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**CREDIT NUMBERS 3971-GH, 3971-1-GH and 4566-GH**

# **Project Agreement**

**(Small Towns Water Supply and Sanitation Project)**

**between**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**and**

**COMMUNITY WATER AND SANITATION AGENCY**

**Dated August 14, 2009**

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**CREDIT NUMBERS 3971-GH, 3971-1-GH and 4566-GH**

**PROJECT AGREEMENT**

Agreement dated August 14, 2009, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and COMMUNITY WATER AND SANITATION AGENCY (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement Amending and Restating the Development Credit Agreement (“Financing Agreement”) of same date between the Republic of Ghana (“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 and the Program. 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 as well as the provisions of Schedule 2 to the Financing 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 Chief Executive.

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:

Private Mail Bag  
Kotoka International Airport  
Accra  
Ghana

Facsimile:  
23321 779475

AGREED at Accra, Republic of Ghana, as of the day and year first above written.

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By /s/ Ishac Diwan**

**Authorized Representative**

**COMMUNITY WATER AND SANITATION AGENCY**

**By /s/ Gyau Boakye**

**Authorized Representative**

## SCHEDULE

### Execution of the Project

#### Section I. Implementation Arrangements

##### A. CWSA

The Project Implementing Entity shall be responsible for providing overall guidance and for promoting, facilitating, supervising, monitoring, evaluating, and reporting on all Project activities. The Project Implementing Entity shall carry out Parts B(3) and C of the Project directly through its own agents and staff.

##### B. Project Operational Manual

The Project Implementing Entity shall carry out the Project in accordance with the arrangements and procedures set out in the Project Operational Manual (provided, however, that in case of any conflict between the arrangements and procedures of the POM and the provisions of this Agreement, the provisions of this Agreement shall prevail) and, except as the Association and the Recipient shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive any provision thereof.

##### C. Environmental and Social Safeguards

1. In order to ensure the safety of any dams to be constructed or rehabilitated under the Project, the Project Implementing Entity shall ensure:
  - (a) that engineering experts, with qualifications, experience, terms of reference and resources acceptable to the Association, remain responsible for reviewing the adequacy of the design and construction of said dam and its associated structures, and for inspecting said dam and structures periodically following the construction thereof.
  - (b) that said engineering experts shall, on the basis of guidelines acceptable to the Association: (i) undertake periodic reviews of said dam and its associated structures and their design, throughout the period of design and construction thereof; (ii) prepare and furnish to the Association upon completion of each said review, a report on the results of said review, together with any proposed changes to be introduced in the design or construction of said dam or its associated structures; and (iii) promptly introduce such changes, taking into account the comments of the Association on the matter.
  - (c) with the assistance of independent engineering experts whose qualifications and experience shall be acceptable to the Association, that: (i) said dam (including waterways, earthworks and reservoir banks) and its associated structures shall be periodically inspected, in accordance with sound engineering and dam safety

practices and under arrangements acceptable to the Association, in order to identify any deficiencies in the condition of said dam and its associated structures, or in the quality and adequacy of their maintenance or methods of operation, which may endanger their safety; (ii) the results of each such inspection, together with the recommendations of said engineering experts based on said inspection, shall be furnished to the Association promptly upon the completion of such inspection; and (iii) all necessary repairs of said dam and its associated structures, modifications to the maintenance or method of operation of the same and other measures based on said recommendations and the comments of the Association thereon shall be promptly taken in order to rectify any such deficiencies; and

- (d) to this end, prepare a program for the appropriate maintenance, operation and inspection of said dam and its associated structures, and promptly furnish the same to the Association and thereafter, promptly implement said program and arrangements, taking into account the Association's views on the matter.
4. CWSA shall ensure that, prior to commencing work on any community infrastructure and prior to any displacement of any Affected Persons from such works:
- (a) all necessary land and other property is acquired and compensation and resettlement for such works is undertaken in accordance with the principles and institutional procedures established in the Resettlement Policy Framework;
  - (b) the Affected Persons are compensated, resettled and rehabilitated in accordance with the Resettlement Policy Framework;
  - (c) for provision of water and sanitation infrastructure involving resettlement of more than 20 persons, a detailed resettlement action plan acceptable to the Association is prepared and furnished to the Association, documenting the implementation arrangements for resettlement arising from such works, including compensation, relocation and rehabilitation of Affected Persons;
  - (d) such resettlement action plan is completed in a manner satisfactory to the Association; and
  - (e) an environmental management plan, satisfactory to the Association, is prepared and furnished to the Association in accordance with the provisions of the Environmental and Social Management Framework, and such plan is thereafter implemented in a manner satisfactory to the Association.

#### **D. Subprojects**

The Project Implementing Entity shall ensure that Subprojects are carried out in accordance with the provisions of Section I.E of Schedule 2 to the Financing Agreement.

**E. Subsidiary Grant Agreement**

The Project Implementing Entity shall duly perform all its obligations under the Subsidiary Grant Agreement. Except as the Association shall otherwise agree, the Project Implementing Entity shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Grant Agreement or any provision thereof.

**F. Anti-Corruption**

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

**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 year, 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. The Project Implementing Entity shall provide to the Recipient not later than four 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. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity shall prepare and furnish to the Association not later than 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.
3. 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. The audited financial

statements for each period shall be furnished to the Association not later than six months after the end of the period.

**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.