

**OFFICIAL
DOCUMENTS**

LOAN NUMBER 8443-LB

Project Agreement

(Water Supply Augmentation Project)

between

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

and

COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION

Dated *January 21*, 2015

LOAN NUMBER 8443-LB

PROJECT AGREEMENT

AGREEMENT dated January 21, 2015, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION (“Project Implementing Entity,” or “CDR”) (“Project Agreement”) in connection with the Loan Agreement (“Loan Agreement”) of same date between the Lebanese Republic (“Borrower”) and the Bank. The Bank and CDR 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. CDR declares its commitment to the objective of the Project. To this end, CDR shall carry out the Project 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 the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and CDR shall otherwise agree, CDR shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

- 3.01. CDR’s Representative is the President of the Council for Development and Reconstruction.
- 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
Washington, D.C.

Telex:
248423(MCI) or
64145(MCI)

Facsimile:
1-202-477-6391

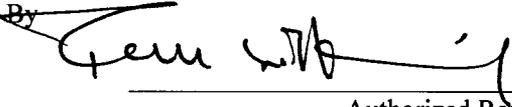
3.03. CDR's Address is:

P.O. Box 11/3170
Tallet Al Serail
Beirut
Lebanese Republic

Facsimile:
961 1 981 252
961 1 981 253

AGREED at Beirut, Lebanese Republic, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By 

Authorized Representative

Name: Ferid Belhaj

Title: Country Director

COUNCIL FOR DEVELOPMENT
AND RECONSTRUCTION

By 

Authorized Representative

Name: Nabil El Jisr

Title: President of the Council for Development and
Reconstruction

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. CDR shall establish, not later than one (1) month after the Effective Date, and thereafter maintain the Project Management Unit throughout the life of the Project, with staffing, resources, and terms of reference satisfactory to the Bank. The Project Management Unit shall include, *inter alia*, a Project Director and specialists in the areas of dam engineering, social and environmental safeguards, financial management and procurement, and communications, in adequate numbers with qualifications, experience and terms of reference acceptable to the Bank.
2. CDR shall carry out the Project in accordance with the PIM and shall not amend, suspend, abrogate, repeal or waive any provision of the PIM without prior approval of the Bank.
3. CDR shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, CDR shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

B. Anti-Corruption

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

C. Annual Work Plans and Budgets.

1. CDR shall furnish to the Bank for approval as soon as available, but in any case not later than January 1 of each year, the annual work plan and budget for the Project, covering the activities proposed for the subsequent year of Project implementation; which plan and budget shall be of such scope and detail as the Bank shall have reasonably requested.
2. CDR thereafter shall ensure that the Project is carried out in accordance with such plan and budget as agreed with the Bank.

D. Safeguards

1. CDR shall ensure that the Project is carried out in accordance with the ESIA, ESMP, RAP, and ESIA for GBWSP and shall not amend, suspend, abrogate, repeal or waive any provision of the ESIA, ESMP, RAP, and ESIA for GBWSP without prior approval of the Bank.
2. CDR shall ensure that, prior to commencing any civil works under the Project: (i) all resettlement measures set forth in the RAP in relation to the specific civil work, shall have been fully executed, including the full payment for Land Acquisition and Resettlement Compensations and/or the provision of relocation assistance to all Displaced Persons prior to displacement; and (ii) mitigation measures set forth in the ESIA and ESMP in relation to the specific civil works are up-to-date and satisfactory to the Bank. If such mitigation measures are not found up to date or satisfactory to the Bank, CDR shall update the ESIA and ESMP pursuant to terms of reference acceptable to the Bank.
3. CDR shall ensure that each contract for civil works under the Project includes the obligation of the relevant contractor to comply with the ESIA, ESMP, RAP and ESIA for GBWSP applicable to such civil works commissioned/awarded pursuant to said contract.
4. CDR shall maintain policies and procedures adequate to enable it to monitor and evaluate, on an on-going basis, in accordance with guidelines acceptable to the Bank, the implementation of the ESIA, ESMP, RAP and ESIA for GBWSP and the achievement of the objectives thereof; and furnish to the Bank, until completion of the Project, as a part of the Project progress reports on the results of such activities during the period preceding the date of said report.
5. CDR shall:
 - (a) maintain at all times, throughout the duration of Project implementation, or such earlier date as the Bank may notify the Borrower in writing, which date, in any event, may not be earlier than the initial filling of the Bisri Dam reservoir and start of operation, the Environmental and Social Panel of Experts (ESPE) comprising of at least three (3) environmental and social experts with expertise and under terms of reference acceptable to the Bank, which shall be responsible for advising CDR on all environmental and social aspects of the Project;
 - (b) provide financial and administrative support and cooperation necessary for the ESPE to carry out its functions in accordance with its terms of reference; and

- (c) (i) arrange periodic ESPE meetings and reviews, including site visits, which shall continue throughout the duration of Project implementation; (ii) provide the Bank with sufficient advance notice of each such meeting, such that the Bank may participate in such meeting as an observer; (iii) shall furnish to the Bank for review, no later than fifteen (15) days after the receipt of each such report, a copy of the ESPE's written report of its conclusions and recommendations, signed by each ESPE participating member following each such meeting; and (iv) implement the recommendations of the ESPE in a timely manner acceptable to the Bank.

6. CDR shall:

- (a) maintain at all times, throughout the duration of Project implementation, an independent Dam Safety Panel of Experts (DSPE) comprising at least four (4) experts acceptable to the Bank, under terms of reference acceptable to the Bank, which shall be responsible, *inter alia*, for the: (i) review of and provision of advice relating to safety and other critical aspects of the Bisri Dam, its appurtenant structures, the catchment area, the area surrounding the reservoir, and downstream areas; and (ii) review of the investigation, design, and construction and the commencement of operations of the Bisri Dam;
- (b) provide financial and administrative support and cooperation necessary for the DSPE to carry out its functions in accordance with its terms of reference;
- (c) (i) arrange periodic DSPE meetings and reviews, including site visits, which shall continue through the investigation, design, construction, and initial filling and start-up phases of the dam, (ii) provide the Bank with sufficient advance notice of each such meeting, such that the Bank may participate in such meeting as an observer; (iii) shall furnish to the Bank for review, no later than fifteen (15) days after the receipt of each such report, a copy of the DSPE's written report of its conclusions and recommendations signed by each DSPE participating member following each such meeting; and (iv) implement the recommendations of the DSPE in a timely manner acceptable to the Bank;
- (d) furnish to the Bank for review, following the initial filling of the reservoir and the start-up of the Bisri Dam, a copy of the DSPE's written report of its findings and recommendations in relation to such filling and start-up;
- (e) retain the DSPE until the DSPE is satisfied that no significant difficulties have been encountered in the filling and start-up of the dam, and may

disband the DSPE only after receiving a written no objection from the Bank following the review referred to in subparagraph (d) above;

- (f) following the initial filling of the reservoir and start-up of the Bisri Dam, establish arrangements satisfactory to the Bank for periodic dam safety inspections by independent professionals with qualifications, experience, and terms of reference satisfactory to the Bank and who have not been involved in the investigation, design, construction, or operation of the Bisri Dam;
- (g) implement the Construction Supervision and Quality Assurance Plan covering *inter alia*, the organization, staffing levels, procedures, equipment, and qualifications for supervision of construction of the Bisri Dam;
- (h) furnish to the DSPE and the Bank for their review prior to bid tendering, an Instrumentation Plan, in form and substance satisfactory to the Bank, for the installation of instruments to monitor and record dam behavior and the related hydro-meteorological, structural, and seismic factors, and shall finalize said plan taking into considerations the comments and recommendations of the DSPE and the Bank;
- (i) furnish to the DSPE and the Bank for their review, no later than six (6) months prior to the initial filling of the reservoir, an Operation and Maintenance Plan, in form and substance satisfactory to the Bank, for covering organizational structure, staffing, technical expertise, training required, and equipment and facilities needed to operate and maintain the dam; operation and maintenance procedures, funding arrangements, and long term maintenance and safety inspections, and shall finalize said plan taking into consideration the comments and recommendations of the DSPE and the Bank;
- (j) furnish to the DSPE and the Bank for their review, no later than one (1) year prior to the initial filling of the reservoir, an Emergency Preparedness Plan, in form and substance satisfactory to the Bank, specifying the roles of responsible parties when dam failure is considered imminent, or when expected operational flow release threatens downstream life, property, or economic operations that depend on river flow levels, and shall finalize said plan taking into consideration the comments and recommendations of the DSPE and the Bank; and
- (k) (i) implement the Dam Safety Plans in a timely manner satisfactory to the Bank; (ii) not amend, revise or waive any of the Dam Safety Plans without the prior written agreement of the Bank; and (iii) maintain policies and procedures adequate to enable it to monitor and evaluate, in

accordance with guidelines acceptable to the Bank, the Dam Safety Plans.

Section II. Project Monitoring, Reporting and Evaluation.

A. Project Reports

1. CDR shall monitor and evaluate the progress of the Project and prepare Project Reports for the 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 Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later than one (1) month after the end of the period covered by such report.
2. Without limitation on the provisions in paragraph A.1 of this Section II above, CDR shall:
 - (a) conduct the first interim review for the Project, and thereafter prepare, under terms of reference satisfactory to the Bank, and furnish to the Borrower and the Bank on or about June 30, 2018, or such later date as the Bank and the Borrower may agree on, a mid-term report on the progress achieved in the carrying out of the Project during the period preceding such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date;
 - (b) review with the Bank by July 31, 2018, or such later date as the Bank shall request, the mid-term report referred to in sub-paragraph (a) above, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank's views on the matter;
 - (c) conduct the second interim review for the Project, and thereafter prepare, under terms of reference satisfactory to the Bank, and furnish to the Borrower and the Bank on or about June 30, 2021, or such later date as the Bank and the Borrower may agree on, a mid-term report on the progress achieved in the carrying out of the Project during the period preceding such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and
 - (d) review with the Bank by July 31, 2021, or such later date as the Bank shall request, the mid-term report referred to in sub-paragraph (c) above, and, thereafter, take all measures required to ensure the efficient

completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of the said report and the Bank's views on the matter.

3. 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 to the Bank not later than six (6) months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. CDR 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 its operations and financial condition, including the operations, resources and expenditures related to the Project.
2. CDR shall have its financial statements for the Project referred to above 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 CDR. CDR shall ensure that the audited financial statements for each period shall be: (a) furnished to the Borrower and the Bank not later than six months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

Section III. Procurement

All goods, works, non-consulting services and consultants' services required for 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.