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CREDIT NUMBER 5762-KG  
GRANT NUMBER D101-KG

# Financing Agreement

(Urban Development Project)

between

KYRGYZ REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated *April 25*, 2016

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**CREDIT NUMBER 5762 -KG  
GRANT NUMBER D101-KG**

**FINANCING AGREEMENT**

AGREEMENT dated *April 25*, 2016, entered into between KYRGYZ REPUBLIC (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association 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 — FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement a grant and a credit (collectively, “Financing”) in the following amounts to assist in financing the project described in Schedule 1 to this Agreement (“Project”):
  - (a) an amount equivalent to four million Special Drawing Rights (SDR 4,000,000) (“Grant”); and
  - (b) an amount equivalent to four million nine hundred thousand Special Drawing Rights (SDR 4,900,000) (“Credit”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are May 15 and November 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollar.

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Events of Suspension consist namely, that: the Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely in the opinion of the Association the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.
- 4.02. The Additional Events of Acceleration consist that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
  - (a) the Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity; and

- (b) the Recipient has caused the Project Implementing Entity to prepare and adopt a Project Operations Manual in a manner satisfactory to the Association.
- 5.02. The Additional Legal Matter consists of the following: the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.
- 5.03. The Effectiveness Deadline is the date one hundred and eighty (180) days after the date of this Agreement.
- 5.04. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

#### **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient's Representative is its Minister of Finance.
- 6.02. The Recipient's Address is:

Ministry of Finance  
58 Erkindik Blvd.  
Bishkek City, 720040  
Kyrgyz Republic

Telex: 245-156 NUR KH Facsimile: (996-312) 661645

- 6.03. The Association's Address is:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Telex: 248423 (MCI) Facsimile: 1-202-477-6391

AGREED at Bishkek, Kyrgyz Republic, as of the day and year first above written.

KYRGYZ REPUBLIC

By



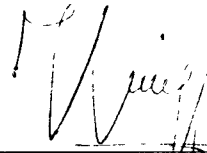
Authorized Representative

Name: Adylbek Kasymaliev

Title: Minister

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Jean-Michel Hepp

Title: Country manager

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to improve the quality of municipal services and pilot energy efficiency and seismic resilience retrofits of urban infrastructure in Participating Towns.

The Project consists of the following parts:

#### Part 1: Urban Development

Carrying out the following investments/activities in the Participating Towns:

- (a) upgrade and/ or expand the municipal infrastructure to improve water supply, solid waste management and street lighting; and
- (b) carry out pilot activities to improve energy efficiency and seismic resistance in selected public buildings.

#### Part 2: Institutional Strengthening

Support the Recipient's urban policy reform agenda: (a) at the national level through the development of urban policy objectives and priorities based on the road-map for improving urban and spatial development; and (b) at the local level through: (i) development of Performance Improvement Plans for Eligible Utilities operating within Participating Towns; (ii) providing targeted assistance and Training to local institutions to strengthen their capacity to provide quality and efficient services and support Participating Towns to build dialogue with local stakeholders on local needs in connection with the Project; (iii) supplying and installing financial management and planning systems; and (iv) developing Energy Saving Action Plans in Participating Towns.

#### Part 3: Implementation Support

Carrying out Project management activities, including provision of technical assistance to assist in Project implementation, financial management, procurement, accounting, auditing, monitoring and evaluation, and financing of Incremental Operating Costs.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

###### Project Implementing Entity

1. The Recipient shall:
  - (a) cause the Project Implementing Entity to maintain, throughout implementation of the Project, adequate staff with experience, qualifications, responsibilities and resources satisfactory to the Association; and
  - (b) liaise with SAACCS to provide policy guidance, review terms of reference of Project activities; and ensure that SAACCS are represented on the tender committees of the Project.
2. through the MOF, review and approve the Annual Work Plans and Budgets and provide overall stakeholders coordination in municipal services.

##### B. Project Operational Manual

1. The Recipient shall, and shall cause the Project Implementing Entity to, carry out the Project in accordance with a manual (the Project Operational Manual), in form and substance satisfactory to the Association, consisting of different schedules setting forth rules, methods, guidelines, standard documents and procedures for the carrying out of the Project, including the following:
  - (a) the detailed description of all Project activities supported under this Agreement, their sequencing and the prospective timetable and benchmarks in relation thereto;
  - (b) the Project administrative, financial, accounting, auditing, safeguards, procurement and disbursement procedures, including all relevant standard documents;
  - (c) the detailed selection criteria of the Participating Towns;
  - (d) the detailed building construction and rehabilitation supervision guidelines;

- (e) the detailed conflict and risk mitigation measures to address any potential conflicts that may affect the Project; and
- (f) the model Cooperation Agreement.

2. The Project Operational Manual may only be amended from time to time in consultation with, and after approval of, the Association. In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

### **C. Cooperation Agreement**

1. Prior to the carrying out of any activity under Part 1 of the Project within the territorial jurisdiction of any given Participating Town, the Recipient shall cause the Project Implementing Entity to: (a) enter into an agreement (the "Cooperation Agreement") with each Participating Town, on terms and conditions approved by the Association and consistent with the model Cooperation Agreement which shall include, *inter alia* : (i) the Project Implementing Entity's obligation to carry out said Project activities on behalf of the pertinent Participating Town in accordance with the pertinent provisions of the Project Agreement and Subsidiary Agreement; (ii) the Participating Town's obligation to: (A) provide, the resources required for the operation and maintenance of the improved infrastructure under Part 1 of the Project; and (B) enter into an agreement ("Utility Performance Agreement") with each Eligible Utility in its respective area to implement the Performance Improvement Plans.

2. The Recipient shall cause the Project Implementing Entity to exercise its rights and carry out its obligations under each respective Cooperation Agreement in such manner as to protect the interests of the Recipient, the Project Implementing Entity and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall cause the Project Implementing Entity: (a) not to assign, amend, abrogate, terminate or waive any Cooperation Agreement or any of its provisions; and (b) to enforce the Cooperation Agreement.

### **D Subsidiary Agreement**

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity under a subsidiary agreement to be entered into between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association ("Subsidiary Agreement").

2. The Recipient shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, waive, terminate or fail to enforce the Subsidiary Agreement or any of its provisions.



**E. Anti-Corruption**

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

**F. Annual Work Plan and Budget**

1. The Recipient shall cause the Project Implementing Entity to not later than September 1 of each year or any other date to be agreed with the Association during the implementation of the Project, starting in September 1, 2016 prepare and implement Annual Work Plan and Budget in accordance with the Project Operational Manual and in a manner satisfactory to the Association.

2. The Recipient shall cause the Project Implementing Entity not to modify the approved Annual Work Plan and Budget without prior approval in writing by the Association.

**G. Safeguards**

1. The Recipient shall ensure that the Project Implementing Entity carries out the Project in accordance with the Resettlement Policy Framework, the Environmental and Social Management Framework, as well as with any site-specific Resettlement Action Plan and/or Environmental Management Plan, as the case may be. Except as the Association shall otherwise agree, the Recipient shall, and shall cause the Project Implementing Entity not to assign, amend, abrogate, waive or fail to enforce the RPF, the ESMF, any RAP and/or any EMP, or any of their provisions.

2. Without limitation to the provisions set forth in Section I.G.1 above, and for the purposes of carrying out the activities under Parts 1 and 2 of the Project, the Recipient shall, and shall cause the Project Implementing Entity to:

- (a) when applicable: (i) prepare and disclose, prior to commencement of any activities/and or works under Parts 1 and 2 of the Project, site-specific RAPs and EMPs, each and all acceptable to the Association, in accordance with the RPF and ESMF, respectively; and (ii) thereafter carry out the activities and/or works in accordance with the provisions of said site-specific RAPs including full payment of Resettlement Compensation and/or the provision of relocation assistance to all Displaced Persons prior to displacement, and EMPs, all in accordance with their terms and in a manner acceptable to the Association; and
- (b) maintain a grievance redress mechanism acceptable to the Association, so as to enable an adequate monitoring and resolution of the issues arising as a result of the carrying out of Project activities under said Part of the Project.

3. The Recipient shall ensure that the Project Implementing Entity shall not carry out activities in connection with the Project that may adversely change the quality or quantity of water flows to other riparian's of international waterways or the tributaries of any such international waterways, as determined by the Association.
4. The Recipient shall cause the Project Implementing Entity to ensure that the terms of reference of any consultancy in respect to the Project shall be satisfactory to the Association following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the Association's Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance.

## **Section II. Project Monitoring, Reporting and Evaluation**

### **A. Project Report**

1. The Recipient shall cause the Project Implementing Entity to: (a) monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association which Project Report shall cover the period of one calendar semester; and (b) furnish to the Association not later than one month after the end of the period covered by each such report.
2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six (6) months.

### **B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause the Project Implementing Entity to maintain a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall cause the Project Implementing Entity to prepare and furnish to the Association 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 Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

### **Section III. Procurement**

#### **A. General**

1. **Goods, Works and Non-consulting Services.** All good, work and non-consulting services required for the Project and to be financed out of the proceeds of the Financing 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 Financing 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 Association 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, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:
  - (a) National Competitive Bidding, subject to the additional provisions set forth in the Annex 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 the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source provisions for selection of Individual Consultants.

**D. Review by the Association of Procurement Decisions**

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

**Section IV. Withdrawal of the Proceeds of the Financing**

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association 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 Financing ("Category"), the allocations of the amounts of the Credit and of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Amount of the Grant Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, consultant's services, non-consulting services and Training under Parts 1(a) and 2 of the Project	4,460,000	2,760,000	100%
(2) Goods, works, consultants services, non-consulting services and Training under Part 1 (b) of the Project	440,000	580,000	37%
(3) Goods, consultants services and Incremental Operating Costs under Part 3 of the Project	0	660,000	100%
<b>TOTAL</b>	<u>4,900,000</u>	<u>4,000,000</u>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is December 31, 2020.

**Section V. Other Undertakings**

1. Within thirty (30) days of Effective Date, the Recipient shall cause the Project Implementing Entity, to modify the existing accounting software for its accounting and financial reporting purposes, with capacity to, *inter alia*, generate IFRs, statement of expenditures, withdrawal applications and annual financial statements, in a manner acceptable to the Association.
  
2. Prior to the commencement of any civil works under Part 1 of the Project, the Recipient shall cause the Project Implementing Entity to recruit the necessary professional construction supervision under terms of reference and in a manner satisfactory to the Association.

## **ANNEX TO SCHEDULE 2**

### **Modifications to National Competitive Bidding (NCB) Procedures**

The procedure to be followed for National Competitive Bidding shall be the “Single-Stage Bidding” method set forth in the Public Procurement Law of the Recipient dated April 3, 2015 № 72 (the “PPL”) provided, however, that such procedure 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:

1. Procuring entities shall use the appropriate standard bidding documents, including forms of contract acceptable to the Association, which shall be prepared so as to ensure economy, efficiency, transparency and broad consistency with the provisions of Section I of the Procurement Guidelines.
2. The eligibility of bidders 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 Association for reasons other than those provided in Section I of the Procurement Guidelines.
3. No restrictions in respect of eligibility to participate in bidding for contracts shall be placed on the basis of nationality of the bidder and/or the origin of goods other than those imposed by primary boycotts.
4. Foreign bidders shall be allowed to participate in National Competitive Bidding procedures without restrictions of any kind.
5. No preference of any kind shall be applied for domestic bidders and/or for domestically manufactured goods.
6. 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.
7. Foreign firms shall not be required to associate with a local partner in order to bid as a joint venture, and joint venture partners shall be jointly and severally liable for their obligations.
8. Government-owned enterprises in the Recipient’s territory 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 dependent agencies of the Recipient or sub-recipient. Such enterprises shall be subject to the same bid and performance security requirements as other bidders.

9. Prequalification procedures acceptable to the Association shall be used for large, complex and/or specialized projects.
10. Bidders shall be given at least thirty (30) days from the date of the invitation to bid or the date of availability of bidding documents, whichever is later, to prepare and submit bids.
11. Bids shall be submitted in a single-envelope.
12. 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, but not to exceed thirty (30) days. No further extensions shall be requested without the prior concurrence of the Association.
13. Bids shall be opened in public, immediately after the deadline for their submission in accordance with procedures stated in the bidding documents. No bids should be rejected at bid opening unless they are late/submitted after the stipulated deadline.
14. Evaluation of bids shall be made in strict adherence to the quantifiable criteria declared in the bidding documents. Qualification criteria for bid evaluation shall be applied on a pass or fail basis. Evaluation criteria other than price shall be quantified in monetary terms.
15. Bids that are not substantially responsive to the technical specifications, contract conditions, or other critical requirements in the bidding documents shall be rejected.
16. Bid evaluations shall be confidential, and bidding committee meetings shall not be open to bidders and/or their representatives.
17. Post-qualification criteria shall only pertain to past contract performance, financial and technical capabilities of bidders.
18. Contracts shall be awarded to the bidder who submits the lowest-evaluated, substantially-responsive bid, and who is determined to be qualified to perform the contract in accordance with pre-defined and pre-disclosed evaluation criteria. No negotiation as to the price or substance of the bid shall take place.
19. If the procuring entity fails to conclude a contract with the lowest evaluated bidder, a contract may be awarded to the qualified bidder who is next ranked and whose bid is found substantially responsive. All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Association's prior concurrence.



20. Bidders shall be given at least twenty-eight (28) days from the receipt of notification of contract award to submit performance securities.
21. Each bidding document and contract financed out of the proceeds of the Financing shall include provisions stating the Association's policy to sanction firms or individuals, found to have engaged in fraud and/or corruption as defined in the paragraph 1.16(a) of the Procurement Guidelines. The Association will sanction a firm or an individual, at any time, in accordance with prevailing Association sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded an Association-financed contract; and (ii) to be a nominated sub-contractor, consultant, supplier, or service provider of an otherwise eligible firm being awarded an Association-financed contract.
22. In accordance with the paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the Association to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association. Acts intended to materially impede the exercise of the Association's inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Procurement Guidelines.
23. Complaints related to the procurement process shall be handled in accordance with the provisions of the Procurement Guidelines.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each May 15 and November 15, commencing May 15, 2022 to and including November 15, 2053.	<b>1.5625%</b>

\* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

## APPENDIX

### Definitions

1. “Annual Work Plan and Budget” means any work plan and budget prepared by the Recipient on annual basis and approved by the Association in accordance with Section I.F of Schedule 2 to this Agreement; and "Annual Work Plans and Budgets" means more than one Annual Work Plan and Budget.
2. “Association’s Safeguards Policies” means the Association’s operational policies and procedures, set forth in the Bank’s operational manual and identified as OP/BP 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60, as said manual is published under [www.WorldBank.org/opmanual](http://www.WorldBank.org/opmanual).
3. “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 and revised in January 2011.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
6. “Displaced Person” means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land, resulting in; (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction to access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person, and “Displaced Persons” means, collectively, the plural thereof.
7. “Eligible Utility” means any utility operating in a Participating Town which meets the criteria set forth in the POM to implement the corresponding PIP.
8. “Environmental and Social Management Framework” or “ESMF” means the Recipient’s framework acceptable to the Association, as published and available to the public on December 2, 2015, which contains guidelines for undertaking site-specific environmental and social measures under Parts 1 and 2 of the Project, including: (i) guidelines for the identification of existing environmental and social conditions and potential direct and indirect environmental and social impacts and risks resulting from the carrying out of the Project; (ii) guidelines for the carrying out of environmental assessments and the preparation of EMPs, when applicable;

- (iii) recommendation of mitigation measures for each negative impact identified; (iv) measures for enhancing each identified positive impact; and (v) guidelines for the preparation of environmental and social monitoring plans for tracking the application of the mitigation measures, as said framework may be amended from time to time with the Association's prior written concurrence.
9. "Environmental Management Plan" or "EMP" means the Recipient's site-specific environmental management plan, acceptable to the Association describing *inter alia* environmental mitigation, monitoring and institutional measures for any of the activities financed under Parts 1 and 2 of the Project; and "EMPs" means the plural thereof.
  10. "Energy Saving Action Plan" means any plan adopted by a Participating Town, satisfactory to the Association for the purpose of outlining a series of targets and specific actions in the short and medium term to accomplish energy savings in said Participating Town.
  11. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010.
  12. "IFR" means the Interim Financial Reports.
  13. "Incremental Operating Costs" means the expenses incurred by the Project Implementing Entity on account of Project implementation, management and monitoring, including office rent, operation and maintenance of vehicles, office equipment and supplies, communication costs, support for information systems, translation costs, bank charges, travel and *per diem* costs, salaries of contractual staff (excluding consultants' services and salaries of officials of the Recipient's civil service), Social Charges for PIU staff, office administration costs, and other reasonable expenditures directly associated with the carrying out of the Project, as agreed by the Association; and based on an annual budget acceptable to the Association.
  14. "MOES" means the Recipient's Ministry of Education and Science or its legal successor thereto.
  15. "MOF" means the Recipient's Ministry of Finance or its legal successor thereto.
  16. "Participating Towns" means the towns of Sulukta, Kerben, Baluckchy, Toktogul or their legal successors and any other town acceptable to the Association, which have met the criteria set forth in the Project Operational Manual to participate in the Project, and established as a political subdivision of the Recipient pursuant to the Recipient's *Law on Local Self-Governance in the Kyrgyz Republic, No.101, dated July 15, 2011* (as the same has been amended to the date of this Agreement).

17. “Performance Improvement Plan” or “PIP” means any plan adopted by a Participating Town, satisfactory to the Association, for the purpose of outlining a series of targets in the short and medium term to improve the Eligible utilities’ performance and include specific actions needed to reduce water losses, improve quality of services, increase overall operational efficiency and cost-recovery.
18. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
19. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated December 15, 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.
20. “Project Implementing Entity” means the Recipient’s Community Development and Investment Agency” or “ARIS”, an entity vested with legal personality or its legal successor.
21. “Project Implementing Entity’s Legislation” means the *Edict of the President of the Kyrgyz Republic No. 330, dated October 15, 2003*, as such legislation has been amended to the date of this Agreement.
22. “Project Operational Manual” or “POM” means the manual to be prepared by the Project Implementing Entity, satisfactory to the Association, and referred to in Section I.B in the Schedule to the Project Agreement, as the same may be amended from time to time with the Association’s prior written concurrence.
23. “Resettlement Action Plan” or “RAP” means any site-specific resettlement action plan, acceptable to the Association, to be prepared by the Project Implementing Entity and containing, *inter alia*, a program of actions, measures and policies for resettlement compensation of Displaced Persons, including 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.
24. “Resettlement Policy Framework” or “RPF” means the Recipient’s framework dated November 2, 2015 acceptable to the Association, prepared and adopted by the Recipient and the Project Implementing Entity, setting out the policies and procedures for the acquisition of land and other assets, compensation, resettlement and rehabilitation of Displaced Persons, as the case may be, and guidelines for the preparation and implementation of site-specific RAPs as may be required for Project activities, as said framework may be revised from time to time with the prior written concurrence of the Association; and such term includes all schedules and agreements supplemental to said framework.

25. "SAACCS" means the Recipient's State Agency for Architecture, Construction and Communal Services or its legal successor.
26. "Social Charges" means any payments, *premia*, or contributions for health benefits, unemployment benefits, disability insurance, workers' compensation benefits, retirement (pension or social security) benefits, and life insurance, which constitute payment for the drawdown of future benefits to the Project Implementing Entity staff concerned, as approved by the Association.
27. "Subsidiary Agreement" means the agreement referred to in Section D.1 of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity
28. "Training" means expenditures (other than for consultants' services), incurred during the implementation of the Project primarily for the benefit of Training Beneficiaries, based on periodic budgets acceptable to the Association, 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.
29. "Training Beneficiaries" means the Participating Towns and their utilities, SAACCS, technical institutes, the MOES, the MOF other central government bodies, and design, engineering and construction companies, which will benefit from receiving training under the Project.