Project Agreement

(Geothermal Sector Development Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

ETHIOPIAN ELECTRIC POWER

Dated June 10, 2014
PROJECT AGREEMENT

AGREEMENT dated June 10, 2014, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and ETHIOPIAN ELECTRIC POWER ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between the FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA ("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 twenty (20) years after the date of this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is its Chief Executive Officer.
4.02. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, DC 20433
United States of America

Cable: Telex: Facsimile:
INDEVAS 248423(MCI) 1-202-477-6391
Washington, D.C.

4.03. The Project Implementing Entity’s Address is:

Ethiopian Electric Power
House No. 044/045
Woreda 07, Subcity Kirkos
Addis Ababa
Ethiopia

Telephone: Facsimile:
+251 115 54 68 30 +251 115 54 68 44
AGREED at Addis Ababa, Federal Democratic Republic of Ethiopia, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Guang Z. Chen
Title: Country Director

ETHIOPIAN ELECTRIC POWER

By

Authorized Representative

Name: Wolde Azeb Asnake
Title: CEO, EEP
SCHEDULE
Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

The Project Implementing Entity shall:

(a) maintain, at all times during the Project implementation, the Project Implementation Unit with responsibilities for day-to-day Project management, monitoring and evaluation and make sure that it has the resources and staff necessary for successful implementation of the Project;

(b) maintain until the completion of the Project, with terms of reference acceptable to the Association, its environmental monitoring and safety team responsible for: (i) the assessment and mitigation of environmental and social impact of the Project, including the implementation of activities required pursuant to Safeguards Instruments, including Supplemental Safeguard Instruments; and (ii) the monitoring of the environmental and social performance of the activities, including works site safety, carried out under the Project;

(c) (i) carry out the Project in accordance with the Finance Procedures and Accounting Manual, satisfactory to the Association; (ii) not later than three (3) months after the effectiveness of this Agreement adopt a Procurement Manual, which with regard to the procurement to be financed by the Association shall be satisfactory to the Association, and to carry out the Project in accordance with such Manual thereafter; and (iii) and not amend, abrogate, suspend, or waive any provision of the said Procedures and Manuals, without the prior written agreement of the Association; and

(d) in the event that any provision of the Finance Procedures, Accounting Manual or Procurement Manual shall conflict with any provision under the Financing Agreement or this Agreement, the provisions of the Financing Agreement and this Agreement shall prevail.

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. Environmental and Social Safeguards

1. The Project Implementing Entity shall implement the Project in accordance with the relevant Safeguards Instruments, and, to that end, shall:
if any activity under the Project would require the adoption of any Supplemental Social and Environmental Safeguard Instrument:

(i) prepare: (A) such Supplemental Social and Environmental Safeguard Instrument in accordance with ESIA and/or RPF; (B) furnish such Supplemental Social and Environmental Safeguard Instrument to the Association for review and approval; and (C) thereafter adopt such Supplemental Social and Environmental Safeguard Instrument prior to implementation of the activity; and

(ii) 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; and

(b) if any activity under the Project would involve Affected Persons, 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, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, have been taken.

2. Without limitation upon its other reporting obligations under the Financing Agreement, the Project Implementing Entity shall regularly collect, compile and furnish to the Association reports in form and substance satisfactory to the Association on the status of compliance with Safeguards Instruments, including each 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 each Supplemental Social and Environmental Safeguard Instrument;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments, including each Supplemental Social and Environmental Safeguard Instrument; and

(c) remedial measures taken or required to be taken to address such conditions.

3. The Project Implementing Entity shall regularly review the effective use of the Safeguards Instruments as part of the monitoring and evaluation system for the Project.

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 the indicators acceptable to the Association. Each such Project Report shall cover the period of one calendar semester, 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 before 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 its Financial Statements and the Financial Statements related to the Project 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 prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for 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 in paragraph 1 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 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.