Project Agreement

(Greater Beirut Water Supply Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

BEIRUT MOUNT LEBANON WATER ESTABLISHMENT

Dated February 8, 2012
Agreement dated February 8, 2012, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and BEIRUT MOUNT LEBANON WATER ESTABLISHMENT ("Project Implementing Entity") ("Project Agreement") in connection with the Loan Agreement ("Loan Agreement") of same date between the Lebanese Republic ("Borrower") and the Bank. The Bank 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 Loan 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 Loan 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 its Respective Part of the Project as further described in Section I.A.1 of the Schedule to this Agreement, in accordance with the provisions of Article V of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out its Respective Part of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III - REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity’s Representative is its Chairman and Director General.
3.02. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

Cable: INTBAFRAD
Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391

3.03. The Project Implementing Entity's Address is:

Beirut Mount Lebanon Water Establishment
Badaro
Sami el Soleh Street
Chedrawi Building
Beirut
Lebanese Republic

Telephone: +961 1 396 063:
Facsimile: +961 1 385 111
AGREED at Beirut, Lebanese Republic as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

BEIRUT MOUNT LEBANON WATER ESTABLISHMENT

By

Authorized Representative
SCHEDULE

Execution of the Project Implementing Entity's Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity, through its PMU, shall be responsible for (a) implementation of Parts 1(b), 2 and 3 of the Project; (b) procurement of contracts under Parts 1(b), 2 and 3 of the Project; (c) financial management under Parts 1(b), 2 and 3 of the Project; (d) monitoring and reporting on the Project, and overall project coordination, under the supervision of MOEW; and (e) implementation and supervision of the Resettlement Action Plan and the ESMP, as further described and specified in the PIM.

2. The Project Implementing Entity shall carry out its Respective Parts of the Project, through the PMU, in accordance with the PIM, the BMLWE Subsidiary Agreement, and the Procurement Plan and shall not amend, suspend, abrogate, repeal or waive any provision of the PIM, the BMLWE Subsidiary Agreement, or the Procurement Plan, without prior approval of the Bank.

3. The Project Implementing Entity shall exercise its rights under the BMLWE Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.

B. Anti-Corruption

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

C. Safeguards

1. The Project Implementing Entity shall ensure that the PMU carries out its Respective Parts of the Project in accordance with the ESMP and the Resettlement Action Plan and shall not amend, suspend, abrogate, repeal or waive any provision of the ESMP and the Resettlement Action Plan without prior approval of the Bank.

2. The Project Implementing Entity shall ensure that the PMU carries out supervision of implementation and compliance with the ESMP and the Resettlement Action Plan in a manner acceptable to the Bank.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall, through its PMU, monitor and evaluate the progress of its Respective Part of the Project. The Project Implementing Entity shall also consolidate Project Reports for CDR’s Respective Parts of the Project, as provided by CDR, to prepare overall Project Reports for the entire Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of indicators acceptable to the Bank. Each such overall Project Report shall cover the period of one calendar quarter, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.

2. For purposes of Section 5.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished by the Project Implementing Entity, through the PMU, to the Bank not later than six (6) months after the Closing Date.

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 Bank, 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 its Respective Part of the Project.

2. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity, through the PMU, shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the overall Project, covering the quarter, following consolidation by the PMU of the interim unaudited financial reports for the overall Project, in form and substance satisfactory to the Bank.

3. The Project Implementing Entity shall, through the PMU, prepare, on behalf of the Borrower, the Financial Statements and have the Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

4. The Project Implementing Entity shall, throughout the life of the Project, starting with fiscal year 2012 have its financial statements audited by independent
auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. 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 Borrower and the Bank not later than September 30 of each year following the preceding fiscal year; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

5. The Project Implementing Entity shall have a special purpose audit conducted on its statement of cash receipts and disbursements for fiscal year 2010, and statement of changes of funds balance as of December 31, 2010, by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. The Project Implementing Entity shall ensure that said special purpose audit shall be furnished to the Borrower and the Bank not later than September 30, 2011.

Section III. Procurement

All goods, works and services required for the Project Implementing Entity’s Respective Part of the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement.