Project Agreement

(Regional and Domestic Power Markets Development Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

SOCIÉTÉ NATIONALE D’ÉLECTRICITÉ

Dated October 4, 2007
AGREEMENT dated October 4, 2007, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and Société Nationale d'Electricité ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between the Democratic Republic of Congo ("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 Parts 1, 2, 3 and 4 (a) of 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 paragraphs 2, 4 (i), 6 and 7 of Section 1 A of the Schedule to 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 Chief Executive Officer.

4.02. The Association’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:

SOCIETE NATIONALE D’ELECTRICITE
2381 Avenue de la Justice
B.P. 500
Kinshasa 1
République Démocratique du Congo

Facsimile:

243 81 30 10 382
AGREED at Kinshasa, Democratic Republic of Congo, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Jean-Michel Happi
Authorized Representative

SOCIÉTE NATIONALE D’ELECTRICITÉ

By /s/ Yengo Massampu
Authorized Representative

By /s/ Muhiya Lumbu
Authorized Representative
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional and Other Arrangements

The Project Implementing Entity shall:

1. at all times during Project implementation maintain the ESMU and the PMU with staffing and resources satisfactory to the Association. The PMU shall be responsible for overseeing the implementation of the Project within its departments and coordination of implementation of any other donor-financed operations including support on procurement issues, coordinating activities among the various Project Implementing Entity units, the MOE, and other various Project co-financiers;

2. (i) no later than October 31 of each year, adopt a maintenance program for the facilities under the Project and a related budget for the succeeding fiscal year, acceptable to the Association; (ii) thereafter implement such program, modified as necessary to properly maintain the facilities; and (iii) not later than October 31 of each year, report on the implementation of such year’s maintenance program;

3. during the Project implementation period, ensure that all financiers of activities at the Project facilities will co-ordinate their activities with those financed by the Association, under terms and conditions acceptable to the Association, and shall require such activities to be carried out in conformity with the ESRP;

4. (i) only enter into agreements relating to the financing of rehabilitation or other works, or any concessioning or other similar arrangements, regarding the Project facilities that protect the development interests of the Recipient in a financially and technically sound and equitable manner; and (ii) during the Project implementation period, shall consult with the Association prior to entering into any such agreement;

5. employ and retain at all times during project implementation a supervisory engineer, under terms of reference satisfactory to the Association;

6. adopt and promptly implement a program of measures, acceptable to the Association, aimed at enhancing transparency in the conduct of SNEL’s operation; said measures shall include inter alia: (a) adoption of a process for public/private partnerships that provides for sound and equitable financial and technical partnerships, ensures transparency and favors competition; (b) review and evaluation of all public/private partnerships; (c) publishing regularly and in timely manner all partnership or joint-venture contracts entered into by SNEL on or after March 1, 2007; (d) the publication by the third
trimester of each fiscal year of the audited financial statements for the preceding fiscal year; and (e) implementation by members of the Board of Directors and members of the management committee of the requirement for disclosure of assets and avoidance of financial conflicts in accordance with MDP Circular No. 007/MINPF/WK/CMU/JML/2007 of July 16, 2007; and

7. (a) develop a draft EPP and submit the same to the Association for its review and comments by October 31, 2007; and (b) adopt the EPP not later than December 31, 2007 by taking into account the Association’s recommendations.

B. Safeguards

The Project Implementing Entity shall, in accordance with Section I.D of Schedule 2 of the Financing Agreement, ensure that the Project is implemented in accordance with the provisions of the EPP and the ESRP which shall include the environmental and social impact assessment and the Resettlement Action Plan, and in a manner and substance satisfactory to the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Project Implementing Entity shall monitor and evaluate the progress of Parts 1, 2, 3, and 4 (a) of the Project and prepare its Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in subparagraph (b) of this paragraph agreed with the Association. Each such Project Report shall cover the period of one fiscal year, and shall be furnished to the Recipient not later than two months after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association.

(b) The performance indicators referred to above in sub-paragraph (a) consist of the indicators referred to in Section II A of Schedule 2 of the Financing Agreement.

2. The Project Implementing Entity shall provide to the Recipient not later than December 31, 2013 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.

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.