Dr. Nkosazana Dlamini Zuma  
Chairperson  
African Union Commission  
Addis Ababa  
Federal Democratic Republic of Ethiopia

Re: TerrAfrica Leveraging Fund  
Support to TerrAfrica Secretariat Project  
Grant No. TF017015

April 30, 2014

Dear Dr. Zuma:

In response to: (a) the request for financial assistance made on behalf of the African Union, represented by the African Union Commission ("Recipient") for the benefit of the NEPAD Planning and Coordinating Agency (NEPAD Agency, as hereinafter defined) and the TerrAfrica Member States (as hereinafter defined); and (b) a Delegation of Authority (as hereinafter defined) dated February 28, 2011, from H. E. Jean Ping, Chairperson, African Union Commission, authorizing NEPAD Agency’s Chief Executive Officer to act on his behalf and sign this agreement on behalf of the 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 ("Donors") under the TerrAfrica Leveraging Fund ("TERRAFRICA Leveraging Fund"), proposes to extend to the Recipient a grant in an amount not to exceed two million United States Dollars (U.S.$ 2,000,000) ("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 countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 90 days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Colin Bruce
Director, Regional Integration
Africa Region

AGREED:

AFRICAN UNION
(Represented by the AFRICAN UNION COMMISSION)

By

Authorized Representative

Name: DR. IBRAHIM ASANDE MAYAKI
Title: CHIEF EXECUTIVE OFFICER
Date: 14/06/2014

Enclosures:

(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012; and

(2) Disbursement Letter of even date herewith, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
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"), with the modifications set forth in the Appendix to this Agreement, 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 and the following term has the following meaning:

(a) "African Union Commission" or "AU Commission" means the executive, administrative organ/secretariat of the African Union.

(b) "African Union" or "AU" means the legal entity established through Article 2 of the Constitutive Act.

(c) "Annual Work Plan and Budget" or "AWP&B" means the work plan referred to in paragraph 2.03 of the Annex to this Agreement.


(e) "Constitutive Act" means the Constitutive Act of the African Union, adopted by the AU Member States, on July 11, 2000, in Lome, Republic of Togo.

(f) "Delegation of Authority" means the authority, dated February 28, 2011, provided by the Chairperson, African Union Commission, addressed to the World Bank: (i) authorizing NEPAD Agency's Chief Executive Officer to sign this agreement on behalf of the Recipient and discharge certain specific functions related to the Project implementation subject to the guidance, direction and control by the AU Commission's Chairperson; and (b) indicating NEPAD Agency to carry out the Project activities on behalf of the Recipient.

(g) "NEPAD Agency's Programme Implementation and Coordination Directorate" means the NEPAD Agency's unit fully dedicated to carry out the implementation and coordination of NEPAD's work program.

(h) "NEPAD Planning and Coordinating Agency" or "NEPAD Agency" means the New Partnership for Africa's Development Planning and Coordinating Authority, a
technical body of the African Union established through the decision reached during the fourteenth ordinary session of the assembly of the AU on February 2, 2010, in Addis Ababa, Ethiopia.

(i) "NEPAD" means the New Partnership for Africa’s Development.

(j) "TerrAfrica Secretariat" means the secretariat established under the TerrAfrica regional partnership housed at NEPAD Agency.

(k) "TerrAfrica Member Countries" means Burkina Faso, Burundi, Comoros, Congo, Cote d’Ivoire, Eritrea, Ethiopia, Gambia, Ghana, Guineabissau, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Nigeria, Rwanda, Senegal, Tanzania, Togo, Uganda, Zambia, and any other country that may formally join the TerrAfrica partnership.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to strengthen capacity at NEPAD Planning and Coordination Agency to support TerrAfrica Member Countries on knowledge management and actions for scaling up Sustainable Land and Water Management (SLWM).

The Project consists of the following parts:

**Component 1. Support for Regional Coalition Building.** Support NEPAD Agency to reinforce the regional coalition that aligns assistance to countries on SLWM and related issues. Specifically, the Project will finance: (i) the establishment of a results oriented SLWM coordination mechanism; (ii) the integration of SLWM in CAADP processes and investment planning and other key programs and plans; (iii) technical staff and training to strengthen management of the TerrAfrica Secretariat; and (iv) communication activities to reinforce policy advocacy and technical outreach.

**Component 2. Support for Mutual Learning Among Member Countries.** Support NEPAD Agency’s mandate to meet country demand for knowledge and best practice tools to improve land management and climate resilience while maintaining natural capital to reinforce on-going investment operations in countries, as well as national and sector development planning. Specifically, the Project will finance: (i) the management and maintenance of the recently developed knowledge platform and the TerrAfrica website; and (ii) the development and first phase of implementation of the TerrAfrica knowledge management strategy (including, *inter alia*, systematic series of learning events, development/update of core knowledge products).

**Component 3. Support for Member Countries’ SLWM Investment Planning.** Strengthen NEPAD Agency’s role in meeting country demand for expertise and tools to develop and implement SLWM work programs and national SLWM investment frameworks. This will be achieved through: (i) carrying out joint fact-finding and planning missions; (ii) technical support for the development, implementation or update of country investment frameworks and related programs; (iii) workshops/roundtables for national donors’ dialogue and stakeholders’ consultation.
2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through NEPAD Agency’s Programme Implementation and Coordination Directorate in accordance with the provisions of:
(a) Article II 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 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. **Institutional and Other Arrangements.**

The Recipient shall:

(i) prepare an Annual Work Plan and Budget (AWP&B) for each fiscal year, setting forth, *inter alia*, a detailed description of activities for the following fiscal year; the sources and uses of funds; and responsibility for execution for the activities under the Project, budgets, start and completion dates, outputs, and monitoring indicators to track progress;

(ii) not later than November 1 of each fiscal year of the Recipient, furnish to the World Bank for its comments and approval, the draft AWP&B and, promptly thereafter, finalize the AWP&B taking into account the World Bank’s views and recommendations thereon; and

(iii) adopt and sign the final version of the AWP&B in the form approved by the World Bank not later than December 31 of such fiscal year.

2.04. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors’ support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures within its mandate to assist the Donors in visiting any part of the Member County’s territory.

2.05. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall 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 agreed with 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 forty-five (45) days after the end of the period covered by such report.

(b) The Recipient shall 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.

2.06. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained 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. Each such audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The Recipient shall ensure that the audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.07. Procurement

(a) General. All goods, non-consulting services and consultants’ 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:

(i) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in January 2011 (“Procurement Guidelines”), in the case of goods;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Non-Consulting Services

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding subject to the following additional procedures: (a) use of the World Bank’s Standard Bidding Documents suitably adapted for NCB; (b) invitations for bids for NCB tenders are to be publicly advertised in local newspapers of wide circulation; (c) bidding shall be for a minimum four (4) weeks and bids are to be opened publicly; (d) registration or classification of bidders shall not be used as a condition of bidding; (e) preference systems based on citizen or gender degree of ownership, affirmative action, empowerment or non-economic factors shall not be used; (f) use of point system in evaluation of bids shall not be used; (g) use of bracketing systems with reference to client cost estimates shall not be used in evaluation of bids; (h) price negotiations shall not be held with the successful bidder; and (i) contract awards shall be published in newspapers of wide circulation.
(ii) The following methods, other than National Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (A) Shopping; and (B) Direct Contracting.

(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection; (F) Selection of Individual Consultants; and (G) Sole Source Procedures for the Selection of Individual Consultants.

(e) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by 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 “World Bank Disbursement Guidelines for Projects” dated May 2006, 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, non-consulting services, consultants’ services, Training and Workshops, and Operating Costs</td>
<td>2,000,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>2,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
For the purpose of this section, the term:

(a) “Operating Costs” means expenditures incurred by the Recipient to finance the cost under the Project of: (i) communication technology services (including without limitation, internet and telephone) and office supplies; (ii) office equipment maintenance; (iii) bank charges; (iv) utilities and office supplies; (v) per diem and travel expenses, including salaries and benefits of NEPAD Agency’s support contractual staff assigned for the Project, but excluding the salaries of TerrAfrica and AU Member States’ civil service officials and their sitting allowances.

(b) “Training and Workshops” means reasonable expenditures (other than those for consultants’ services) incurred by the Recipient to finance transportation costs and per diem of trainers and trainees, rental of training facilities, and acquisition of training material needed for the implementation and supervision of the Project.

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. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is May 31, 2015.

Article IV
Additional Remedies

4.01. Additional Events of Suspension. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following:

(a) an extraordinary situation has arisen which makes it improbable that the Project or a significant part of it will be carried out;

(b) Constitutive Act establishing Africa Union or the AU Commission shall have been amended, abrogated, repealed, or waived so as, in the opinion of the World Bank, to materially or adversely affect the ability of the Recipient to perform any of its obligations in the pursuit of the objective of the Project; and

(c) the decision establishing NEPAD Agency shall have been amended, abrogated, repealed, or waived so as, in the opinion of the World Bank, to materially or adversely affect the ability of the NEPAD Agency or the NEPAD Agency’s Programme Implementation and Coordination Directorate to perform any of their functions in pursuit of the objective of the Project.

Article V
Recipient’s Representative; Addresses

5.01. Recipient’s Representative. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Chairperson of the African Union Commission.
5.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Chairperson
African Union Commission
Addis Ababa
Federal Democratic Republic of Ethiopia

Facsimile:
(251) 11 5513036

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

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

<table>
<thead>
<tr>
<th>Cable:</th>
<th>Telex:</th>
<th>Facsimile:</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDEVA</td>
<td>248423 (MCI) or 64145 (MCI)</td>
<td>1-202-477-6391</td>
</tr>
<tr>
<td>Washington, D.C.</td>
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APPENDIX
Modifications to the Standard Conditions

Paragraphs 17 and 18 of the Appendix (Definitions) to the Standard Conditions are modified to read as follows:

“17. “Member Country” means the member of the World Bank in whose territory the Project is carried out or any of such member’s political or administrative subdivisions. If the Grant is extended by the World Bank to such member as a party to the Grant Agreement, the term “Member Country” and “Recipient” refer to the same entity. If the Project is carried out in the territory of more than one member of the World Bank, “Member Country” refers separately to each such member.

18. “Project” means the Project for which the Grant is made. If the Project is carried out in the territory of more than one Member Country, “Project” refers separately to the Project of each such Member.”