

**OFFICIAL  
DOCUMENTS**

---

---

CREDIT NUMBER 5625-ET

**Project Agreement**

**(Expressway Development Support Project)**

**between**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**and**

**ETHIOPIAN ROADS AUTHORITY**

Dated June 18, 2015

---

---

**CREDIT NUMBER 5625-ET**

**PROJECT AGREEMENT**

AGREEMENT dated June 18, 2015, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and ETHIOPIAN ROADS AUTHORITY (“ERA” or “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 ERA 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. ERA declares its commitment to the objective of the Project. To this end, ERA shall carry out Parts 1 and 2 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 said Parts of the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and ERA shall otherwise agree, ERA shall carry out Parts 1 and 2 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 twenty (20) years after the date of this Agreement.

**ARTICLE IV — REPRESENTATIVE; ADDRESSES**

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

4.02. The Association's Address is:

International Development Association  
1818 H Street, N.W.  
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	251-11-5514866

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

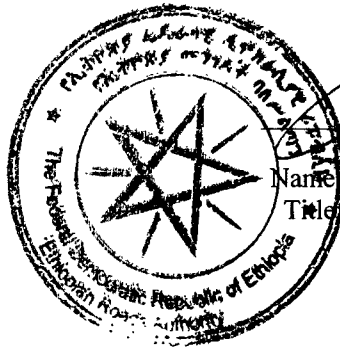


Authorized Representative

Name: Guang Z. Chen  
Title: Country Director

ETHIOPIAN ROADS AUTHORITY

By



Authorized Representative

Name: Araya Gimay  
Title: Director General

## **SCHEDULE**

### **Execution of Parts 1 and 2 of the Project**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements**

1. ERA shall maintain, at all times during Project implementation, the Environmental and Social Management Team comprising staff in adequate numbers, including environmental and social safeguards specialists as well as HIV/AIDS specialists, all under terms of reference and with qualifications and experience satisfactory to the Association, which shall be responsible for, among other things, the implementation of the mitigation measures set out in the Safeguards Documents.
2. ERA shall carry out Parts 1 and 2 of the Project in accordance with the Project Implementation Plan and shall not permit said plan, or any provision thereof, to be amended, abrogated, suspended or waived without the prior written approval of the Association. In case of any conflict between the provisions of the Project Implementation Plan with those of this Agreement, the provisions of this Agreement shall prevail.

##### **B. Anti-Corruption**

ERA shall ensure that Parts 1 and 2 of the Project are carried out in accordance with the provisions of the Anti-Corruption Guidelines.

##### **C. Annual Work Plan and Budget**

By not later than March 31 of each year until the completion of the Project, ERA shall prepare and furnish to the Association for its approval, annual work plan and budget setting forth activities to be undertaken under Parts 1 and 2 of the Project in the following year, together with their implementation schedules and financing plans, and thereafter implement said annual work plan and budget taking into account the Association's comments and views thereon.

##### **D. Safeguards**

1. ERA shall carry out Parts 1 and 2 of the Project in accordance with the Safeguard Documents, in a manner satisfactory to the Association.
2. Whenever a RAP and/or an ESMP shall be required for any proposed activity of the Modjo-Hawassa Highway in accordance with the provisions of the respective ESMF and/or the RPF, ERA shall:

- (a) prior to the commencement of such activity, proceed to have such RAP and/or ESMP: (i) prepared in accordance with the provisions of the respective ESMF and/or the respective 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; and
  - (b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such RAP and/or ESMP.
- 3. In the case of any resettlement activity as a result of the development of the Modjo-Hawassa Highway involving Affected Persons, ERA shall ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before necessary resettlement measures set out in 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.
- 4. ERA shall not amend, abrogate or waive, or permit to be amended, abrogated or waived any Safeguard Document, or any provision thereof, unless the Association has provided its prior agreement thereof in writing, and ERA has complied with the same consultation and disclosure requirements as applicable to the original adoption of said instrument.
- 5. Without limitation on its other reporting obligations under this Agreement, ERA shall collect, compile and submit to the Association every six (6) months (or at such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the Safeguard Documents, giving details of: (a) measures taken in furtherance of said instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of said measures; and (c) remedial measures taken or required to be taken to address such conditions.
- 6. ERA shall ensure that all terms of reference for any technical assistance and studies related to social and environmental safeguards to be carried out under the Project are prepared in form and substance satisfactory to the Association and consistent with the Association's relevant environmental and social safeguards policies.

## **Section II. Project Monitoring, Reporting and Evaluation**

### **A. Project Reports**

ERA shall monitor and evaluate the progress of Parts 1 and 2 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 indicator acceptable to the Association. Each such Project Report shall cover the period of every six (6) months, 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.

**B. Financial Management, Financial Reports and Audits**

1. ERA shall maintain a financial management system and prepare Financial Statements for Parts 1 and 2 of the Project in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect its operations and financial condition, including the operations, resources and expenditures related to Parts 1 and 2 of the Project.
2. ERA shall have its Financial Statements and the Financial Statements related to Parts 1 and 2 of the Project 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 ERA. The audited Financial Statements for each period shall be furnished to the Association not later than six (6) months after the end of the period.
3. ERA 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 Parts 1 and 2 of the Project covering the quarter, in form and substance satisfactory to the Association.

**Section III. Procurement**

All goods, works, non-consulting services, and consulting services required for Parts 1 and 2 of 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.