Re: DJIBOUTI: Integrated Cash Transfer and Human Capital Project
Grant Number D469-DJ
Credit Number 6415-DJ
Amendment to the Financing Agreement

08-May-2020

H.E. Ilyas Moussa Dawaleh
Minister of Economy and Finance in charge of Industry
Ministry of Economy and Finance in charge of Industry
Djibouti, Republic of Djibouti
(Transmission by email: cabinet@mefip.gouv.dj)

Your Excellency,

We refer to the Financing Agreement (the “Agreement”) between the Republic of Djibouti (the “Recipient”) and the International Development Association (the “Association”) dated July 3, 2019 regarding the Integrated Cash Transfer and Human Capital Project. We also refer to your letter of April 2, 2020 requesting specific amendments to the Agreement. Please note that the capitalized terms used in this letter (“Amendment Letter”) and not defined herein have the meanings ascribed to them in the Financing Agreement.

We are pleased to inform you that the Association agrees to your request and hereby proposes to amend the Agreement as follows:

1. Article 3.01 of the Agreement is deleted and replaced in its entirety with the following:

“3.01 The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through its Ministry of Social Affairs and Solidarity (MASS) in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.”

2. All references to “SEAS” in the Agreement refer to “MASS”.

3. The Project Description in Schedule 1 to the Agreement is deleted and replaced in its entirety with the following:

“The objectives of the Project are to support: (1) an expanded and enhanced social safety nets system; (ii) access to basic services in targeted poor communities and (iii) rapid targeted food security safety net response to the COVID-19 pandemic.”
4. Part 5 is added to Schedule 1 to the Agreement to read as follows:

“Part 5. Household Food Security Response to COVID-19

Provision of 27,000 food vouchers to Food Voucher Beneficiary Households in the national social registry in the amount equivalent to DJF 10,000 a month for three (3) months. The vouchers will entitle the Food Voucher Beneficiary Households to the equivalent amount of eligible food items from participating retailers in targeted geographic areas specified in the Project Operational Manual.”

5. Part 6 is added to Schedule 2 to the Agreement as follows:

“Part 6. Contingent Emergency Response Component (CERC)

Provision of immediate response to an Eligible Crisis or Emergency, as needed.”

6. Section 1.F (Contingent Emergency Response) is added to Schedule 2 to the Agreement and shall read in its entirety as follows:

“F. Contingent Emergency Response

1. In order to ensure the proper implementation of contingent emergency response activities under Part 6 of the Project (“Emergency Response Part”), the Recipient shall:

(a) prepare and furnish to the Association for its review and approval, a Contingency Emergency Response Manual (“CER Manual”) which shall set forth detailed implementation arrangements for the Emergency Response Part, including: (i) any special institutional arrangements for coordinating and implementing the Emergency Response Part; (ii) specific activities which may be included in Emergency Response Part, Eligible Expenditures required therefor (‘Emergency Expenditures’), and any procedures for such inclusion; (iii) financial management arrangements for the Emergency Response Part; (iv) procurement methods and procedures for Emergency Response Part (v) documentation required for withdrawals of Emergency Expenditures; (vi) an environmental and social safeguard arrangements and instruments the for the Emergency Response Part; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the Emergency Response Part;

(b) afford the Association a reasonable opportunity to review the proposed CER Manual;

(c) promptly adopt the CER Manual for the Emergency Response Part as accepted by the Association and integrate it as an annex to the Project Operational Manual;
(d) ensure that the Emergency Response Part is carried out in accordance with the CER Manual; provided, however, that in the event of any inconsistency between the provisions of the CER Manual and this Agreement, the provisions of this Agreement shall prevail; and

(e) not amend, suspend, abrogate, repeal or waive any provision of the CER Manual without prior written approval by the Association.

2. The Recipient shall throughout the implementation of the Emergency Response Part, maintain the institutional structures and arrangements established in accordance with the CER Manual, with adequate staff and resources satisfactory to the Association.

3. The Recipient shall undertake no activities under Emergency Response Part, unless and until the following conditions have been met in respect of said activities:

(a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Emergency Response Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and

(b) the Recipient, has ensured the preparation and disclosure of all safeguard instruments as may be required for said activities in accordance with CER Manual, the Association has approved all such instruments, and the Recipient has ensured the implementation of any actions which are required to be taken under said instruments.”

7. Paragraph 5 is added to Section I.A. (Institutional Arrangements) of Schedule 2 to the Agreement as follows:

“5. To facilitate the carrying out of Part 5 of the Project, the Recipient shall ensure that MASS revises the project operational manual within one month after the effectivity of this Amendment Letter to include the procedures for the implementation of Part 5.”

8. The table in Section III.A of Schedule 2 to the Agreement is hereby deleted and replaced with the table set out in the Annex to this Amendment Letter.

9. Section III.B of Schedule 2 to the Agreement is deleted and replaced with the following:

“B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.
2. Under Category 5, no withdrawals shall be made after effectiveness of this Amendment Letter until the project operational manual has been revised to provide details of payments to Food Voucher Eligible Households satisfactory to the Association.

3. For Emergency Expenditures under Category (6), unless and until the Association is satisfied, and notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said expenditures:

   (i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include the proposed activities in the Emergency Response Part in order to respond to said crisis or emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

   (ii) the Recipient has ensured that all environmental and social instruments required for said activities have been prepared and disclosed, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in accordance with the provisions of Section I.E of this Schedule;

   (iii) the entities in charge of coordinating and implementing the Emergency Response Part have adequate staff and resources, in accordance with the provisions of Section I.F.(2) of this Schedule, for the purposes of said activities; and

   (iv) the Recipient has adopted the CER Manual, in form and substance acceptable to the Association, and the provisions of the CER Manual remain or have been updated in accordance with the provisions of Section I.F of this Schedule so as to be appropriate for the inclusion and implementation of the Emergency Response Part.

4. The Closing Date is December 31, 2022.”

10. The Appendix to the Agreement is amended to add the following definitions and consequently renumber the existing definitions to keep the alphabetical order:

   “Contingency Emergency Response Manual” and the acronym “CER Manual” means the manual referred to in Section I.F of Schedule 2 to this Agreement, to be adopted by the Recipient for the Emergency Response Part and forms part of the Project Operational Manual in accordance with the provisions of said Section.”

   “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).”

   “Eligible Crisis or Emergency” means an event that has caused or is likely to imminently cause a major adverse economic and/or social impact to the Recipient associated with a natural or man-made crisis or disaster”: 
“Emergency Expenditure means a specific activity or activities to be carried out in the event of an Eligible Crisis or Emergency under Part 6 of the Project, and any of the eligible expenditures set forth in the Contingency Emergency Response Manual in accordance with the provisions of Section III.B.A of Schedule 2 to this Agreement, and required for the Emergency Response Part”;

“Emergency Response Part” means a specific activity or activities to be carried out in the event of an Eligible Crisis or Emergency under Part 6 of the Project”;

“All other provisions of the Agreement that have not been amended hereby, shall remain in full force and effect.

Please indicate your agreement with the foregoing amendments to the Agreement on behalf of the Recipient by countersigning and dating this Amendment Letter. This amendment shall become effective as of the date of countersignature.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: __________________________
    Marina Wes
    Country Director
    Egypt, Yemen and Djibouti

AGREED:

REPUBLIC OF DJIBOUTI

By __________________________ Date: 08-mai-2020
    Authorized Representative

H.E. Ilyas Moussa Dawaleh
Minister of Economy and Finance in charge of Industry
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, consulting services, non-consulting services, Operating Costs and Training for the Project except Parts 1.1 and 3 and food vouchers under Part 5.</td>
<td>900,000</td>
<td>1,296,000</td>
<td>100%</td>
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<td>(2) Conditional Cash Transfers under Part 1.1 of the Project</td>
<td>0</td>
<td>2,520,000</td>
<td>100% of amounts disbursed under the respective Conditional Cash Transfers.</td>
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<td>(3) Subgrants under Part 3 of the Project</td>
<td>1,440,000</td>
<td>0</td>
<td>100% of amounts disbursed under the respective Subgrants.</td>
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<td>(4) Refund of Preparation Advance</td>
<td>1,260,000</td>
<td>0</td>
<td>Amount payable pursuant to Section 2.07(a) of the General Conditions</td>
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<td>(5) Food vouchers under Part 5 of the Project</td>
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<td>3,384,000</td>
<td>100%</td>
</tr>
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<td>(6) Contingent Emergency Expenditures under Part 6 of the Project</td>
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<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>3,600,000</strong></td>
<td><strong>7,200,000</strong></td>
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