

CONFORMED COPY

CREDIT NUMBER 2759 SE

Project Agreement

(Private Sector Capacity Building Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

Private Sector Foundation

Dated August 8, 1995

CREDIT NUMBER 2759 SE

PROJECT AGREEMENT

AGREEMENT, dated August 8, 1995, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and Private Sector Foundation (PSF).

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 make available to the Borrower an amount in various currencies equivalent to eight million Special Drawing Rights (SDR 8,000,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that PSF agree to undertake such obligations toward the Association as are set forth in this Agreement;

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

WHEREAS PSF, 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, 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. PSF 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: (a) carry out Part A of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and private sector practices, and in accordance with the Manual of Procedures, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for Part A of the Project; and (b) ensure that the financing of Sub-projects by PSF shall be made pursuant to Financing Agreements to be entered into between PSF and Beneficiary Enterprises in accordance with the terms and conditions specified in the Manual of Procedures.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods and consultants' services required for 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) PSF 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 Part A of the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section, PSF 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 PSF, a plan for the future operation of Part A of the Project;
- (ii) afford the Association a reasonable opportunity to exchange views with PSF on said plan; and
- (iii) thereafter, carry out said plan with due diligence and efficiency and in accordance with appropriate practices, taking into account the Association's comments thereon.

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

Section 2.05. (a) PSF shall, at the request of the Association, exchange views with the Association with regard to the progress of Part A of the Project, the performance of its obligations under this Agreement, the Convention and the Manual of Procedures, and other matters relating to the purposes of the Credit.

(b) PSF shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of Part A of the Project, the accomplishment of the purposes of the Credit, or the performance by PSF of its obligations under this Agreement, the Convention and the Manual of Procedures.

(c) Without prejudice to the generality of the foregoing, PSF shall participate fully in the joint review referred to in paragraph 2 (a) of Schedule 4 to the Development Credit Agreement and, to this end, shall: (a) furnish to the Borrower and the Association such reports as may be required for that purpose, and in such detail as the Borrower or the Association shall reasonably request, on the progress and status of the Project; and (b) following each such review, act promptly and diligently, in order to take, or assist the Borrower in taking, any corrective action deemed necessary to remedy any shortcoming noted in the implementation of Part A of the Project, or to implement, or assist the Borrower in implementing, such other measures as may have been agreed upon between the parties in furtherance of the objectives of the Project.

Section 2.06. PSF shall carry out, on an annual basis, a management audit of Part A of the Project. The said audit shall make a detailed assessment of the compliance of the rules and procedures specified in the Manual of Procedures by the different entities associated with the implementation of Part A of the Project.

Section 2.07. PSF shall ensure that its Managing Director shall, at all times, be acceptable to the Association.

Section 2.08. Without limitation to the provisions of Section 9.07 of the General Conditions and except as the Association shall otherwise agree, PSF shall submit semiannual reports on the progress of Part A of the Project to the Association, giving details of the progress of Subprojects, training program and studies, and the status of financial and procurement performance under Parts A and B the Project.

Section 2.09. PSF shall, not later than three months prior to the end of each year, starting from 1996, undertake, in conjunction with the Borrower, CRG and LRC, an annual review to discuss the work program and budget for the forthcoming year. The review shall use, as working documents, reports that shall have been prepared by PSF, CRG and LRC on a semiannual basis and furnished to the Association.

ARTICLE III

Management and Operations of PSF

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

Section 3.02. PSF shall at all times operate and maintain its machinery, 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 management practices.

Section 3.03. PSF 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) PSF shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations, resources and expenditures and financial condition in respect of Parts A and B of the Project.

(b) PSF shall:

- (i) have the 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 (6) 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 PSF thereunder shall terminate on the earlier of the following two dates:

- (i) the date on which the Development Credit Agreement shall terminate in accordance with its terms; or
- (ii) the date 15 years after the date of this Agreement.

(b) If the Development Credit Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify PSF 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 address 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:

INDEVAS
Washington, D.C.

Telex:

197688 (TRT),
248423 (RCA),
64145 (WUI) or
82987 (FTCC)

For PSF:

Immeuble SDIH
3, Place de l'Indépendance
Dakar
Senegal

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 PSF may be taken or executed by the Managing Director or such other person or persons as the Managing Director shall designate in writing, and PSF 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/ Andrew Rogerson

Acting Regional Vice President, Africa

PRIVATE SECTOR FOUNDATION

By /s/ Mamadou Mansour Seck

Authorized Representative

