Project Agreement

(Geothermal Power Generation Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

ELECTRICITÉ DE DJIBOUTI

Dated October 13, 2013
PROJECT AGREEMENT

AGREEMENT dated October 13, 2013, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and ELECTRICITÉ DE DJIBOUTI ("Project Implementing Entity") ("Project Agreement") in connection with: (i) the Financing Agreement ("Financing Agreement") of same date between the REPUBLIC OF DJIBOUTI ("Recipient") and the Association; (ii) the Global Environment Facility Grant Agreement ("GEF Grant Agreement") of the same date between the Recipient and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as an implementing agency of the Global Environment Facility ("GEF"); and (iii) the Energy Sector Management Assistance Program Grant Agreement ("ESMAP Grant Agreement") of the same date between the Recipient and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND INTERNATIONAL DEVELOPMENT ASSOCIATION (collectively, the "World Bank"), acting as an implementing agency of the Energy Sector Management Assistance Program Multi Donor Trust Fund ("ESMAP"). 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 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 ten (10) years after the date of this Agreement.
ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is EDD.

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

4.03. The Project Implementing Entity’s Address is:

Electricité de Djibouti
Boulevard de la République
B.P. 175 – Djibouti
République de Djibouti

Cable: 5842 DJIBELEC
Telex: 253-21-35-43-96
Facsimile: 253-21-35-43-96
AGREED at Washington D.C., United States of America of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Inger Andersen

Title: Regional Vice President

ELECTRICITÉ DE DJIBOUTI

By

Authorized Representative

Name: [Signature]

Title: [Signature]
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Project Implementing Entity, through the PMU, shall ensure that the Project is implemented with sound executive, administrative and technical management procedures.

3. The Project Implementing Entity shall provide adequate fiduciary, administrative and technical support during the implementation of the Project and, in that respect, maintain, during Project implementation, the PMU in charge of supporting the disbursement, financial management and procurement activities under the Project, as well as carrying out monitoring and evaluation.

4. The Project Implementing Entity shall reinforce the PMU by hiring additional staff, under terms of reference satisfactory to the Association, including: (i) an internationally recruited PMU director, not later than three (3) months after the Effective Date; (ii) a locally recruited Project coordinator and a locally recruited deputy Project coordinator, not later than three (3) months after the Effective Date; (iii) an accountant, procurement specialist, an environmental safeguards specialist, a social safeguard specialist and an administrative assistant not later than three (3) months after the Effective Date.

5. The Project Implementing Entity shall, not later than three (3) months after the Effective Date, revise the POM in a manner satisfactory to the Association. The Recipient shall implement, or cause to be implemented, the Project in accordance with the provisions of the POM as so updated and shall not amend, suspend, abrogate, repeal or waive any of its provisions without the prior consent of the Association.

B. Anti-Corruption

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

C. Safeguards

1. The Project Implementing Entity shall carry out the Project in accordance with the provisions of the Safeguard Documents and shall not abrogate, amend, repeal, suspend, waive or otherwise fail to enforce any of the Safeguard Documents without the prior consent of the Association.

2. Prior to the execution of any civil work activities to be financed under Part A of the Project, the Project Implementing Entity shall: (i) develop a specific ESIA for said activities satisfactory to the Association and revise the ESMP or prepare a new ESMP, as the case may be, in accordance with and as required by the ESIAF; (ii) adopt and publish...
the ESIA and the ESMP in a manner satisfactory to the Association; and (iii) implement the ESIA and the ESMP in a manner satisfactory to the Association.

3. Not later than three (3) months prior to the execution of any civil work activities to be financed under Part A of the Project, the Project Implementing Entity shall hire an environment, health and safety audit consultant, under terms of reference satisfactory to the Association, to: (i) carry out an independent monitoring of the implementation of the ESMP during implementation of the Project and (ii) provide quarterly reports to the Association and the Project Implementing Entity on the results of said monitoring. Based on such reports, the Project Implementing Entity shall take measures, satisfactory to the Association, to address any identified deficiencies and ensure compliance with the ESMP.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress 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 (1) calendar semester, and shall be furnished to the Recipient not later than three (3) 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.

2. The Project Implementing Entity shall provide to the Recipient not later than three (3) weeks, 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 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 Project Implementing Entity shall ensure that the audited financial statements for each period shall: (a) be furnished to the Recipient and the Association not later than five (5) months after the end of the period; (b) made publicly available in a timely fashion and in a manner acceptable to the Association; and (c) include: (i) a cash flow statement; (ii) a closing statement of financial position; (iii) a statement of
ongoing commitments; and (iv) an analysis of payments and withdrawals from the grant account.

3. The Project Implementing Entity shall carry out, through the PMU, an external financial audit review of the interim unaudited financial reports and the Financial Statements.

4. The Project Implementing Entity shall ensure: (i) the use of the existing accounting software of the Power Access and Diversification Project; and (ii) the acquisition and operation of an additional license of the accounting software for purposes of this Project, not later than three (3) months after the Effective Date.

Section III. Procurement

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.