Project Agreement

(Central Asia South Asia Electricity Transmission and Trade Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

NATIONAL ELECTRIC GRID OF KYRGYZSTAN

Dated May 8, 2015
PROJECT AGREEMENT

Agreement dated May 8, 2015, entered into between the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and the NATIONAL ELECTRIC GRID OF KYRGYZSTAN ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") for the said Project between the KYRGYZ REPUBLIC ("Recipient" or "Kyrgyzstan") 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 the Recipient’s territory, in accordance with the provisions of Article IV of the General Conditions.

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 the Recipient’s territory 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 the signing of this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is NEGK’s Director General.
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:

National Electric Grid of Kyrgyzstan
Zhibek Zholu St., 326
Bishkek, Kyrgyz Republic

Telephone:
+996 312 661 001
AGREED at Istanbul, Republic of Turkey, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Gulmira Sultanova

Title: Operations Officer

NATIONAL ELECTRIC GRID OF KYRGYZSTAN

By

Authorized Representative

Name: M. Aitkeulov

Title: General Director
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall maintain, until the completion of the Project, a project implementation unit to coordinate the overall carrying out of the Project within the Recipient's territory.

2. The Project Implementing Entity shall not amend the Project Implementing Entity's Legislation without prior approval by the Association.

3. The Project Implementing Entity shall not take any actions to modify the legal character, ownership, control, or structure of the Project Implementing Entity that might adversely affect the implementation of the Project, without the prior consent of the Association.

4. The Project Implementing Entity shall: (a) take all actions, including ensuring the provision of funds, facilities, services, and other resources, necessary or appropriate for the carrying out of the Project; and (b) not take or permit to be taken any action which would prevent or interfere with the carrying out of the Project.

B. Project Covenants

1. The Project Implementing Entity shall sign a contract or contracts for the HVAC transmission line under Part A.3 of the Project by no later than December 31, 2015.

2. The Project Implementing Entity shall sign a contract for operations and maintenance of the Project infrastructure by no later than June 30, 2016.

3. The Project Implementing shall ensure that the Core Commercial Agreements to which it is a party are executed and have become effective by the date that is twelve (12) months after the Effective Date.

4. The Project Implementing Entity shall not amend, suspend, abrogate or waive any of the Core Construction Agreements or Core Commercial Agreements to which it is a party in a manner that would affect materially and adversely the carrying out of the Project.

5. Not later than twelve (12) months after the Effective Date, the Project Implementing Entity shall adopt and implement the Revenue Management Program. Except as the Association shall otherwise agree, the Project
Implementing Entity shall not amend, suspend, abrogate or waive the Revenue Management Program or any of its provisions.

C. Anti-Corruption

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

D. Safeguards

1. The Project Implementing Entity shall:

(a) carry out the Project in accordance with the Safeguards Instruments, including each EMP and RAP to be prepared pursuant to paragraph 2 of this Sub-Section;

(b) refrain from taking any action, or consenting to an action to be taken, which would prevent or interfere with the implementation of the Safeguards Instruments, including any amendment, suspension, waiver, and/or voidance of any provision thereof, whether in whole or in part, without the prior written concurrence of the Association; and

(c) promptly and timely provide the financial resources required for the carrying out of the measures stipulated in the Safeguards Instruments.

2. The Project Implementing Entity shall:

(a) prior to commencing any activity under the Project:

(i) prepare: (A) the country-specific ESIA for the Project activities to be undertaken in the Recipient’s territory, in accordance with the guidelines, standards and procedures set forth in the REA; (B) each EMP, required by and consistent with the REA and the ESIA; and (C) each RAP required by and consistent with the RFF;

(ii) have the ESIA and each EMP and RAP furnished to the Association for its prior review and approval; and

(iii) adopt and disclose, as approved by the Association, the ESIA and each EMP and RAP in a manner acceptable to the Association;

(b) thereafter take such measures as shall be necessary to ensure compliance with the requirements of the ESIA and each EMP and RAP; and

(c) in the case of any activity under the Project involving Displaced Persons, ensure that no displacement or loss of income sources or means of
livelihood, whether or not the affected persons are displaced, shall occur before necessary resettlement measures consistent with the RAP applicable to such activity have been executed, including, in the case of displacement, full payment to Displaced Persons of compensation and of other assistance required for relocation, prior to displacement.

3. The Project Implementing Entity shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESIA, EMPs or RAPs, unless the Association has provided its prior approval thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

4. Without limitation upon its other reporting obligations under this Agreement, every three (3) months, the Project Implementing Entity shall collect, compile and furnish, as part of the Project Report, reports on the status of compliance with the Safeguards Instruments giving details on:

   (a) the measures taken in furtherance of the Safeguards Instruments;

   (b) the conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments; and

   (c) remedial measures taken or required to be taken to address such conditions.

5. The Project Implementing Entity shall ensure that each contract procured under the Project includes the obligation of the relevant contractor to comply with the relevant Safeguards Instruments applicable to the respective activities commissioned/awarded pursuant to said contract.

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 indicators acceptable to the Association. Each such Project Report shall cover the period of one calendar quarter, 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. Notwithstanding the provisions of paragraph 1 above, the Project Implementing Entity shall:

   (a) commencing for the calendar quarter that includes the date six (6) months after the Effective Date, prepare and submit to the Recipient, for forwarding to the IGC and the Association, Implementation Reports for
each quarter in form and substance satisfactory to the Association, which shall include recommended actions to ensure timely implementation of specific targets and milestones relating to the Project; and

(b) thereafter carry out specific actions and recommendations, as agreed with the Recipient, the Association and IGC respectively.

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 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, non-consulting services and consultants' 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.