
CREDIT NUMBER 7074-DJ

Project Agreement

(Second Djibouti-Ethiopia Power System Interconnection Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

ELECRICITE DE DJIBOUTI

PROJECT AGREEMENT

AGREEMENT between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and ELECTRICITE DE DJIBOUTI (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of the Signature Date between the REPUBLIC OF DJIBOUTI (“Recipient) and the Association, concerning Credit No. 7074-DJ. 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 Part 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 Part 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 fifteen (15) years after the Signature Date.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

- 4.01. The Project Implementing Entity’s Representative is Chief Executive.
- 4.02. For purposes of Section 11.01 of the General Conditions: (a) the Association’s address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America; and

(b) the Association’s Electronic Address is:

Telex:	Facsimile:	E-mail:
248423(MCI) or	1-202-477-6391	mwes@worldbank.org

4.03. For purposes of Section 11.01 of the General Conditions: (a) the Project Implementing Entity's address is:

Electricité de Djibouti
47, Boulevard de la République
B.P. 175 – Djibouti
République de Djibouti ; and

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

Facsimile:
253-2135-4396

Email:
directionedd_68@edd-dj.com

AGREED as of the later of the two dates written below.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Marina wes

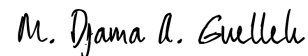
Name: _____

Title: _____ Country Director

Date: _____ 15-Apr-2022

ELECRICITE DE DJIBOUTI

By



Authorized Representative

M. Djama A. Guelleh

Name: _____

Title: _____ Directeur Général EDD

Date: _____ 21-avr.-2022

SCHEDULE

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

Section I. Implementation Arrangements

A. **Institutional Arrangements.**

1. The Project Implementing Entity shall be responsible for the implementation of its Respective Part of the Project and shall take all actions, including the provision of funding, personnel and other resources necessary, to enable it to perform its functions and obligations, in accordance with the provision of this Agreement, the Financing Agreement, the Subsidiary Agreement and the Project Operational Manual.

2. Project Joint Steering Committee

The Project Implementing Entity shall maintain its participation, throughout the Project implementation period, in the Project Joint Steering Committee with composition, mandate and resources satisfactory to the Association, to be comprised of, *inter alia*, representatives of the Recipient's ministries responsible for the Project.

3. Project Joint Coordination Unit

The Project Implementing Entity shall maintain for the duration of the Project implementation, its participation in the Project Joint Coordination Unit under the leadership of the Project Deputy Coordinator to ensure an effective and efficient implementation of the Project; all in accordance with the First Power Purchase Agreement and the Project Operational Manual.

4. EDD/EEP Joint Committee

The Project Implementing Entity shall maintain for the duration of the Project implementation (or until the PPA is executed), its participation in the EDD/EEP Joint Committee to conduct the necessary discussions with EEP on the PPA and on general collaboration terms for the signing of the PPA, all in accordance with the Project Operational Manual.

5. Project Implementation Unit

(a) The Project Implementing Entity shall maintain, throughout the Project implementation period, a project implementation unit ("PIU"), with composition, mandate and resources satisfactory to the Association as detailed in the Project Operational Manual. To this end, the PIU shall:

- (a) maintain, key staff including a project director, a transmission engineer, a substation engineer, a procurement officer, a financial management specialist, a social safeguards specialist, and an environmental safeguards

specialist, all with qualifications, experience and terms of reference shall be acceptable to the Association;

- (b) be responsible for day-to-day coordination of the Project activities, including: (i) carrying out Project financial management and procurement activities; (ii) monitoring and evaluating Project activities and preparing Project progress reports and monitoring and evaluation reports; (iii) preparing the Annual Work Plans and Budgets; (iv) ensuring compliance with the Environmental and Social Commitment Plan (“ESCP”) and Environmental and Social Standards for Project activities; and (v) coordinating with other stakeholders on Project implementation; and
- (c) recruit no later than six (6) months after the Effective Date, and thereafter maintain, an external auditor, with qualifications, experience and terms of reference shall be acceptable to the Association;

B. Subsidiary Agreement.

1. To facilitate the carrying out of the Project, the Project Implementing Entity shall enter into and thereafter maintain a subsidiary agreement with the Recipient (“Subsidiary Agreement”), under terms and conditions approved by the Association, which shall include *inter alia* the following:
 - (a) the on-lending terms and conditions, including the principal amount of the loan, the denomination and repayment terms, and all charges; all in a manner acceptable to the Association;
 - (b) the obligation of the Project Implementing Entity to maintain, throughout Project implementation adequate staffing and personnel for the implementation of the Project, as further detailed in the Project Operational Manual;
 - (c) the obligation of the Project Implementing Entity to carry out the Project with due diligence and efficiency, in conformity with appropriate administrative, economic, managerial, financial, environmental, social and technical standards and practices, including but not limited to Anti-Corruption Guidelines, Procurement Regulations, Social and Environmental Standards, and provide promptly as needed, the facilities, services and other resources required for the Project;
 - (d) the obligation of the Project Implementing Entity to: (i) exchange views with the Recipient, and the Association with regard to the progress of the Project, and the performance of its obligations under the Subsidiary Agreement; and (ii) assist the Recipient in complying with its obligations referred to in Section II of Schedule 2 to the Financing Agreement;
 - (e) the obligation of the Project Implementing Entity to promptly inform the Recipient and the Association of any condition which interferes or threatens to interfere with the progress of the Project;

- (f) the obligation of the Project Implementing Entity to: (i) 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 Project; and (ii) 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; and
 - (g) the right of the Recipient to take remedial actions against the Project Implementing Entity, in case the Project Implementing Entity shall have failed to comply with any of its obligations under the Subsidiary Agreement, which actions may include, *inter alia*, the partial or total suspension and/or cancellation or refund of all or any part of the proceeds of the Subsidiary Financing transferred to the Project Implementing Entity pursuant to the Subsidiary Agreement (as the case may be).
2. The Project Implementing Entity shall exercise its rights under the Subsidiary 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 Project Implementing Entity shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Project Operational Manual

- (a) The Project Implementing Entity shall comply with the Project operational manual ("Project Operational Manual" or "POM") as prepared and adopted by the Recipient and by the Project Implementing Entity, containing, *inter alia*, detailed arrangements and procedures for: (i) implementation arrangements; (ii) administrative aspects; (iii) procurement; (iv) Environmental and Social Standards; (v) Annual Work Plans and Budgets (including sources of funding between the Association and the Co-financier for Project activities) and financial management and accounting; (vi) monitoring and evaluation; (vii) codes of conduct, citizen engagement and grievance resolution mechanisms; and (viii) such other technical, administrative, fiduciary or coordination arrangements as may be necessary to ensure effective Project implementation.
- (b) The Project Implementing Entity: (a) shall ensure that the Project is carried out in accordance with the POM; and (b) shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the POM or any provision thereof, without the prior written agreement of the Association.
- (c) Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the POM, and those of this Agreement, the provisions of this Agreement shall prevail.

D. Environmental and Social Standards.

1. The Project Implementing Entity shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Project Implementing Entity shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Project Implementing Entity shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. Without limitation upon the provisions of paragraph (b) above, if sixty (60) days prior to the Closing Date, the Association determines that there are measures and actions specified in the ESCP which will not be completed by the Closing Date, the Recipient shall: (a) not later than thirty (30) days before the Closing Date, prepare and present to the Association, an action plan satisfactory to the Association on the outstanding measures and actions, including a timetable and budget allocation for such measures and actions (which action plan shall be deemed to be considered an amendment of the ESCP); and (b) thereafter, carry out said action plan in accordance with its terms and in a manner acceptable to the Association.
4. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
5. The Project Implementing Entity shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

- (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- 6. The Project Implementing Entity shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
- 7. The Project Implementing Entity shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, and subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

E. Annual Work Plans and Budget

- 1. Without limitation to the obligations set forth in Section I.C above, the Project Implementing Entity shall carry out the Project in accordance with the Annual Work Plans and Budgets to be prepared and furnished to the Association not later than October 31 of each calendar year during the implementation of the Project (the first such Annual Work Plan and Budget being due as part of the Project Operational Manual on or before the Effective Date), and containing all activities proposed for inclusion in the Project for the next calendar year, including: (a) detailed timetables for the sequencing and implementation of proposed Project activities; (b) types of expenditures required for such activities and a proposed financing plan and sources of funding for such expenditures; and (c) any Operating Costs or Training that may be required under the Project.
- 2. The Project Implementing Entity shall afford the Association a reasonable opportunity to exchange views on each such proposed Annual Work Plan and Budget; and, thereafter ensure that the Project is implemented with due diligence during said following calendar year in accordance with such Annual Work Plan and Budget as shall have been approved by the Association.
- 3. The Annual Work Plans and Budgets may only be amended from time to time in consultation with, and after approval of, the Association. In case of any conflict between the terms of the Annual Work Plans and Budgets and those of this Agreement, the terms of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports.

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 the period of one calendar semester, and shall be furnished to the Recipient not later than one month 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.

Section III. Other Undertakings

1. By September 30, 2022, or such other date as the Association shall agree upon, the Project Implementing Entity shall: (a) complete the Spring Biodiversity Field Survey; and (b) update the ESCP as needed; all in a manner satisfactory to the Association.
2. By December 31, 2022, or such other date as the Association shall agree upon, the Project Implementing Entity shall present the terms of reference related to the hiring of the Third Party Monitoring, in form and substance satisfactory to the Association.
3. By January 31, 2023, or such other date as the Association shall agree upon, the Project Implementing Entity shall: (a) hire the Owner's Engineer; and (b) sign the Power Purchase Agreement; all in form and substance satisfactory to the Association.
4. By June 30, 2023, or such other date as the Association shall agree upon, the Project Implementing Entity shall hire the Third Party Monitoring; in form and substance satisfactory to the Association.