

CONFORMED COPY

CREDIT NUMBER 4315 - ET

Project Agreement

(Third Road Sector Development Support Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

ETHIOPIAN ROADS AUTHORITY

Dated June 8, 2007

PROJECT AGREEMENT

AGREEMENT dated June 8, 2007, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and ETHIOPIAN ROADS AUTHORITY (“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 and the Program. 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 years after the date of this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is the Ethiopian Roads Authority Director General.

4.02. The Association’s Address is:

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

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

4.03. The Project Implementing Entity’s Address is:

Ethiopian Roads Authority
P.O. Box 1770 Addis Ababa
Ethiopia

Cable address:	Telex:	Facsimile:
Highways Addis Ababa	21180	251-1-5148666

AGREED at Addis Ababa, Federal Democratic Republic of Ethiopia, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Ishac Diwan

Authorized Representative

ETHIOPIAN ROADS AUTHORITY

By /s/ Zaid WoldeGebriel

Authorized Representative

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

The Project Implementing Entity shall:

- (a) maintain, until the completion of the Project, an advisory unit to assist the Director General for the coordination of the implementation of the Program. Said unit shall be headed at all times by a coordinator whose qualifications and experience shall be satisfactory to the Association, and shall consist of suitably qualified staff in adequate numbers;
- (b) maintain, with terms of reference acceptable to the Association, until the completion of the Project, its environmental monitoring and safety branch responsible for (i) the assessment and mitigation of environmental and social impact of the Project and the Program, including the implementation of the EMPs and the RAPs, and (ii) the monitoring of the environmental and social performance of activities, including works site safety, carried out under the Project. The environmental monitoring and safety branch shall consist of suitably qualified staff in adequate numbers, among whom are HIV/AIDS issues specialists; and
- (c) (i) carry out the Project in accordance with the Project Implementation Plan; and (ii) not permit the said plan, or any provision thereof, to be waived or amended 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. Safeguards

The Project Implementing Entity shall, in accordance with paragraph D of Section I of Schedule 2 to the Financing Agreement, implement the Project in accordance with the guidelines, rules and procedures defined in the EMPs and the RAPs and in a manner and substance satisfactory to the Association.

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 agreed with the Association. Each such Project Report shall cover the period of one year, and shall be furnished to the Recipient not later four months 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 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

The Project Implementing Entity shall: (i) maintain a financial management system in accordance with the provisions of Section 4.09 of the General Conditions; (ii) prepare and furnish to the Association not later than 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; and (iii) have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one Fiscal Year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

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.