

**OFFICIAL  
DOCUMENTS**

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**CREDIT NUMBER 5601-KG  
GRANT NUMBER D041-KG**

# **Financing Agreement**

**(Third Village Investment Project)**

**between**

**KYRGYZ REPUBLIC**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated** *June 12* , 2015

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**CREDIT NUMBER 5601-KG**  
**GRANT NUMBER D041-KG**

**FINANCING AGREEMENT**

AGREEMENT dated *June 12*, 2015, entered into between the KYRGYZ REPUBLIC ("Recipient") and the 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 three million nine hundred thousand Special Drawing Rights (SDR 3,900,000 ("Grant")); and
  - (b) an amount equivalent to four million seven hundred thousand Special Drawing Rights (SDR 4,700,000 ("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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent ( $\frac{3}{4}$  of 1%) per annum.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 United States Dollars.

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objectives 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 of the following, namely, that the Project Implementing Entity 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 Event of Acceleration consists of the following, namely that any event specified in Section 4.01 of this Agreement occurs.

### **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 Projecting Implementing Entity; and

- (b) the Operational Manual has been updated and adopted by the Recipient and the Project Implementing Entity in a manner satisfactory to the Association.
- 5.02. The Additional Legal Matter consists of the following, namely that the Subsidiary Agreement has been duly authorized 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 one hundred 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 the Minister of Finance.
- 6.02. The Recipient's Address is:

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

Telex:	Facsimile:
245-156 NUR KH	(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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

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

KYRGYZ REPUBLIC

By

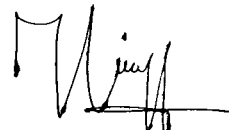
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\_\_\_\_\_  
Authorized Representative

Name: Adylbek Kasymaliev

Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

  
\_\_\_\_\_  
Authorized Representative

Name: Jean-Michel Happi

Title: Country Manager

## **SCHEDULE 1**

### **Project Description**

The objectives of the Project are to: (a) build local capacity for participatory development; and (b) improve access to quality community infrastructure services in targeted Project areas.

The Project consists of the following parts:

#### **Part 1: Capacity Building**

Carrying out capacity building activities for local communities and local government institutions in participatory local governance and development planning, including: (a) mobilizing communities, conducting communities' needs and resources assessments and developing Local Investment Plans; and (b) carrying out peer-to-peer learning and social cohesion activities in various communities, all through provision of goods, consultants' services, and Training.

#### **Part 2: Village Investments**

- (a) Provision of: (i) Sub-Grants for implementing Sub-projects; and (ii) Small Grants for implementing Micro-projects, to eligible *Ayil Okmotus*.
- (b) If applicable, financing of Resettlement Compensation with Financing proceeds as set forth in the table in Section IV of Schedule 2 to this Agreement.

#### **Part 3: Project Management**

Carrying out of Project management activities including Project audits, provision of Training to the Project Implementing Entity's staff on Project management, monitoring and evaluation, and the financing of Operating Costs.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation and Implementation Arrangements**

##### **A. Institutional Arrangements**

###### **Project Implementing Entity**

The Recipient shall cause the Project Implementing Entity to maintain throughout the implementation of the Project adequate staff with experience, qualifications, responsibilities and resources satisfactory to the Association.

##### **B. Operations Manual**

1. Without limitation to the provisions of Article IV of the General Conditions, the Recipient shall cause the Project Implementing Entity to implement the Project in accordance with the Operational Manual ("OM").
2. Except as the Association shall otherwise agree in writing, the Recipient shall cause the Project Implementing Entity not, amend, waive, suspend or abrogate any provision of the OM and in case of any inconsistency between the provisions of the OM and those of this Agreement, the provisions of this Agreement shall prevail.

##### **C. 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.

##### **C. Anti-Corruption**

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

**D. Sub-Projects and Micro-Projects**

1. In implementing Part 2 of the Project, the Recipient shall: (a) cause the Project Implementing Entity to make Sub-Grants and Small Grants selected in accordance with detailed criteria set forth in the Project Operations Manual, including the carrying out of renovations on existing schemes of community irrigation and water supply systems, and excluding new activities that may involve the use or potential pollution of international waterways or the tributaries of any such international waterways); and (b) enter into an agreement (Framework Agreement) with an eligible *Ayil Okmotu* on terms and conditions approved by the Association, which shall include the following:
  - (i) Each Sub-Grant shall finance a Sub-project included in the pertinent Local Investment Plan and costing at least \$20,000 or more; and each Small Grant shall finance a Micro-project or aggregated Micro-projects included in the pertinent Local Investment Plan, costing less than \$20,000.
  - (ii) The Recipient shall cause the Project Implementing Entity to obtain rights adequate to protect its interests and those of the Association, including the right to:
    - (A) suspend or terminate the right of the corresponding *Ayil Okmotu* to use the proceeds of the Sub-Grant or Small Grant, or obtain a refund of all or any part of the amount of the Small-Grant or Sub-Grant then withdrawn, upon the *Ayil Okmotu* failure to perform any of its obligations under the respective Framework Agreement;
    - (B) require each *Ayil Okmotu* to: (1) make a financial contribution of a minimum of 3.75% for any selected Sub-Project or Micro-Project; (2) carry out its Sub-project or Micro-Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (3) provide, promptly as needed, the resources required for the purpose; (4) procure the goods, works and services, to be financed by a Small Grant under Part 2 (a) (ii) of the Project in accordance with the Community Procurement Handbook and the provisions of this Agreement;
    - (C) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-projects and Micro-Projects and the achievement of their objectives;



- (D) 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, resources and expenditures related to the Sub-projects and Micro-Projects;
  - (E) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association;
  - (F) enable the Recipient and the Association to inspect the Sub-projects and Micro-Projects, its operation and any relevant records and documents; and
  - (G) prepare and furnish to the Recipient and the Association, all such information as the Recipient or the Association shall reasonably request relating to the foregoing.
- (2) The Recipient shall cause the Project Implementing Entity to exercise its rights and carry out its obligations under each Framework 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, terminate, waive or fail to enforce any Framework Agreement or any of its provisions.
  - (3) Prior to the commencement of any civil works under Part 2(a)(i) of the Project, the Recipient shall cause the Project Implementing Entity to recruit the necessary professional construction supervision in a manner satisfactory to the Association.

**E. Safeguards**

- 1. The Recipient shall, and shall cause the Project Implementing Entity to carry out Part 2 of the Project in accordance with the Resettlement Policy Framework ("RPF"), Environmental Management Framework ("EMF"), as well as with any site-specific Resettlement Action Plans (RAPs) and/or Environmental Action Plans (EMPs), as the case may be. Except as the Association shall otherwise agree, the Recipient shall cause the Project Implementing Entity not to assign, amend, abrogate, waive or fail to enforce the RPF and/or EMF, or any of their provisions.
- 2. Without limitation to the provisions set forth in Section I.E.1 above, and for the purposes of carrying out the activities under Part 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 Part 2 of the Project, site-specific RAPs, each and all acceptable to the Association, in accordance with the RPF; 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 assistance 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 carrying out Project activities under said Part of the Project.

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

### **A. Project Reports**

The Recipient shall cause the Project Implementing Entity to 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 the indicators agreed with the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

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

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient 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 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. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

### **Section III. Procurement**

#### **A. General**

1. **Goods, Works and Non-consulting Services.** All goods, works 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 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 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 Plans:
  - (a) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule 2;
  - (b) Shopping;
  - (c) Direct Contracting; and
  - (d) Community Participation Procedures set forth in the Community Procurement Handbook.

#### **C. Particular Methods of Procurement of Consulting Services**

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

2. **Other Methods of Procurement of Consulting Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consulting services for those contracts which are specified in the Procurement Plans:

- (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 procedures for the Selection of Individual Consultants.

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

The Procurement Plans 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 Financing 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>
Goods, works, non-consulting services, consultants' services including under Sub-Grants and Small Grants, Training, Operating Costs under the Project, and Resettlement Compensation under Part 2(b) of the Project	4,700,000	3,900,000	100%
<b>TOTAL AMOUNT</b>	<u>4,700,000</u>	<u>3,900,000</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 November 30, 2020.

**Section V. Other Undertakings**

**Software modification**

The Recipient shall cause the Project Implementing Entity to not later than thirty (30) days after the Effectiveness Date, modify its' accounting and financial reporting software to meet the requirements of the Project in a manner satisfactory to the Association.

## ANNEX TO SCHEDULE 2

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

The procurement procedure to be followed for National Competitive Bidding shall be the tendering with unlimited participation procurement method set forth in the Law of the Recipient on Public Procurement No. 69 of May 24, 2004 (as amended): (the "PPL"); provided, however, that such procedure shall be subject to the provisions of Section I and paragraphs 3 and 4 of the Procurement Guidelines and the following additional provisions:

1. Eligibility: Eligibility of bidders to participate in a procurement process and to be awarded an Association-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 Association for reasons other than those provided in Section I of the Procurement Guidelines.
2. Domestic Preference: No domestic preference may be applied in bid evaluation on the basis of bidder nationality, the origin of goods, services or labor, and/or preferential programs.
3. Registration and Licensing: Registration shall not be used to assess bidders' qualifications. A foreign bidder shall not be required to register or obtain a license as a condition for submitting its bid, and a foreign bidder recommended for contract award shall be given a reasonable opportunity to register or obtain a license, with the reasonable cooperation of the Recipient, prior to contract signing.
4. Bidding Documents: Procuring entities shall use the appropriate standard bidding documents acceptable to the Association, which documents shall be prepared so as to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines.
5. Bid Validity: The bid validity period required by the bidding documents shall be sufficient to account for any period that may be required for the approval and registration of the contract as contemplated in the Public Procurement Law. An extension of bid validity, if justified by exceptional circumstances, may be requested in writing from all bidders before the original bid validity expiration date, provided that such extension shall cover only the minimum period required to complete the evaluation, award a contract, and/or complete the contract registration process. No further extensions shall be requested without the prior written concurrence of the Association.
6. 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: (a) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (b) financial position; and where relevant (c) capability of construction and/or manufacturing facilities. Prequalification procedures and documents acceptable to the Association 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. In the procurement of goods and works 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.

7. Cost Estimates and State Unit Costs: Cost estimates shall be confidential and shall not be disclosed to prospective bidders. No bids shall be rejected on the basis of comparison with the cost estimates and/or budget ceiling without the Association’s prior written concurrence. State unit costs shall not be used for contract budgeting and/or for evaluation for civil works contracts.
8. 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. No bids shall be rejected at bid opening. A copy of the bid opening minutes shall be promptly provided to all bidders who submitted bids, and to the Association with respect to contracts subject to the Association’s prior review.
9. Rejection of Bids and Re-bidding: No bids shall be rejected solely because they exceed the estimated cost. 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 written concurrence.
10. Bid Evaluation: Evaluation criteria shall be clearly specified in the bidding documents. Evaluation of bids shall be made in strict adherence to the evaluation criteria specified in the bidding documents. All bid evaluation criteria other than price shall be quantifiable in monetary terms. Merit points 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. 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 negotiations shall be

permitted in connection with the bid evaluation or the contract registration process. The format of the bid evaluation report shall be acceptable to the Association.

11. Guarantees: Guarantees shall be in the format specified in the bidding documents. The bid guarantee shall be valid for twenty-eight days (28) beyond the original validity period of the bid, or beyond any period of extension if requested.
12. Contract Modifications: With respect to contracts subject to the Association's prior review, the Recipient shall obtain the Association's no objection before agreeing to: (i) a material extension of the stipulated time for performance of a contract; (ii) any substantial modification of the contract scope of services or other significant changes to the terms and conditions of the contract; (iii) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than 15 percent; or (iv) the proposed termination of the contract. A copy of all contract amendments shall be provided to the Association.
13. Fraud and Corruption: The bidding documents and contract as deemed acceptable by the Association shall include provisions stating the Association's policy to sanction firms or individuals, found to have engaged in fraud and corruption as defined in the Procurement Guidelines.
14. Inspection and Audit Rights: In accordance with 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.



**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, 2021 to and including November 15, 2052	<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. “*Ayil Okmotu*” or “AO” means a local level government body established and operating pursuant to the Recipient’s Law “On Local Self-government and State Administration in the Kyrgyz , No 101 of July 15, 2011 (as amended).
2. “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.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “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).
5. “Community Procurement Handbook” means the Recipient’s document which is part of the Operations Manual setting forth the Community Participation Procedures for implementing the Micro- Projects, acceptable to the Association as the same may be amended from time to time by with the Association’s prior written concurrence.
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. “Environmental Management Framework” or “EMF” means the Recipient’s environmental and social management framework for Part 2 of Project, acceptable to the Association and disclosed on October 8, 2014 setting forth the mitigating, monitoring and institutional measures to be taken during the implementation and operation of said Part of the Project to offset or reduce adverse environmental, natural habitats and cultural property impacts to levels acceptable to the Association, and the guidelines for the preparation and implementation of the EMPs (as hereinafter defined) as such framework may be updated from time to time with the Association’s prior written concurrence.

8. “Environmental Management Plan” or “EMP” means the Recipient’s site-specific environmental management plan, acceptable to the Association to be prepared during the Project implementation in accordance with the EMF for Part 2 of the Project, approved by the Association, describing environmental mitigation, monitoring and institutional measures for any of the activities financed under Part 2 the Project; and “EMPs” means the plural thereof.
9. “Framework Agreement” means an agreement between the Project Implementing Entity and an eligible *Ayil Okmotus* referred to in Section 1.D.1 (b) of Schedule 2 to this Agreement.
10. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
11. “Local Investment Plan” means an investment plan prepared by an eligible *Ayil Okmotu* or eligible *Ayil Okmotus* in accordance with the principles, procedures and eligibility criteria set forth in the OM, consisting of *inter alia* minor construction and rehabilitation of the local infrastructure such as schools, health clinics, bridges and other physical facilities.
12. “Micro-Project” means investments included in a Local Investment Plan and to be financed from the proceeds of a Small Grant under Part 2 (a) (ii) of the Project.
13. “Operating Costs” means the incremental operating expenditures incurred by the Project Implementing Entity on account of the Project implementation, management, monitoring and evaluation, including salaries of contractual staff, Social Charges and expenditures for office rent, office maintenance and office repairs, as well as expenditures for materials and supplies, communication costs, support for information systems, translation costs, bank charges and travel and per diem costs of the Project Implementing Entity’s staff and other reasonable expenditures directly associated with implementation of the Project activities, all based on an annual budget acceptable to the Association, but excluding salaries of officials of the Recipient’s civil service and such other expenditures as may be agreed upon by the Association.
14. “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).
15. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 4, 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 Implementing Entity” means the Recipient’s Community Development and Investment Agency of the Kyrgyz Republic “ARIS”, or its legal successor thereto.
17. “Project Implementing Entity’s Legislation” means the Edict of the President of the Recipient No. 330, dated October 15, 2003, including any amendments thereto or any succeeding legislation, establishing the Project Implementing Entity.
18. “Project Operational Manual” means the manual dated March 2, 2015 prepared by the Project Implementing Entity, satisfactory to the Association and referred to in paragraph 2 of Section II of the Schedule to the Project Agreement, as the same may be amended from time to time with the Association’s prior written concurrence.
19. “Resettlement Action Plan” means site-specific resettlement action plans to be prepared by the Recipient 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.
20. “Resettlement Compensation” means the expenditures incurred in financing the cost of compensating Displaced Persons or project affected persons in accordance with the criteria outlined in the RPF.
21. “Resettlement Policy Framework” or “RPF” means the Recipient’s Framework acceptable to the Association dated December 17, 2014, prepared and adopted by the Recipient and ARIS, said framework 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 for the preparation 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.
22. “Small Grant” means a grant made or proposed to be made to an eligible *Ayil Okmotu* or *Ayil Okmotus*, from the proceeds of the Financing to finance the cost of any given Micro-Project under Part 2 (b) of the Project.
23. “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 staff concerned.

24. “Subsidiary Agreement” means the agreement referred to in Section I.C of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to ARIS.
25. “Sub-Grants” means grants to be made available to an eligible *Ayil Okmotu* or *Ayil Okmotus* from the proceeds of the Financing to finance the cost of any given Sub-project under Part 2(a) of the Project.
26. “Sub-Project” means a sub-project included in a Local Investment Plan and to be financed from the proceeds of a Sub-Grant under Part 2 (a) (i) of the Project.
27. “Training” means expenditures (other than those for consultants’ services) incurred by the Project Implementing Entity in connection with study tours, training courses, seminars, workshops and other training activities, not included under goods or service providers’ contracts, including costs of training materials, space and equipment rental, travel, per diem costs of trainees and trainers and trainers’ fees (as applicable) based on an annual budget satisfactory to the Association.