

CONFORMED COPY

CREDIT NUMBER 3006-SE

MDA Project Agreement

(Urban Development and Decentralization Program)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

MUNICIPAL DEVELOPMENT AGENCY

Dated December 29, 1997

CREDIT NUMBER 3006-SE

MDA PROJECT AGREEMENT

AGREEMENT, dated December 29, 1997, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and Municipal Development Agency (MDA).

WHEREAS (A) by the Development Credit Agreement of even date herewith between Republic of Senegal (the Borrower) and the Association, the Association has agreed to lend to the Borrower an amount in various currencies equivalent to fifty five million two hundred thousand Special Drawing Rights (SDR 55,200,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that MDA agree to undertake such obligations toward the Association as are set forth in this Agreement; and

(B) by a subsidiary agreement to be entered into between the Borrower and MDA the proceeds of the Credit provided for under the Development Credit Agreement will be made available to MDA on terms and conditions set forth in said Subsidiary Agreement; and

WHEREAS MDA in consideration of the Association's entering into the Development Credit Agreement with the Borrower, 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 Credit 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) MDA declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement and, to this end, shall carry out Parts A, B and C of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, environmental, and technical 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 of the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Association and MDA shall otherwise agree, MDA shall carry out Parts A, B and C of the Project in accordance with the Implementation Program set forth in Schedule 4 to the Development Credit Agreement. Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for Parts A, B and C of the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to the Development Credit Agreement.

Section 2.03. (a) MDA 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) in respect of the MDA Project Agreement.

(b) Without limitation upon the provisions of paragraph(a) of this Section, MDA 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 MDA a plan for the future operation of Parts A, B and C of the Project; and (ii) afford the Association a reasonable opportunity to exchange views with MDA on said plan.

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

Section 2.05. (a) MDA shall, at the request of the Association, exchange views with the Association with regard to the progress of Parts A, B and C 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 Credit.

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

ARTICLE III

Management and Operations of MDA

Section 3.01. MDA shall carry on its operations and conduct its affairs in accordance with sound administrative, financial, technical and environmental practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. MDA 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, technical and environmental practices. Section 3.03. MDA shall take out and maintain with responsible insurance against such risks and in such amounts as shall be consistent with appropriate practice.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) MDA shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition in respect of Parts A, B, and C of the Project.

(b) MDA shall:

(i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association, as soon as available but in any case not later than six months after the end of each such year, (A) certified copies of its financial statements for such year as so audited and (B) the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning said records, accounts and financial statements as well as the audit thereof as the Association shall from time to time reasonably request.

#### 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 Credit Agreement becomes effective.

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

(i) the date on which the Development Credit Agreement shall terminate; or

(ii) a date 10 years after the date of this Agreement.

(b) If the Development Credit Agreement terminates before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify MDA 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, telegram, cable,

telex or radiogram 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 addresses as such party shall have designated by notice to the party giving such notice or making such request. 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:

INTBAFRAD  
Washington, D.C.

Telex:

248423 (MCI) or  
64145 (MCI)

For the Municipal Development Agency:

Immeuble Alwar  
54, Rue Mohamed V  
Dakar  
Republic of Senegal

Section 6.02. Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Agreement on behalf of MDA or by MDA on behalf of the Borrower under the Development Credit Agreement, may be taken or executed by its Director General, or by such other person or persons as MDA shall designate in writing, and MDA 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 the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Jean-Louis Sarbib

Regional Vice President  
Africa

MUNICIPAL DEVELOPMENT AGENCY

By /s/ Mamadou Mansour Seck

Authorized Representative

