Project Agreement

(Pasture and Livestock Management Improvement Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

COMMUNITY DEVELOPMENT AND INVESTMENT AGENCY

Dated December 10, 2014
CREDIT NUMBER 5521-KG
GRANT NUMBER H976-KG

PROJECT AGREEMENT

Agreement dated December 10, 2014, entered into between the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and the COMMUNITY DEVELOPMENT AND INVESTMENT AGENCY ("Project Implementing Entity" or "ARIS") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") for the same Project between the Kyrgyz Republic ("Recipient") and the Association. The Association and ARIS 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 the General Conditions.

ARTICLE II — PROJECT

2.01. ARIS declares its commitment to the objectives of the Project. To this end, ARIS shall carry out Parts I A(iii) and (v), Part I.C(iv), Part II.A(i), Part II.B(ii) and (iv) and Part III(ii) of 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 its Respective Parts of the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and ARIS shall otherwise agree, ARIS shall carry out its Respective Parts of 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. ARIS's Representative is the Executive Director.
4.02. The Association’s Address is:

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

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

4.03. ARIS’s Address is:

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

[Signature]  
Authorized Representative

Name: Jean Michel Happi  
Title: Country Manager

COMMUNITY DEVELOPMENT AND INVESTMENT AGENCY

By

[Signature]  
Authorized Representative

Name: Ismailov K.  
Title: Executive Director

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SCHEDULE

Execution of ARIS's Respective Parts of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. ARIS shall implement Parts I.A(iii) and (v), Part I.C(iv), Part II.A(i), Part II.B(ii) and (iv), and Part III(ii) of the Project, in accordance with the provisions of this Agreement and the Project Operational Manual.

2. Except as the Association shall otherwise agree, ARIS shall not amend or waive any provision of the Project Operational Manual.

3. ARIS shall at all times maintain adequate functions, staffing and resources satisfactory to the Association.

4. ARIS shall, within thirty (30) days of the Effective Date, update the software for accounting and financial reporting maintained to meet the requirements of World Bank-financed projects, including the ability to generate interim unaudited financial reports, withdrawal applications, statements of expenditures and annual financial statements.

5. ARIS shall retain a disbursement specialist for the Project within sixty (60) days of the Effective Date.

6. ARIS shall organize the selection of veterinary graduates participating in the Graduate Incentive Program on a competitive basis by a panel comprising representatives from MoAM, the Recipient's Ministry of Education, the Veterinary Chamber, the Kyrgyz National Agrarian University and the State Inspectorate for Veterinary and Phytosanitary Safety under the Government of the Kyrgyz Republic, and taking into account the graduates' academic achievements and tested knowledge of animal disease issues in Central Asia.

B. Anti-Corruption

ARIS shall ensure that its Respective Parts of the Project are carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Sub-Grants

1. ARIS shall make Sub-Grants available to Beneficiaries and shall carry out the Graduate Incentive Program under Part I.A(v), Part I.C(iv), Part II.A(i), and Part II.B(ii) and (iv) of the Project in accordance with eligibility criteria and procedures set forth in the Project Operational Manual and acceptable to the Association.
2. ARIS shall make each Sub-Grant available to a Beneficiary under a Sub-Grant Agreement on terms and conditions agreed by the Association, including those referred to in paragraph 3 below.

3. In each Sub-Grant Agreement, ARIS shall obtain rights adequate to protect its interests and those of the Association, including the right to:

(a) suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-Grant, or obtain a refund of all or any part of the amount of the Sub-Grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Sub-Grant Agreement; and

(b) require each Beneficiary to:

(i) carry out activities under the Sub-Grant 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;

(ii) provide, promptly as needed, the resources required for the purpose of carrying out activities under the Sub-Grant;

(iii) procure the goods, works, non-consulting services and consulting services to be financed out of the Sub-Grant in accordance with the provisions of this Agreement and the Project Operational Manual;

(iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of activities under the Sub-Grant and the achievement of its objectives;

(v) (A) 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-Grant; and

(B) at the Association's or ARIS'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 ARIS and the Association;
(vi) enable ARIS, the Recipient and the Association, to inspect activities under the Sub-Grant, the Sub-Grant's operation and any relevant records and documents; and

(vii) prepare and furnish to ARIS, the Recipient and the Association, all such information as ARIS, the Recipient or the Association shall reasonably request relating to the foregoing.

4. For PUU Sub-Grants implemented pursuant to Part I.A.(v) of the Project, ARIS shall require that any PUU receiving a PUU Sub-Grant has:

(a) a community-based pasture management plan approved by its Aiyler Kenesh after he approval by the Pasture Department; and

(b) agreed in the Sub-Grant Agreement to contribute a minimum of twenty-five percent (25%) percent of the total value of the micro-project, including five percent (5%) percent in cash.

5. For PUU Sub-Grants implemented pursuant to Part I.C.(iv) of the Project, ARIS shall require that:

(a) no Sub-Grant exceeds the equivalent of ten thousand Dollars ($10,000); and

(b) any PUU receiving a PUU Sub-Grant has:

(i) entered into an agreement with the relevant Forestry Enterprise, satisfactory to the Association;

(ii) prepared a community-based pasture management plan approved by its Forestry Enterprise, Aiyler Kenesh, the Pasture Department, and SAEFP and acceptable to the Association; and

(iii) agreed in the Sub-Grant Agreement to contribute a minimum of twenty-five percent (25%) percent of the total value of the micro-project, including five percent (5%) percent in cash.

6. For PUU Sub-Grants implemented pursuant to Part II.A.(i) of the Project, ARIS shall require that:

(a) no Sub-Grant exceeds the equivalent of one thousand four hundred Dollars ($1,400); and

(b) the PUU Sub-Grant is used only for contracting the services of private veterinarians selected by the PUU.

7. For Private Veterinarians Sub-Grants implemented pursuant to Part II.B.(ii) of the Project, ARIS shall require that:

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(a) no Sub-Grant exceeds the equivalent of one thousand five hundred Dollars ($1,500); and

(b) Beneficiaries receiving a Private Veterinarians Sub-Grant:

(i) are registered with the Veterinary Chamber;

(ii) are members of a registered rayon association;

(iii) have been contracted by a PUU to provide veterinary services; and

(iv) have been nominated by a PUU, had their eligibility reviewed by the Veterinary Chamber, and have been endorsed by the State Inspectorate for Veterinary and Phytosanitary and Safety under the Government of the Kyrgyz Republic.

8. For the Graduate Incentive Program implemented pursuant to Part II.B.(iv) of the Project, ARIS shall provide no more than the equivalent of one thousand Dollars ($1,000) in veterinary equipment and medicine to each veterinary graduate.

9. ARIS shall exercise its rights under each Sub-Grant Agreement in such manner as to protect its interests and those of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, ARIS shall not assign, amend, abrogate or waive any Sub-Grant Agreement or any of its provisions.

D. Safeguards

1. ARIS shall:

(a) carry out the Parts I.A(iii) and (v), Part I.C(iv), Part II.A(i), Part II.B(ii) and (iv), and Part III(ii) of the Project, in accordance with the provisions of the Pest Management Framework and Environmental and Social Management Plan; and

(b) prior to commencement of any works through Sub-Grants under Part I.A(v), Part I.C(iv), Part II.A(i), and Part II.B(ii) of the Project, prepare and implement a Site-Specific ESMP in accordance with PMF, ESMP, and the Project Operational Manual.

2. ARIS shall not undertake any activities that involve involuntary land acquisition or resettlement of people or loss of assets or income.

3. ARIS shall, prior to approval of any PUU Sub-grants which involve temporary or permanent acquisition of privately-owned land, require the respective PUU to provide satisfactory evidence that: (i) the terms of land acquisition have been properly negotiated
with the land owner; and (ii) adequate contractual arrangements have been entered into between the parties.
Section II.  Project Monitoring, Reporting and Evaluation

A.  Project Reports

1.  ARIS shall monitor and evaluate the progress of its Respective Parts of the Project and prepare Project Reports for its Respective Parts of the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association. Each such Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the APIU for consolidation with APIU’s Project Reports not later than thirty (30) days after the end of the period covered by such report.

2.  ARIS shall provide to the Recipient not later than three (3) months after 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.  ARIS 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 ARIS, including the operations, resources and expenditures related to its Respective Parts of the Project.

2.  ARIS shall have the Financial Statements 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 Recipient, commencing with the fiscal year in which the first withdrawal was made. The consolidated audited Financial Statements for each period shall be furnished to the Association not later than six (6) months after the end of the period.

3.  Without limitation on the provisions of Part A of this Section, ARIS shall prepare and furnish to the Recipient as part of the Project Report not later than thirty (30) 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.

Section III.  Procurement

All goods, works, non-consulting services and 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.