Project Agreement

(Heat Supply Improvement Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

COMMUNITY DEVELOPMENT AND INVESTMENT AGENCY
KYRGYZ REPUBLIC
PROJECT AGREEMENT

Agreement between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and COMMUNITY DEVELOPMENT AND INVESTMENT AGENCY KYRGYZ REPUBLIC (“Project Implementing Entity” or “ARIS”) (“Project Agreement”) in connection with: (i) the Financing Agreement (“Financing Agreement”) between the KYRGYZ REPUBLIC (“Recipient”) and the Association and the Project Agreement between the Association and BISHKEKTEPLOSET OPEN JOINT STOCK COMPANY (“BTS”), both of the Signature Date. 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) apply to and form 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 objective of the Project. To this end, the Project Implementing Entity shall carry out Parts B and C of the Project in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and shall provide promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Project.

ARTICLE III — TERMINATION

3.01. For purposes of Section 10.04 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the Signature Date.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is its Executive Director.

4.02. For purposes of Section 11.01 of the General Conditions:
(a) the Association's address is:

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

(b) the Association's Electronic Address is:

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

4.03. For purposes of Section 11.01 of the General Conditions:

(a) the Project Implementing Entity’s address is:

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

(b) the Project Implementing Entity’s Electronic Address is:

Facsimile: 996-312-624-748  
E-mail: office@aris.kg
AGREED, as of the latest of the two dates written below.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

A. Боронов
Authorized Representative

Name: Belormaa Argaabazar
Title: Country Manager
Date: 11/11/2018

COMMUNITY DEVELOPMENT AND INVESTMENT AGENCY KYRGYZ REPUBLIC

By

Authorized Representative

Name: Arstanbek Muktarov
Title: Executive Director
Date: 1/16/2018
SCHEDULE

Execution of the Project Implementing Entity’s Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall carry out its Respective Part of the Project in accordance with this Agreement, the Financing Agreement, the ARIS Subsidiary Agreement and ARIS Project Operational Manual.

2. The Project Implementing Entity shall:

   (a) (i) prepare and adopt the ARIS Project Operational Manual pursuant to Section 5.01 (d) of the Financing Agreement, satisfactory to the Association, and setting out, inter alia, the institutional, disbursement, procurement, financial management (including Project-related internal control, budgeting, external auditing, financial reporting and accounting policies and procedures) and environmental and social institutional safeguard arrangements for the implementation of the Project; and
   (ii) carry out its Respective Part of the Project in accordance with the ARIS Project Operational Manual; and

   (b) not amend, suspend, repeal or waive any of the provisions of the ARIS Project Operational Manual without the Association’s prior written agreement. In case of any discrepancy between the provisions of the ARIS Project Operational Manual and those of the Financing Agreement, the provisions of the Financing Agreement shall prevail.

3. The Project Implementing Entity shall, not later than thirty (30) days from the Effective Date, strengthen the capacity of the ARIS Project Implementation Unit and thereafter maintain it during the entire Project implementation period with the staff, functions, terms of references and resources acceptable to the Association, and as further described in the ARIS Project Operational Manual.

4. To facilitate the carrying out of Part B of the Project, the Project Implementing Entity shall conclude a memorandum of understanding with each pilot rayon administration involved in the Project and user agreements with each eligible household, all in accordance with provisions of the ARIS Project Operational Manual and under terms and conditions acceptable to the Association.

5. To facilitate the carrying out of Part C of the Project, the Project Implementing Entity shall: (i) select public buildings for the purposes of Part C.1 of the Project in accordance with the eligibility and selection criteria and processes detailed in
the ARIS Project Operational Manual; and (ii) conclude a memorandum of understanding with the responsible public administration and the building administration, stipulating the terms and conditions for energy efficiency investments for each selected public building.

B. **Annual Work Plans**

The Project Implementing Entity shall:

(a) prepare, in accordance with the terms of reference acceptable to the Association, and furnish to the Association not later than December 1 of each calendar year during the implementation of the Project, a work plan containing all activities proposed for inclusion in the Project under its Respective Part of the Project for the next calendar year, including: (a) a detailed timetable for the sequencing and implementation of the proposed Project activities; (b) the types of expenditures required for such activities and a proposed financing plan (including the necessary funds and resources to be provided by the Recipient for such expenditures); (c) any training activities that may be required under its Respective Part of the Project; and (d) the reference to each Safeguard Instrument applicable to said activities in accordance with the provisions of Section I.D of Schedule 2 to the Financing Agreement and the proposed approach to ensure preparation and implementation of said Safeguard Instrument during the relevant year.

(b) afford the Association a reasonable opportunity to provide its views on each such proposed work plan; and, thereafter ensure that its Respective Part of the Project is implemented with due diligence during said following calendar year in accordance with such work plan as shall have been approved by the Association.

(c) not make any material change to the approved Annual Work Plan without prior approval in writing by the Association.

C. **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 for its Respective Part of the Project in accordance with ESMF and/or 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. The Project Implementing Entity shall ensure that no works on a specific site under its Respective Part of the Project requiring resettlement and/or land acquisition are commenced until the respective Supplemental Social and Environmental Safeguard Instrument for said site is fully implemented.

3. The Project Implementing Entity shall not amend, suspend or waive any provision of Safeguard Instruments without the prior written approval of the Association.

4. The Project Implementing Entity shall:

(a) ensure that stove design and stove producers selected for the purposes of Part B of the Project comply with the eligibility criteria, including environmental requirements, set forth in the ARIS Project Operational Manual and ESMF;

(b) prior to commencing the activities under Part B of the Project, make necessary arrangements for the sustainable dismantling and the disposal of old stoves in compliance with the ARIS Project Operational Manual and ESMF; and

(c) include a Safety Checklist in the acceptance protocols to be developed for delivered stoves.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 5.08 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 than one (1) 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 after the Closing Date, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

3. The Project Implementing Entity shall be responsible for: (i) the consolidation all Project annual financial statements, based on inputs provided by BTS for its Respective Part of the Project; and (ii) carrying out the Project audits.

4. The Project Implementing Entity shall, not later than two (2) months from the Effective Date, develop a Project cycle database for Part B of the Project in order to track the implementation status and progress, including with regards to registered eligible households and respective household contributions, selected stove suppliers/products and related payments, as well as the stove installation progress and related payments.

Section III. Procurement

All goods, works and services required for the Project Implementing Entity’s Respective Part of 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.