
GRANT NUMBER E246-3A

Financing Agreement

(Africa Think Tank Platform Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

AFRICAN UNION

GRANT NUMBER E246-3A

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and the AFRICAN UNION (“Recipient”). The Association and the Recipient hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to thirty-seven million six hundred thousand Special Drawing Rights (SDR 37,600,000) (“Grant”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Grant Balance.
- 2.04. The Payment Dates are February 15th and August 15th in each year.
- 2.05. 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 carry out the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consist of the following:
- (a) the Recipient's Documents have, in the opinion of the Association, been amended, suspended, abrogated, repealed, or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement; and
 - (b) the Host Country has, in the opinion of the Association, failed to comply, with its obligations under the Headquarters Agreement; provided, however, that the provisions of this paragraph shall not apply if the Recipient establishes, to the satisfaction of the Association, that alternative arrangements for the operations of the Recipient are in place so as to enable the Recipient to comply with its obligations under this Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the Recipient has prepared and adopted the Project Operations Manual in a manner and substance satisfactory to the Association;
 - (b) the Recipient has established the Project Secretariat in a manner and substance, and under terms of reference, acceptable to the Association; and
 - (c) the Recipient has prepared and approved though the Recipient's Partnership Management and Resource Mobilization Directorate, a Labor Management Procedures for the Project, in a manner and substance satisfactory to the Association.
- 5.02. The Effectiveness Deadline is the date hundred and twenty (120) days after the Signature Date.
- 5.03. For purposes of Section 10.05 (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 Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the Chairperson of the African Union Commission.

6.02. For purposes of Section 11.01 of the General Conditions:

(a) the Association's address is:

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

(b) the Association's Electronic Address is:

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

6.03. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient's address is:

African Union Headquarters
Roosevelt Street W21K19
P.O. Box 3243
Addis Ababa
Ethiopia; and

(b) the Recipient's Electronic Address is:

E-mail:

PMRM-Registry@africa-union.org

AGREED as of the Signature Date.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Boutheina Guerhazi

Authorized Representative

Name: Boutheina Guerhazi

Title: Director, Regional Integration

Date: 02-Feb-2024

AFRICA UNION COMMISSION

By



Authorized Representative

Name: Steve Lalande

Title: Director-Partnerships Management & RM

Date: 02-Feb-2024

SCHEDULE 1

Project Description

The objective of the Project is to establish a sustainable platform to strengthen the capacity for effective policy research and policymaking on cross-boundary priorities in Africa.

The Project consists of the following parts:

Component 1: Establish Capacity to Operate a Sustainable Policymaking Platform

Establishing the necessary structures and developing the systems required to administer a regional policy platform for economic policymaking, including: (a) establishing a secretariat to manage the platform; (b) establishing and maintaining the Think Tank Platform Steering Committee and providing secretariat support to its meetings; (c) designing and implementing monitoring and evaluation strategies for the platform; (d) designing and implementing mechanisms for distilling lessons and incorporating them into the Project; (e) developing and maintaining a network of think tanks, regional economic communities and policymakers; and (f) organizing meetings of African governments, regional economic communities, think tanks and other partners to discuss and identify regional challenges and Regional Priority Areas.

Component 2: Strengthen the Quality, Relevance and Uptake of Policy Research on Priority Issues

Leveraging the regional policy platform established under Component 1 (above) to promote knowledge exchanges on regional economic issues, create a forum between African policymakers and think tanks to develop shared research agenda, and facilitate greater policy adoption by, *inter alia*: (a) creating and maintaining a database of African and global think tanks (including information on gender balance among think tanks' professionals); (b) organizing knowledge exchange events to convene policy researchers and policymakers to align on policy needs and promote policy uptake and adoption; (c) facilitating fellowship and/or secondment programs between government and think tanks to enhance research and policy design skills and narrow the research-policy gap; (d) providing training to policymakers, civil society and key stakeholders to develop their research and analytical capabilities; (e) creating and maintaining a database and online Africa knowledge repository of existing policy research across the continent; (f) providing performance-based subgrants (variously the "Research and Capacity Building Subgrants" or "RCB Subgrants"), through a competitive merit-based mechanism, to eligible think tank consortia ("Beneficiary Think Tank Consortium/ia") to: (i) produce high quality policy research on Regional Priority Areas, and (ii) develop the institutional capacity of the think tank members within each Beneficiary Think Tank Consortium to provide the knowledge and evidence base for regional policymaking and policy engagement; and (g) developing the institutional capacity of selected think tanks to support think tanks partnerships,

enhance the quality and communication of research, strengthen resource mobilization, and improve participation of female professional in policy research.

Component 3: Support Platform Sustainability

Mobilizing resources and establishing facilities to crowd-in funds to ensure the sustainability of the regional policy research platform (referred to in Component 1 above), including: (a) establishing a special fund for the financing of regional policy research; (b) recruiting dedicated staff to support/carry out regular fundraising campaigns; (c) design a resource mobilization strategy to raise funds from governments, private sector/philanthropists, foundations and/or multilateral institutions for economic policymaking in Regional Priority Areas; (d) carrying out feasibility and technical studies to set up and operate an endowment fund (“Endowment Fund”), including designing its statutes, governance structure, funding and investment strategies as well as the identification and selection of a Fund Manager; (e) formally establishing and providing the initial capitalization (“Seeding Capital”) of the Endowment Fund.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Recipient shall vest the overall responsibility for implementing the Project in its Partnership Management and Resource Mobilization Directorate (“PMRM”). To this end, the Recipient shall:
 - (a) establish, by no later than three (3) months after the Effective Date, and thereafter maintain throughout the period of implementation of the Project, under terms of reference set forth in the Project Operations Manual and acceptable to the Association, a Think Tank Platform Steering Committee (“TTPSC”) headed by the PMRM’s Director]and comprising a pan-African representation, including delegates from development partners, regional economic communities, private sector, academia and other Project stakeholders; which committee shall be assigned with functions, responsibilities and resources satisfactory to the Association, as shall be necessary for it to: (i) become the highest-decision making body within the Project and provide advice to Project Secretariat on continental policy and research priorities; (ii) advocate for, and facilitate, the collaboration of African countries and the Beneficiary Think Tank Consortia on priority policy issues supported by the Project, thus fostering regional ownership; (iii) endorse the selection of Beneficiary Think Tank Consortia and the proposed financial support thereto; (iv) provide high-level guidance (as needed) to Beneficiary Think Tank Consortia; (v) asses and ensure coherence of Project alignment with continental priorities; and (vi) review the Project Reports and regularly monitor the progress achieved in the implementation of the Project; and
 - (b) establish within the PMRM , and thereafter maintain throughout the period of implementation of the Project, under terms of reference set forth in the Project Operations Manual and acceptable to the Association, a Project secretariat (“Project Secretariat”) headed by a Project Coordinator assisted with experienced and qualified staff, in adequate numbers (as further detailed in the POM), including dedicated finance officer within the Directorate of Finance; which unit shall be assigned with functions, responsibilities and resources satisfactory to the Association, as shall be necessary for it to carry out the day to day implementation of Project activities, including, *inter alia*: (i) managing and operating the regional policy research platform to be established under the Project; (ii) coordinating the competitive selection of Beneficiary Think Tank

Consortia for the provision of RCB Subgrants as per the protocols and procedures set forth in the POM (including ensuring the Think Tank Consortia's meeting the eligibility criteria set forth in the POM); (iii) convening an Independent Committee of Experts (as set forth in the POM) to support the selection of Beneficiary Think Tank Consortia and their proposals for RCB Subgrants; (iv) monitoring the Beneficiary Think Tank Consortia's performance under their respective Performance Partnership Agreements; (v) establishing the Endowment Fund and mobilize resources for the platform; (vi) ensuring compliance with ESF's and ESCP's requirements (including adherence thereto by the Beneficiary Think Tank Consortia); (vii) carrying out general Project monitoring and evaluation activities and preparing the Project Reports for TTPSC's approval and submission to the Association; and (viii) serving as secretariat to the TTPSC.

2. Notwithstanding the foregoing, the Recipient shall, unless otherwise agreed in writing by the Association:
 - (a) vest the day-to-day financial management responsibilities under the Project (other than those allocated to the Beneficiary Think Tank Consortia under the Performance Partnership Agreements) in the External Resources Management Division ("ERMD") within its Directorate of Finance; and
 - (b) vest the day-to-day procurement activities under the Project (other than those corresponding to the Beneficiary Think Tank Consortia as per the Performance Partnership Agreements) in the Supply Chain Management Division ("SCMD") within its Operation Support Service Directorate.

B. Project Operations Manual

1. The Recipient shall, by not later than the Effective Date, have prepared, through the Project Secretariat, and formally adopted, a Project operations manual (the "Project Operations Manual" or "POM"), in a manner and substance acceptable to the Association, which manual shall set forth:
 - (a) a description of the composition roles and responsibilities allocated to the various implementation units (i.e., the TTPSC, Project Secretariat, ERMD, SCMD, Specialized Technical Committees, Fund Manager, etc.) ensuring close coordination and collaboration among them and with Project stakeholders;
 - (b) financial management arrangements for the Project, detailing the policies and procedures for general accounting practices, segregation of duties, management of bank accounts, flow/disbursement of funds, payment

processes and bank reconciliations, accounting systems and transaction record management, internal controls and internal/external audits, including fraud and corruption mitigation measures;

- (c) procedures for the preparation and approval of Annual Workplans and Budgets and the carrying out of the annual Policy Community Surveys;
- (d) the management principles and governance arrangements for the platform general fund providing financing for the RCB Subgrants, including (i) eligibility criteria and selection mechanisms for the identification of Beneficiary Think Tank Consortia; (ii) content requirements (including eligible activities and prioritization principles) and screening protocols for the assessment and selection of think tanks' proposals; (iii) membership and operational procedures for the Independent Committee of Experts to be responsible for evaluating and selecting the Beneficiary Think Tank Consortia and their proposals; and (iv) the eligible amounts, and terms and conditions of Research and Capacity Building Subgrants, including a template Partnership Performance Agreement and term-sheet therefor;
- (e) protocols for the operation of the Project-level grievance redress mechanism as well as any process for recording and reporting Project-related environmental and social accidents and/or incidents;
- (f) monitoring and evaluation framework and protocols, and reporting and communication requirements under the Project; and
- (g) such other technical and organizational arrangements and procedures as shall be required for the Project.

2. The Recipient shall:

- (a) ensure that the Project is carried out in accordance with the POM; provided, however, that, in case of any conflict between the provisions of the POM, on the one side, and the provisions of this Agreement, on the other, the provisions of this Agreement shall prevail; and
- (b) refrain from materially and/or substantially amending, revising, waiving, voiding, suspending or abrogating, any provision of the POM, whether in whole or in part, without the prior written concurrence of the Association.

C. Research and Capacity Building Subgrants

- 1. The Recipient shall, prior to calling for proposals for the award of RCB Subgrants, establish an independent committee of experts with composition/membership satisfactory to the Association (including representatives from experts on disciplines related to the Regional Priority Areas) as further detailed in the POM

(the “Independent Committee of Experts”); which committee shall be vested with the responsibility for: (i) evaluating and scoring the research and capacity building proposals submitted by think tanks consortia for financing under RCB Subgrants; and (ii) furnishing to the TTPSC a priority list of Beneficiary Think Tank Consortia, and their elected proposals, to be awarded with RCB Subgrants, including: (A) the suggested quantum of such support; and (B) term-sheet of their respective Partnership Performance Agreement, detailing the proposed performance-based disbursement milestones; all in accordance with the criteria, prioritization principles, protocols and procedures to be set forth in the POM.

2. The Recipient shall,
 - (a) upon the establishment of the Independent Committee of Experts, publicly call African think tanks to form/establish research consortia and jointly submit their detailed research proposals on Regional Priority Areas, including, the identification of the think tank leading each consortium, the envisioned institutional capacity building activities disaggregated by member think tank, the initial annual work plans, and the overall costs estimates thereof, all in accordance with the procedures and requirements outlined in the POM; and
 - (b) thereafter, upon the evaluation and scoring and prioritization of the foregoing proposals by the Independent Committee of Expert, furnish to the Association for its no-objection, and to the TTPSC for endorsement and formal award, the finalist list of selected awardee consortia (each a “Beneficiary Think Tank Consortium”) and their proposals, as well as the suggested term-sheets for their respective Partnership Performance Agreements.
3. The Recipient shall, upon the Association’s no objection and the TTPSC’s formal award pursuant to paragraph 2(b) above, enter into a written agreement (the “Partnership Performance Agreement”) with each of the think tanks integrating the Beneficiary Think Tank Consortium for the provision of the respective Research and Capacity Building Subgrant, under terms and conditions satisfactory to the Association and consistent with those set forth in the template in POM, which agreement shall include:
 - (a) the detailed research and capacity building proposal activities eligible for financing under RCB Subgrant, including the ancillary implementation timelines/schedules and costing tables;
 - (b) the amount of the RCB Subgrant to be made available (on a non-reimbursable basis) to the Beneficiary Think Tank Consortium, jointly with the detailed allocation corresponding to each think tank member of the consortium and the defrayment schedule and mechanism therefor,

reflecting the agreed performance milestones/deliverables to be attained by such Beneficiary Think Tank Consortium and/or individual think tank member triggering each such disbursement;

- (c) the right of the Recipient to suspend or terminate the rights of any and/or all members of Beneficiary Think Tank Consortium to use the proceeds of its RCB Subgrant, and/or obtain a refund of all or any part of its RCB Subgrant then withdrawn, upon:
 - (i) the failure of any member of the Beneficiary Think Tank Consortium's, to perform any of its obligations under its Partnership Performance Agreement; or
 - (ii) upon the Association's declaring any member of the Beneficiary Think Tank Consortium ineligible under the Anti-Corruption Guidelines.
- (d) the Beneficiary Think Tank Consortium members' joint obligation to:
 - (i) carry out its research proposal and policy engagement and capacity building activities detailed in the Partnership Performance Agreement with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial practices and standards, satisfactory to the Association, including the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient, as well as the Environmental and Social Standards and the obligations emanating from the ESCP;
 - (ii) set up within each of its members an RCB Subgrant implementation team, with qualified and experienced staff, in adequate numbers, as shall be required for the carry out of the respective member's activities under the RCB Subgrant approved for Beneficiary Think Tank Consortium;
 - (iii) provide, promptly as needed, the resources required for purposes of sub-paragraph 3(d)(i) and (ii) above;
 - (iv) procure the goods, consulting services, non-consulting services to be financed out of the RCB Subgrant in accordance with the provisions of this Agreement and the Procurement Regulations;
 - (v) maintain policies and procedures adequate to enable it to monitor and evaluate the progress of the agreed research and capacity building activities and the achievement of their objectives;

- (vi) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the RCB Subgrant; and (B) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association;
 - (vii) enable the Recipient and the Association to inspect its operation and any relevant records and documents associated with the financed activities/research;
 - (viii) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing; and
 - (ix) retribute to the Recipient any amounts disbursed under the RCB Subgrant with respect to which fraud and corruption has occurred.
4. The Recipient shall exercise its rights under each Partnership Performance Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Grant. The Recipient shall not assign, amend, abrogate or waive any Partnership Performance Agreement or any provisions thereof, whether in whole or in part, without the prior written concurrence of the Association

D. Endowment Fund

1. For purposes of carrying out the activities under Component 3(e), the Recipient shall establish, upon approval by its policy organs, and thereafter maintain throughout the enforceability period of this Agreement and endowment fund (the "Endowment Fund") with legal status, governance arrangements, investment policies and procedures and income distribution and utilization principles acceptable to the Association. To this end, the Recipient shall:
- (a) develop and adopt an Endowment Fund administration manual (the "Endowment Fund Manual"), in a manner and substance satisfactory to the Association, which shall contain, *inter alia*: (i) the governance structures and decision making power and responsibilities for management of the Endowment Fund, including establishment, composition and operating procedures for an Endowment Funds' investment committee; (ii) the administrative and financial management procedures, and

investment guidelines, detailing risk considerations and eligibility criteria for determining investments, as well as income distribution and utilization principles; (iii) the Endowment Fund's accounting, auditing requirements as well as any other monitoring, evaluation and reporting obligations; (iv) reputational and integrity due diligence procedures and eligibility principles applicable to any additional contributors to the Endowment Fund; and (v) the Endowment Fund's transparency and anticorruption provisions compatible with the Anti-Corruption Guidelines. The Recipient shall refrain, and cause the Fund Management to refrain, from materially and/or substantially amending, revising, waiving, voiding, suspending, or abrogating, any provision of the Endowment Fund Manual, whether in whole or in part, without the prior written concurrence of the Association. Notwithstanding the Association's no-objection to the Endowment Fund Manual, in the event of any conflict between the provisions of the Endowment Fund Manual, on the one side, and the provisions of this Agreement, on the other, the provisions of this Agreement shall prevail;

- (b) make available a portion of the proceeds of the Grant, as allocated from time to time in Category (3) of the disbursement table in Section III.A of this Schedule ("Seeding Capital"), to the Endowment Fund to provide the initial capitalization thereof;
- (c) open and maintain a separate account for the Endowment Fund in which it shall deposit the Seeding Capital, as well as any additional contributions provided from time to time to the said Endowment Fund by eligible contributors thereto. Upon deposited into the said account, the Seeding Capital, as well as any ancillary and subsequent contributions by third parties, shall become the investment capital of the Endowment Fund and shall be kept legally segregated from the operating budget and/or other funds administered by the Recipient;
- (d) ensure that the Fund Manager manages (i.e., invests and administers) the Endowment Fund's capital in a manner consistent with the purpose and objectives of this Agreement, the provisions of the Endowment Fund Manual, and the recommendation/instructions of the investment committee regulated thereunder;
- (e) use the income generated by the Endowment Fund and distributed as per the Endowment Fund Manual to finance RCB Subgrants for Beneficiary Think Tank Consortia; and
- (f) ensure that the Endowment Fund and the Fund Manager abide by the Anti-Corruption Guidelines.

2. The Recipient, acting as trustee of the Endowment Fund, shall:
 - (a) select and appoint, under terms of reference agreed with the Association, and thereafter maintain throughout the enforceability period of this Agreement, an investment management firm, with qualification and experience acceptable to the Association, to serve as manager for the Endowment Fund (the "Fund Manager"); and
 - (b) upon either expiration of the Fund Manager initial contract period, or in the event of an early termination thereof, promptly select and appoint a successor thereto, under the same terms and conditions and similar requisites, qualifications, and experience as envisioned and agreed with the Association pursuant to sub-paragraph (a) above.
3. In the event that the Endowment Fund is unwound either by a decision of the Recipient or for any other reasons, except the full utilization/exhaustion of its capital in consistency with the Endowment Fund Manual, then the Recipient shall promptly refund to the Association, within ninety (90) days of the unwinding decision or event, the *pro rata* portion of the outstanding Endowment Funds' capital (including its investment income) uncommitted and/or unutilized at the time of such unwinding decision or event, corresponding to the percentage of the Association's net contribution to such capital, and the interests gained/accrued thereon.

E. Annual Workplans & Budget

1. The Recipient shall:
 - (a) prepare under terms of reference acceptable to the Association, and furnish to the Association, not later than September 30 of each calendar year during the period of Project implementation, for the Association's review and no-objection, an annual work plan of activities (including Training and Workshops) proposed for implementation under the Project during the immediately following Financial Year, together with the budget and financing plan for such activities and a timetable for their implementation (variously the "Annual Workplan and Budget" or "AWP&B"); and
 - (b) thereafter, carry out the Project with due diligence during such following Financial Year in accordance with the respectively approved AWP&B, as shall have been agreed with the Association, as such AWP&B may be amended from time to time with the prior written concurrence of the Association.
2. Only activities included in an Agreed Annual Work Plan shall be eligible for financing under the Project.

3. For purposes of proposing the inclusion of any Training and Workshops in the AWP&B, the Recipient shall identify in such AWP&B: (a) the objective and content of, and justification for, the Training and Workshops envisaged; (b) the selection method of institution or individual conducting such Training and Workshops, and their identities if already known; (c) the expected duration and an estimate cost of said Trainings and Workshops; and (d) the personnel and/or stakeholders selected to attend the Training and Workshops and the criteria (to be) applied for their selection.

F. Environmental and Social Standards.

1. The Recipient shall, and shall cause the Beneficiary Think Tank Consortia to, ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall, and shall cause the Beneficiary Think Tank Consortia to, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Recipient shall, and shall cause the Beneficiary Think Tank Consortia to, ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Recipient shall, and shall cause the Beneficiary Think Tank Consortia to, ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such

reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

- (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Recipient shall, and shall cause the Beneficiary Think Tank Consortia to, establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.

Section II. Project Monitoring, Reporting and Evaluation

- 1 The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.
- 2. Notwithstanding paragraph 1 above, the Recipient shall, on a yearly basis, by not later than September 30 each year, commencing the calendar year immediately following the signing of the first Performance Partnership Agreement, carry out a policy community survey (“Policy Community Survey”), under terms of reference acceptable to the Association, aimed to assess the needs of policymakers, the relevance and satisfaction levels with the research produced under the regional policy platform funded under the Project (including the RCB Subgrants), as well as the identification and criticality of the Regional Priority Areas, and the shortcomings of, challenges faced by, and mechanism to improve/stimulate the production and socialization of policy research and their adoption by regional and national counterparts.
- 3 The Recipient shall, by not later than four (4) months after the Effective Date, select and hire, and thereafter maintain throughout the period of implementation of the Project, the services of an external audit agency or firm, with qualifications and experience, and under terms of reference, acceptable to the Association, for the carrying out of the annual audits of the Project’s Financial Statements.

Section III. Withdrawal of the Proceeds of the Grant

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Grant to finance Eligible Expenditures; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services, consulting services, Training and Workshops, and Incremental Operating Costs for the Project	7,520,000	100%
(2) Research and Capacity Building Subgrants	22,560,000	100%
(3) Seeding Capital for the Endowment Fund under Subcomponent 3(e) of the Project	7,520,000	100%
TOTAL AMOUNT	37,600,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date; or
 - (b) under Category (3) until the Recipient has: (i) internally approved and established through its internal policy organs the Endowment Fund, and (ii) appointed the Fund Manager, all in manner and substance satisfactory to the Association.
2. The Closing Date is August 30, 2028.

APPENDIX

Section I. Definitions

1. “African Union” or the “Union” means the union established as regional entity by the Constitutive Act of the African Union adopted on July 11, 2002.
2. “Africa Union Commission” means the African Union Organ established pursuant to Section 20 of the Constitutive Act of the African Union, adopted on July 11, 2002, to perform the functions of Secretariat of the Union.
3. “African Union Organ” means: (a) the Assembly of the Union; (b) the Executive Council; (c) the African Union Commission; (d) the Pan-African Parliament; (e) the Court of Justice; (f) the Permanent Representatives Committee; (g) the Specialized Technical Committees; (h) the Economic, Social and Cultural Council; (i) the Financial Institutions; (j) the Commission of International Law; and (k) the Advisory Board on Corruption, all as defined in the Recipient’s Founding Documents, as well as any successors thereto and/or other organs that may be established by the African Union from time to time.
4. “Annual Workplan and Budget” and the term “AWP&B” mean each annual work plan, together with the related budget, for the Project to be prepared by the Recipient pursuant to the provisions of Section I.E.1 of Schedule 2 to this Agreement.
5. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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.
6. “Beneficiary Think Tank Consortium” means each consortium of think tanks selected competitively pursuant to Section I.C.2 of Schedule 2 to this Agreement and awarded a RCB Subgrant, and with whose members the Recipient has successfully entered into a Partnership Performance Agreement in accordance with Section I.C.3 of the same Schedule 2.
7. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
8. “Directorate of Finance” means the Directorate of Finance of the African Union Commission, and any successor thereto acceptable to the Association.
9. “Endowment Fund” means the segregated and ring-fenced investment fund to be established by the Recipient under Component 3(d) of the Project, and to be

capitalized and administered by the Recipient pursuant to Section I.D.1 and 2 of Schedule 2 to this Agreement.

10. “Endowment Fund Manual” means the manual to be developed and adopted by the Recipient, in a manner and substance satisfactory to the Association, for purposes of administering the Endowment Fund, as set forth in Section I.D.1(a) of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written concurrence of the Association.
11. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated September 26th, 2023 , as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
12. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; and (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.
13. “ERMD” means the External Resources Management Division within the Recipient’s Directorate of Finance, or any successor thereto acceptable to the Association.
14. “Financial Year” means the twelve (12) month period corresponding to the Recipient’s financial year, commencing on January 1st and finishing on December 31st of each calendar year.
15. “Fund Manager” means the investment management firm to be selected and appointed by the Recipient for purposes of administering the Endowment Fund, as

set forth in Section I.D.2(a) of Schedule 2 to this Agreement, as the same may be replaced or succeeded, from time to time, with the prior written concurrence of the Association.

16. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022).
17. “Headquarters Agreement” means the agreement between the African Union and the Federal Democratic Republic of Ethiopia, dated April 25, 2008, for the location of the headquarters of the African Union.
18. “Host Country” means: (a) the Federal Democratic Republic of Ethiopia, in the case of the Recipient; or (b) any other African Union member country hosting and African Union Organ.
19. “Incremental Operating Costs” means the reasonable incremental expenses incurred by the Recipient on account of Project implementation, comprised of, *inter alia*: (a) office supplies; (b) vehicle operation and maintenance; (c) communication and insurance costs; (d) banking charges; (e) rental expenses; (f) office and office equipment maintenance; (g) utility fees; (h) document duplication/printing; (i) consumables; (j) travel costs and per diem for Recipient’s staff; and (k) salaries of the Recipient’s contractual staff (i.e.. non-permanent additional workforce) employed for purposes of the Project.
20. “Independent Committee of Experts” means the committee of experts to be established by the Recipient for purposes of reviewing, selecting and prioritizing think tanks’ eligibility and their RCB Subgrants applications, as set forth in Section I.C.1 of Schedule 2 to this Agreement.
21. “Labor Management Procedures” means the labor procedures to be prepared and adopted by the Recipient pursuant to the ESCP requirements, setting forth, *inter alia*: (a) minimum working conditions; (b) procedures for managing workers relationships; (c) occupational health and safety protocols (including proper fire safety and ventilation standards); (d) a code of conduct for all workers/employees, including provisions sanctioning sexual harassment and/or sexual exploitation and abusive behavior; and (e) a grievance redress mechanism for Project workers/employees.
22. “Performance Partnership Agreement” means each of the written agreements to be entered into by the Recipient and each individual member of a Beneficiary Think Tank Consortium for purposes of awarding an RCB Subgrant, under terms and conditions set forth in the POM, as each such agreement may be amended from time to time with the prior written concurrence of the Association.

23. “PMRM” means the Recipient’s Directorate of Partnership Management and Resource Mobilization and any successor thereto acceptable to the Association.
24. “Think Tank Platform Steering Committee” and the term “TTPSC” mean the committee to be established by the Recipient for purposes of providing overall policy and implementation guidance to, and having the highest decision-making power under, the Project, as set forth in Section I.A.1(a) of Schedule 2 to this Agreement.
25. “Policy Community Survey” means the annual survey to be carried out by the Recipient pursuant to Section II.2 of Schedule 2 to this Agreement.
26. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
27. “Project Operations Manual” and the term “POM” mean the manual to be developed and adopted by the Recipient, in a manner and substance satisfactory to the Association, for purposes of implementing the Project, as set forth in Section I.B.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written concurrence of the Association.
28. “Project Secretariat” mean the unit/team to be established by the Recipient within its Partnership Management and Resource Mobilization Directorate for purposes of implementing the Project, as set forth in Section I.A.1(b) of Schedule 2 to this Agreement.
29. “Recipient’s Documents” means the Constitutive Act of the African Union adopted on July 11, 2000, and the Statutes of the African Union Commission adopted in July 2002, as the same may be amended from time to time.
30. “Regional Priority Areas” means, namely, the following six thematic areas: (a) economic transformation and governance; (b) climate change; (c) regional trade; (d) food security; (e) human capital; and (f) digitalization; as well as any other additional thematic area agreed from time to time, in writing, between the Association and the Recipient.
31. “Research and Capacity Building Subgrants” and the term “RCB Subgrant” mean the grants (to be) approved by the TTPSC and (to be) extended by the Recipient to Beneficiary Think Tank Consortia for purposes of financing the Beneficiary Think Tank Consortium’s research and institutional capacity developmental activities selected competitively by the Independent Committee of Experts in accordance with Section I.C.2 of Schedule 2 to this Agreement as well as the POM, all in accordance with the terms and conditions set forth in their respective Partnership Performance Agreements.

32. “SCMD” means the Supply Chain Management Division within the Recipient’s Operation Support Service Directorate, or any successor thereto acceptable to the Association.
33. “Seeding Capital” means the initial monetary contribution (cash funds) to be contributed by the Recipient to the Endowment Fund, to kick-start its investment (earning accrual) operations.
34. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applied to all references to “the date of the Financing Agreement” in the General Conditions.
35. “Training and Workshops” means the reasonable costs associated with the provision and/or attendance of training and workshops in relation to the Project, comprising, *inter alia*, the costs of study tours, courses, conferences and workshops conducted and/or attended by the Recipient’s staff, consultants and/or stakeholders, including the purchase and publication of materials, rental of facilities, course fees, and lodging, travel expenses and per diems for trainers and/or trainees.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 2.06 is modified to read as follows:

“Section 2.06. *Financing Taxes*

The use of any proceeds of the Grant to pay for Taxes levied by, or in the territory of, the Member Country on or in respect of Eligible Expenditures, or on their importation, manufacture, procurement or supply, if permitted by the Legal Agreements, is subject to the Association’s policy of requiring economy and efficiency in the use of the proceeds of its credits and grants. To that end, if the Association at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Association may, by notice to the Recipient, adjust the percentage of such Eligible Expenditures to be financed out of the proceeds of the Grant.”

3. Paragraphs (b) and (c) of Section 3.18 are modified to read as follows:

“(b) All Financing Payments shall be paid without restrictions of any kind imposed by, or in the territory of, the Member Country, and without deduction for, and free from, any Taxes levied by, or in the territory of, the Member Country.

(c) The Legal Agreements shall be free from any Taxes levied by, or in the territory of the Member Country, or in connection with their execution, delivery or registration.”

3. In Section 5.11, paragraph (a) is modified to read as follows:

“Section 5.11. *Visits*

“(a) The Recipient shall take all action necessary or useful to ensure that the Member Country affords all reasonable opportunity for representatives of the Association to visit any part of their territories for purposes related to the Grant or the Project.”

4. Section 6.01 is deleted in its entirety and the remaining section in Article VI is renumbered accordingly.

5. Section 8.02 is modified as follows:

(a) Paragraph (j) on *Membership* is modified to read as follows:

(j) *Membership.* The Member Country or any member of the Recipient: (i) has been suspended from membership in or ceased to be a member of the Association; or (ii) has ceased to be a member of the International Monetary Fund.”

(b) Paragraph (m) is renumbered as paragraph (n), and a new paragraph (m) is added to read as follows:

“(m) *Interference.* The Member Country: (i) has taken or permitted to be taken any action which would prevent or interfere with the execution of the Project or the performance by the Recipient of its obligations under the Financing Agreement; or (ii) has failed to afford a reasonable opportunity for representatives of the Association to visit any part of its territory for purposes relating to Grant or the Project.”

6. The Appendix (**Definitions**) is modified as follows:

(a) Paragraph 77 (Member Country) is modified to read as follows:

“77. “Member Country” means the member of the Association in whose territory the Project is carried out or any such member’s political or administrative subdivisions. If such activity is carried out in the territory of more than one such member, “Member Country” refers separately to each such member.”

(b) Paragraph 92 (Recipient) is modified to read as follows:

“92. “Recipient” means the party to the Financing Agreement to which the Grant is extended.”