Project Agreement

(Second Urban Poverty Reduction Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

AGENCE DJIBOUTIENNE DE DEVELOPPEMENT SOCIAL

Dated July 23, 2014
PROJECT AGREEMENT

AGREEMENT dated July 23, 2014, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and AGENCE DJIBOUTIENNE DE DEVELOPPEMENT SOCIAL ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between the REPUBLIC OF DJIBOUTI ("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 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 the Director General.

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

Washington, D.C.

4.03. The Project Implementing Entity’s Address is:

Avenue Djama Elabeh
B.P. 4298
Djibouti City
Republic of Djibouti

Facsimile:
253-21-35-71-84

AGREED at Washington, D.C., United States of America as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Inger Andersen

Title: Regional Vice President

AGENCE DJIBOUTIENNE DE DEVELOPPEMENT SOCIAL

By

Authorized Representative

Name: Robleh Olhaye Oudine

Title: Ambassador
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall be responsible for Project coordination, implementation, and monitoring and evaluation, as well as administrative, financial management, procurement, and disbursements under the Project, including ensuring compliance with safeguards measures and procedures, and carrying out the regular progress reports under the Project. The Project Implementing Entity shall ensure the secretariat of the Project Steering Committee.

2. The Project Implementing Entity shall maintain and strengthen the Project Management Unit including, inter alia, in its composition: a full time project manager (engineer specialized on urban infrastructure) for the overall technical coordination; a procurement specialist; an environmental and social safeguard specialist; and a financial officer, all under terms of reference satisfactory to the Association.

3. The Project Implementing Entity shall implement the Project in accordance with the provisions of the POM 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. Community Sub-projects

1. The Project Implementing Entity shall make Community Sub-project Grants to Community Associations in accordance with eligibility criteria and procedures acceptable to the Association set forth in the Operational Manual.

2. The Project Implementing Entity shall make each Community Sub-project Grant under a Community Sub-project Grant Agreement with the respective Community Association on terms and conditions approved by the Association, which shall include the following:

(a) The Project Implementing Entity shall obtain rights adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the Community Association to use the proceeds of the Community Sub-project Grant, or declare to be immediately due and payable all or any part of the amount of the Community Sub-project Grants then withdrawn, upon the Community Association ’s failure to perform any of its obligations under the Community Sub-project Grant Agreement; and (ii) require each
Community Association to: (A) carry out its Community 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) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Community Sub-project Grant in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Community Sub-project and the achievement of its objectives; (E) (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 Community Sub-project; and (2) at the Association’s or the Recipient’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 Recipient and the Association; (F) enable the Recipient and the Association to inspect the Community Sub-project, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

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

4. To facilitate the carrying out of Part B.2 (i) of the Project, the Project Implementing Entity shall maintain, during Project implementation, a Selection Committee to generate community interest, validate and monitor the implementation of Community Sub-projects. The Project Implementing Entity shall ensure the secretariat of the Selection Committee.

D. Safeguards

1. The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Environmental and Social Management Framework (ESMF) and Environmental and Social Management Plans (ESMPs). Where the ESMF requires that an ESMP be prepared for an activity under the Project, the Project Implementing Entity shall, in accordance with the ESMF, prepare such a plan, in form and substance satisfactory to the Association, and disclose it, before the implementation of such activity.

2. The Project Implementing Entity shall ensure that the Project activities under Part A are carried out in accordance with the provisions of the Resettlement Policy Framework.
(RPF) and the Abbreviated Resettlement Action Plan (ARAP). Where the RPF requires that an ARAP or Resettlement Action Plan (RAP) be prepared for an activity under the Project, the Project Implementing Entity shall, in accordance with the RPF, prepare such plans, in form and substance satisfactory to the Association, and disclose them, before the implementation of such activity.

3. The Project Implementing Entity shall not abrogate, amend, repeal, suspend, waive or otherwise fail to enforce any of the Safeguard Documents without the prior consent of the Association.

4. In case of any conflict between the terms of the Safeguard Documents referred to in subparagraphs (1) and (2) of this paragraph and those of this Agreement, the terms of this Agreement shall prevail.

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 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 Association of the overall Project Report.

2. The Project Implementing Entity shall provide to the Recipient not later than three (3) 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 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. The auditor shall produce: (i) an annual audit report including his opinion on the Project's annual financial statements; (ii) a management letter on the Project internal controls; and (iii) a limited review opinion on the IFRs. The annual reports will be submitted to the Association within six (6) months from the closure of each fiscal year and the limited review opinion will be submitted to the Association with the interim unaudited financial reports not later
than forty-five (45) days after the end of each quarter in form and substance satisfactory to the Association.

3. 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 six (6) months after the end of the period; (b) be made publicly available in a timely fashion and in a manner acceptable to the Association; and (c) shall include: (i) a cash flow statement; (ii) a closing statement of financial position; (iii) a statement of ongoing commitments; (iv) an analysis of payments and withdrawals from the project’s account; (v) a statement of cash receipts and payments by category and component; (vi) reconciliation statement for the balance of the Project’s Designated Account; and (vii) statement of cash payments made using Statements of Expenditures (SOE) basis.

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.