Project Agreement

(Water and Sanitation Millennium Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

SOCIETE NATIONALE DES EAUX DU SENEGAL

Dated March 26, 2010
PROJECT AGREEMENT

AGREEMENT dated March 26, 2010, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and SOCIETE NATIONALE DES EAUX DU SENEGAL ("SONES" or “Project Implementing Entity”) ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between the Republic of Senegal (“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 Part B of 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 its Respective Part of 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 its Respective Part 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 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 Director General.

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:

*Société Nationale des Eaux du Sénégal*
*Route du Front de Terre-Hann*
*BP 400, Dakar*
*Senegal*
AGREED at Dakar, Senegal, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Habib M. Fetini

Authorized Representative

SOCIETE NATIONALE DES EAUX DU SENEGAL

By /s/ Cheikh Fall

Authorized Representative
SCHEDULE

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

Section I Implementation Arrangements

A. 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.

B. Safeguards

1. The Project Implementing Entity shall ensure that its Respective Part of the Project is implemented in accordance with the provisions of the Social and Environmental Safeguard Frameworks and each of the Supplemental Social and Environmental Safeguard Instruments in a manner satisfactory to the Association.

2. Without limitation upon its other reporting obligations under this Agreement, the Project Implementing Entity shall collect, compile and furnish to the Association (through the Recipient, through the PCU) on a quarterly basis reports on the status of compliance with the Social and Environmental Safeguard Frameworks and Supplemental Social and Environmental Safeguard Instruments, giving details of:

   (a) measures taken in furtherance of such frameworks and instruments;

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

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

3. The Project Implementing Entity shall promptly take all remedial measures referred to in paragraph 2 of this Section as shall have been agreed by 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 its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicator set forth below in subparagraph (b) of this paragraph. Each such Project Report shall cover the period of one calendar quarter, and shall be furnished to the Recipient (through the PCU) not later two weeks after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.

(b) The performance indicator referred to above in sub-paragraph (a) consists of the following:

- The access rate to piped water through household connections in urban areas (Dakar and other urban centers)

2. Mid-Term Review

(a) Thirty (30) months after the Effective Date, or such later date as may be agreed upon by the Recipient and the Association, the Project Implementing Entity shall, in conjunction with the Recipient and the Association, carry out a mid-term review of the Project (the “Mid-term Review”), covering the progress achieved in the implementation of the Project.

(b) The Project Implementing Entity shall, in conjunction with the Recipient, prepare, under terms of reference satisfactory to the Association, and furnish to the Association (through the PCU) three (3) months prior to the beginning of the Mid-term Review, or on such other date agreed upon with the Association in writing, a report 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.
(c) Following the Mid-term Review, the Project Implementing Entity shall act promptly and diligently in order to take, or cause to be taken, 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 (through the PCU) not later than four (4) months after the Closing Date, 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 its Respective Part of 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 (6) months after the end of the period.

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 Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.