



CREDIT NUMBER 5784 - RW

Project Agreement

(Urban Development Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

LOCAL ADMINISTRATIVE ENTITIES DEVELOPMENT AGENCY

Dated *April 6*, 2016

CREDIT NUMBER 5784 RW

PROJECT AGREEMENT

AGREEMENT dated April 6 2016, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and LOCAL ADMINISTRATIVE ENTITIES DEVELOPMENT AGENCY (“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 Respective Part 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 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 (20) 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:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423(MCI)

1-202-477-6391

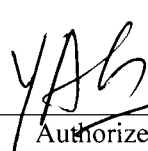
4.03. The Project Implementing Entity's Address is:

Blue Star House
35KG 7 Avenue
P.O Box 7305
Kigali, Rwanda

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

INTERNATIONAL DEVELOPMENT ASSOCIATION


By



Authorized Representative


Name: Yasser El Masri

Title: Country Manager



LOCAL ADMINISTRATIVE ENTITIES DEVELOPMENT
AGENCY

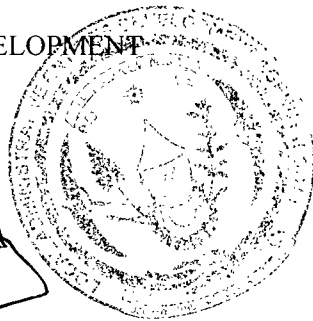
By



Authorized Representative

Name: Laetitia Nkundwa

Title: Director General, LODA



SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements.

Single Project Implementation Unit

1. The Project Implementing Entity shall: (i) maintain throughout Project implementation, the Single Project Implementation Unit (SPIU) with terms of reference, staffing and other resources satisfactory to the Association; and (ii) assign by the Effective Date, and thereafter retain in the SPIU at all times during Project Implementation, a municipal engineer, a financial management specialist, a procurement specialist, a social safeguards specialist, an environmental safeguards specialist, a local economic development specialist, a management information system specialist, a monitoring and evaluation specialist, and such other staff as may be agreed with the Association, all with qualifications, experience, and terms of reference satisfactory to the Association.
2. Without limitation upon the generality of Paragraph 1 of this Section I.A, the SPIU shall be responsible for managing day-to-day implementation of the Respective Part of the Project including procurement, financial management, safeguards management and reporting

District Project Implementation Teams

3. The Project Implementing Entity shall: (a) not later than the Effective date appoint and thereafter maintain throughout Project implementation in the City of Kigali and each Participating District, a District Project Implementation Team comprising of district level officials necessary for the successful implementation of the Project at the District level and as further detailed in the Project Implementation Manual, all with terms of reference satisfactory to the Association; and (b) avail adequate resources to the District Project Implementation Teams to enable them carry out their responsibilities under the Project.
4. Without limitation upon the provisions of paragraph 3 of this Section I.A, the District Project Implementation Teams shall be responsible for managing District-level Project implementation.

B. Implementation Arrangements

Project Implementation Manual

1. The Project Implementing Entity shall: (a) (i) not later than two (2) months of the Effective Date adopt 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 including measures to strengthen the accountability framework; roles and responsibilities of various agencies in the implementation of Project, conditions and arrangements on the implementation of the capacity building activities, and such other arrangements and procedures as shall be required for the effective implementation of the Project; and (ii) thereafter 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, the provisions of this Agreement shall prevail.

Annual Work Plans and Budgets

3. The Project Implementing Entity shall, not later than June 30 of each year, prepare and furnish to the Association, an annual program of activities proposed for implementation under the Respective Part of 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 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 (Annual Work Plan and Budget).

C. Sub-Projects

1. For the purpose of implementing the Respective Part of the Project (“Sub-Projects”), the Project Implementing Entity shall provide grants (“Sub-Project Grants”) to the City of Kigali and each Participating District in accordance with this Agreement, and the allocation criteria, conditions and guidelines set out in the Project Implementation Manual.
2. The Project Implementing Entity shall provide Sub-Project Grants pursuant to a Sub-Project grant agreement between the Project Implementing Entity and each of the City of Kigali and a Participating District, under terms and conditions

approved by the Association (“Sub-Project Grant Agreement”) which shall include rights adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the City of Kigali or a Participating District to use the proceeds of the Sub-Project Grant, or obtain a refund of all or any part of the amount of the Sub-Project Grant then withdrawn, upon the failure of the City of Kigali or the Participating District to perform any of its obligations under the Sub-Project Grant Agreement; and (ii) require the City of Kigali and each of the Participating District to: (A) carry out its Sub-Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (B) carry out the Sub-Project in accordance with the provisions of Section I.E of Schedule 2 to this Agreement and the Safeguards Instruments; (C) provide, promptly as needed, the resources required for the purpose of the Sub-Project; (D) procure the goods, works and services to be financed out of the Sub-Project Grant in accordance with the provisions of this Agreement; (E) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-Project and the achievement of its objectives; (F) (1) 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, resources and expenditures related to the Sub-Project; and (2) at the Association’s or the Project Implementing Entity’s request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Project Implementing Entity and the Association; (G) enable the Recipient, the Project Implementing Entity and the Association to inspect the Sub-Project, its operation and any relevant records and documents; (H) prepare and furnish to the Recipient, the Project Implementing Entity and the Association all such further information as the Recipient, the Project Implementing Entity or the Association may reasonably request; and (I) open and maintain a dedicated Project Account, until the completion of the Project, in the National Bank of Rwanda on terms and conditions acceptable to the Association; and ensure that the funds deposited into the Project Account shall be used exclusively to finance the cost of expenditures related to the Project.

2. The Project Implementing Entity shall exercise its rights and carry out its obligations under each Sub-Project Grant Agreement in such manner as to protect the interests of the Project Implementing Entity and the Association and to accomplish the purposes of the Sub-Project Grant. Except as the Association shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive any Sub-Project Grant Agreement or any of its provisions.

D. Anti-Corruption

The Project Implementing Entity shall ensure that the Respective Part of 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 Respective Part of 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: (i) such Supplemental Social and Environmental Safeguard Instrument in accordance with the applicable Safeguard Instrument; (ii) furnish such Supplemental Social and Environmental Safeguard Instrument to the Association for review and approval; and (iii) thereafter adopt such Supplemental Social and Environmental Safeguard Instrument prior to implementation of the activities; and
 - (b) 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 Respective Part of 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 Respective Part of the Project would involve Affected Persons, the Project Implementing Entity shall: (a) 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 (b) provide from its own resources, any financing required for any measures under sub-paragraph (a) 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:

- (a) measures taken in furtherance of the Safeguards Instruments including the related Supplemental Social and Environmental Safeguard Instruments;
- (b) 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
- (c) 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 the Respective Part 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. Each such Project Report shall cover the period of one quarter and shall be furnished to the Recipient not later forty-five (45) days 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 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 the Respective Part of the Project.
- 2. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity shall prepare and furnish to the Association as part of the Project Report not later than forty-five (45) days after the end of each calendar

quarter, interim unaudited financial reports for the Respective Part of the Project covering the quarter, in form and substance satisfactory to the Association.

3. 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.

Section III. Procurement

All goods, works and services required for the 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.