

CONFORMED COPY

LOAN NUMBER 7642 LE

Project Agreement

(Additional Loan for the Urban Transport Development Project)

between

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

and

COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION

Dated January 30, 2009

LOAN NUMBER 7642 LE

PROJECT AGREEMENT

Agreement dated January 30, 2009, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION (“Project Implementing Entity”) (“Project Agreement”) in connection with the Loan Agreement of the same date between the Lebanese Republic (“Borrower”) and the Bank (“Loan Agreement”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Loan Agreement). The Bank 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 Loan Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in the Project Agreement have the meanings ascribed to them in the Loan Agreement, Original Loan 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:
 - (a) carry out Parts A, B, C and E of the Project in accordance with the provisions of Article V of the General Conditions; and
 - (b) 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 Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Respective Parts of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III - REPRESENTATIVE; ADDRESSES

- 3.01. The Project Implementing Entity’s Representative is the President of the Council for Development and Reconstruction or such other person or persons as the President shall designate in writing.

3.02. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

Cable:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

3.03. The Project Implementing Entity's Address is:

P.O. Box 116-5351
Beirut
Lebanese Republic

Facsimile:
961 1 981 252
961 1 981 253

AGREED at Beirut, Lebanese Republic, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By: /s/ Hedi Larbi
Authorized Representative

COUNCIL FOR DEVELOPMENT
AND RECONSTRUCTION

By: /s/ Nabil A. El-Jisr
Authorized Representative

SCHEDULE

Execution of the Project

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

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

2. (a) The Project Implementing Entity shall, at the request of the Bank, exchange views with the Bank with regard to progress of Parts A, B, C and E of the Project, the performance of its obligations under this Agreement and under the Subsidiary Agreement, and other matters relating to the purposes of the Loan.

(b) The Project Implementing Entity shall promptly inform the Bank of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the Loan, or the performance by the Project Implementing Entity of its obligations under this Agreement and under the Subsidiary Agreement.

3. The Project Implementing Entity shall carry out Parts A, B, C and E of the Project in accordance with the Project Implementation Plan and, except as the Project Implementing Entity and Bank shall otherwise agree, shall not amend or waive any provision of the Project Implementation Plan if, in the opinion of the Bank, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.

B. Anti-Corruption

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

C. Safeguards

The Project Implementing Entity shall: (a) ensure that the sites referred to under Part C of the Project, as described in Schedule 2 to the Original Loan Agreement, are acquired in accordance with the provisions of the EMP and the RAP and pursuant to a timetable and in a manner acceptable to the Bank; and (b) prepare a report for each grade separation facility included in Part C of the Project, which will document the approved

expropriations and compensations awarded in accordance with the RAP in a manner acceptable to the Bank.

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports for its Respective Parts of the Project, in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of indicators agreed with the Bank. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Borrower not later than one month after the end of the period covered by such report for incorporation and forwarding by the Borrower to the Bank of the overall Project Report.

2. The Project Implementing Entity shall provide to the Borrower not later than June 30, 2012, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.

B. Financial Management, Financial Reports; 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 Bank, 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 Bank not later than forty-five (45) days after the end of each calendar quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.

3. The Project Implementing Entity shall have the financial statements of the Project audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The audited financial statements for each period shall be furnished to the Borrower and the Bank not later than six months after the end of the period.

Section III. Procurement

All goods, works and services to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement.