OFFICIAL DOCUMENTS

ADDITIONAL FINANCING CREDIT NUMBER 6263-ET

Project Agreement
(Additional Financing for Competitiveness and Job Creation Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

INDUSTRIAL PARK DEVELOPMENT CORPORATION
PROJECT AGREEMENT

AGREEMENT between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and INDUSTRIAL PARK DEVELOPMENT CORPORATION ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of the Signature Date between the Federal Democratic Republic of Ethiopia ("Recipient") and the Association, concerning Credit No. 6263-ET. 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) apply to and form 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 its Respective Parts of the Project in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and shall provide promptly as needed, the funds, facilities, services and other resources required for its Respective Parts of the Project.

ARTICLE III — TERMINATION

3.01. For purposes of Section 10.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the Signature Date.
ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is its Chief Executive Officer.

4.02. For purposes of Section 11.01 of the General Conditions:

(a) the Association’s address is:

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

(b) the Association’s Electronic Address is:

Telex: Facsimile:
248423(MCI) or 1-202-477-6391

4.03. For purposes of Section 11.01 of the General Conditions:

(a) the Project Implementing Entity’s address is:

Industrial Park Development Corporation
Bishan Gari Building
Kebena,
Addis Ababa
Ethiopia; and

(b) the Project Implementing Entity’s Electronic Address is:

E-mail:
tesscjc@yahoo.com
AGREED as of the later of the two dates written below.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Carolyn Turk
Title: Country Director for Africa, Sudan
Date: June 29, 2018

INDUSTRIAL PARK DEVELOPMENT CORPORATION

By

Authorized Representative

Leilse Neme
Chief Executive Officer
Date: June 29, 2018
SCHEDULE

Execution of the Project Implementing Entity's Respective Parts of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall: (a) maintain, at all times until the completion of the Project, the PIU with adequate staffing, mandate and resources satisfactory to the Association, responsible for the implementation, coordination, monitoring and evaluation of its Respective Parts of the Project, and for performing financial management and procurement functions for EIC's Respective Parts of the Project; and (b) shall have in place gender specialists in the PIU within six (6) months from the Effective Date.

B. Project Documents

1. The Project Implementing Entity shall implement its Respective Parts of the Project in accordance with:

(a) the Project Implementation Manual, which sets forth rules, methods, guidelines, and procedures for the carrying out of the Project, including, inter alia:

(i) the detailed description of Project and institutional arrangements for implementing the Project;

(ii) monitoring, evaluation, reporting, and governance procedures for the overall Project;

(iii) a code of conduct (including measures designed to prevent gender-based violence and sexual exploitation and abuse) for any contractors/sub-contractors or consultants hired by the Recipient, or the Project Implementing Entity, to carry out activities under the Project; and

(iv) the Gender Action Plan

(b) the Financial Management Manual, which forms part of the Project Implementation Manual and sets forth the disbursement, financial management, and auditing procedures for the overall Project;
the Procurement Manual, which forms part of the Project Implementation Manual and includes procurement rules, procedures, and standard bidding documents for the overall Project;

(d) the Operations Manual for IP Financing, which forms part of the Project Implementation Manual and includes, *inter alia*:

(i) the detailed description of IP Sub-projects and institutional arrangements for implementing IP Sub-projects;

(ii) the operating procedures governing IP Sub-projects, including, *inter alia*, specific criteria for IP Sub-projects to be eligible for financing under the Project, selection criteria for enterprises to operate in Targeted IPs, and guidelines for selection, approval, implementation, monitoring, and evaluation of IP Sub-projects; and

(iii) the Environmental and Social Management Framework (ESMF), Environment and Social Impact Assessment (ESIA), Resettlement Policy Framework (RPF), and Resettlement Action Plan (RAP), containing provisions to address social and environmental impacts under IP Sub-projects; and

(e) the Operations Manual for Matching Grants, which forms part of the Project Implementation Manual and includes, *inter alia*:

(i) the detailed description of Matching Grants Sub-projects and institutional arrangements for implementing Matching Grant Sub-projects;

(ii) the operating procedures governing Matching Grants and Matching Grant Sub-projects, including, *inter alia*, the eligibility criteria of Matching Grant Beneficiaries, guidelines for selection, approval, implementation, monitoring, and evaluation of Matching Grant Sub-projects, and the terms and conditions for the Matching Grant Agreements; and

(iii) disbursement, financial management, reporting, auditing, and procurement procedures for Matching Grants Sub-projects.

Financing, and Operations Manual for Matching Grants without the Association’s prior written approval.

C. Environmental and Social Safeguards

1. The Project Implementing Entity shall carry out its Respective Parts of the Project in accordance with ESIA, ESMF, RAP, RPF and any other Safeguard Document prepared or to be prepared by the Project Implementing Entity in accordance with sub-paragraph 2 below, in a manner satisfactory to the Association.

2. Whenever an ESMP or RAP (each Safeguard Document) shall be required for any proposed IP Sub-projects in accordance with the provisions of the ESMF and/or the RPF, the Project Implementing Entity shall:

   (a) prior to the commencement of such IP Sub-project, proceed to have such Safeguard Document: (i) prepared in accordance with the provisions of the ESMF and the RPF, as the case may be; (ii) furnished to the Association for review and approval; and (iii) thereafter, adopted and disclosed as approved by the Association, in a manner acceptable to the Association;

   (b) thereafter, take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such Safeguard Document; and

   (c) in the case of any resettlement activity under the IP Sub-project involving Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before necessary resettlement measures consistent with the relevant RAP have been executed, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, prior to displacement.

3. The Project Implementing Entity shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESIA, ESMF, RAP, and RPF and any Safeguard Document adopted or to be adopted in accordance with the provisions of paragraph 2 of this Part C, unless the Association has provided its prior approval thereof in writing, and the Project Implementing Entity has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

4. Without limitation on its other reporting obligations under this Agreement, the Project Implementing Entity shall collect, compile and submit to the Association each calendar semester (or at such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the ESIA, ESMF, RAP, the RPF, and any other Safeguard Documents prepared for the
Project, as applicable, giving details of: (a) measures taken in furtherance of the said instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the said measures; and (c) remedial measures taken or required to be taken to address.

D. IP Sub-projects

1. The Project Implementing Entity shall appraise, review, approve, and supervise each IP Sub-project in accordance with the criteria, conditions and procedures set out in the Operations Manual for IP Financing, including, \textit{inter alia}, the following criteria for a proposed IP Sub-project to be eligible for financing under the Project:

   (a) the Project Implementing Entity has conducted feasibility studies and prepared engineering design and construction plan for each proposed IP Sub-project based on the terms of reference set out in the Operations Manual for IP Financing;

   (b) the proposed IP Sub-project is in compliance with the environmental standards set out in the ESMF, and with all applicable laws and regulations of the Recipient relating to environmental protection; an environmental screening has been carried out for the proposed IP Sub-project in accordance with principles set forth in the ESMF; and if said environmental screening concludes that an ESMP is required, said ESMP has been prepared by the Project Implementing Entity Recipient and approved by the Association for implementing the proposed IP Sub-project;

   (c) if the proposed IP Sub-project involves involuntary acquisition of land, or involuntary restriction of access to legally designated parks and protected areas, a RAP has been prepared in accordance with the principles set out in the RPF and said RAP has been approved by the Association for implementing the proposed IP Sub-project; and

   (d) the proposed IP Sub-project is technically feasible, and economically, financially and commercially viable.

2. Prior to approving and carrying out a proposed IP Sub-project, the Project Implementing Entity shall furnish the IP Sub-project proposals, appraisal documents and other supporting documents to show that the financing eligibility criteria for the IP Sub-project as set out in this Agreement and the Operations Manual for IP Financing have been met, to the Association for review and approval.
E. Matching Grants and Matching Grant Sub-projects

1. The Project Implementing Entity shall select and approve Matching Grant Beneficiaries in accordance with the criteria and procedures set forth in the Operations Manual for Matching Grants, including that a Matching Grant Beneficiary may be selected only if said Matching Grant Beneficiary:

   (a) has been established and is operating and in good standing pursuant to the Recipient’s relevant laws and regulations; and

   (b) is a domestic enterprise located outside Targeted IPs meeting the specific selection criteria set out in the Operations Manual for Matching Grants.

2. The Project Implementing Entity shall appraise, review, approve, and supervise Matching Grant Sub-projects in accordance with the criteria, conditions and procedures set out in the Operations Manual for Matching Grants. The Project Implementing Entity shall only make the proceeds of the Matching Grant available to such Matching Grant Beneficiary after the Project Implementing Entity has entered into a Matching Grant Agreement with the Matching Grant Beneficiary on terms and conditions acceptable to the Association, which shall include the Project Implementing Entity’s right to:

   (a) suspend or terminate the right of the Matching Grant Beneficiary to use the proceeds of the Matching Grant, or obtain a refund of all or any part of the amount of the Matching Grant, upon the Matching Grant Beneficiary’s failure to perform any of its obligations under the Matching Grant Agreement; and

   (b) require each Matching Grant Beneficiary to:

      (i) carry out its respective Matching Grant Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial standards and practices satisfactory to the Association, including the requirements set out in the Anti-Corruption Guidelines applicable to the recipients of the Credit proceeds other than the Recipient;

      (ii) provide, promptly as needed, the resources required for carrying out the Matching Grant Sub-project;

      (iii) procure the goods and services to be financed out of the Matching Grant in accordance with the provisions of this Agreement and use such goods and services exclusively for the Matching Grant Sub-project;
(iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Matching Grant Sub-project and the achievement of its objectives;

(v) (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 Matching Grant; 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 Association and Recipient;

(vi) enable the Association and Recipient to inspect the Matching Grant Sub-project, its operation and any relevant records and documents; and

(vii) prepare and furnish to Association and Recipient, all such information as the Association and Recipient shall reasonably request relating to the foregoing.

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

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of the indicators acceptable to the Association. Each such Project Report shall cover each six-month period in the EFY, covering the six-month period 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 six (6) months before the Closing Date, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.