Project Agreement

Additional Financing for the Urban Water Sector Project
and Amendment to the Original Project Agreement

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

OFFICE NATIONAL DE L’EAU ET DE L’ASSAINISSEMENT - ONEA

Dated February 9, 2015
PROJECT AGREEMENT

AGREEMENT dated February 9, 2015, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and OFFICE NATIONAL DES EAUX ET DE L'ASSAINISSEMENT - ONEA ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement providing Additional Financing for the Urban Water Sector Project ("Financing Agreement") of same date between BURKINA FASO ("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 and the Program. 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 years after the date of this Agreement.
ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is its Chairman of the Board of Directors.

4.02. The Association’s Address is:

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

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

4.03. The Project Implementing Entity’s Address is:

    Office National de l’Eau et de l’Assainissement
    Avenue de l’ONEA, Porte 220
    Secteur 17 (Pissy)
    01 BP 170
    Ouagadougou 01
    Burkina Faso

    Facsimile:

    226-50-4i1911
AGREED at Ouagadougou, Burkina Faso, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By Mercy H. TEMBON

Authorized Representative

OFFICE NATIONAL DE L'EAU ET DE L'ASSAINISSEMENT - ONEA

By Sassane KABORE

Authorized Representative
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

The Project Implementing Entity shall maintain, throughout the Project implementation, the following implementation arrangements.

A. Institutional Arrangements

1. The Project Implementing Entity shall implement the various Parts of the Project through its respective internal departments as follows:
   
   (a) Part 1.2. of the Project, through its Ougadougou Works Department, and
   
   (b) Part 3.(c). of the Project, through its Department of Human Resources.

2. In the Project Implementing Entity’s Ougadougou Works Department, a coordination team consisting of a monitoring and evaluation specialist, two procurement specialists, a financial officer and two accountants, shall be responsible for the Project coordination, consolidation of reporting and financial management, and procurement support.

3. The Project Implementing Entity shall maintain sufficient resources and staff with experience and qualifications, satisfactory to the Association, for the performance of its obligations under the Subsidiary Agreement and the Project Agreement.

B. Project Implementation Manual

(a) The Project Implementing Entity shall, throughout the implementation of the Project, carry out the Project in accordance with the provisions of the Project Implementation Manual.

(b) Unless the Recipient and the Association shall otherwise agree in writing, the Project Implementing Entity shall not amend or waive any provision of the Project Implementation Manual in a manner which, in the opinion of the Association, could have a material adverse impact on the implementation of the Project.
(c) Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the Project Implementation Manual and this Agreement, the provisions of this Agreement shall prevail.

D. Anti-Corruption

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

E. Safeguards

1. The Project Implementing Entity shall take all necessary measures to ensure that the Project shall be implemented in accordance with the ESMF and RPF and, where applicable, the ESIAs, the ESMPs and RAPs, if any.

2. Wherever required in terms of the ESMF or RPF, the Project Implementing Entity shall, for the purposes of any activity under the Project, or any component or subcomponent thereof, and prior to implementation thereof, proceed to have an ESIA and an ESMP and/or RAP, as the case may be:

   a) prepared in form and substance satisfactory to the Association;

   b) except as otherwise agreed with the Recipient and the Association, submitted to the Association for review and approval; and

   c) thereafter adopted, and locally disclosed,

all in accordance with the provisions of the ESMF and/or RPF, as the case may be.

3. Except as the Association shall otherwise agree in writing, the Project Implementing Entity shall ensure that none of the provisions of the ESMF and RPF, or ESIAs, ESMPs or RAPs, if any, shall be abrogated, amended, repealed, suspended or waived.

4. Without limitation upon its other reporting obligations under this Agreement, the Project Implementing Entity shall take all measures necessary on its part to regularly collect, compile and submit to the Association, on a semi-annual basis, reports on the status of compliance with the ESMF and RPF, and ESIAs, ESMPs and RAPs, if any, giving details of:
(a) measures taken in furtherance of such ESMF and RPF, and ESIA, ESMPs and RAPs, if any;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESMF and RPF, and ESIA, ESMPs and RAPs, if any; and

(c) remedial measures taken or required to be taken to address such conditions.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare draft Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth in the Project Implementation Manual. Each such draft Project Report shall cover the period of one calendar quarter, and shall be furnished to the Recipient not later than three weeks after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the Project Report.

2. The Project Implementing Entity shall assist the Recipient in preparing a report to be provided to the Association three months before the Mid-term Review, integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date. Following the Mid-term Review, the Project Implementing Entity shall act promptly and diligently and take all actions necessary on its part to take any corrective action deemed necessary by the Association to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objectives of the Project.

3. The Project Implementing Entity shall provide to the Recipient not later than May 30, 2019, 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.
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 audited financial statements for each period shall be furnished to the Association not later than six months after the end of the period.

3. The Project Implementing Entity shall maintain a self-financing ratio higher than 15%. For the purpose of this provision, the "self-financing ratio" means the ratio obtained by dividing (A-B-C) by [(D+E)/2] where:

   A = Cash generated from operations;
   B = Repayment of principal of loans;
   C = Variation in the working capital requirements;
   D = Value of investments over the current year; and
   E = Value of investments over the previous year.

5. The Project Implementing Entity shall: (a) prepare, not later than June 30 of each year, an action plan including a tariff increase proposal 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, 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 all be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.