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January 7th, 2019

H. E. Ilyas Moussa Dawaleh
Minister of Economy and Finance in charge of Industry
Ministry of Economy and Finance in charge of Industry
Djibouti City
Republic of Djibouti

Re: Republic of Djibouti: Advance Agreement for Preparation of Proposed Integrated Cash Transfer and Human Capital Project
Project Preparation Advance No. V249-DJ

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Djibouti ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank") proposes to extend to the Recipient an advance out of the World Bank's Project Preparation Facility in an amount not to exceed one million seven hundred fifty thousand Dollars ($1,750,000) ("Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in financing the activities described in the Annex ("Activities"). The objective of the Activities is to facilitate the preparation of a proposed project designed to support an expanded and enhanced social safety nets system and access to basic services in targeted poor communities. ("Project"), for the carrying out of which the Recipient has requested the World Bank's financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received this countersigned copy within 90 days after the date of signature of this Agreement by the World Bank, unless the World Bank has established a later date for such purpose.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By _____
Atou Seck
Resident Representative
Djibouti
Middle East & North Africa Region

AGREED:
REPUBLIC OF DJIBOUTI

By _____
Authorized Representative

Name: Ilyas Moussa Dawaleh

Title: Ministre de l'Economie et des Finances chargé de l'Industrie

Date: 13/11/19

Enclosures:

(1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010; and

(2) Disbursement Letter for the Advance of the same date as this Agreement, together with "Disbursement Guidelines for Investment Project Financing", dated February 2017.

PPA No. V249-DJ
ANNEX

Article I
Standard Conditions; Definitions

1.01. ***Standard Conditions.*** The "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010, constitute an integral part of this Agreement.

1.02. ***Definitions.*** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

(a) "Agence Djiboutien de Développement Social" or "ADDS" means agency established pursuant to the Recipient's Law No. 211/AN/07/5' L creating Agence Djiboutienne de Developpement 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 Diveloppement Social dated January 20, 2008, published in the Recipient's Official Gazette No. 2 dated January 31, 2008.

(b) "Operating Costs" means the incremental operating expenses incurred by the Recipient on account of the implementation of the Activities, management and monitoring including on account of operation and maintenance costs of office and office equipment; office supplies, additional staff costs, travel and supervision costs, per diem, but excluding the salaries and indemnities of officials and public servants of the Recipient's civil service.

(c) "Training" means the reasonable costs associated with training, seminars and workshop participation under the Activities, consisting of travel and subsistence costs for Training participants, costs (other than consulting services) associated with securing the services of trainers and presenters, rental of training facilities, translation and interpretation services, preparation and reproduction of training materials.

(d) "ADDS's Legislation" means the Recipient's Law No. 211/AN/07/5' L creating Agence Djiboutienne de Dveloppement 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 Diveloppement Social dated January 20, 2008, published in the Recipient's Official Gazette No. 2 dated January 31, 2008.

Article II
Execution of the Activities

2.01. ***Description of the Activities.*** The Activities for which the Advance is provided consist of the following parts:

(a) Provision of technical assistance in preparation for project implementation, including the targeting and registering of social transfer beneficiaries, selection of the payment agency, identification of productive and adaptive accompanying measures, communications activities,

development of a Community Driven Development platform, and other key prepatory activities;

(b) Provision of Training and international study tours of Government officials and project staff;

(c) Acquisition of goods including vehicles, IT equipment, and office supplies;

(d) Provision of Operating Costs for the purpose of project preparation.

2.02. ***Execution of the Activities Generally.*** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through ADDS in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) 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 and as of July 1, 2016.

2.03. ***Institutional and Other Arrangements.*** (a) Without limitation upon paragraph 2.02 above, the Recipient, through ADDS, shall maintain throughout the implementation of the Advance, a project implementation unit under terms of reference and with a composition and resources satisfactory to the World Bank and vested with responsibility for overseeing the day-to-day implementation of the Activities and the fiduciary aspects of the Advance.

(b) To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Advance available to ADDS under a subsidiary agreement between the Recipient and ADDS, under terms and conditions approved by the Association, ("Subsidiary Agreement"), which shall include, inter alia: (a) the Recipient's obligation to provide the proceeds of the Advance to ADDS on terms and conditions satisfactory to the World Bank; (b) ADDS's obligation to carry out the Activities with due diligence and efficiency, in conformity with appropriate administrative, technical, environmental and social practices, under the supervision of qualified and experienced management assisted by competent staff in adequate numbers; (c) ADDS's obligation to carry out the Activities in accordance with the Anti-Corruption Guidelines; (d) ADDS's obligation to procure the goods and services required for the Project and to be financed out of the proceeds of the Advance, in accordance with the provisions of Section 2.06 of this Annex; (e) ADDS's obligation to furnish all such information as the Recipient or the World Bank shall reasonably request; (f) ADDS's obligation to promptly inform the Recipient and the World Bank of any condition which interferes or threatens to interfere with the progress of the Project and the performance of its obligations under the Subsidiary Agreement; and (g) ADDS's obligation to neither take nor concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Agreement.

(c) 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.

(d) Notwithstanding the foregoing, in the event of a conflict among the provisions of the Subsidiary Agreement and those of this Agreement, the provisions of this Agreement shall prevail.

2.05. ***Monitoring, Reporting and Evaluation of the Activities.*** The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.05. ***Financial Management.*** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions. Each such 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 under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. ***Procurement***

All goods, non-consulting services and consulting services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in the "World Bank Procurement Regulations for IPF Borrowers" dated July 2016, revised November 2017 ("Procurement Regulations") and the provisions of the Recipient's procurement plan for the Activities dated October 30, 2018 ("Procurement Plan") provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

Article III
Withdrawal of the Advance

3.01. ***Eligible Expenditures.*** The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "Disbursement Guidelines for Investment Project Financing" dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance ("Category"), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Advance Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services, consulting services, Operating Costs and Training under the Activities	1,750,000	100%
TOTAL AMOUNT	1,750,000	

3.02. ***Withdrawal Conditions.*** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. ***Refinancing Date.*** The Refinancing Date is July 31, 2019.

Article IV
Terms of the Advance

4.01. *Refinancing under the Refinancing Agreement:* If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be paid to the World Bank as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of such amount of the Refinancing Proceeds, in accordance with the provisions of the Refinancing Agreement.

4.02. *No Repayment in the absence of a Refinancing Agreement:* Notwithstanding any provision to the contrary in the Standard Conditions, if, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date, it has been so executed but terminates without becoming effective, then the Recipient shall not be obligated to repay the Withdrawn Advance Balance.

Article V
Recipient's Representative; Addresses

5.01. ***Recipient's Representative***. The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is its ministry responsible for economy and finance in charge of Industry.

5.02. ***Recipient's Address***. The Recipient's Address referred to in Section 9.01 of the Standard Conditions is:

Ministry of Economy and Finance in charge of Industry
B. P. 13
Djibouti City
Republic of Djibouti
Facsimile:

(253) 21 35 6501/ (253) 21 35 5085
Telex: Facsimile:
(253) 21 35 6501/ (253) 21 35 8135

5.03. ***World Bank's Address***. The World Bank's Address referred to in Section 9.01 of the Standard Conditions is:

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

Telex:	Facsimile:
248423 (MCI) or 64145 (MCI)	(1)-202-477-6391