Project Agreement

(Jiji and Mulembwe Hydropower Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

RÉGIE DE PRODUCTION ET DE DISTRIBUTION D’EAU ET D’ÉLECTRICITÉ (REGIDESO)

Dated July 18, 2014
PROJECT AGREEMENT

AGREEMENT dated July 18, 2014, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and RÉGIE DE PRODUCTION ET DE DISTRIBUTION D'EAU ET D'ÉLECTRICITÉ (REGIDESO) ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement of same date between the REPUBLIC OF BURUNDI ("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 years after the date of this Agreement.
ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is its general director.

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

Washington, D.C.

4.03. The Project Implementing Entity’s Address is:

REGIDESO
Boite Postale 660
Bujumbura
Burundi

Facsimile: 257-22-22-65-63
AGREED at Bujumbura, Burundi, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Paembe, Buzo

Title: Ca.Rent.Nga, Hareso

RÉGIE DE PRODUCTION ET DE DISTRIBUTION D'EAU ET D'ÉLECTRICITÉ (REGIDESO)

By

Authorized Representative

Name: Mavumweko, Lashe

Title: De, Regideso
Section I. Implementation Arrangements

1. Project Implementing Entity

(a) The Project Implementing Entity shall, throughout the implementation of the Project, (i) be responsible for the overall implementation of the Project, and (ii) maintain functions, staffing and resources satisfactory to the Association, for the proper implementation of the Project.

(b) Without prejudice to the foregoing paragraph, the Project Implementing Entity shall maintain within its structure, the PIU which shall at all times be comprised of qualified and experienced personnel in adequate numbers, and to this end, the Project Implementing Entity shall recruit to the PIU, in accordance with the provisions of Section III of Schedule 2 to the Financing Agreements, *inter alia*, a Project coordinator, a technical manager, a financial management specialist, a procurement specialist, an environmental and social safeguards specialist, and an accountant, all with qualifications, experience and terms of reference satisfactory to the Association.

(c) The PIU shall be responsible for the day-to-day Project coordination and implementation, including, *inter alia*: (i) preparing proposed annual work plans of activities for inclusion in the Project, and updating the procurement plan and related budgets and consolidating Project Reports for the Project Steering Committee’s review; (ii) carrying out all Project financial management and procurement activities; (iii) monitoring and evaluating the Project; and (iv) ensuring compliance with the Safeguards Instruments.

2. Owner’s Engineer

The Project Implementing Entity shall, not later than thirty (30) days before the launching of the bidding documents for Parts A.1 and A.2 of the Project, recruit in accordance with Section III of Schedule 2 to the Financing Agreement, and maintain throughout Project implementation, an owner’s engineer with qualifications, experience and terms of reference satisfactory to the Association (“Owner’s Engineer”), to assist the Project Implementing Entity with overall project management and supervision of the procurement, design and construction of the Project Hydropower Facilities and electricity services and preparation for
operation and maintenance of said Project Hydropower Facilities and electricity services.

3. **Dam Safety Panel**

For the purpose of the construction of the Jiji Dam, the Project Implementing Entity shall (a) not later than thirty (30) days before the launching of the bidding documents for Part A.1 of the Project, establish and thereafter maintain until the Association is satisfied that the construction of the Jiji Dam has been completed and duly commissioned, an independent dam safety panel comprised of a geologist, a geo-technician, and a dam specialist, all with qualifications and experience and terms of reference acceptable to the Association ("Dam Safety Panel"), to advise on associated dam safety risks, and (b) carry out Part A.1 of the Project in accordance with the recommendations of the Dam Safety Panel.

4. **Environment and Social Safeguards Advisory Panel**

The Project Implementing Entity shall, not later than the commencement of activities detailed under Part A.6 of the Project, establish and thereafter maintain, throughout the implementation of the Project, an independent environmental and social safeguards advisory panel comprised of environmental and resettlement experts having qualifications, experience and terms of reference acceptable to the Association ("Environmental and Social Safeguards Advisory Panel") to provide advice and recommendations on all environmental and social aspects of the Project.

B. **Anti-Corruption**

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

C. **Project Implementation Manual**

1. The Project Implementing Entity shall prepare, in accordance with terms of reference acceptable to the Association, a Project implementation manual, containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) monitoring and evaluation, reporting and communication; (e) environmental and safeguard management; and (f) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

2. The Project Implementing Entity shall afford the Association a reasonable opportunity to review and approve such manual, and shall thereafter adopt such
manual as shall have been approved by the Association ("Project Implementation Manual").

3. The Project Implementing Entity shall carry out the Project in accordance with the Project Implementation Manual and shall not amend, abrogate, waive, or permit to be amended, abrogated, or waived the aforementioned, or any provision of either one thereof, without the prior written consent of the Recipient and the Association.

4. 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.

D. Annual Work Plans and Budgets

1. Not later than October 31 in each calendar year (or one month after the Effective Date for the first year of Project implementation), the Project Implementing Entity shall prepare a draft annual work plan and budget for the Project (including Training and Operating Costs) for the subsequent calendar year of Project implementation, of such scope and detail as the Association shall have reasonably requested.

2. The Project Implementing Entity shall afford the Association a reasonable opportunity to review such draft annual work plan and budget, and thereafter shall carry out (or cause to be carried out) such annual work plan and budget during such subsequent calendar year as shall have been approved by the Association ("Annual Work Plan and Budget"). Only those activities that are included in an Annual Work Plan and Budget shall be eligible for financing out of the proceeds of the Financing.

3. The Project Implementing Entity shall ensure that any Training proposed to be included in an Annual Work Plan and Budget, shall include, inter alia: (a) particulars of the Training envisaged; (b) the criteria for selection of the personnel to be trained, and such personnel if known; (c) the selection method of the institution or individuals conducting such Training; (d) the institution conducting such Training if identified; (e) the purpose and justification for such Training; (f) the location and duration of the proposed Training; and (g) the estimate of the cost of such Training.

4. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Recipient and Association’s prior written approval.
E. Safeguards

1. The Project Implementing Entity shall implement the Project in accordance with the relevant Safeguards Instruments, and shall, to that end:

   (a) if any activity under Part A.5 of the Project would require the adoption of a Supplemental ESMP or Supplemental RAP:

      (i) prepare (A) such Supplemental ESMP or Supplemental RAP in accordance with the applicable ESMF or RPF; (B) furnish such Supplemental ESMP or Supplemental RAP to the Association for review and approval; and (C) thereafter adopt such Supplemental ESMP or Supplemental RAP prior to implementation of the activity; and

      (ii) thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such Supplemental ESMP or Supplemental RAP; and

   (b) if any activity under the Project would involve Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before resettlement measures under the RAP or Supplemental RAP, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, have been taken.

2. Without limitation upon its other reporting obligations under this Agreement, the Project Implementing Entity shall regularly collect, compile and furnish to the Association, reports, in form and substance satisfactory to the Association, on the status of compliance with each Safeguards Instrument (including reports from the Dam Safety Panel and the Environmental and Social Safeguards Advisory Panel), as part of the Project Reports, giving details of:

   (a) measures taken in furtherance of such Safeguards Instrument;

   (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguards Instrument; and

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

3. In the event that any provision of the Safeguards Instruments shall conflict with any provision under this Agreement, the provisions of this Agreement shall prevail.

4. The Project Implementing Entity shall ensure that:
(a) all terms of reference for any technical assistance and studies to be carried out under the Project are consistent with the Association’s environmental and social safeguard policies; and

(b) in any Project activity that may support the drafting of regulatory instruments for the purpose of Part C.3 of the Project, due attention will be given to said policies.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association and set forth in the Project Implementation Manual. Each such Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

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 (6) 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. In order to ensure the timely carrying out of the audits referred to in Section II.B.2 of this Schedule, not later than six (6) months after the Effective Date, the Project Implementing Entity shall recruit independent auditors in accordance with the provisions of Section III of Schedule 2 to the Financing Agreements, with qualifications, experience and terms of reference acceptable to the Association.
4. In furtherance of the provisions of this Section II.B of this Schedule, not later than three (3) months after the Effective Date, the Project Implementing Entity shall adapt for the purposes of the Project, its computerized multi-project financial and accounting system in a manner satisfactory to the Association, and successfully train relevant staff in the use thereof.

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.

Section IV. Other Undertakings

The Project Implementing Entity shall:

1. establish, within the PIU, not later than three (3) months after the Effective Date, a comprehensive record keeping system satisfactory to the Association, and successfully train relevant staff in the use thereof.

2. For purposes of Section 4.06 of the General Conditions, not later than twelve (12) months prior to the completion of construction of the Project Hydropower Facilities, enter into a three (3)-year operation and maintenance contract with a qualified contractor (“O&M Contractor”) for the operation and maintenance of the Project Hydropower Facilities (“O&M Contract”).

3. In the event of the construction of the Jiji Dam:

a. adopt, not later than six (6) months before the projected date of initial filling of the Jiji Dam’s reservoir, the Dam Operation and Maintenance Plan, in form and substance acceptable to the Association and the Dam Safety Panel, and successfully train relevant staff in the use thereof, and without limitations to the preceding, ensure that the O&M Contractor implements the O&M Contract in accordance with the Dam Operation and Maintenance Plan; and

b. adopt, not later than the launching of bidding documents for Part A.1 of the Project, the Dam Instrumentation Plan, in form and substance acceptable to the Association and the Dam Safety Panel.