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CREDIT NUMBER 5754--RW

**Project Agreement**

(Rwanda Electricity Sector Strengthening Project Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

ENERGY UTILITY CORPORATION LIMITED

Dated December 31 2015

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**CREDIT NUMBER 5754--RW**

**PROJECT AGREEMENT**

Agreement dated December 31, 2015, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and ENERGY UTILITY CORPORATION LIMITED ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between the Republic of Rwanda ("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 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 (20) years after the date of this Agreement.

**ARTICLE IV — REPRESENTATIVE; ADDRESSES**

- 4.01. The Project Implementing Entity's Representative is its managing director.

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  
Washington, D.C.

248423(MCI)

1-202-477-6391

4.03. The Project Implementing Entity's Address is:

Energy Utility Corporation Ltd  
Head Office  
KN 82 St.3  
P.O. Box 537  
Kigali, Rwanda

Facsimile:

(+250) (0) 252573802

AGREED at Kigali, Rwanda, as of the day and year first above written.

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

By   
Authorized Representative

Name: Dianetou GAYE

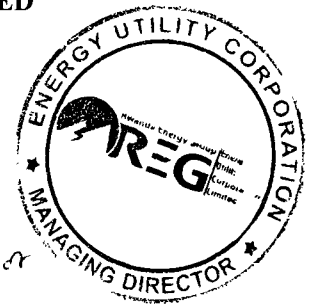
Title: Country Director

**ENERGY UTILITY CORPORATION LIMITED**

By   
Authorized Representative

Name: Jean Claude Kalisa

Title: Managing Director



## SCHEDULE

### Execution of the Project

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements.

###### *Project Steering Committee*

1. The Project Implementing Entity shall establish, not later than the Effective Date, and thereafter maintain throughout Project implementation, a Project Steering Committee with terms of reference satisfactory to the Association and with adequate resources to carry out its responsibilities under the Project.
2. Without limitation on the foregoing, the functions of the Project Steering Committee shall be to: (a) provide overall coordination, policy and strategic guidance over the Project; and (b) approve operational procedures and technical designs submitted by DPITs.

###### *Project Manager*

3. The Project Implementing Entity shall appoint, not later than the Effective Date, and thereafter maintain throughout the implementation of the Project, a Project Manager with qualifications, experience and terms of reference satisfactory to the Association with the responsibility for overall management and coordination of the implementation of the Project.

###### *Departmental Project Implementation Teams*

4. The Project Implementing Entity shall establish, not later than the Effective Date, and thereafter maintain throughout Project implementation, Departmental Project Implementation Teams (DPITs) with terms of reference satisfactory to the Association and with adequate resources to carry out their responsibilities under the Project.
5. Without limitation on the foregoing, the functions of the DPITs shall be to: (a) preparing, reviewing and documenting functional and operational procedures of their respective departments; (b) developing detailed technical designs for their functional and operational procedures; and (c) providing support for Project implementation within their departments.

##### B. Implementation Arrangements

###### *Project Implementation Manual*

1. The Project Implementing Entity shall: (a) (i) not later than the Effective Date, prepare and furnish to the Association a Project implementation manual containing detailed

guidelines and procedures for the implementation of the Project, including: administration and coordination; monitoring and evaluation; financial, procurement and accounting procedures; social and environmental safeguards; corruption and fraud mitigation measures; roles and responsibilities of various agencies in the implementation of Project, and such other arrangements and procedures as shall be required for the effective implementation of the Project; and (ii) thereafter adopt and carry out the Project in accordance with such Project implementation manual as shall have been approved by the Association (Project Implementation Manual); and (b) except as the Association shall otherwise agree in writing, not amend or waive, or permit to be amended or waived any provision of the Project Implementation Manual.

2. In case of conflict between the provisions of the Project Implementation Manual and this Agreement, those of this Agreement shall prevail.

*Annual Work Plans and Budgets*

3. The Project Implementing Entity shall, not later than June 15 of each year, prepare and furnish to the Association, an annual program of activities proposed for implementation under the Project during the following Fiscal Year, together with a proposed budget for the purpose.
4. The Project Implementing Entity shall exchange views with the Association on each such proposed annual work plan, and shall thereafter adopt, and carry out such program of activities for such following Fiscal Year as shall have been agreed with the Association, as such plan may be subsequently revised during such following Fiscal Year with the prior written agreement of the Association (Agreed Annual Work Plan).

**C. Project Implementation Support Agreement**

1. The Project Implementing Entity, shall not later than the Effective Date, enter into a Project Implementation Support Agreement, on terms and conditions satisfactory to the Association, setting out mutual responsibilities regarding the implementation of the Project.
2. Notwithstanding the provisions of the foregoing sub-section 1 of this Section I.C, the Project Implementation Support Agreement shall incorporate the financial management, procurement, safeguards and monitoring and evaluation responsibilities of the Project Implementing Entity as set out in Section I.C of Schedule 2 to the Financing Agreement.

**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 carry out the Project in accordance with the provisions of the Environmental and Social Management Framework (“ESMF”) and the Resettlement Policy Framework (“RPF”).
2. If any Supplemental Social and Environmental Safeguard Instrument is required under any of the Safeguard Instruments, the Project Implementing Entity shall:
  - (a) Prepare; (A) such Supplemental Social and Environmental Safeguard Instrument in accordance with the applicable Safeguard Instrument; (B) furnish such Supplemental Social and Environmental Safeguard Instrument to the Association for review and approval; and (C) thereafter adopt such Supplemental Social and Environmental Safeguard Instrument prior to implementation of the activities ; and
  - (ii) thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such Supplemental Social and Environmental Safeguard Instrument.
3. The Project Implementing Entity shall ensure that all technical assistance under the Project, application of whose results would have environmental or social implications, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the Association, such terms of reference to ensure that the technical assistance takes into account, and calls for application of the Association’s environmental and social safeguard policies and the Recipient’s own laws relating to the environment and social aspects.
4. If any activity under the Project would involve Affected Persons, the Project Implementing Entity shall: (i) ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before resettlement measures under a Supplemental Social and Environmental Safeguard Instrument prepared in accordance with the RPF, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, have been implemented; and (ii) provide from its own resources, any financing required for any measures under sub-paragraph (i) above including any costs associated with land acquisition required for the Project.
5. Without limitation upon its other reporting obligations under this Agreement, the Project Implementing Entity shall for each of the Safeguards Instruments including the related Supplemental Social and Environmental Safeguard Instrument, regularly collect, compile and furnish to the Association reports in form and substance satisfactory to the Association, on the status of compliance with such Safeguard Instrument including the related Supplemental Social and Environmental Safeguard Instrument, as part of the Project Reports, giving details of:
  - (i) measures taken in furtherance of the Safeguards Instruments including the related Supplemental Social and Environmental Safeguard Instruments;

- (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments including the related Supplemental Social and Environmental Safeguard Instruments; and
- (iii) remedial measures taken or required to be taken to address such conditions.

## **Section II. Project Monitoring, Reporting and Evaluation**

### **A. Project Reports**

1. 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 indicators acceptable to the Association and set out in the Project Implementation Manual. Each such Project Report shall cover the period of one calendar quarter and shall be furnished to the Recipient and the Association not later forty-five (45) 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.
2. The Project Implementing Entity shall provide to the Recipient not later than six (6) months of 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 or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity shall ensure and cause to be prepared and furnished to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Project Implementing Entity shall ensure and cause to be audited the Financial Statements for the Project in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Project Implementing Entity. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period



**Section III. Procurement**

The Project Implementing Entity shall ensure that 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 V. Other Undertakings**

*New Electricity Connections Cost Contributions*

1. Project Implementing Entity shall-

- (a) maintain at all times during Project implementation, in Rwandan Francs, in the Central Bank, a separate account under terms and conditions acceptable to the Association, ("Electricity Connections Contributions Account"), into which it shall deposit customers' cash contributions for new electricity connections; and
- (b) not later than the 30<sup>th</sup> of every month, deposit the cash contributions for new electricity connections received in the preceding month into the Electricity Connections Contributions Account.
- (c) utilize the cash contributions deposited in the Electricity Connections Contributions Account for re-investing in new electricity connections and to do so in accordance with the provisions of Section I.F and Section III of Schedule 2 of the Financing Agreement.

*Operating Revenue*

2. The Project Implementing Entity shall ensure that its Operating Revenue shall reflect the principles of Cost Recovery and be sufficient to cover Operating Expenses and Debt Service.