Re: TFSCB-III Grant No. TF0A4568
Republic of Djibouti: Djibouti Household Survey 2017 Project
Letter Agreement

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 Bank for Reconstruction and Development and the International Development Association ("World Bank"), acting as administrator of grant funds provided by various ("Donors") under the Trust Fund for Statistical Capacity Building-III ("TFSCB-III"), proposes to extend to the Recipient, a grant in an amount not to exceed five hundred thousand United States Dollars (USD 500,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in 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 notice of effectiveness from the World Bank to the Recipient, confirming in accordance with the provisions of Section 5.02 of the Annex to this Agreement that the World Bank has accepted the supporting document provided by the Recipient to the

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

March 9th, 2017

1818 H Street NW · Washington, DC 20433 USA
World Bank to establish that the condition of effectiveness listed in Section 5.01 of the Agreement has been satisfied.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Atou Seck
Resident Representative for Djibouti
Middle East and North Africa Region

AGREED:

REPUBLIC OF DJIBOUTI

By

Authorized Representative

Name: Ilhan Mohamed Dawaleh
Title: Minister of Economy & Finance
Date: 9/3/2017

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with the "Disbursement Guidelines for Investment Project Financing", dated February 2017
(3) "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
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds, dated February 15, 2012 ("Standard Conditions"), 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, and the following additional terms shall have the following meanings:

(a) "CAPI" means computer assisted personnel interviewing.

(b) "DISED" and "Direction des Statistiques et Etudes Démographiques", each means the Recipient’s office in charge of statistics.

(c) "Financial Management Manual" means the manual referred to in Section 2.03 (e) of this Annex.

(d) "Household Survey for Social Indicators 2017" and "Enquête Djiboutienne Après des Ménages", each means the national survey planned for 2017 to provide essential information on demographics, households’ consumption, expenditures as well as welfare indicators to calculate poverty and inequality in the Recipient’s territory.

(e) "Ministry of Economy and Finance" means the Recipient’s ministry responsible for economy and finance in charge of industry (Ministère de l’Economie et des Finances, chargé de l’industrie), or any successor thereto.

(f) "Partnership Convention" means the convention referred to in Section 2.03 (d) of this Annex.

(g) "Project Implementing Entity" means *Agence Djiboutienne de Développement*, the Recipient’s agency in charge of social development.


(i) "Subsidiary Agreement" means the agreement referred to in Section 2.03 (b) of this Annex pursuant to which the Recipient shall make the proceeds of the Grant available to the Project Implementing Entity.

(j) "Training" means the reasonable costs associated with training and workshop participation under the Project, consisting of travel and subsistence costs for training participants, costs (other than consulting services) associated with securing the services of trainers, rental of
training facilities, preparation and reproduction of training materials, and other costs directly related to course or workshop preparation and implementation.

Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to support DISED to collect, analyze and disseminate data emanating from the Household Survey for Social Indicators 2017. The Project consists of the following parts:

(a) Carrying out cartographic work to update the enumeration areas mapping, including those for water points that are to be used for the sampling of nomadic households.

(b) Conducting a listing and sampling exercise to define the households to be surveyed in the Household Survey for Social Indicators 2017.

(c) Providing hands-on training for field personnel, including supervisors and enumerators, through a series of workshops.

(d) Programming the survey’s questionnaire using a CAPI format and piloting the survey.

(e) Interviewing and collecting data for the sample of selected households.

(f) Preparing the associated datasets with collected information from the survey.

(g) Preparing a welfare and poverty report describing the findings from the Household Survey for Social Indicators 2017.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of: (a) Article I of the Standard Conditions; (b) 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 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. Institutional and Other Arrangements. Without limitation upon the provisions of Section 2.02 above:

(a) The Recipient shall, throughout Project implementation, cause the Project Implementing Entity to be responsible for the overall implementation of the Project, including financial management, accounting and procurement. To this end, the Recipient shall take all necessary actions on its part to ensure that the Project Implementing Entity is, at all times during Project implementation, maintained with: (i) mandate, composition and resources satisfactory to the World Bank; and (ii) adequate staff with qualifications and experience satisfactory to the World Bank for a prompt and efficient implementation of the Project.

(b) The Recipient, to facilitate the carrying out of the Project, make the proceeds of the Grant 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 World Bank (“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 World Bank and to accomplish the purposes of the Grant. Except as the World Bank 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 Grant 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.

(d) The Recipient shall cause the Project Implementing Entity to vest responsibility of all data collection and analysis related to the Household Survey for Social Indicators 2017 to DISED. To this end, a convention shall be signed between DISED and the Project Implementing Entity ("Partnership Convention") to define DISED’s responsibilities under the Project.

(e) The Recipient shall cause the Project Implementing Entity to, not later than one month after the Project’s Effective Date, prepare a simplified Financial Management Manual containing a description of the fiduciary arrangements, including financial management and accounting rules and procedures, specific internal control procedures, flow of information and funds for each activity being financed through the Project. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, waive or permit to be assigned, amended, abrogated or waived, the Financial Management Manual, or any provision thereof, without the prior written consent of the World Bank.

2.04. Project Monitoring, Reporting and Evaluation. (a) 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 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The Recipient shall cause the Project Implementing Entity to prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

2.05. Financial Management. (a) The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project 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 Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements
shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.08. Procurement

All goods, and consulting services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the “World Bank Procurement Regulations for Borrowers under Investment Project Financing” dated July 1, 2016 (“Procurement Regulations”), and the provisions of the Recipient’s procurement plan for the Project (“Procurement Plan”) dated February 14, 2017 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 Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) 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 the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consulting services and Training under the Project</td>
<td>500,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>500,000</td>
<td></td>
</tr>
</tbody>
</table>

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 this Agreement.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is August 20, 2018.

Article IV
Additional Remedies

4.01 Additional Event of Suspension. 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 Agreement.

Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank
has been furnished to the World Bank that the following condition, namely, the
Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing
Entity.

5.02. Except as the Recipient and the World Bank shall otherwise agree, the date on which this
Agreement shall enter into effect shall be the date upon which the World Bank dispatches to the
Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 of this Annex
(“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled
the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account
if this Agreement had been effective, the World Bank may postpone the dispatch of the notice
referred to in this Section until such event (or events) has (or have) ceased to exist.

5.03. This Agreement and all obligations of the parties under it shall terminate if it has not
entered into effect by the date ninety (90) days after the date of this Agreement, unless the
World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose
of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient’s Representative; Addresses

6.01. Recipient’s Representative. The Recipient’s Representative referred to in Section 7.02 of
the Standard Conditions is its Minister of Economy and Finance in charge of Industry.

6.02. Recipient’s Address. The Recipient’s Address referred to in Section 7.01 of the
Standard Conditions is:

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

    Facsimile:
    +253-2135-6501

6.03. World Bank’s Address. The World Bank’s Address referred to in Section 7.01 of the
Standard Conditions is:

    International Bank for Reconstruction and Development
    International Development Association
    1818 H Street, N.W.
    Washington, D.C. 20433
    United States of America
<table>
<thead>
<tr>
<th>Telex:</th>
<th>Facsimile:</th>
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<tbody>
<tr>
<td>248423 (MCI) or</td>
<td>1-202-477-6391</td>
</tr>
<tr>
<td>64145 (MCI)</td>
<td></td>
</tr>
</tbody>
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