

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 4668-KG
GRANT NUMBER H534-KG

Project Agreement

(Additional Financing for Energy Emergency Assistance Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

POWER PLANTS COMPANY OF THE KYRGYZ REPUBLIC

Dated February 1, 2010

**CREDIT NUMBER 4668-KG
GRANT NUMBER H534-KG**

PROJECT AGREEMENT

Agreement dated February 1, 2010, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and POWER PLANTS COMPANY OF THE KYRGYZ REPUBLIC (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement for additional financing for the Original Project (“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 years after the date of this Agreement.

ARTICLE IV - REPRESENTATIVE; ADDRESSES

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

4.02. The Association's Address is:

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423(MCI)	1-202-477-6391

4.03. The Project Implementing Entity's Address is:

Joint Stock Company (JSC) Electric Power Plants
326, Jibek Jolu Avenue
720070, Bishkek
Kyrgyz Republic

Phone:	Facsimile:
+996-312-661101	+996-312-663409

AGREED at Bishkek, Kyrgyz Republic, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Roger J. Robinson

Authorized Representative

POWER PLANTS COMPANY OF THE KYRGYZ REPUBLIC

By /s/ Sapar Balkibekov

Authorized Representative

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall implement the Project in accordance with the provisions of the Project Operational Manual.

2. Except as the Association shall otherwise agree, the Project Implementing Entity shall not amend or waive any provision of the Project Operational Manual, if, in the opinion of the Association, such amendment or waiver may materially or adversely affect the carrying out of the Project or the achievement of the Project objectives.

3. The Project Implementing Entity shall maintain adequate functions, staffing and resources, satisfactory to the Association, for the overall purpose of carrying out the Project.

4. The Project Implementing Entity shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Association, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, by April 15, 2010, or such later date as the Association and the Project Implementing Entity shall agree, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association, by April 30, 2010, or such later date as the Association and the Project Implementing Entity shall agree, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

B. Subsidiary Agreement

The Project Implementing Entity shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive the Subsidiary Agreement 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

The Project Implementing Entity shall: (i) take all action relating to the carrying out of the Project, including the preparation and submission of an Environmental Management Plan acceptable to the Association; (ii) carry out the Project in accordance with the provisions of the Environmental Management Plan; and (iii) not take or permit to be taken any action which would prevent or interfere with the carrying out of the Project.

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 agreed with the Association. Each such Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later forty-five (45) days after the end of the period covered by such report.

2. The Project Implementing Entity 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. 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 the financial statements of the Project, referred to above, audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. The audited financial statements shall be furnished by the Project Implementing Agency to the Association not later than six (6) months after the reporting period agreed with the Association.

3. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity shall prepare and furnish to the Association as part of the Project Report 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.

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.