Project Agreement

(Ulaanbaatar Clean Air Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

MUNICIPALITY OF ULAANBAATAR

Dated April 4, 2012
PROJECT AGREEMENT

AGREEMENT dated April 4, 2012, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and MUNICIPALITY OF ULAANBAATAR ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between Mongolia ("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 Governor.

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. The Project Implementing Entity’s Address is:

Municipality of Ulaanbaatar
Governor Office of the Capital City
Sukhbaatar Square-11
Ulaanbaatar-46
Mongolia

Facsimile:

976 11 327199
AGREED at Washington, D.C., United States of America, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION
By

Authorized Representative

Name: Carolie Ceppers
Title: Country Manager

AGREED at Ulaanbaatar, Mongolia, as of the day and year first above written.

MUNICIPALITY OF ULAANBAATAR
By

Authorized Representative

Name: D. GANBOLD
Title: Vice Mayor
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall maintain, throughout the period of Project implementation, a Steering Committee, provided with sufficient resources, under terms of reference satisfactory to the Association, chaired by the Vice Mayor, Municipality of Ulaanbaatar, and including such other members with adequate qualifications as are acceptable to the Association, and which shall be responsible for oversight and providing strategic guidance to the Project.

2. The Project Implementing Entity shall maintain, throughout the period of Project implementation, the Project Management Unit, with adequate staffing and under terms of reference satisfactory to the Association, and which shall be responsible for Project implementation, including overall Project management, procurement, financial management, monitoring, evaluation, and reporting.

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. Subsidies

Except as the Association may otherwise agree, the Project Implementing Entity shall provide capital subsidies to eligible households for the purchase of eligible stoves and low pressure boilers from eligible stove and low pressure boiler producers and suppliers under Part A of the Project on terms and conditions satisfactory to the Association, including those set forth in the Operations Manual.

D. Safeguards

1. The Project Implementing Entity shall:

(a) carry out the Project in accordance with the Safeguards Report and any Environmental Management Plan or other safeguards document, and, for this purpose, ensure that the terms of reference for the feasibility studies and the development of the city greening pilot under the Project are prepared in accordance with the Safeguards Report and are satisfactory to the Association; and
(b) not assign, amend, abrogate or waive, nor permit to be assigned, amended, abrogated or waived, the Safeguards Report or any Environmental Management Plan or other safeguards document, without the prior written approval of the Association.

2. Whenever required pursuant to the terms of the Safeguards Report, the Project Implementing Entity shall, for purposes of the Project and prior to the implementation of the city greening pilot under the Project, have an Environmental Management Plan or other safeguards document:

(a) prepared in form and substance satisfactory to the Association;

(b) except as the Association may otherwise agree in writing, submitted to the Association for its review and approval; and

(c) thereafter, adopted and locally disclosed.

3. Without limitation on the provisions of Section II.A.1(a) of this Schedule, the Project Implementing Entity shall take all measures necessary on its part to regularly collect, compile, and submit to the Association, as part of the Project Reports, information on the status of compliance with the Safeguards Report and any Environmental Management Plan or other safeguards document.


1. The Project Implementing Entity shall:

(a) carry out the Project in accordance with the Operations Manual and the Institutional Manual; and

(b) not assign, amend, abrogate or waive, or permit to be assigned, amended, abrogated, or waived, the Operations Manual and the Institutional Manual without the prior written approval of the Association.

2. In the event of any conflict between the provisions of the Operations Manual or the provisions of the Institutional Manual and those of the Financing Agreement and this Agreement, the latter shall prevail.

F. Management Fee

The Project Implementing Entity shall cause the Project Management Unit to:

(a) prepare an annual budget for its operations to determine the Management Fee; and
not later than October 31 of each year, submit such budget to the Steering Committee and the Ministry of Finance for review and approval, including approval of the Management Fee for the relevant period, and for the Association's non-objection.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) 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 set forth below in subparagraph (b) of this paragraph. Except as the Association may otherwise agree, each such Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than thirty (30) days 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.

(b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

(i) coverage of targeted households with eligible stoves;

(ii) approval by relevant counterparts of principal recommendations and action plans developed by the Project Implementing Entity for selected medium-term abatement measures; and

(iii) inter-agency and donor coordination mechanism for air pollution abatement measures developed and functioning.

2. The Project Implementing Entity shall provide to the Recipient not later than two (2) 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. 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 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 (1) 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 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.