

CREDIT NUMBER 5833-DJ

Project Agreement

(Development Response to Displacement Impacts Project in the Horn of Africa)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

AGENCE DJIBOUTIENNE DE DEVELOPPEMENT SOCIAL

Dated June 6th, 2016

CREDIT NUMBER 5833-DJ

PROJECT AGREEMENT

AGREEMENT dated June 6th, 2016, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and AGENCE DJIBOUTIENNE DE DEVELOPPEMENT SOCIAL ("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 Parts 1, 2, 3 and 4 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 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 years after the date of this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity's Representative is 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:

Agence Djiboutienne de Développement Social
Avenue Mohamed Djama Elabé
BP 4298
Djibouti - Republic of Djibouti

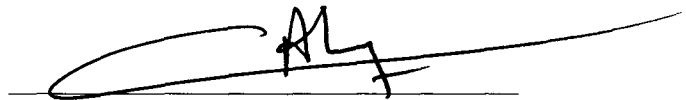
Cable: (253)21358655

Facsimile: (253)21357184

AGREED at Mibouti, _____, as of the day
and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



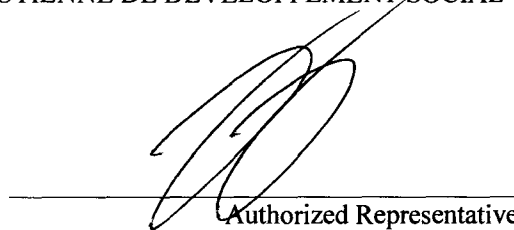
Authorized Representative

Name: Abou Seck

Title: Resident Representative

AGENCE DJIBOUTIENNE DE DEVELOPPEMENT SOCIAL

By



Authorized Representative

Name: Mahdi Mohamed

Title: Director General

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

The Project Implementing Entity shall maintain at all times during the implementation of the Project, the Project Implementation Team to oversee the day-to-day implementation and management of the Project with competent staff in adequate numbers and with terms of reference, qualification and experience satisfactory to the Association, as further detailed in the Project Implementation Manual.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Project Implementing Entity shall execute and thereafter maintain the Subsidiary Agreement with the Recipient under terms and conditions approved by the Association.
2. The Project Implementing Entity shall exercise its rights under the Subsidiary Agreement in such manner as to protect its interests and 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. 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. Implementation Manual and Safeguard Documents

1. The Project Implementing Entity shall carry out the Project in accordance with the Project Implementation Manual and the Safeguard Documents.
2. The Project Implementing Entity shall not amend the Project Implementation Manual or the Safeguard Documents without the prior written approval of the Association.
3. In the event of any conflict between the provisions of the Project Implementation Manual, the Safeguard Documents and this Agreement, the provisions of this Agreement shall prevail.

E. Community Sub-Projects under the Community Investment Fund

For the purposes of carrying out Component 1(a) of the Project, the Project Implementing Entity shall:

1. pre-select in collaboration with the Target Communities and the Regional Councils, eligible Community Sub-Projects for the benefit of said Target Communities in accordance with the guidelines and procedures set forth in the Project Implementation Manual;
2. (a) ensure that each Community Sub-Project is carried out with due diligence and efficiency and in accordance with sound technical, economic, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines and the Safeguard Documents; (b) provide, promptly as needed, the resources required for the carrying out of the Community Sub-Project; (c) procure the goods, works, non-consulting services and consultants' services to be financed for the Community Sub-Project in accordance with the provisions of this Agreement; (d) maintain procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the pertinent Community Sub-Project and the achievement of its objectives; (e) maintain a simplified financial management system and records in accordance with consistently applied accounting standards acceptable to the Association for community driven initiatives; (f) enable the Recipient and the Association to inspect the pertinent Community Sub-Project, its operation and any relevant records and documents; and (g) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

F. Partnership Agreement and Livelihood Sub-Projects under Part 3(a) of the Project

1. For the purposes of carrying out Part 3(a) of the Project, the Project Implementing Entity shall:
 - (a) execute and thereafter maintain a partnership agreement with CPEC, under terms and conditions approved by the Association ("Partnership Agreement").
 - (b) exercise its rights under the Partnership Agreement in such manner as to protect its interests and those of Association in order to accomplish the purposes of the Financing and except as the Association shall otherwise agree, not assign, amend, abrogate or waive the Partnership Agreement or any of its provisions.

- (c) identify in collaboration with the Local Committees, specific activities for traditional and non-traditional livelihood interventions and eligible Solidarity Groups; and thereafter approve Livelihood Sub-Projects;
 - (d) cause said Livelihood Sub-Projects to be implemented in form and substance satisfactory to the Association in favor of Solidarity Groups in accordance with eligibility criteria and procedures acceptable to the Association described in the Project Implementation Manual.
- 2. The Project Implementing Entity shall make each Livelihood Grant under a Livelihood Grant Agreement with the respective Common Interest Group on terms and conditions approved by the Association, as further detailed in the Project Implementation Manual, said Livelihood Grant Agreement to include the following:
 - (a) The Livelihood Grant shall be made under grant terms in favor of the Solidarity Group as further detailed in the Project Implementation Manual.
 - (b) The Project Implementing Entity shall cause CPEC to obtain rights adequate to protect its interests and those of the Project Implementing Entity, the Recipient and the Association, including the right to:
 - (i) suspend or terminate the right of the Common Interest Group to use the proceeds of the Livelihood Grant or obtain a refund of all or any part of the amount of the Livelihood Grant then withdrawn, upon the Common Interest Group's failure to perform any of its obligations under the Livelihood Grant Agreement and inform the Project Implementing Entity, the Recipient and the Association; and (ii) require each Common Interest Group to: (A) carry out its Livelihood Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines, the Project Implementation Manual, and the Safeguard Documents; (B) provide, promptly as needed, the resources required for the purposes of the Livelihood Sub-Project; (C) procure the goods, works and services to be financed out of the Livelihood Grant in accordance with the provisions of Section III of the Schedule to this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Livelihood Sub-Project and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with simplified accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Livelihood Sub-Project; and

(2) at the Association's, the Recipient's, the Project Implementing Entity's request, accept to have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association; (F) enable CPEC, the Project Implementing Entity, the Recipient and the Association to inspect the Livelihood Subproject, its operation and any relevant records and documents; and (G) prepare and furnish to CPEC, the Project Implementing Entity, the Recipient and the Association all such information as CPEC, the Project Implementing Entity, the Recipient or the Association shall reasonably request relating to the foregoing.

3. Except as the Association shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive any Livelihood Grant Agreement or any of their provisions.

G. Annual Work Programs

1. The Project Implementing Entity shall, not later than November 30 in each calendar year during Project implementation, prepare and furnish to the Association, a program of activities proposed for inclusion in the Project during the following fiscal year, including: (a) a detailed timetable and budget for the sequencing and implementation of said activities; (b) the types of expenditures required for such activities; and (c) the planned procurement methods for the expenditures ("Annual Work Program").
2. The Project Implementing Entity shall exchange views with the Association on each such proposed Annual Work Program, and shall thereafter carry out such program of activities for such following fiscal year as shall have been agreed between the Project Implementing Entity and the Association.
3. Only those activities, which are included in an Annual Work Program, shall be included in the Project. Notwithstanding the foregoing, the Annual Work Program might be amended from time to time to include new activities with the prior and written concurrence of 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 indicators acceptable to the Association and set forth in the Project Implementation Manual. Each such Project Report shall cover the period of one calendar semester, and shall be

furnished to the Recipient and to the Association not later than forty-five 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 and the Association not later than forty-five days after the end of the period covered by the Project report, 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. The Project Implementing Entity shall have its 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 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 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

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of

particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions referred to in subparagraph 3 below and to the use of bidding documents acceptable to the Association; (b) Shopping; (c) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association; (d) Direct Contracting; (e) Community Participation procedures which have been found acceptable to the Association; and (f) Procurement from United Nations Agencies.
3. **Additional Provisions for National Competitive Bidding**

For the purposes of using National Competitive Bidding Procedures, the following shall apply:

- (a) In the Standard Bidding Documents, as enacted by the by Law n°2010-349/PRE, dated May 8, 2010, the "Fraud and Corruption" clause shall be revised to read as follows for all contracts financed by the present Financing Agreement:

"It is the World Bank's policy to require that Borrowers (including beneficiaries of World Bank administered Financing Agreements), bidders, suppliers, contractors and their agents (whether declared or not), sub-contractors, sub-consultants, service providers or suppliers, and any personnel thereof, observe the highest standard of ethics during the procurement and execution of World Bank-financed contracts. In pursuance of this policy, the World Bank:

- (aa) defines, for the purposes of this provision, the terms set forth below as follows: (i) "corrupt practice" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party; (ii) "fraudulent practice" is any act or omission, including a

misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation; (iii) "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party; (iv) "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party; (v) "obstructive practice" is: (aaa) deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a World Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (bbb) acts intended to materially impede the exercise of the World Bank's inspection and audit rights provided for under paragraph (e) below.

- (bb) will reject a proposal for award if it determines that the bidder recommended for award, or any of its personnel, or its agents, or its sub-consultants, subcontractors, service providers, suppliers and/or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question;
- (cc) will declare misprocurement and cancel the portion of the loan/credit allocated to a contract if it determines at any time that representatives of the Borrower or of a recipient of any part of the proceeds of the loan/credit engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices during the procurement or the implementation of the contract in question, without the Borrower having taken timely and appropriate action satisfactory to the World Bank to address such practices when they occur, including by failing to inform the World Bank in a timely manner at the time they knew of the practices;
- (dd) will sanction a firm or individual, at any time, in accordance with the prevailing World Bank's sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded a World Bank-financed contract; and (ii) to be a nominated sub-contractor, consultant, supplier, or service

provider of an otherwise eligible firm being awarded a World Bank-financed contract;

- (ee) hereby requires that a clause be included in bidding documents and in contracts financed by a World Bank loan/credit agreement, requiring bidders, suppliers and contractors, and their sub-contractors, agents, personnel, consultants, service providers, or suppliers, to permit the World Bank to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the World Bank; and
- (ff) will require that, when a Borrower procures goods, works or non-consulting services directly from a United Nations (UN) agency under an agreement signed between the Borrower and the UN agency, the above provisions regarding sanctions on fraud or corruption shall apply in their entirety to all suppliers, contractors, service providers, consultants, sub-contractors or sub-consultants, and their employees that signed contracts with the UN agency.

As an exception to the foregoing, paragraphs (dd) and (ee) will not apply to the UN agency and its employees, and paragraph (e) will not apply to the contracts between the UN agency and its suppliers and service providers. In such cases, the UN agencies will apply their own rules and regulations for investigating allegations of fraud or corruption subject to such terms and conditions as the World Bank and the UN agency may agree, including an obligation to periodically inform the World Bank of the decisions and actions taken. The World Bank retains the right to require the Borrower to invoke remedies such as suspension or termination. UN agencies shall consult the World Bank's list of firms and individuals suspended or debarred. In the event a UN agency signs a contract or purchase order with a firm or an individual suspended or debarred by the World Bank, the World Bank will not finance the related expenditures and will apply other remedies as appropriate."

- (b) Bidders shall sign, as part of their bids, the ethical charter Form enacted as Annex 3 by the Decree # 2010-0085PRE dated May 8, 2010;
- (c) No preference shall be granted for domestic bids;
- (d) The NCB procedures shall include, further to public opening of bids, publication of results of evaluation and of the award of contract as per paragraph 7 of Appendix 1 of the Procurement Guidelines; and

- (e) The Recipient shall have an effective and independent protest mechanism in place allowing bidders to protest and have their protests handled in a timely manner.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection:** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (f) Single-source procedures for the Selection of Individual Consultants; (g) Single-source Selection of consulting firms; and (h) Selection of United Nations Agencies.

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts, which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Other Undertakings

1. By June 30, 2018, or such other date as the Association shall agree upon, the Project Implementing Entity shall: (i) carry out jointly with the Recipient and the Association, a mid-term review of the implementation of operations under the Project, which shall cover the progress achieved in the implementation of the Project; and (ii) following such mid-term review, act promptly and diligently to take any corrective action as shall be agreed with the Association.