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**GRANT NUMBER TF058085-LE**

# **Project Agreement**

**(West Beka'a Emergency Water Supply Project)**

**between**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**  
**Acting as administrator of the Trust Fund for Lebanon, established pursuant to**  
**Resolution No. 580 of the Board of Governors**

**and**

**COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION**

**Dated May 7, 2007**

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## **PROJECT AGREEMENT**

Agreement dated May 7, 2007, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION, acting as administrator of the Trust Fund for Lebanon (“World Bank”) and COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION (“CDR”) in connection with the Trust Fund for Lebanon Grant Agreement (“Grant Agreement”) of the same date between the LEBANESE REPUBLIC (“Recipient”) and the World Bank. The World Bank and CDR hereby agree as follows:

### **ARTICLE I - STANDARD CONDITIONS; DEFINITIONS**

- 1.01. The Standard Conditions (as defined in the Appendix to the Grant 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 Grant Agreement or the Standard Conditions.

### **ARTICLE II - PROJECT**

- 2.01. (a) CDR declares its commitment to the objectives of the Project. To this end, CDR shall carry out the Project in accordance with the provisions of Article II, Sections 5.01 and 5.02, and Articles VI and VII of the Standard Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.  
  
(b) For purposes of sub-paragraph (a) above, the term “Recipient,” whenever used in the afore listed provisions, shall be deemed to refer to CDR, and the term “Grant Agreement,” whenever used in said provision, shall be deemed to refer to this Agreement.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the World 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 - EFFECTIVENESS; TERMINATION**

- 3.01. This Agreement shall not become effective until the Effective Date.
- 3.02. Upon the Effective Date, all provisions of this Agreement shall continue to be in full force and effect notwithstanding any cancellation, suspension or refund of the Grant or under the Grant Agreement.
- 3.03. This Agreement and all obligations of the parties under it shall terminate if the Grant Agreement shall have failed to enter into effect by the date ninety (90)

days after the date of the Grant Agreement, unless the World Bank, after consideration of the reasons for such delay, establishes a later date for the purpose of Section 5.04 of the Grant Agreement and this Section. The World Bank shall promptly notify CDR of such later date.

**ARTICLE IV - REPRESENTATIVE; ADDRESSES**

4.01. CDR's Representative is the President of CDR.

4.02. The World Bank'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. CDR's Address is:

P.O. Box 116-5351  
Beirut  
Lebanese Republic

Cable:	Telex:	Facsimile:
42490	CDR, Tallet El-Seray	9611-981-252/253

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

INTERNATIONAL DEVELOPMENT ASSOCIATION  
Acting as administrator of the Trust Fund for Lebanon

By /s/ Joseph Saba

Authorized Representative

COUNCIL FOR DEVELOPMENT AND  
RECONSTRUCTION

By /s/ Nabil El-Jisr

Authorized Representative

## **SCHEDULE**

### **Execution of the Project**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements**

1. CDR shall have the overall responsibility for managing and implementing the Project. To this end, CDR shall:
  - (a) maintain, throughout the period of implementation of the Project, a project management team (PMT), which shall be: (A) provided with sufficient resources and competent staff, in adequate number, under terms of reference satisfactory to the World Bank; and (B) assigned with such functions and responsibilities, satisfactory to the World Bank, as shall be required for the day-to-day implementation of the Project, including the carrying out of the financial management, procurement, training, coordination and liaison with MOEW and BRWA, monitoring, evaluation and reporting activities under the Project;
  - (b) ensure that all environmental, health and safety concerns be properly addressed in all construction designs and monitor contractors' timely and quality implementation of all preventive or mitigating measures set forth in the Environmental Management Plans.
  - (c) by no later than June 30, 2007, select and retain, throughout the period of implementation of the Project, an independent supervisor engineer, with terms of reference, qualifications and experience satisfactory to the World Bank, to assist the PMT in insuring the timely and quality implementation of Part A of the Project.
  - (d) by no later than March 31, 2008, select and retain, throughout the period of implementation of the Project, an independent auditor, with terms of reference and qualifications acceptable to the World Bank, to carry out the audits of the Project's records and accounts, Project expenditures, interim unaudited financial reports, and CDR's Financial Statements.

##### **B. Safeguards.**

1. CDR shall:
  - (a) ensure that the Project be carried out in compliance with the Environmental Management Plan and the Resettlement Policy Framework, and that all environmental and social mitigation, and

monitoring and institutional measures set forth in the Environmental Management Plan and/or the Resettlement Policy Framework be satisfactorily implemented, and adequately supervised throughout Project execution,

- (b) furnish to the World Bank any revisions proposed to be introduced into either the Environmental Management Plan or the Resettlement Policy Framework in order to achieve their objectives and, thereafter, introduce such revisions into such plan and framework as shall have been agreed with the World Bank; and
  - (c) neither amend, nor suspend, abrogate or in anyway waive any provision of the Environmental Management Plan or Resettlement Policy Framework if, in the opinion of the World Bank, such amendment, suspension, abrogation and waiver might materially and adversely affect the carrying out of the Project or the achievement of the Environmental Management Plan's and Resettlement Policy Framework's objectives.
2. For purposes of Part A of the Project, as described in Schedule 1 to the Grant Agreement, CDR shall:
- (a) in the selection of sites to carry out civil works, take all necessary actions to minimize, to the extent possible, any involuntary loss by persons of shelter, productive assets or access to productive assets, income or means of livelihood, either temporarily or permanently;
  - (b) in the event that civil works would give rise to Displaced Persons, prior to commencing with such civil works, prepare a Resettlement Action Plan, satisfactory to the World Bank, in accordance with the policies and procedures set forth in the Resettlement Policy Framework, setting out: (i) the extent of the land acquisition and its potential impacts; (ii) the results of a basic census/ survey of the affected people; (iii) the detailed estimate of compensation rates; (iv) the timetable and budget/cost for acquiring the land and compensation; (v) the social risks mitigation measures and consultation arrangements with the affected people; and (vi) the arrangements for monitoring the measures/actions taken, and thereafter implement, or cause to implement, the Resettlement Action Plan so approved by the World Bank;
  - (c) furnish to the World Bank any revisions proposed to be introduced into any Resettlement Action Plans in order to achieve their objectives and, thereafter, introduce such revisions into such plans as shall have been agreed with the World Bank; and

- (d) neither amend, nor suspend, abrogate or in anyway waive any provision of the Resettlement Action Plans if, in the opinion of the World Bank, such amendment, suspension, abrogation and waiver might materially and adversely affect the carrying out of the Project or the achievement of the Resettlement Action Plans' objectives.

## **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 in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators agreed with the World Bank. Each such Project Report shall cover the period of one calendar quarter, and shall be furnished to the Recipient not later than forty-five (45) days after the end of the period covered by such report for incorporation and forwarding by the Recipient to the World Bank of the overall Project Report.
2. No later than twenty (20) months, after the Effective Date, CDR shall carry out, jointly with the Bank, a mid-term review of the progress made in carrying out the Project.
3. CDR shall provide to the Recipient not later than two (2) months after the closing date, for incorporation in the report referred to in Section 2.06(b)(ii) of the Standard Conditions all such information as the Recipient or the World Bank shall reasonably request for the purposes of such Section.

### **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 World Bank, both in a manner adequate to reflect the operations and financial condition of CDR, including the operations, resources and expenditures related to the Project.
2. Without limitation on the provision of Part A of this Section, CDR shall prepare and furnish to the World Bank as part of the Project Reports, no later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project, covering the respective quarter, in form and substance satisfactory to the World Bank.
3. CDR shall have the Project's financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank. Each audit of these financial statements shall cover the period of one fiscal year of CDR. The audited

financial statements for each period shall be furnished to the World Bank not later than six (6) months after the end of the period.

**Section III. Procurement**

All goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Section III of Schedule 2 to the Grant Agreement.