agreement as follows:

1. Article III is amended to read as follows:

“ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause Part A of the Project to be carried out by BTS Project Implementing Entity and Part B of the Project to be carried out by ARIS Project Implementing Entity, all in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the respective Project Agreement.”

2. Schedule 1 of the Agreement is deleted in its entirety and is replaced with Annex 1 attached to this Amendment Letter.
3. Section I.D.5 of Schedule 2 to the Agreement is deleted in its entirety.

4. The table in Section IV. 1 of Schedule 2 to the Agreement is deleted in its entirety and is replaced with Annex 2 attached to this Amendment Letter.

5. Definition No. 28 in the Appendix to the Agreement is deleted.

6. The following definitions are added and placed in alphabetical order to read as follows:

   (a) “Grant Agreement” means the Grant Agreement between the Bank and the Recipient, providing additional financing for Heat Supply Improvement Project.

   (b) “Effective Date” means the effectiveness date of the Grant Agreement, further referred to in Section 5.03 of such Grant Agreement.

All the terms and conditions of the Agreement that have not been amended hereby shall remain unchanged and in full force and effect.

Please confirm your agreement with the foregoing by signing and dating the confirmation on the enclosed copy of this amendment letter and returning it to us. This amendment letter shall become effective on the date upon which the Recipient dispatches to the Association notice that the execution and delivery of this amendment on behalf of the Recipient has been duly authorized or ratified by all necessary governmental actions.

Sincerely

INTERNATIONAL DEVELOPMENT ASSOCIATION

Bolormaa Amgaabazar
Country Manager
Kyrgyz Republic
Europe and Central Asia Region

CONFIRMED AND AGREED:

KYRGYZ REPUBLIC

By: Authorized Representative

Name: Bakhyt Yenbaeva
Title: Minister of Finance
Annex 1

SCHEDULE 1

Project Description

The objective of the Project is to improve the efficiency and quality of heating in selected Project areas.

The Project consists of the following parts:

Part A: Improving supply efficiency and quality of the district heating system in Bishkek

1. Providing support to BTS for the preparation and implementation of a priority investment program for district heating rehabilitation, including:
   (i) modernization of individual (building-level) heat substations, including: (a) installation of new individual heat substations in selected buildings; (b) reparation and upgrade of existing heat substations in selected buildings; (c) installation of building-level heat and hot water meters; and (d) installation of a preventive maintenance information system; and
   (ii) replacement and/or reconstruction of selected sections along the Vostok Transmission Network.

2. Providing support to BTS:
   (i) to strengthen its technical, operational, fiduciary, customer orientation and corporate resource management functions; and
   (ii) to strengthen its capacity for Project management and implementation, including Project M&E and audits, through provision of goods and consultants' services, as well as financing of Training and Operating Costs.

Part B: Demonstrating the benefits of energy efficiency improvements in public buildings

1. Supporting energy efficiency investments in selected public buildings through:
   (i) preparing and implementing energy efficiency and seismic investment measures in selected public buildings;
   (ii) strengthening capacity building and raising public awareness on energy efficiency, through provision of technical assistance, Training and awareness campaigns targeting local service providers, public entities, Project beneficiaries and other stakeholders.

2. Strengthening ARIS's capacity for Project management and implementation, including Project M&E and audits, through provision of goods, non-consulting services and consultants' services, as well as financing of Training and Operating Costs.
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants' services, including audit, Training and Operating Costs under Part A of the Project</td>
<td>16,300,000</td>
<td>5,675,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consultants' services, including audit, Training and Operating Costs under Parts B of the Project</td>
<td>0</td>
<td>7,003,858.33</td>
<td>100% up to Effective Date of the Grant Agreement and 71% thereafter</td>
</tr>
<tr>
<td>Amount Canceled as of July 17, 2019 as such cancellation acknowledged and notified through the Association's letter dated December 12, 2019</td>
<td>0</td>
<td>3,621,141.67</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>16,300,000</td>
<td>16,300,000</td>
<td></td>
</tr>
</tbody>
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