Africa Catalytic Growth Fund
Grant Agreement

(Transport Sector Development Project)

between

REPUBLIC OF RWANDA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Africa Catalytic Growth Fund

Dated October 5, 2007
AGREEMENT dated October 5, 2007, entered into between:

REPUBLIC OF RWANDA ("Recipient"); and

INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator of the Africa Catalytic Growth Fund.

WHEREAS the Recipient has requested the Association to provide assistance towards the financing of the Project, and by the agreement of even date herewith between the Recipient and the Association, the Association has agreed to provide such assistance in an aggregate principal amount equivalent to seven million three hundred thousand Special Drawing Rights (SDR 7,300,000) (Co-financing) (Co-financing Agreement);

The Recipient and the World Bank hereby agree as follows:

Article I — Standard Conditions; Definitions

1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 20, 2006 ("Standard Conditions"), 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 Standard Conditions, in the Appendix to the Financing Agreement, or in this Agreement.

Article II — The Project

2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out the Project through the Ministry of Infrastructure in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient...
shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III — The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to thirty eight million Dollars ($38,000,000) (“Grant”) to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

Article IV — Additional Remedies

4.01. The Additional Events of Suspension referred to in Section 4.02 (i) of the Standard Conditions consist of the following:

(a) Co-financing. (i) Subject to sub-paragraph (ii) of this paragraph: (A) the right to withdraw the proceeds of the Co-financing has been suspended, canceled or terminated in whole or in part, pursuant to the terms of the Co-financing Agreement; or (B) the Co-financing has become due and payable prior to its agreed maturity. (ii) Sub-paragraph (i) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the World Bank that: (A) such suspension, cancellation, termination or pre-maturing was not caused by the failure of the recipient of the Co-financing to perform any of its obligations under the Co-financing Agreement; and (B) adequate funds for the Project are available from other sources on terms and conditions consistent with the Recipient’s obligations under this Agreement.

(b) Event prior to Effectiveness. The World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient’s right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.
Article V — Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:

(a) The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental and corporate action.

(b) The Co-financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

5.02. As part of the evidence to be furnished pursuant to Section 5.01 (a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Member Country, showing the following matter:

On behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.04. Termination for Failure to Become Effective. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.
Article VI — Recipient’s Representative; Addresses

6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the minister at the time responsible for finance.

6.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance and Economic Planning
Kigali
Rwanda

Cable: Telex: Facsimile:
MINFIN-RWANDA 22687 (250) 57 75 81
MINFIN-RWA

6.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: Telex: Facsimile:
INDEVAS 248423 (MCI) or 1-202-477-6391
Washington, D.C. 64145 (MCI)
AGREED at Kigali, Rwanda, as of the day and year first above written.

REPUBLIC OF RWANDA

By /s/ James Musoni

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as administrator of the Africa Catalytic Growth Fund

By /s/ Victoria Kwakwa

Authorized Representative
SCHEDULE 1

Project Description

The objectives of the Project are to improve the quality of the Recipient’s paved road network and generate sustained employment in rural areas through road maintenance works.

The Project constitutes part of the Program, and consists of the following parts:

1. Paved Road Rehabilitation and Maintenance
   (a) Kigali-Ruhengeri Road Rehabilitation
      (i) Rehabilitation of approximately 83 kilometers of Kigali-Ruhengeri section of Kigali-Ruhengeri-Gisenyi road.
      (ii) Provision of technical assistance in support of supervision of said rehabilitation.
   (b) Paved Road Maintenance
      (i) Maintenance of approximately 550 kilometers of paved classified trunk roads, including sections of Gatuna-Bugarama, Gitarama-Kibuye, and Rusumo-Gisenyi roads, through execution of multi-year output-based management contracts.
      (ii) Provision of technical assistance in support of supervision of said maintenance.

2. Sector Governance and Policy Support
   (a) Sector Governance Improvement
      Provision of technical assistance to road agency and vehicle technical inspection center referred to in Section V.D.6 of Schedule 2 to this Agreement following their establishment, Road Maintenance Fund, Rwanda Civil Aviation Authority, and National Public Transport Agency
in support of preparation and implementation oversight of long-term performance agreements between Recipient and said entities.

(b) Transport Policy Implementation Support

(i) Stakeholder workshops and seminars relating to transport policy implementation and regional transport cooperation.

(ii) Provision of technical assistance to Ministry of Infrastructure in support of program development and carrying out of strategic studies for transport policy implementation.

(iii) Provision of technical assistance in support of development and implementation of road safety action plan, improvement of data collection, and establishment of accident database in Planning, Policy, and Capacity Building Unit.

(iv) Development and implementation of transport sector HIV/AIDS prevention strategy.

(v) Provision of technical assistance in support of establishment and training of local community associations of roadside dwellers in labor-intensive road maintenance.

3. Sector Analysis and Planning Support

(a) Transport Planning and Monitoring Systems

(i) Provision of technical assistance to Planning, Policy, and Capacity Building Unit in support of establishment of transport database and monitoring and evaluation system relating to Project and Program performance, transport costs, transport industry standards, and other transport performance indicators.

(ii) Transport data collection for planning and monitoring systems.

(iii) Acquisition of information technology equipment and materials for monitoring and evaluation system established under Part 3 (a) (i) of Project.
(b) Capacity Building

(i) Provision of long-term in-country training to Recipient’s transport sector staff, local entrepreneurs, and unemployed graduates by international and local universities toward master’s degrees in road engineering and management and transport economics and planning.

(ii) Provision of management support to said in-country training.

4. Project and Program Management Support

(a) Acquisition of information technology equipment and materials for and financing of Operating Costs of Planning, Policy, and Capacity Building Unit, Transport Projects and Programs Management Unit, road agency referred to in Section V.D.6 of Schedule 2 to this Agreement following its establishment, and Road Maintenance Fund.

(b) Provision of technical assistance to Planning, Policy, and Capacity Building Unit, Transport Projects and Programs Management Unit, said road agency following its establishment, and Road Maintenance Fund in support of Project and Program technical and financial audits.

(c) Training of Project and Program management staff in accounting and financial management, procurement and contract management, and budget preparation and disbursement.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Ministry Responsible for Infrastructure

   (a) The Recipient’s ministry at the time responsible for infrastructure shall be responsible for coordination, management, and oversight of Project implementation.

   (b) Planning, Policy, and Capacity Building Unit

      (i) The Recipient shall maintain, throughout Project implementation, the Planning, Policy, and Capacity Building Unit, with an institutional framework, functions, and resources satisfactory to the Association, including staff with qualifications, experience, and terms of reference satisfactory to the Association.

      (ii) Without limitation upon the provisions of subparagraph (a) of this Section, the Planning, Policy, and Capacity Building Unit shall be responsible for implementation of Parts 1, 2 (b), and 3 of the Project until such time as the road agency referred to in Section V.D.6 of this Schedule has been established as set out in said provision.

   (c) Transport Projects and Programs Management Unit

      (i) The Recipient shall maintain, throughout Project implementation, the Transport Projects and Programs Management Unit, in form and substance and with functions and resources satisfactory to the Association, including staff with qualifications, experience, and terms of reference satisfactory to the Association, including: (i) a projects coordinator; (ii) the environmental specialist referred to in Part C.2 of this Section; (iii) a financial management specialist; (iv) an accountant; (v) a procurement specialist; (vi) a monitoring and evaluation
specialist; (vii) a procurement assistant; and (viii) an administrative assistant.

(ii) Without limitation upon the provisions of subparagraph (a) of this Section, the Transport Projects and Programs Management Unit shall be responsible for implementation of Parts 2 (a) and 4 of the Project and financial management under Parts 1 (a), 2, 3, and 4 of the Project.

2. Road Agency

(a) Following establishment of the road agency referred to in Section V.D.6 of this Schedule as set out in said provision, the Recipient shall maintain, throughout Project implementation, said agency, with an institutional framework, functions, and resources satisfactory to the Association, including staff with qualifications, experience, and terms of reference satisfactory to the Association.

(b) Without limitation upon the provisions of subparagraph (a) of this Section and following establishment of said agency as set out in Section V.D.6 of this Schedule, said agency shall be responsible for implementation of Parts 1, 2 (b), and 3 of the Project.

3. Road Maintenance Fund

(a) The Recipient shall maintain, throughout Project implementation, the Road Maintenance Fund, with an institutional framework, functions, and resources satisfactory to the Association, including staff with qualifications, experience, and terms of reference satisfactory to the Association.

(b) Without limitation upon the provisions of subparagraph (a) of this Section, the Road Maintenance Fund shall be responsible for financial management under Part 1 (b) of the Project.

B. Manual

Except as the Association shall otherwise agree, the Recipient shall: (i) carry out the Project in accordance with the Project Implementation Manual; and (ii) except as the Association shall otherwise agree, not amend, abrogate, or
 waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision thereof.

C. Safeguards

1. The Recipient shall ensure that the Project is implemented in accordance with the provisions of the Environmental and Social Management Plan and, except as the Association shall otherwise agree, the Recipient shall not amend, abrogate, or waive, or permit to be amended, abrogated, or waived, any provision of the aforementioned.

2. The Recipient shall, no later than three (3) months after the Effective Date, recruit, to the Transport Projects and Programs Management Unit in accordance with the provisions of Section III of Schedule 2 to this Agreement, an environmental specialist, with qualifications, experience, and terms of reference satisfactory to the Association, who shall be responsible for monitoring and mitigation of potential adverse environmental and social impacts of Project activities and safeguards compliance of all of the Recipient’s road development projects, including compliance with the provisions of paragraph 1 of this Part C.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the World Bank not later than 45 days 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:
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Date of this Agreement</th>
<th>Closing Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part 1 of Project</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of paved road network in good condition as evidenced by average International Roughness Index quotient of less than 3 meters / kilometer</td>
<td>23</td>
<td>50</td>
</tr>
<tr>
<td><strong>Part 2 of Project</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Number of transport sector agencies implementing performance agreements with Recipient</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>(2) Annual road maintenance / investment budget ratio (Percentage of allocation)</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td><strong>Part 3 of Project</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Number of transport sector agencies with satisfactory management information and statistical systems</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>(2) Number of transport sector staff having master’s degrees or equivalent in transport-related disciplines</td>
<td>15</td>
<td>50</td>
</tr>
</tbody>
</table>

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

**B. Financial Management; Financial Reports; Audits**

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim un-audited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than 45 days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, works, and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

   (a) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 (“Procurement Guidelines”) in the case of goods and works, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 (“Consultant Guidelines”) in the case of consultants’ services; and

   (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).

2. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. Other Methods of Procurement of Goods and Works. The following methods, other than International Competitive Bidding, may be used for procurement of goods and works for those contracts specified in the Procurement Plan.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding</td>
</tr>
<tr>
<td>(b) Limited International Bidding</td>
</tr>
<tr>
<td>(c) Shopping</td>
</tr>
<tr>
<td>(e) Single Source Selection</td>
</tr>
</tbody>
</table>

C. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants’ Services. The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those assignments which are specified in the Procurement Plan.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality Based Selection</td>
</tr>
<tr>
<td>(b) Least Cost Selection</td>
</tr>
<tr>
<td>(c) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(d) Selection Based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(e) Single Source Selection</td>
</tr>
</tbody>
</table>

D. Review by the World Bank of Procurement Decisions

Except as the Association shall otherwise determine by notice to the Recipient, the terms of reference of all contracts for consultants’ services, and the following contracts, shall be subject to Prior Review by the Association: (a) each contract for goods estimated to cost the equivalent of $150,000 or more; (b) each contract for works estimated to cost the equivalent of $200,000 or more; (c) each contract for non-consultant services estimated to cost the equivalent of $150,000 or more; (d) each contract for consultants’ services provided by a firm estimated to cost the equivalent of $100,000 or more; (e) each contract for consultants’ services provided by an individual consultant estimated to cost the equivalent of $50,000 or more; (f) each contract procured on the basis of Single Source Selection; and (g) each contract for training, workshops, and study tours in accordance with the
provisions of the Project Implementation Manual. All other contracts shall be subject to Post Review by the World Bank.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of (a) Article III of the Standard Conditions, (b) this Section, and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (Expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (Exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, works, consultants’ services (including Training), and Operating Costs</td>
<td>38,000,000</td>
<td>100</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>38,000,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for:

   (a) payments made prior to the date of this Agreement;

   (b) any payment for Taxes levied by or in the territory of the Member Country in respect of goods, works, or services;
(c) payments made or activities implemented by the road agency referred to in Section V.D.6 of this Schedule until such time as said agency has been established as set out in said provision; and

(d) under Category (2) unless at least one (1) output-based management contract, in form and substance satisfactory to the Association, has been concluded in accordance with the provisions of Section III of this Schedule between the Recipient and a contractor with qualifications, experience, and terms of reference satisfactory to the Association for purposes of implementation of Part 1 (b) of the Project.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2012.

Section V. Other Undertakings

A. Recipient Contribution

The Recipient shall:

1. No later than one (1) month after the Effective Date, for purposes of financing multi-year output-based management contracts under Part 1 (b) of the Project, establish, and thereafter maintain at all times during Project implementation, in Rwandan Francs, in its central bank, an account under terms and conditions acceptable to the Association, including management by the Road Maintenance Fund.

2. Deposit as follows into said account, no later than January 31 of each year of Project implementation, a minimum amount accruing from the Recipient’s Fuel Levy collections of the preceding year required to finance its contribution for expenditures under the Project other than those financed from the proceeds of the Financing:

   (a) 2008: RWF 2,000,000,000;

   (b) 2009: RWF 3,000,000,000;

   (c) 2010: RWF 3,000,000,000; and

   (d) 2011: RWF 4,000,000,000.
3. Ensure that funds deposited into said account in accordance with the provisions of paragraph 2 of this Section shall be used exclusively to finance its contribution to expenditures under the Project.

B. Annual Work Plans and Budgets

The Recipient shall furnish to the Association as soon as available, but in any case no later than September 1 of each year, an annual work plan and budget for the Project for the following year, in form and substance satisfactory to the Association and of such scope and detail as the Association shall have reasonably requested, except for the annual work plan and budget due no later than September 1, 2007, which shall be furnished no later than October 1, 2007 or one (1) month after the Effective Date, whichever is sooner.

C. Midterm Review

The Recipient shall:

1. Carry out jointly with the Association, no later than thirty (30) months after the Effective Date, a midterm review to assess the status of Project implementation, as measured against the performance indicators referred to in Section II.A.1 (a) of Schedule 2 to this Agreement. Such review shall include an assessment of the following: (i) overall progress in Project implementation; (ii) results of monitoring and evaluation activities; (iii) implementation of annual work plans and budgets; and (iv) progress on procurement and disbursement; and make adjustments to the Project and reallocate funds to improve performance, if needed.

2. Prepare and furnish to the Association, three (3) months before such review, a report, in form and substance and scope and detail satisfactory to the Association, needed to undertake the review, integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the period following such date.

3. Review, jointly with the Association, the report referred to in paragraph (b) of this Section and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of said report and the Association’s views on the matter.
D. Other

1. The Recipient shall implement, at all times during Project implementation, in a manner satisfactory to the Association, the Financial Management and Procurement Action Plans.

2. The Recipient shall, no later than one (1) month after the Effective Date, recruit in accordance with Section III of this Schedule an external auditor for purposes of the audit referred to in Section II.B.3 of this Schedule.

3. The Recipient shall, no later than three (3) months after the Effective Date, adopt: (a) a sector policy matrix; (b) a sector results log-frame; (c) a sector Medium Term Expenditure Framework; and (d) a road maintenance strategy, all in form and substance satisfactory to the Association, and, thereafter implement, at all times during Project implementation, in a manner satisfactory to the Association, the aforementioned.

4. The Recipient shall, no later than one (1) year after the Effective Date, conclude a memorandum of understanding, in form and substance satisfactory to the Association, with the Association and other development partners as agreed with the Association, in support of the Program.

5. The Recipient shall, no later than March 31, 2008, conclude, in accordance with the provisions of Section III of this Schedule, at least one (1) output-based management contract, in form and substance satisfactory to the Association, with a contractor with qualifications, experience, and terms of reference satisfactory to the Association for purposes of implementation of Part 1 (b) of the Project.

6. The Recipient shall, no later than 18 months after the Effective Date, establish, under the supervisory authority of the Ministry of Infrastructure, a road agency and a vehicle technical inspection center, both with an institutional framework, functions, and resources satisfactory to the Association, including staff with qualifications, experience, and terms of reference satisfactory to the Association.