



CREDIT NUMBER 5833-DJ

Financing Agreement

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

between

REPUBLIC OF DJIBOUTI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated *June 6th*, 2016

CREDIT NUMBER 5833-DJ

FINANCING AGREEMENT

AGREEMENT dated June 6th, 2016, entered into between REPUBLIC OF DJIBOUTI (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to fourteen million and five hundred thousand Special Drawing Rights (SDR 14,500,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.
- 2.06. The Payment Dates are March 1 and September 1 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall: (a) carry out Parts 1, 2, 3 and 4 of the Project through the Project Implementing Entity, and (b) collaborate with IGAD in carrying out Part 5 of the Project, all in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely that the Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following, namely that the Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.
- 5.02. The Additional Legal Matter consists of the following, namely that the Subsidiary Agreement has been duly authorized by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.
- 5.03. The Effectiveness Deadline is the date one hundred eighty (180) days after the date of this Agreement.
- 5.04. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is ten (10) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its Minister of Economy and Finance in charge of Industry.

6.02. The Recipient's Address is:

Ministry of Economy and Finance in charge of Industry
BP 13
Djibouti City
Republic of Djibouti

Facsimile:

(253) 21 35 65 01/(253) 21 35 81 35

6.03. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

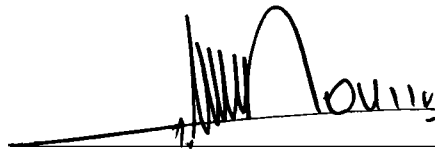
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AGREED at Djibouti, _____, as of the day
and year first above written.

REPUBLIC OF DJIBOUTI

By



Authorized Representative

Name: Ilyas Moussa Dawaleh

Title: Minister of Economy &
Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Abou Seck

Title: Resident Representative

SCHEDULE 1

Project Description

The objective of the Project is to improve access to basic social services, expand economic opportunities and enhance environmental management for communities hosting refugees in Targeted Areas of the Recipient's territory.

The Project consists of the following parts:

Part 1: Social and Economic Services and Infrastructure

1(a) Community Investment Fund: improve communities' access to basic social services and economic infrastructure through Community Sub-Projects designed to help expand and improve service delivery and build infrastructure for local development in education, water supply, human health, veterinary care, rural roads, market structures, and storage facilities, *inter alia*.

1(b) Capacity Support for Local Planning and Decentralized Service Delivery: improve the service delivery capacity of local level government authorities through capacity support interventions in the areas of community driven planning process, management of local development, enhancement of service delivery capacities, mainstreaming of Project interventions with the Recipient's development planning and budgeting process, and coordination of potential development stakeholders at local level and community level.

Part 2: Sustainable Environmental Management

2(a) Integrated Natural Resources Management: enhance the productivity of environmental and natural resources, prevent the degradation of fragile ecosystems, such as forest, mangrove swamp, range and agricultural lands through soil and water conservation (biological and physical) activities on individual farm lands and communal lands, including construction of soil bunds, stone bunds, artificial waterways, cut-off drains, check dams (gully rehabilitation), bench terraces, hillside terraces, trenches, area closures, planting of multipurpose trees, and groundwater recharge interventions; and enhancement of irrigation water use and management.

2(b) Access to Energy: improve host communities access to energy, promote better use of energy resources and access to alternative sources of energy through interventions that address energy requirements of host communities related to domestic needs for cooking and lighting, social services such as schools and health services, and productive activities including lighting for small shops/businesses and small manufacturing/processing.

Part 3: Livelihoods Program

3(a) Support to Traditional and Non-Traditional Livelihoods: increase the production and productivity of agriculture (crops and livestock), pastoralism (livestock), agro-pastoralism (crop and livestock) and fisheries; and commercialize livelihood activities for improved incomes, employment, and self-reliance through improved production practices, access to technology and equipment, access to storage and processing infrastructure, access to finance, and access to input and output markets as well as enhanced skills for increased employability, enterprise development, promotion of other income generating activities such as technological, institutional and process innovations, programs for youth and women in technological innovations, information-technology-enabled services.

3(b) Capacity Support of Community-Based Organizations for Livelihoods: improve the service delivery capacity of farmer/pastoral/agro-pastoral/fisheries organizations, including community based organizations through the establishment and the capacity support of said community-based organizations including farmer/pastoral/agro-pastoral/fisheries organizations, associations and cooperatives, savings and credit cooperatives, and common interest groups

Part 4: Project Management, Monitoring and Evaluation

Ensure Project management, coordination, implementation, monitoring and evaluation through a decentralized approach using existing public structures at the national, sub-national and local levels as well as community institutions to be established at the local level, each of them with various sets of roles and responsibilities at various levels, including oversight, coordination and technical bodies with the support of a Project management information system for monitoring inputs, outputs and processes; evaluation of outcome and impacts; environmental and social safeguards monitoring; and participatory monitoring and evaluation and internal learning, regular monitoring of implementation progress and performance, independent process monitoring, outcome and impact evaluations at baseline, mid-term and end of Project, and annual thematic studies.

Part 5: Regional Support for Coordination, Capacity and Knowledge

Support for the establishment of the Regional Secretariat within IGAD, through provision of goods, services, training and Operating Costs, to enable the regional Secretariat and IGAD to: (i) carry out policy engagement on development approach to displacement with academic and research institutions; (ii) generate evidence through research for innovative management of forced displacement and mixed migration; (iii) build capacities of Participating Countries and institutions to innovatively respond to displacement-migration nexus; (iv) undertake knowledge management and monitoring and evaluation; (v) forge partnerships between humanitarian and development actors; and (vi) consolidate the capacity of IGAD to respond to forced displacement and mixed migration regionally and internationally.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall maintain throughout the period of Project implementation:
 - (a) its representative in the Project Regional Steering Committee to provide overall guidance and oversight for the Project at the regional level; and
 - (b) the National Steering Committee to ensure performance and implementation support for the Project at the national level.

all with the composition, staffing, and powers acceptable to the Association as further described in the Project Implementation Manual.
2. The Recipient shall cause the Project Implementing Entity to ensure the implementation and coordination of the Project and to undertake all necessary fiduciary support, including disbursement, financial management, procurement, environmental and social safeguards activities, as well as monitoring and evaluation.
3. The Recipient shall cause the Project Implementing Entity to closely coordinate Project implementation with the Regional Councils which shall be responsible for:
 - (a) collecting information and proposals for Community Sub-Projects from the Target Communities and presenting them to the National Steering Committee;
 - (b) participate in the approval of selected Community Sub-projects and other activities under the Project; and
 - (c) serve as a liaison between the National Steering Committee and the communities hosting refugees.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity on a grant basis under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association ("Subsidiary Agreement").
2. The Recipient 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 Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions which shall include, *inter alia*:

- (i) the obligations and commitments of the Project Implementing Entity with respect to the carrying out of the Project;
- (ii) the terms and conditions under which the Recipient shall make the proceeds of the Credit available to the Project Implementing Entity; and
- (iii) the obligation for the Project Implementing Entity to ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Anti-Corruption

The Recipient 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 Recipient shall cause the Project Implementing Entity to carry out the Project in accordance with the Project Implementation Manual and the Safeguard Documents.
- 2. The Recipient shall not amend or cause the Project Implementing Entity to 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 Part 1(a) of the Project, the Recipient shall cause the Project Implementing Entity to:

- 1. pre-select in collaboration with the Target Communities eligible Community Sub-Projects in favor 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, the Project Implementation Manual 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-Projects in accordance with the provisions of

Section III of the Schedule to the Project 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 Bank for community driven initiatives; (f) enable the Project Implementing Entity, 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 Project Implementing Entity, the Recipient and the Association all such information as the Recipient, the Project Implementing Entity or the Association shall reasonably request relating to the foregoing.

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

For the purposes of carrying out Part 3(a) of the Project, the Recipient shall cause the Project Implementing Entity to:

1. sign and thereafter maintain a Partnership Agreement with CPEC in form and substance satisfactory to the Association for the implementation of the Livelihood Sub-Projects.
2. pre-select in collaboration with the Local Committees, eligible Livelihood Sub-Projects in favor of Solidarity Groups in accordance with the guidelines and procedures set forth in the Project Implementation Manual.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall cause the Project Implementing Entity to 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 Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty-four days after the end of the period covered by such report.
2. For purposes of Section 4.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall cause the Project Implementing Entity to prepare and furnish to the Association not later than forty-five 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.
3. The Recipient shall cause the Project Implementing Entity 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, commencing with the fiscal year in which the first withdrawal was made under the Project. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) 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 the Schedule to the Project Agreement.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects", dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, Works, non-consulting services, consultant's services, Training and Operating Costs for Parts 1, 2, 3(b) and 4 of the Project	14,050,000	100%
(2) Livelihood Grants under Part 3(a) of the Project	450,000	100% of amounts disbursed
TOTAL AMOUNT	14,500,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR1,450,000 equivalent may be made for payments made under Category (1) up to twelve months prior to the date of signature of this Agreement for Eligible Expenditures.
 - (b) under Category (2), until and unless the Association has received evidence satisfactory in form and substance that: (i) the Partnership Agreement has been signed; and (ii) the first Livelihood Grant Agreement has been signed.
2. The Closing Date is December 31, 2021.

Section V. Other Undertakings

By June 30, 2018, or such other date as the Association shall agree upon, the Recipient shall: (i) carry out jointly with the Association and the Project Implementing Entity, 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.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each March 1 and September 1:	
commencing September 1, 2021 to and including March 1, 2031	1.65%
commencing September 1, 2031 to and including March 1, 2041	3.35%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions

APPENDIX

Section I. Definitions

1. “Annual Work Program” means the annual work program to be prepared by the Project Implementing Entity not later than November 30 in each calendar year during Project implementation including a program of activities proposed for inclusion in the Project during the following calendar year.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Community Investment Fund” means earmarked proceeds of the Credit for the financing of the Community Subprojects, as further detailed in the Project Implementation Manual.
5. “Community Sub-Project” means a sub-project selected under Part 1(a) of the Project and to be carried out by the Project Implementing Entity in accordance with the selection criteria and procedures set forth in the Project Implementation Manual.
6. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011 and revised in July 2014.
7. “CPEC” means *Caisse Populaire d’Epargne et de Cr dit*, the Recipient’s credit union as established and operating in Ali Sabieh under the Recipient’s Central Bank *D cision d’agr ment n  1/BCD/2011*”, and in Obock under the Recipient’s Central Bank *D cision d’agr ment n  2/BCD/2011* both dated January 19, 2011.
8. “Environmental and Social Management Framework” means the document dated March 1, 2016, adopted by the Project Implementing Entity, which: (i) sets out the modalities to be followed by the Project in assessing the potential adverse environmental and social impacts of the Project, and the measures to be taken to offset, reduce or mitigate such adverse impacts; and (ii) consists, *inter alia*, of sections dealing with environmental and social screening processes for the Project as well as for the preparation of Environmental and Social Management Plans, as published and available to the public on the website www.adds.dj, as the same may be amended from time to time with the Association’s prior written approval.
9. “Environmental and Social Management Plan ” means the document to be adopted by the Project Implementing Entity in accordance with the Environmental and

Social Management Framework, which describes specific measures to ensure environmentally and socially appropriate economic benefits under the Project and avoid, minimize, mitigate or compensate for any potential adverse effects associated with activities to be implemented under the Project, including the Community Sub-Projects and the Livelihood Sub-Projects; as the same may be amended from time to time with the Association prior written approval.

10. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
11. “Horn of Africa” means a sub-region of Eastern Africa that includes eight countries, i.e. – Republic of Djibouti, State of Eritrea, Federal Democratic Republic of Ethiopia, Republic of Kenya, Federal Republic of Somalia, Republic of South Sudan, Republic of Sudan, and Republic of Uganda.
12. “IGAD” means Intergovernmental Authority on Development, a regional organization set up through the IGAD Constitutive Agreement, which is responsible for carrying out Part 5 of the project pursuant to the IGAD Financing Agreement.
13. “IGAD Constitutive Agreement” means the agreement establishing the Intergovernmental Authority on Development dated March 21, 1996.
14. “IGAD Financing Agreement” means the Financing Agreement signed or to be signed between the Association and IGAD for the implementation of Part 5 of the Project.
15. “Livelihood Grant” means a grant made or proposed to be made out of the proceeds of Category (2) to finance a Livelihood Subproject in favor of eligible Solidarity Groups.
16. “Livelihood Grant Agreement” means the agreement between the Project Implementing Entity and a Solidarity Group, setting forth the terms and conditions under which proceeds of the Livelihood Grant are to be made available to said Solidarity Group for the purpose of financing a Livelihood Sub-Project.
17. “Livelihood Sub-Project” means a sub-project selected under Part 3(a) of the Project and to be carried out by a Solidarity Group for traditional and non-traditional livelihood interventions in accordance with the respective Livelihood Grant Agreement and the selection criteria and procedures set forth in the Project Implementation Manual.

18. “Local Committees” means committees established and operating under the Project Implementation Manual for the selection of Livelihood Sub-Projects as further detailed in the Project Implementation Manual.
19. “Manual on Small Earth Dams” means the document dated March 12, 2016, adopted by the Project Implementing Entity, which: (i) sets out the modalities to be followed by said Project Implementing Entity in assessing the potential adverse impacts related to small earth dams constructed or rehabilitated under the Project, and the measures to be taken to offset, reduce or mitigate such adverse impacts; and (ii) consists, *inter alia*, of sections dealing with social screening processes for said small earth dams constructed or rehabilitated under the Project as well as for the preparation of necessary plans, as published and available to the public on the website www.adds.dj, as the same may be amended from time to time with the Association prior written approval.
20. “National Steering Committee” means a committee established and operating under the Recipient’s *Circulaire* No 591/MEFI dated August 31, 2015, in charge of overall supervision and oversight for Project activities at the national level, as further described in the Project Implementation Manual.
21. “Operating Costs” means recurrent costs of the Project: (i) operation and maintenance of vehicle, repairs, fuel and spare parts; (ii) computer maintenance, including hardware and software; (iii) communication costs and shipment costs (whenever these costs are not included in the cost of goods); (iv) office supplies; (v) rent and maintenance for office facilities; (vi) utilities and insurances; (vii) travel and per diem costs for technical staff carrying out supervisory and quality control activities; (viii) bank fees and miscellaneous; and (ix) salaries of support staff for the Project, but excluding salaries of the Recipient’s civil servants.
22. “Participating Countries” means the following three countries: the Republic of Djibouti, the Federal Democratic Republic of Ethiopia, and the Republic of Uganda, which participate in the Development Response to Displacement Impacts Project in the Horn of Africa with the financing provided by the Association pursuant to the Financing Agreements with each respective Participating Country.
23. “Partnership Agreement” means the agreement between the Project Implementing Entity and CPEC to be executed and implemented in form and substance satisfactory to the Association in order to carry out activities under Part 3(a) of the Project.
24. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011 and revised in July 2014.

25. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 14, 2016, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
26. “Project Implementation Manual” means the manual dated March 16, 2016, adopted by the Project Implementing Entity, for the implementation of the Project at the national level, including, inter alia: (i) the terms of reference, functions and responsibilities for the members or the personnel of the Project Implementation Team; (ii) the procedures for procurement of goods, works, non-consulting services, consultants’ services, Operational Costs, and Training, as well as for financial management and audits under the Project; (iii) the indicators to be used in the monitoring and evaluation of the Project at the national level; (iv) flow and disbursement arrangements of Project funds; (v) the criteria, detailed rules and procedures for the selection of the Community Sub-Projects and Livelihood Business Plan Sub-Projects; and (vi) the grievance mechanisms; as said manual may be amended from time to time with the Association’s prior approval.
27. “Project Implementation Team” means a team within the administrative structure of the Project Implementing Entity, established to run the day-to-day management of the Project.
28. “Project Implementing Entity” means *Agence Djiboutienne de Développement Social*, the Recipient’s Social Development Agency, or any successor thereto.
29. “Project Implementing Entity’s Legislation” means the Recipient’s Law No. 211/AN/07/5ème L creating *Agence Djiboutienne de Développement Social* dated December 27, 2007, published in the Recipient’s Official Gazette No. 24 dated December 31, 2007, and the Recipient’s Decree No. 2008-0026/PR regarding the special status of *Agence Djiboutienne de Développement Social* dated January 20, 2008, published in the Recipient’s Official Gazette No. 2 dated January 31, 2008.
30. “Project Regional Steering Committee” means the regional steering committee for the Project, established and operating under IGAD aegis with representatives from all the Participating Countries, in charge of providing overall guidance and oversight for the Project at the regional level.
31. “Regional Secretariat” means the “Regional Secretariat on Forced Displacement and Mixed Migration” to be created within the administrative structure of IGAD to run the day-to-day management of the Project at the regional level, and be responsible for advancing the dialogue on forced displacement and mixed migration in the Horn of Africa through commissioning research, generating knowledge, capturing lessons, and coordinating sharing and learning both in the Participating Countries and at the regional level.

32. “Regional Councils” means the Regional Council of Obock and the Regional Council of Ali-Sabieh, local governing bodies designated to interface for community engagements.
33. “Resettlement Policy Framework” means the document dated March 1, 2016 adopted by the Project Implementing Entity, which: (i) sets out the modalities to be followed by the Project Implementing Entity in assessing the potential adverse social impacts related to involuntary resettlement of the Project, and the measures to be taken to offset, reduce or mitigate such adverse impacts; and (ii) consists, *inter alia*, of sections dealing with social screening processes for the Project as well as for the preparation of resettlement plans, as published and available to the public on the website www.adds.dj, as the same may be amended from time to time with the Association prior written approval.
34. “Resettlement Action Plan” means a document to be adopted by the Project Implementing Entity which outlines general implementation procedures, mitigation measures and monitoring procedures for social purposes under the Project, as said plan may be amended from time to time with the Association’s prior written approval.
35. “Safeguard Documents” means collectively the Environmental and Social Management Framework, the Resettlement Policy Framework, and the Manual on Small Earth Dams as well as any subsequent plans or evaluations (Environmental and Social Management Plans and Resettlement Action Plans) that may be prepared in accordance with said Environmental Social Management Framework, Resettlement Policy Framework and Manual on Small Earth Dams during Project implementation.
36. “Solidarity Group” means a group of private entities, cooperatives, associations or individuals established in the Recipient’s territory, which will benefit from a Livelihood Sub-Project to be implemented under Part 3(a) of the Project, as further detailed in the Project Implementation Manual.
37. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity.
38. “Targeted Areas” means the following regions: (i) Ali Sabieh Region (Ali Adden and Holl Holl); and (ii) Obock Region (Obock Town and surrounding area).
39. “Target Community” means a community in the Recipient’s rural or urban areas, which will benefit from a Sub-Project to be implemented by the Project Implementing Entity under Part 1(a) of the Project, as further detailed in the Project Implementation Manual.

40. "Training" means the training of persons involved in Project-supported activities, based on the Annual Work Program approved by the Association, such term including scholarships, seminars, workshops, and study tours, and costs associated with such activity including travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

"Section 3.02. *Service Charge and Interest Charge*

(a) *Service Charge.* The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) *Interest Charge.* The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months."
2. Paragraph 28 of the Appendix ("Financing Payment") is modified by inserting the words "the Interest Charge" between the words "the Service Charge" and "the Commitment Charge".
3. The Appendix is modified by inserting a new paragraph 32 with the following definition of "Interest Charge", and renumbering the remaining paragraphs accordingly:

"32. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b)."
4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix ("Payment Date") is modified by inserting the words "Interest Charges" between the words "Service Charges" and "Commitment Charges".

Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02(a).