Project Agreement

(Bamako Water Supply Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

SOCIÉTÉ MALIENNE DE PATRIMOINE DE L’EAU POTABLE

Dated December 23, 2013
CREDIT NUMBER 5317-ML

PROJECT AGREEMENT

Agreement dated December 23, 2013, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and SOCIÉTÉ MALIENNE DE PATRIMOINE DE L'EAU POTABLE ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between the Republic of Mali ("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 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 (20) years after the date of this Agreement.
ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is *Le Président Directeur Général*.

4.02. The Association’s Address is:

International Development Association  
1818 H Street, NW  
Washington, DC 20433  
United States of America

Cable: INDEVAS  
Telex: 248423(MCI)  
Facsimile: 1-202-477-6391

4.03. The Project Implementing Entity’s Address is:

*Société Malienne de Patrimoine de l’Eau Potable (SOMAEP)*  
Direction Générale  
BP 1528  
BAMAKO  
République du Mali

Facsimile:  
(223) 20 22 02 00
AGREED at Bamako, Mali, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Dusmane Diagana
Title: Country Director

SOCIÉTÉ MALIENNE DE PATRIMOINE DE L'EAU POTABLE

By

Authorized Representative

Name: Adama Diarra
Title: Directeur Général
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

The Recipient shall vest responsibility for implementation of the Project in the Société Malienne de Patrimoine de l’Eau Potable (SOMAPEP) as Project Implementing Entity.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Project Implementing Entity shall enter into a Subsidiary Agreement with the Recipient, under terms and conditions approved by the Association, including, inter alia: (a) provision of Subsidiary Financing for the Project on the same terms as offered by the Association to the Recipient; (b) the rights and obligations of the Project Implementing Entity to implement the Project; (c) the Recipient’s right to suspend, terminate or obtain a refund of the Subsidiary Financing in the event the Project Implementing Entity fails to fulfill its obligations under the Subsidiary Agreement.

2. The Project Implementing Entity shall exercise its rights and fulfill its obligations under the Subsidiary Agreement in such a manner as to protect the interests of the Recipient, the Project Implementing Entity and the Association, and accomplish the purposes of the Financing. Except as the Recipient or the Association shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Anti-Corruption

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

D. Project Implementation Manual

1. The Project Implementing Entity shall carry out the Project in accordance with the Project Implementation Manual (PIM), and, except as the Association shall otherwise agree in writing, the Project Implementing Entity shall not amend, assign, abrogate, or waive, or permit to be amended, assigned, abrogated, or waived, any provision of the PIM.

2. In the event of any conflict between the provisions of the Project Implementation Manual and those of this Agreement, the provisions of this Agreement shall prevail.
E. **Annual Work Plan and Budget**

1. Each year the Project Implementing Entity shall prepare and furnish to the Association, no later than October 30 of each year: (i) a draft annual work plan and budget for the Project (including Training) for each subsequent year of Project implementation, of such scope and detail as the Association shall have reasonably requested; as well as (ii) the Safeguard Documents which may be required for the implementation of the activities included in the draft annual work plans and budgets, except for the annual work plan and budget for the first year of Project implementation, and the Safeguard Documents which may be required for the implementation of the activities included in the draft annual work plan and budget for such period, which shall be furnished no later than fifteen (15) days after the Effective Date.

2. The Project Implementing Entity shall carry out the Project in accordance with the Annual Work Plans and Budgets.

F. **Safeguards.**

1. The Project Implementing Entity shall carry out the Project in accordance with the provisions of the Environmental and Social Impact Assessment (ESIA). Where the ESIA requires that an Environmental and Social Management Plan (ESMP) be prepared for an activity under the Project, the Project Implementing Entity shall, in accordance with the ESIA, prepare such a plan, in form and substance satisfactory to the Association, and disclose it, before the implementation of such activity.

2. The Project Implementing Entity shall carry out the Project in accordance with the Resettlement Policy Framework (RPF). Where the RPF requires that a Resettlement Action Plan (RAP) should be prepared for an activity under the Project, the Project Implementing Entity shall, in accordance with the terms of the RPF, prepare such RAP in form and substance satisfactory to the Association, disclose it, and execute it before the implementation of such activity.

3. The Project Implementing Entity shall carry out the Project in accordance with Chance Find Procedures. The Project Implementing Entity shall include Chance Find Procedure clauses in all civil works contracts and monitor compliance therewith.

4. Without limitation upon its other reporting obligations under the Financing Agreement and this Agreement, the Project Implementing Entity shall submit to the Association, on a semi-annual basis, reports on the status of compliance with the Safeguard Documents, providing details of: (a) measures taken in furtherance of the Safeguard Documents; (b) conditions, if any, which interfere or threaten to interfere with the implementation of the Safeguard Documents; and (c) remedial measures taken or required to be taken to address such conditions.

5. Except as the Association shall otherwise agree in writing and subject to compliance with applicable consultation and public disclosure requirements of the Association, the Project Implementing Entity shall not waive any provisions of any of the Safeguard Documents.
6. The Project Implementing Entity shall ensure that all legal, administrative, and environmental permits and authorizations necessary to carry out the Project have been obtained in a timely manner and with due diligence in compliance with the laws of the Recipient.

7. In the event that any provision of the Safeguard Documents shall conflict with any provision under this Agreement, the terms of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports for the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later than two weeks after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.

2. The Project Implementing Entity shall provide to the Recipient not later than five months after the Closing Date, for incorporation in the report referred to in Section 4.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

3. The Project Implementing Entity shall participate with the Recipient in the Mid-term Review and provide to the Recipient, not later than two (2) months prior to the beginning of the Mid-term Review, its contribution to the report referred to in Section II.A.3 of Schedule 2 to the Financing Agreement, as well as all such information as the Recipient or the Association shall reasonably request for the purposes of the Mid-term Review. Following the Mid-term Review, the Project Implementing Entity shall act promptly and diligently in conjunction with the Recipient in order to take, or cause to be taken, any corrective action deemed necessary by the Association to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objective of the Project.

B. Financial Management, Financial Reports and 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 Association, 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. The Project Implementing Entity shall have its financial statements referred to above 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 fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the Association not later than six months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.

3. No later than five (5) months after the Effective Date, the Project Implementing Entity shall have recruited an external independent auditor selected in accordance with the provisions of Section III of this Schedule, for the purpose of, *inter alia*, carrying out the financial audits referred to in Paragraph 2 above.

4. The Project Implementing Entity shall: (a) prepare, not later than October 30 each year, an action plan including a tariff revision proposal to CREE if needed, giving details of actions, measures and policies required to allow the Project Implementing Entity to maintain its Financial Equilibrium; (b) furnish said proposal and action plan to the Recipient and the Association, for their review and comments; and (c) thereafter proceed, in consultation with the Recipient and the Association and with the concurrence of CREE, to implement its action plan, with effect from January 1 of the next year.

Section III. **Procurement**

All goods, works 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.