Project Agreement

(Sustainable Rural Water Supply and Sanitation Development Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

COMMUNITY DEVELOPMENT AND INVESTMENT AGENCY

Dated October 26, 2016
PROJECT AGREEMENT

Agreement dated October 26, 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 the General Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives 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:  Facsimile:  
248423(MCI)  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: 

[Signature]

Authorized Representative

Name: Jean-Michel Heppi
Title: Country Manager

COMMUNITY DEVELOPMENT AND INVESTMENT AGENCY

By: 

[Signature]

Authorized Representative

Name: Kubanyaebek Ismailov
Title: Executive Director
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. The Project Implementing Entity shall:

(a) maintain, throughout implementation of the Project, staff with experience, qualifications, responsibilities and resources satisfactory to the Association and adequate for successful implementation of the Project;

(b) liaise with DDWSWDD to receive policy guidance and to coordinate Project management, monitoring and evaluation activities; and ensure that DDWSWDD is represented on the tender committees of the Project; and

(c) liaise with the Recipient’s Ministry of Finance to review and approve Annual Work Plans and Budgets for the Project.

B. Anti-Corruption

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

C. Project Operational Manual

1. The Project Implementing Entity shall implement the Project in accordance with the Project Operational Manual to be adopted pursuant to Section 5.01(b) of the Financing Agreement, and setting forth rules, methods, guidelines and procedures for the carrying out of the Project, including, inter alia: (i) detailed description of the Project and institutional arrangements for its implementation; (ii) monitoring, evaluation, reporting, and governance procedures for the Project; (iii) disbursement, financial management, auditing and safeguards procedures for the Project; and (iv) procurement rules, procedures, and standard bidding documents for the Project.

2. In the event that any provision of the Project Operational Manual shall conflict with any provision of the Financing Agreement or Project Agreement, the provisions of the Financing Agreement or Project Agreement shall prevail. The Project Implementing Entity shall not amend the Project Operational Manual without the Association’s prior written approval.
D. Safeguards

1. The Project Implementing Entity shall implement the Project in accordance with the relevant Safeguards Instruments, and, to that end, shall:

(a) if any activity under the Project would require the adoption of any Supplemental Social and Environmental Safeguard Instrument:

   (i) (A) prepare such Supplemental Social and Environmental Safeguard Instrument in accordance with ESMF and RPF; (B) furnish such Supplemental Social and Environmental Safeguard Instrument to the Association for review and approval; and (C) thereafter adopt such Supplemental Social and Environmental Safeguard Instrument, acceptable to the Association, prior to implementation of the activity; and

   (ii) thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such Supplemental Social and Environmental Safeguard Instrument;

(b) if any activity under the Project would involve Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before resettlement measures under the respective Supplemental Social and Environmental Safeguard Instrument, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, have been implemented.

2. Without limitation to the provisions of paragraph 1 above, prior to contracting of works for each proposed site within the Participating Rural Communities, the Project Implementing Entity shall: (a) submit to the Association for its prior approval: (i) the proposed design and site for said works and, where required by the respective Safeguard Instrument or local legislation, as applicable, any related environmental licenses and permits; and (ii) the proposed contract for said works to ensure that the provisions of the respective Supplemental Social and Environmental Safeguard Instrument are adequately included in said contract; and (b) ensure that such works are carried out in accordance with the respective Safeguard Instrument.

3. The Project Implementing Entity shall ensure that no works on a specific site within the Participating Rural Communities requiring resettlement and/or land acquisition are commenced until the respective Supplemental Social and Environmental Safeguard Instrument for said site is fully implemented.
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 the 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 than one month 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.

4. Within thirty (30) days of Effective Date, the Project Implementing Entity, shall modify its existing accounting software for the Project related accounting and financial reporting purposes, with the capacity to, *inter alia*, generate interim unaudited financial reports, statement of expenditures, withdrawal applications and annual financial statements, in a manner acceptable to the Association.
Section III.  **Procurement**

All goods, works and 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.