

Public Disclosure Authorized

CONFORMED COPY

GRANT NUMBER H450-CF

Project Agreement

(Power Emergency Response Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

SOCIETE ENERGIE CENTRAFRICAINE - ENERCA

Dated March 6, 2009

PROJECT AGREEMENT

AGREEMENT dated March 6, 2009, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and *SOCIETE ENERGIE CENTRAFRICAINE - ENERCA* (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of same date between the CENTRAL AFRICAN REPUBLIC (“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 the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services, staff 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.

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 General Manager.

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:

Société Energie Centrafricaine - ENERCA
Avenue de l'Indépendance
BP 880
Bangui
Central African Republic

Telex :	Facsimile:
5241RC	236-21-61-54-43

AGREED at Bangui, Central African Republic, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Mary Barton-Dock

Authorized Representative

SOCIETE ENERGIE CENTRAFRICAINE - ENERCA

By /s/ Samuel Tozoui

Authorized Representative

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

(a) The Project Implementing Entity shall be responsible for implementation of the Project.

(b) The Project Implementing Entity shall delegate to AGETIP-CAF, at all times during the implementation of the Project, through a service agreement in form and substance satisfactory to the Association (“Service Agreement”), the fiduciary aspects (financial management, accounting, procurement, disbursement, audits and preparation of financial reports) of the implementation of the Project, in coordination with the Project Implementing Entity (in particular with respect to the definition of technical specifications and supervision), on the basis of terms of reference satisfactory to the Association.

B. Anti-Corruption

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

C. Staff and Manuals

1. The Project Implementing Entity shall, and shall cause AGETIP-CAF to, maintain, throughout the implementation of the Project, sufficient resources and staff with experience and qualification satisfactory to the Association, for the performance of their respective obligations under the Project Agreements and the Subsidiary Agreement or the Service Agreement, as the case may be.
2. The Project Implementing Entity shall cause AGETIP-CAF to revise the Project Administrative, Financial, Accounting and Procurement Procedure Manual, in form and substance satisfactory to the Association, including the model of interim financial reports to be used for the Project, no later than one (1) month after the Effective Date.

3. The Project Implementing Entity shall cause AGETIP-CAF to (i) carry out the fiduciary aspects of the Project (financial management, accounting, procurement, disbursements, audits and preparation of financial reports) in accordance with the provisions of the Project Administrative, Financial, Accounting and Procurement Procedure Manual, and (ii) unless the Association shall otherwise agree, refrain from amending or waiving any provision thereof which in the opinion of the Association may adversely and materially affect the implementation of the Project, or the compliance with the provisions of, or referred to in, this Agreement.

D. Safeguards

1. The Project Implementing Entity shall cause: (a) a sampling and analysis of the polychlorinated biphenyl which may be contained in the transformers at Boali 1 or Boali 2 to be carried out by a specialist, with terms of reference, qualifications and experience satisfactory to the Association, and (b) his or her sampling and analysis report (“PCB Sampling and Analysis Report”), including a management plan if polychlorinated biphenyl has been detected, to be transmitted to the Project Implementing Entity.
2. The Project Implementing Entity shall disclose in country, and submit to the Association for disclosure by the Association, the PCB Sampling and Analysis Report, in scope and level of details satisfactory to the Association.
3. The Project Implementing Entity shall carry out the Project in accordance with the guidelines, procedures, timetables and other specifications set forth in the recommendations and management plan included in the PCB Sampling and Analysis Report and the Dam Safety Plan.
4. Except as the Association shall otherwise agree in writing, the Project Implementing Entity shall not abrogate, amend, repeal, suspend or waive any provisions of any of the PCB Sampling and Analysis Report and the Dam Safety Plan.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Project Implementing Entity shall, with the support of AGETIP-CAF for the fiduciary aspects, 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 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 Association not later than one month after the end of the period covered by such report.

(b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

(i) The number of hours of power cuts has reduced from an average of eight (8) hours per day to an average of three (3) hours per day at the end of the Project;

(ii) The Project Implementing Entity has increased its cash generation and expenditures on operation and maintenance costs of its infrastructure in Bangui to two billion seven hundred million (2,700,000,000) CFA Francs at the end of the Project;

(iii) The aggregate Boali 1 and Boali 2 available firm hydro capacity has increased from 15 Megawatts to 18 Megawatts at the end of the Project;

(iv) At Project completion, 20,000 customers of the Project Implementing Entity use efficient lighting;

(v) At Project completion, bill collection has improved from 65% to 80%; and

(vi) the technical and non-technical losses have reduced from 50% of the energy sent out, to 40% at the end of the Project.

2. The Project Implementing Entity, with the support of AGETIP-CAF for the fiduciary aspects, shall provide to the Association not later than December 31, 2012, in the report referred to in Section 4.08 (c) of the General Conditions and all such information as 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, with the support of AGETIP-CAF, 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 Project Implementing Entity's operations, resources and expenditures related to the Project.
2. The Project Implementing Entity shall cause AGETIP-CAF to sign a contract with an external independent auditor, with terms of reference, qualifications and experience satisfactory to the Association, and selected in accordance with the provisions of Section III of this Schedule, for the purpose of, *inter alia*, carrying out the audit referred to in Paragraph (3) below, no later than one (1) month after the Effective Date.

3. The Project Implementing Entity shall have the Financial Statements 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 calendar 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

1. All goods 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.
2. (a) The Project Implementing Entity shall cause AGETIP-CAF to recruit, no later than six (6) months after the Effective Date, a procurement auditor, with terms of reference, qualifications and experience satisfactory to the Association and in accordance with the provisions of this Section, for the purpose of, *inter alia*, carrying out an annual procurement audit of the activities implemented under the Project.

(b) The Project Implementing Entity shall cause an annual procurement audit of the activities implemented under the Project to be carried out, and a report of such audit, in scope and level of details satisfactory to the Association, to be submitted annually to the Association no later than three (3) months after the end of the calendar year to which such audit relates.