Trust Fund for Lebanon
Project Agreement

(Emergency Power Sector Reform Capacity Reinforcement Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of the Trust Fund for Lebanon)

and

COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION

Dated May 7, 2007
CONFORMED COPY

PROJECT AGREEMENT

AGREEMENT dated May 7, 2007, entered into between and INTERNATIONAL DEVELOPMENT ASSOCIATION (the “World Bank”), acting as administrator of the Trust Fund for Lebanon and COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION (the “Project Implementing Entity”) (the “Project Agreement”) in connection with the Trust Fund Grant Agreement of same date between the LEBANESE REPUBLIC (the “Recipient”); and the World Bank (the “Grant Agreement”). The World Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I – STANDARD CONDITIONS; DEFINITIONS

1.01. The Standard Conditions (as defined in the Appendix to the Grant Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in the Project Agreement have the meanings ascribed to them in the Grant Agreement or the Standard 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 II of the Standard 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 World Bank 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. The Project Agreement and all obligations of the parties under it shall terminate on the date on which the Grant Agreement terminates in accordance with the provisions of its terms and the Standard Conditions.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is the Project Implementing Entity’s President.
4.02. The World Bank’s Address is:

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

Cable: Telex: Facsimile:
INDEVAS 248423(MCI) 1-202-477-6391
Washington, D.C.

4.03. The Project Implementing Entity’s Address is:

Tallet El-Seray
P.O Box 116-5351
Beirut
Lebanese Republic

Cable address: Telex: Facsimile:
42490 CDR, Tallet El-Seray 9611-981-252/253

AGREED at Beirut, Lebanese Republic, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of the Trust Fund for Lebanon)

By /s/ Joseph P. Saba

Authorized Representative

COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION

By /s/ Nabil El-Jisr

Authorized Representative
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall ensure that the Project will be carried out in accordance with the Subsidiary Agreement, and except as the World Bank shall otherwise agree, the Project Implementing Entity shall ensure that no provision of the Subsidiary Agreement is amended or waived if, in the opinion of the World Bank, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.

2. The Project Implementing Entity shall, not later than two (2) months following the Effective Date, employ a financial management expert on terms and conditions satisfactory to the World Bank, to ensure compliance with the Project’s financial management requirements.

3. The Project Implementing Entity shall, not later than one (1) month following the Effective Date, establish, and thereafter maintain, a selection and evaluation committee with functions and composition satisfactory and acceptable to the World Bank. The selection and evaluation committee shall be responsible for, inter alia, the selection and evaluation of consulting assignments for the Project.

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 in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators agreed with the World Bank. Each such Project Report shall cover the period of one calendar quarter, and shall be furnished to the Recipient not later two weeks after the end of the period covered by such report for incorporation and forwarding by the Recipient to the World Bank of the overall Project Report.

2. The Project Implementing Entity shall provide to the Recipient not later than October 30, 2009, for incorporation in the report referred to in Section 2.06 of the Standard Conditions all such information as the
Recipient or the World Bank shall reasonably request for the purposes of such Section.

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 World Bank, in a manner adequate to reflect 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 World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The audited financial statements for each period shall be furnished to the World Bank not later than six (6) months after the end of the period.

Section III. Procurement

All services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Section III of Schedule 2 to the Grant Agreement.