OFFICIAL DOCUMENTS

CREDIT NUMBER 6069-DJ

Project Agreement

(Sustainable Electrification Program Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

ELECTRICITÉ DE DJIBOUTI

Dated June 14th, 2017
PROJECT AGREEMENT

AGREEMENT dated ____________, 2017, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and ELECTRICITÉ DE DJIBOUTI ("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 implementation of 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 its implementation of 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 its chief executive.

4.02. The Association’s Address is:

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

    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

    Facsimile:
    253-2135-4396
AGREED at __________________, ____________, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By ________________________________
Authorized Representative
Name: ______________________________
Title: ______________________________

ELECTRICITÉ DE DJIBOUTI

By ________________________________
Authorized Representative
Name: ______________________________
Title: ______________________________
SCHEDULE

Execution of the Project

Section I. **Implementation Arrangements**

A. **Institutional Arrangements**

1. The Project Implementing Entity shall be responsible for Project implementation, including financial management, procurement, environmental and social safeguards, and monitoring and evaluation, in accordance with the following institutional arrangements.

   **Interministerial Steering Committee**

2. With respect to the National Sustainable Electrification Program, the Project Implementing Entity shall participate in the Interministerial Steering Committee described in the Financing Agreement.

   **Project Implementation Unit**

3. The Project Implementing Entity shall implement the Project, through the Project Implementation Unit (or PIU), with sound executive, administrative and technical management procedures and shall maintain the PIU, throughout Project implementation, with adequate fiduciary, administrative and technical support, to be responsible for carrying out implementation of the Project, including: (i) the day-to-day coordination; (ii) monitoring and evaluation; (iii) safeguards supervision; (iv) preparation of Annual Work Plans and Budgets; (v) procurement; (vi) financial management and disbursement matters; (vii) reporting; (viii) communication activities; and (ix) filing and compilation of documents for audit purposes.

4. The Project Implementing Entity shall ensure that, throughout Project implementation, the PIU is maintained with staff in sufficient numbers, with experience and qualifications satisfactory to the Association, in carrying out its responsibilities. To this end, the Project Implementing Entity shall hire staff for the PIU and experts for the Project with qualifications and experience satisfactory to the Association, including, not later than one (1) month after the Effective Date, a procurement specialist, an environmental safeguards specialist and a social safeguards specialist, in addition to the Project Director, the Deputy Director, and the financial management specialist, plus a technical expert to develop the draft National Sustainable Electrification Program (whose terms of reference for the assignment shall have been approved by the Interministerial Steering Committee).
B. Institutional Arrangements

Project Implementation Manual

1. The Project Implementing Entity shall carry out the Project in accordance with the Project Implementation Manual.

2. Except as the Association shall otherwise agree in writing, the Project Implementing Entity may not amend or waive, or permit to be amended or waived, any provision of the Project Implementation Manual.

3. In case of a conflict between the provisions of the Project Implementation Manual and this Agreement, those of this Agreement shall prevail.

Annual Work Plans and Budgets

4. The Project Implementing Entity shall, not later than October 31 of each year throughout the implementation of the Project, prepare and furnish to the Association an annual work plan of activities proposed for implementation under the Project for the next year, together with a proposed budget and a timetable for the purpose, which shall include: (i) activities and amounts financed by the Counterpart Funding; and (ii) costs of Project-Financed Last Mile Connection Materials.

5. The Project Implementing Entity shall exchange views with the Association on each such proposed Annual Work Plan and Budget and shall thereafter adopt and carry out such work plan for such next fiscal year as shall have been agreed with the Association, as such plan may be subsequently revised during such following fiscal year with the prior written agreement of the Association.

C. Anti-Corruption

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

D. Safeguards

1. The Project Implementing Entity shall carry out the Project in accordance with the provisions of the Safeguard Instruments, including the ESIA and the ARAP for initially identified locations, and the ESMF and RPF for subsequently identified locations.

2. The Project Implementing Entity shall not amend or waive, or permit to be amended or waived, any Safeguard Instrument, or any provision of any one thereof, without the prior written approval of the Association.
3. The Project Implementing Entity shall ensure that all measures for carrying out the recommendations of the Safeguard Instruments are taken in a timely manner.

4. If any activity under the Project involves Involuntarily Displaced Persons, the Project Implementing Entity shall ensure that no displacement (including restriction of access to legally designated parks and protected areas) occurs before resettlement measures under a supplemental instrument prepared in accordance with the RPF, including full payment to Involuntarily Displaced Persons of compensation and of other assistance required for such relocation, have been implemented (except with respect to financing as specified in Section I.E.5. of Schedule 2 of the Financing Agreement).

5. Without limitation upon its other reporting obligations under this Agreement, the Project Implementing Entity shall:

   (a) provide quarterly monitoring reports ("Safeguard Monitoring Reports") containing adequate information on monitoring the measures defined in the Safeguard Instruments, giving details of:

      (i) measures taken in furtherance of such Safeguard Instruments;

      (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Instruments; and

      (iii) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of such Safeguard Instruments;

   (b) include summaries of the Safeguard Monitoring Reports in the Project Reports referred to in Section II.A of this Schedule; and

   (c) afford the Association a reasonable opportunity to exchange views on such reports.

6. The Project Implementing Entity shall furnish each Safeguard Monitoring Report to the Association not later than forty-five (45) days after the end of the three (3) month period covered by such report and the first such report shall be furnished to the Association not later than forty-five (45) days after the end of the three (3) month period in which the activities of the Project commenced.

7. In the event of any conflict between the provisions of any Safeguard Instrument and those of this Agreement, the latter 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 Project Report shall cover the period of a calendar semester and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. The Project Implementing Entity shall provide to the Recipient not later than six (6) 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. Without limitation on the provisions of Part A of this Section, 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 the 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 (1) fiscal year of the Project Implementing Entity. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of the period and made publicly available in a timely fashion and in a manner acceptable to the Association. In addition, the Recipient shall ensure and cause the Project Implementing Entity to have an annual performance audit carried out along with the aforementioned audit of the Financial Statements, and the auditor terms of reference shall be expanded accordingly.
4. The Project Implementing Entity shall undertake the following:

(a) not later than three (3) months after the Effective Date, procure and install an appropriate accounting software to ensure timely recording of financial information as well as timely production of quarterly and annual financial statements; and

(b) not later than six (6) months after the Effective Date, appoint an independent auditor, both to audit the Financial Statements and the technical performance of the Project, with terms of reference and qualifications acceptable to the Association.

Section III. Procurement

The Project Implementing Entity shall be responsible for ensuring that procurement of the goods, works, and non-consulting services required for the Project is carried out in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement, as said provisions may be further elaborated in the Procurement Plan.

Section IV. Other Undertakings

A. Grant Basis

The Project Implementing Entity shall receive the proceeds of the Financing from the Recipient on a grant basis with no repayment obligation for the use thereof.

B. Counterpart Funding

The Project Implementing Entity shall use its own funds to finance Subcomponents 1.2 and 2.2 of the Project in Schedule 1 of this Agreement. The relative tranching and timing of the Project Implementing Entity’s contribution of the Counterpart Funding shall be considered on an annual basis as part of the Annual Work Plans and Budgets.

C. Last Mile Connections

The Project Implementing Entity shall: (i) purchase equipment, material and other items required to finance and install the Last Mile Connections in a time frame acceptable to the Association; and (ii) provide Last Mile Connections to customer locations benefitting from the Project-Financed Last Mile Connection Materials at no charge to the such customers.
D. Midterm Review

The Project Implementing Entity shall carry out, jointly with the Association, not later than three (3) years after the Effective Date, a midterm review to assess the status of Project implementation. Such review shall include an assessment of the following: (i) overall progress in Project implementation; (ii) results of monitoring and evaluation activities; (iii) Annual Work Plans and Budgets; (iv) progress on procurement and disbursement; (v) progress on implementation of safeguards measures; (vi) Project implementation arrangements; and (vii) the need to make any adjustments to the Project and reallocate funds to improve performance. Upon completion of such review, the Project Implementing Entity shall, jointly with the Association and the Recipient, consider the midterm review 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 Recipient and the Association’s views on the matter.