

CREDIT NUMBER 5762-KG
GRANT NUMBER D101-KG

Project Agreement

(Urban Development Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

COMMUNITY DEVELOPMENT AND INVESTMENT AGENCY

Dated *April 25*, 2016

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

PROJECT AGREEMENT

Agreement dated *April 25*, 2016, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and COMMUNITY DEVELOPMENT AND INVESTMENT AGENCY (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of same date between the Kyrgyz Republic (“Recipient”) and the Association. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Financing 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 Financing Agreement or in the General Conditions.

ARTICLE II — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objective of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

- 3.01. For purposes of Section 8.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

- 4.01. The Project Implementing Entity’s Representative is its Executive Director.
- 4.02. The Association’s Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

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

4.03. The Project Implementing Entity's Address is:

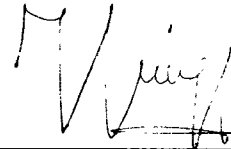
Community Development and Investment Agency
102, Bokonbaeva Street
Bishkek
Kyrgyz Republic

Facsimile:
996-312-624-748

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:



Authorized Representative

Name: Jean-Michel Kappi

Title: Country Manager

COMMUNITY DEVELOPMENT AND INVESTMENT AGENCY

By:



Authorized Representative

Name: Kubanychbek Ismailov

Title: EXECUTIVE DIRECTOR

SCHEDULE

Project Implementing Entity's Project

Section I. Implementation Arrangements

A. The Project Implementing Entity shall:

- (a) maintain, throughout implementation of the Project, adequate staff with experience, qualifications, responsibilities and resources satisfactory to the Association;
- (b) liaise with SAACCS to provide policy guidance; review the terms of reference; and conduct joint evaluation panels; and ensure that SAACCS is represented on the tender committees of the Project.
- (c) liaise with MOF to review and approve the Annual Work Plan and Budget and provide overall stakeholders coordination in municipal services.

B. Project Operational Manual

1. Without limitation to the provisions of Article IV of the General Conditions, the Project Implementing Entity shall carry out the Project in accordance with a manual (the Project Operational Manual), in form and substance satisfactory to the Association, which consists 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, procurement, safeguards and disbursement procedures, including all relevant standard documents;
- (c) the detailed selection criteria of the Participating Towns;
- (d) the detailed building construction and rehabilitation 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 Operations Manual and those of this Agreement, the terms of this Agreement shall prevail.

C. Subsidiary Agreement

The Project Implementing Entity 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 Project Implementing Entity shall not assign, amend, abrogate, waive or fail to enforce the Subsidiary Agreement or any of its provisions.

D. Cooperation Agreement

1. Prior to the carrying out of any activity under Parts 1 and 2 of the Project within the territory of any given Participating Town, the Project Implementing Entity shall 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* : (a) 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; and (b) the Participating Town's obligation to: (i) provide, the resources required for the operation and maintenance of the improved infrastructure under Part 1 of the Project; and (ii) ensure that a Participating Town enters into an agreement (Utilities Performance Agreement) with each Eligible Utility in its respective areas to implement the Performance Improvement Plans.

2. The Project Implementing Entity shall exercise its rights and carry out its obligations under each 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 Project Implementing Entity shall: (a) not assign, amend, abrogate, terminate, waive the Cooperation Agreement or any of its provisions; and (b) enforce the Cooperation Agreement.

E. Anti-Corruption

The Project Implementing Entity 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 Project Implementing Entity shall 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 furnish to the Association, for its approval, a work plan and budget (the Annual Work Plan and Budget) in accordance with the Project Operational Manual and in a manner satisfactory to the Association.

2. The Project Implementing Entity shall not modify the approved Annual Work Plan and Budget without the Association's prior approval in writing.

G. Safeguards

1. The Project Implementing Entity shall carry out the Project in accordance with the Resettlement Policy Framework , Environmental and Social Management Framework, as well as any site-specific Resettlement Action Plan and/or Environmental Management Plans , as the case may be. Except as the Association shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive the RPF and/or ESMF, or any of their provisions.

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

- (a) when applicable: (i) prepare and disclose, prior to commencement of any works under Part 1 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) carry out the works in accordance with the provisions of said site-specific RAPs, including full payment of Resettlement Compensation and/or the provision of relocation to all Displaced Persons prior to displacement; 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 Project activities.

3. The Project Implementing Entity shall ensure that no activities are carried out in connection with the Project that may adversely change the quality or quantity of water flows to other riparians of international waterways or the tributaries of any such international waterways, as determined by the Association.

4. The Project Implementing Entity shall 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 Reports

1. The Project Implementing Entity shall 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. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later two weeks after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.

2. The Project Implementing Entity shall provide to the Recipient not later than four (4) months prior to the Closing Date, for incorporation in the report referred to in Section 4.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.

2. The Project Implementing Entity shall 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 Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the Association not later than six (6) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.

Section III. Procurement

All goods, works, consultant's services 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 provisions of Section III of Schedule 2 to the Financing Agreement.

Section IV. Other Undertakings

1. Within thirty (30) days of Effective Date, the Project Implementing Entity, shall modify the existing accounting software for its accounting and financial reporting purposes acceptable to the Association, 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 Project Implementing Entity shall recruit the necessary professional construction supervision under terms of reference and in a manner satisfactory to the Association.