Project Agreement

(Tax Administration and Statistical System Modernization Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE TAX SERVICE UNDER THE GOVERNMENT OF KYRGYZ REPUBLIC
PROJECT AGREEMENT

AGREEMENT between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and STATE TAX SERVICE UNDER THE GOVERNMENT OF KYRGYZ REPUBLIC ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of the Signature Date between the KYRGYZ REPUBLIC ("Recipient") and the Association, concerning Credit No. 6546-KG and Grant No. D566-KG. 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 objectives of the Project. To this end, the Project Implementing Entity shall carry out Parts 1, 2 and 5 (i) 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 10.05 (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 Chairman.

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: Facsimile:
248423(MCI) or 1-202-477-6391
4.03. For purposes of Section 11.01 of the General Conditions: (a) the Project Implementing Entity's address is:

219 Chui Avenue
720001 Bishkek; and

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

Telex: Facsimile: E-mail:
996 312 612886 996 312 610117 info@sti.gov.kg
AGREED as of the later of the two dates written below.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]
Authorized Representative

Name: Bolormaa Amgadzare
Title: Country Manager
Date: April 28, 2020

STATE TAX SERVICE

By

[Signature]
Authorized Representative

Name: K. Abdaliev
Title: Chairman
Date: April 29, 2020
SCHEDULE

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

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. For the purposes of overall management, implementation and coordination of its Respective Parts of the Project, the Project Implementing Entity shall maintain the PMU until completion of the Project with staff, resources and terms of reference satisfactory to the Association, and as further described in the POM.

2. Notwithstanding the provisions of Section I.A.1 immediately above, the Project Implementing Entities shall hire, not later than three (3) months from Effective Date, a disbursement specialist, a procurement specialist, an office manager/translator and a M&E specialist, all with terms of reference and qualifications acceptable to the Association and as further described in the POM.

3. The Project Implementing Entity shall: (a) carry out the Project in accordance with the Project Operational Manual, satisfactory to the Association, and setting out, inter alia, the institutional, disbursement, procurement and financial management (including Project-related internal control, budgeting, external auditing, financial reporting and accounting policies and procedures) arrangements for the implementation of the Project; and (b) not amend, suspend, repeal or waive any of the provisions of the Project Operational Manual without the Association’s prior written agreement. In case of any discrepancy between the provisions of the Project Operational Manual and those of this Agreement, the provisions of this Agreement shall prevail.

4. Without limitation on the provisions of paragraph 1 immediately above, the Project Implementing Entity shall not later than sixty (60) days from the Effective Date, install or update, as necessary, an accounting software capable to support the Association’s and the Project Implementing Entities’ reporting and accounting requirements; all of the above in accordance with terms of reference acceptable to the Association.

B. Annual Work Plan and Budget

1. The Project Implementing Entity shall prepare and furnish to the Association not later than December 31 in each calendar year, for the Association’s consideration, a proposed work plan of activities proposed for inclusion in the Project for the following calendar year, containing: (a) a detailed timetable for the sequencing and implementation of 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 the Project; and (d) the reference to implementation of said activities in accordance with the provisions of Section I.C of this Schedule 2.
2. The Project Implementing Entity shall afford the Association a reasonable opportunity to review such proposed plan and budget, and thereafter shall ensure that the Project is implemented with due diligence and efficiency in accordance with such work plan and budget as shall have been approved by the Association ("Annual Work Plan and Budget").

C. Environmental and Social Standards.

1. The Project Implementing Entity shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.

2. Without limitation upon paragraph 1 above, the Project Implementing Entity shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Association. To this end, the Project Implementing Entity shall ensure that:

   (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and as further specified in the ESCP;

   (b) sufficient funds are available to cover the costs of implementing the ESCP;

   (c) policies, procedures and qualified staff are maintained to enable it to implement the ESCP, as further specified in the ESCP; and

   (d) the ESCP or any provision thereof, is not amended, revised or waived, except as the Association shall otherwise agree in writing and the Project Implementing Entity has, thereafter, disclosed the revised ESCP.

In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The Project Implementing Entity shall:

   (a) take all measures necessary on its part to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the management tools and instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

   (b) promptly notify the Association of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the instruments referenced therein and the Environmental and Social Standards.
4. The Project Implementing Entity shall maintain and publicize the availability of a grievance mechanism, in form and substance satisfactory to the Association, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports.

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 (b) of the General Conditions and on the basis of the 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 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.