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**CREDIT NUMBER 4777-MN**

# **Project Agreement**

**(Multi-Sectoral Technical Assistance Project)**

**between**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**and**

**BANK OF MONGOLIA**

**Dated August 4, 2010**

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## **PROJECT AGREEMENT**

AGREEMENT dated August 4, 2010, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and BANK OF MONGOLIA (“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 Part C of 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 its Respective Part of 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 its Respective Part of 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 Governor and/or First Deputy Governor of the Bank of Mongolia.
- 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:

Bank of Mongolia  
Baga Toiruu 9  
Ulaanbaatar -46  
Mongolia

Facsimile:  
  
976-11-311471

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Arshad M. Sayed  
Authorized Representative

BANK OF MONGOLIA

By /s/ B. Javkhlan,  
Authorized Representative

## **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:
  - (a) appoint the First Deputy Governor, and maintain him/her throughout the period of Project Implementation, as its delegate to the Project Steering Committee to ensure proper policy guidance and general oversight of the Project, inter-ministerial/inter-agency coordination of Project activities, and the Project's close monitoring and evaluation; and
  - (b) establish, and thereafter maintain throughout the period of Project implementation, a Technical Working Group, vested with the responsibility of handling the day-to-day technical aspects of its Respective Part of the Project (other than the fiduciary responsibilities assigned to the PMU); which group shall be comprised of experienced and qualified technical staff, in sufficient numbers and under terms of reference satisfactory to the Association, and granted with necessary powers, functions and resources required for providing technical guidance for: (i) carrying out the planning and strategic sequencing of Project activities, and developing terms of reference and technical specifications therefor; (ii) managing contract and monitoring performance therefor; (iii) monitoring and supervising Project activities under Part C of the Project; and (iv) preparing Project Reports for submission to the Project Management Unit, the PSC and the Association.
2. The Project Implementing Entity shall:
  - (a) adopt, and implement its Respective Part of the Project pursuant to, the Project Implementation Manual; and
  - (b) not amend, suspend, waive, cancel or abrogate, whether in whole or in part, any of said manual, without the prior written concurrence of the Association.
3. The Project Implementing Entity shall:

- (a) prepare, by no later than September 15 each year, commencing on September 15, 2010, and furnish to the PSC and the Association for review and concurrence, a draft Annual Implementation Plan for the following Fiscal Year, which plan shall identify Project activities under its Respective Part of the Project by sub-components, detailing their related expenditures and financing sources; and
- (b) thereafter, implement the Project activities during the respective Fiscal Year pursuant to such plan as so discussed with, and agreed by, the Project Steering Committee and the Association.

**B. Anti-Corruption**

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

**Section II. Project Reports**

1. (a) 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 4.08 of the General Conditions and on the basis of the indicators set forth below in subparagraph (b) of this paragraph. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient 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, namely, that, by the Closing Date, BOM has successfully caused the completion of the restructuring of those systemic banks which have failed to meet the adjusted risk-based capital adequacy ratio as of the date to be determined by the BOM for the purpose of implementing the comprehensive bank restructuring strategy to be submitted to the Parliament, and has prepared, adopted and implemented new improved prudential regulations.
2. The Project Implementing Entity shall provide to the Recipient not later than five (5) 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.

**Section III. Procurement**

All goods 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 by the Project Management Unit in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.