

**CONFORMED COPY**

**GRANT NUMBER H188 RW**

# **Project Agreement**

**(Urban Infrastructure and City Management Project)**

**between**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**and**

**ASSOCIATION D'EXECUTION DES TRAVAUX D'INTERET PUBLIC  
(ASSETIP)**

**Dated December 2, 2005**

**CONFORMED COPY**

**GRANT NUMBER H188 RW**

**PROJECT AGREEMENT**

AGREEMENT dated December 2, 2005, between the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and *Association d'Exécution des Travaux d'Intérêt Public (ASSETIP)*.

WHEREAS (A) by the Development Grant Agreement of even date herewith between the Republic of Rwanda (the Recipient) and the Association, the Association has agreed to make available to the Recipient an amount in various currencies equivalent to thirteen million nine hundred thousand Special Drawing Rights (SDR 13,900,000), on the terms and conditions set forth in the Development Grant Agreement, but only on condition that *ASSETIP* agrees to undertake such obligations toward the Association as are set forth in this Agreement;

(B) by an Implementation Agreement to be entered into between the Recipient and *ASSETIP*, the proceeds of the Grant provided for under the Development Grant Agreement will be made available to *ASSETIP* on the terms and conditions set forth in said Implementation Agreement; and

WHEREAS *ASSETIP*, in consideration of the Association's entering into the Development Grant Agreement with the Recipient, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

**ARTICLE I**

**Definitions**

Section 1.01. Unless the context otherwise requires, the several terms defined in the Development Grant Agreement, the Preamble to this Agreement, and in the General Conditions (as so defined) have the respective meanings therein set forth.

## ARTICLE II

### Execution of the Project

Section 2.01. (a) *ASSETIP* declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Grant Agreement, and, to this end, shall carry out Parts A, B, and C.3 (b) of the Project with due diligence and efficiency and in conformity with appropriate engineering, financial, and administrative practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for Parts A, B, and C.3 (b) of the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Association and *ASSETIP* shall otherwise agree, *ASSETIP* shall carry out Parts A, B, and C.3 (b) of the Project in accordance with the Implementation Program set forth in Schedule 4 to the Development Grant Agreement, the Implementation Agreement and the PIM.

Section 2.02. (a) Except as the Association shall otherwise agree, procurement of the goods, works and services required for Parts A, B, and C.3 (b) of the Project and to be financed out of the proceeds of the Grant shall be governed by the provisions of Schedule 3 to the Development Grant Agreement, as said provisions may be further elaborated in the Procurement Plan.

(b) *ASSETIP* shall update the Procurement Plan in respect of Parts A, B, and C.3 (b) of the Project in accordance with guidelines acceptable to the Association, and furnish such update to the Association not later than 12 months after the date of the preceding Procurement Plan, for the Association's approval.

Section 2.03. (a) *ASSETIP* shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project Agreement and Parts A and B of the Project.

(b) For the purposes of Section 9.06 of the General Conditions and without limitation thereto, *ASSETIP* shall:

- (i) prepare, on the basis of guidelines acceptable to the Association and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this

purpose between the Association and *ASSETIP*, a plan for the future operation of Parts A, B, and C.3 (b) of the Project; and

- (ii) afford the Association a reasonable opportunity to exchange views with *ASSETIP* on said plan.

Section 2.04. *ASSETIP* shall duly perform all its obligations under the Implementation Agreement. Except as the Association shall otherwise agree, *ASSETIP* shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Implementation Agreement or any provision thereof.

Section 2.05. (a) *ASSETIP* shall, at the request of the Association, exchange views with the Association with regard to the progress of Parts A, B, and C.3 (b) of the Project, the performance of its obligations under this Agreement and under the Implementation Agreement, and other matters relating to the purposes of the Grant.

(b) *ASSETIP* shall promptly inform the Association and the Recipient of any condition which interferes or threatens to interfere with the progress of Parts A, B, and C.3 (b) of the Project, the accomplishment of the purposes of the Grant, or the performance by *ASSETIP* of its obligations under this Agreement and under the Implementation Agreement.

(c) Without prejudice to the generality of the foregoing, *ASSETIP* shall participate fully in the review referred to in Part F.3 of Schedule 4 to the Development Grant Agreement and in any other review of the Project to be carried out by the Recipient and the Association and, to this end, shall: (i) furnish to the Recipient and the Association such reports on the progress and status of the Project, and of such scope and detail as the Recipient or the Association shall reasonably request, as may be required for that purpose; and (ii) following each such review, act promptly and diligently in order to take, or assist the Recipient in taking, any corrective action deemed necessary to remedy any shortcoming noted in Project implementation, or to implement, or assist the Recipient in implementing, such other measures as may have been agreed upon between the parties in furtherance of the objectives of the Project.

### **ARTICLE III**

#### **Management and Operations of *ASSETIP***

Section 3.01. *ASSETIP* shall carry on its operations and conduct its affairs in accordance with sound engineering, financial, and administrative practices under the

supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. *ASSETIP* shall at all times operate and maintain its, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and administrative practices.

Section 3.03. *ASSETIP* shall take out and maintain with responsible insurers, or make other provision satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

## **ARTICLE IV**

### **Financial Covenants**

Section 4.01. (a) *ASSETIP* shall maintain a financial management system, including records and accounts, and prepare financial statements, in accordance with consistently applied accounting standards acceptable to the Association, adequate to reflect its operations and financial condition and to register separately the operations, resources and expenditures related to Parts A, B, and C.3 (b) of the Project.

(b) *ASSETIP* shall:

- (i) have its financial statements (balance sheets, statements of income and expenses and related statements) for each Fiscal Year (or other period agreed to by the Association) audited, in accordance with consistently applied auditing standards acceptable to the Association, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than six (6) months after the end of each such year (or such other period agreed to by the Association), (A) certified copies of the financial statements referred to in paragraph (a) of this Section, for such year (or such other period agreed to by the Association), as so audited, and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Association; and

- (iii) furnish to the Association such other information concerning such records and accounts and the audit of such financial statements, and concerning said auditors, as the Association may from time to time reasonably request.

Section 4.02. (a) Without limitation upon *ASSETIP*'s reporting obligations set out in Section 4.02 of, and Part F of Schedule 4 to, the Development Grant Agreement, *ASSETIP* shall prepare and furnish to the Association an FMR, in form and substance satisfactory to the Association, which:

- (i) sets forth sources and uses of funds for Parts A, B, and C.3 (b) of the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Grant, and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in implementation of Parts A, B, and C.3 (b) of the Project, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and
- (iii) sets forth the status of procurement under Parts A, B, and C.3 (b) of the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Association not later than 45 days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Association not later than 45 days after each subsequent calendar quarter, and shall cover the period not covered by the previous FMR until the end of such calendar quarter.

## **ARTICLE V**

### **Effective Date; Termination;**

### **Cancellation and Suspension**

Section 5.01. This Agreement shall come into force and effect on the date upon which the Development Grant Agreement becomes effective.

Section 5.02. (a) This Agreement and all obligations of the Association and of *ASSETIP* thereunder shall terminate on the earlier of the following three dates:

- (i) the date on which the Development Grant Agreement shall terminate in accordance with its terms;
- (ii) the date forty (40) years after the date of this Agreement; or
- (iii) the date on which the Implementation Agreement shall terminate in accordance with its terms.

(b) If the Development Grant Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify *ASSETIP* of this event.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

## **ARTICLE VI**

### **Miscellaneous Provisions**

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telex or facsimile to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. Deliveries made by facsimile transmission shall also be confirmed by mail. The addresses so specified are:

For the Association:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	(202) 477 6391

For *ASSETIP*:

Association d'Exécution des Travaux d'Intérêt Public

B. P. 574  
Kigali, Rwanda

Facsimile:  
  
(250) 51 18 43

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of *ASSETIP* may be taken or executed by *ASSETIP* or such other person or persons as *ASSETIP* shall designate in writing, and *ASSETIP* shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.



IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Kigali, Republic of Rwanda, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Pedro Alba

Authorized Representative

*ASSOCIATION D'EXECUTION DES TRAVAUX  
D'INTERET PUBLIC*

By /s/ Callixte Kanamugire

Authorized Representative

## **SCHEDULE 1**

### **Performance Indicators**

*ASSETIP* shall implement Parts A, B, and C.3 (b) of the Project in accordance with the performance indicators set forth below:

#### Part A of the Project

1. 80 percent of the activities carried out under Part A of the Project have been satisfactorily completed.
2. The operating costs of *ASSETIP* associated with a Priority Investment Program under Part A of the Project are no more than 5 percent of the cost of such activity.
3. The average number of days for the payment of invoices to contractors is no more than 15 days for the first year after the Effective Date, and no more than 10 days for each subsequent year.

#### Part B of Project

4. By the Closing Date, the activities under Part B.1 of the Project have been effectively implemented in Kigali City.
5. By the Closing Date, a pilot development zone, serviced to revised basic standards of urban land development, has been implemented by *ASSETIP* in the Akumunigo area of Kigali under Part B.2 of the Project.

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