



GRANT NUMBER E202-3A

Financing Agreement

(Building Institutions and Systems to Harness and Realize Agenda 2063 Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

AFRICAN UNION



GRANT NUMBER E202-3A

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and 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 two hundred thousand Special Drawing Rights (SDR 37,200,000) (“Financing”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing 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 Financing Balance.
- 2.04. The Payment Dates are February 15 and August 15 in each year.
- 2.05. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Part 1 of the Project through the African Union Commission (AUC) and shall cause Part 2 of the Project to be carried out by the African Continental Free Trade Area (AfCFTA) Secretariat 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- (a) The Recipient's Founding Documents have, in the opinion of the Association, been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement.
 - (b) The Agreement Establishing the African Continental Free Trade Area has, in the opinion of the Association, been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the AfCFTA Secretariat to perform any of its obligations under this Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.02. 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 fifteen (15) 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 Recipient's address is:

African Union Headquarters
Roosevelt Street W2 1K19
P.O. Box 3243
Addis Ababa
Ethiopia; and
 - (b) the Recipient's Electronic Address is:

Facsimile:

+251 11 551 7844

6.03. 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

AGREED as of the Signature Date.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Boutheina Guermazi

Authorized Representative

Name: Boutheina Guermazi

Title: Director, Regional Integration

Date: 16-Sep-2023

AFRICAN UNION

By

[Signature]

Authorized Representative

Name: H.E. Dr. Monique Nsanzabaganwa

Title: Deputy Chairperson

Date: 05-Oct-2023

SCHEDULE 1

Project Description

The objective of the Project is to improve the capacity of the African Union Commission and the African Continental Free Trade Area Secretariat in supporting member states to negotiate and implement selected commitments to enhance regional integration and intracontinental trade in Africa.

The Project consists of the following parts:

Part 1. Improved Effectiveness of AUC Management Functions

- 1.1. Upgrading Financial Management, Procurement and Oversight
 - (i) Support to investment in modern tools and policies for effective planning and financial information consolidation to improve budget preparation, audit, results monitoring, and grant management.
 - (ii) Implementation of a structured mid-year budget review to enable course correction in the course of a financial year.
 - (iii) Support to enterprise risk management.
 - (iv) Strengthening of regional accounting professional collaborations.
 - (v) Support to automation of procurement, payment systems, processes, and accounting, enforcing applicability, and updating of the relevant financial regulations, frameworks, systems, and manuals.
 - (vi) Support to strengthening of internal oversight.
 - (vii) Capacity building of staff in audit, financial management, and procurement.
 - (viii) Upgrading of policies and tools for warehouse management and asset tracking.
 - (ix) Development, implementation, and certification to ISO 9001:2015 QMS.
 - (x) Support to improvements in AUC's procurement policies, practices, and systems to improve efficiency and value for money,

including training, piloting and roll out of e-procurement, system integration, staff capacity building, and improvements in asset management.

1.2. Innovations to Improve Human Resource Management

- (i) Development and implementation of an HR management information system.
- (ii) Deployment of the AUC document management system.
- (iii) Review and revision of HR policies, including gender activities to support parity.
- (iv) Development and implementation of a 360-degree performance appraisal program.
- (v) Development and implementation of the AUC Employee Learning Program.
- (vi) Revamp of the recruitment function.
- (vii) Project coordination to support rollout of the African Union transition plan.
- (viii) Strengthening of internal communication.

1.3. Improving functionality and performance of ICT Systems

- (i) Establishment of a security operations center and enhancement of the network operation center.
- (ii) Enhancement of IT wired and wireless network infrastructure performance and security.
- (iii) Upgrade of network infrastructure.
- (iv) Replacement of IT equipment and tools.
- (v) Data warehouse and business intelligence.
- (vi) Provision of telephony equipment.
- (vii) Revamp of the existing enterprise resource planning system.

Part 2. Improved Capacity for Implementation of Commitments to Enhance Intracontinental Trade and Investment

- 2.1. Supporting the Implementation of the AfCFTA Treaty
 - (i) Strengthening of the institutional capacity of the AfCFTA Secretariat, including finalization of remaining annexes from the Agreement Establishing the AfCFTA and the built-in agendas.
 - (ii) Support to the conclusion of the negotiations of the outstanding protocols.
 - (iii) Support to trade facilitation, customs and transit aspects.
 - (iv) Support to trade in services, investment promotion and facilitation, digital trade and intellectual property rights.
 - (v) Support to harmonization of standards, promoting equivalence and mutual recognition, collection of non-tariff measures data, addressing of non-tariff barriers; and promotion of competition policy and trade remedies.
 - (vi) Support to the development and implementation of the Dispute Resolution Mechanism, rules of procedure, and related training.
 - (vii) Support to monitoring commitments through trade policy reviews, and capacity building of National Implementation Committees.
 - (viii) Capacity building of staff.
 - (ix) Purchase of equipment.
- 2.2. Supporting the Implementation of the Single Africa Air Transport Market (SAATM)
 - (i) Support to the advocacy for domestication and harmonization of Yamoussoukro Decision principles in member countries.
 - (ii) Operationalization of the SAATM Dispute Settlement Secretariat and Mechanism.
 - (iii) Development of a continent-wide aviation data and statistics reporting system, African Program on Aviation Data.

- (iv) Carrying out of a gap analysis of the air navigation services infrastructure and development of a comprehensive airspace and air navigation aviation infrastructure investment plan.
- (v) Development of a framework for the reduction of air transport taxes and fees to boost trade and movement of people.
- (vi) Development of the Africa Air Cargo Development Strategy.
- (vii) Preparation of a multimodal transport analysis and modelling.

2.3. Supporting the Implementation of the Free Movement of Person (FMP)

- (i) Carrying out of advocacy activities for accelerated ratification of the FMP protocol in pending countries.
- (ii) Establishment of framework principles and policies to facilitate border management.
- (iii) Support for the development of shared databases to facilitate border management among member states.
- (iv) Provision of technical Assistance to harmonize policies on free movement between the regional economic communities and state parties.
- (v) Support to facilitation of the movement of businesspersons for trade and investment to support the implementation of the AfCFTA Treaty.

Part 3. Project Implementation, Results Based Management, and Stakeholder Engagement

Implementation Support

- (i) Support for Project management including Project coordination, monitoring and evaluation, communication, environmental and social safeguards, financial management and procurement.
- (ii) Support for the development of inter-agency/departmental coordination and consultation mechanisms.
- (iii) Independent verification of performance-based commitments.

- (iv) Development of change management and stakeholder engagement strategies for mainstreaming institutional reforms for the AUC and the AfCFTA Secretariat.
- (v) Implementation of stakeholder engagement and communication strategies across the AUC and the AfCFTA Secretariat.
- (vi) Implementation support workshops and periodic engagements with the Steering Committee.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall vest the AUC, led by the Director General, with responsibility to provide strategic steering for Project implementation. To this end, the Recipient shall:
 - (a) ensure that the directors of participating departments of the AUC shall be responsible for implementing Project activities falling within their purview; and
 - (b) ensure that a project coordinator and a project officer attached to the Office of the Director General, with qualifications, experience, and terms of reference satisfactory to the Association, shall provide day-to-day management of Project activities in consultation with the Partnerships Management and Resource Mobilization (PMRM) Directorate, participating directorates of the AUC and the AfCFTA Secretariat.
2. The Recipient shall assign a portfolio coordinator reporting to the Director of PMRM to support project coordination, with qualifications, experience, and terms of reference satisfactory to the Association.
3. The Recipient shall establish, not later than sixty (60) days after the Effective Date, and thereafter maintain, at all times during the implementation of the Project, a Steering Committee (the "Steering Committee"), chaired by the AUC Director General and comprised of, *inter alia*, directors of participating department of the AUC and the AfCFTA Secretariat, with mandate, composition and resources acceptable to the Association, responsible for providing strategic guidance to Project implementation, including approval of the key performance indicators and the annual work plan and budget.

B. Project Operations Manual

1. The Recipient shall adopt, not later than ninety (90) days after the Effective Date, and thereafter implement the Project in accordance with a Project operations manual ("Project Operations Manual" or "POM"), acceptable to the Association, which shall include fiduciary policies and procedures to be followed by the Recipient in conducting its operations, including the Project, and such manual shall cover, *inter alia*, financial management, procurement, disbursement and monitoring and evaluation arrangements for the Project.

2. The Recipient shall ensure that the Project is carried out in accordance with the POM and shall not amend or waive any of its provisions without the Association's prior written agreement.
3. Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the POM and this Agreement, the provisions of this Agreement shall prevail.

C. Annual Work Plans and Budgets

1. The Recipient shall, and shall cause the AfCFTA Secretariat to:
 - (a) prepare under terms of reference acceptable to the Association, and furnish to the Association, not later than October 30 of each Financial Year during the period of Project implementation (or for the first calendar year of Project implementation, no later than one (1) month after the Effective Date), for the Association's review and agreement, key performance indicators and an annual work plan of activities proposed for inclusion in the Project during the following Financial Year, together with a budget and financing plan for such activities and a timetable for their implementation ("Annual Work Plan and Budget"); and
 - (b) thereafter, carry out the Project with due diligence during such following year in accordance with such Annual Work Plan and Budget as shall have been agreed with the Association, as such plan may be amended from time to time with the prior written agreement of the Association.
2. The Recipient shall, and shall cause the AfCFTA Secretariat to, ensure that only activities included in the Annual Work Plan and Budget shall be eligible for inclusion in the Project.

D. Verification of Achievement of Performance Based Conditions

For purposes of implementing Performance Based Conditions (PBCs) 1 to 3 under Parts 1 and 2 of the Project, the Recipient shall carry out a verification process through the Recipient's entities or independent verification agency that the Association has confirmed in writing to be acceptable, as determined in the Verification Protocol ("Verification Agent"), for the verification of achievement of PBCs which are set forth in the table in Schedule 3 to this Agreement, and furnish to the Association, not later than sixty (60) days after the verification of compliance of said PBCs, reports on the results of said verification of compliance process of such scope and in such detail as the Association shall reasonably request.

E. Environmental and Social Standards

1. The Recipient shall, and shall cause the AfCFTA Secretariat 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 AfCFTA Secretariat 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 AfCFTA Secretariat 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 AfCFTA Secretariat 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 AfCFTA Secretariat 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

The Recipient shall furnish to the Association each Project Report not later than one (1) month after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Financing

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 Financing 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 Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services, consulting services, Operating Costs, and Training for the Project, other than for Eligible PBC Expenditures under Parts 1 and 2 of the Project	26,000,000	100%
(2) Eligible PBC Expenditures for Parts 1 and 2 of the Project	11,200,000	100%
TOTAL AMOUNT	37,200,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date; or
 - (b) for payments under Category (2) with respect to each PBC, as set forth in Schedule 3, for which a withdrawal request has been submitted, until and unless the Recipient has also submitted:
 - (i) evidence, in form and substance satisfactory to the Association, of the Eligible PBC Expenditures paid, as presented in the IFR and verified pursuant to the Verification Protocol; and
 - (ii) supporting documentation confirming the Recipient's achievement of the respective PBC or PBCs in form and substance satisfactory to the Association, as further elaborated in Schedule 3 and as set forth in the Verification Protocol, including, but not limited to, a report issued by the Verification Agent, confirming the achievement of the respective PBC or PBCs.
2. Notwithstanding the provisions of Part B.1 (b) of this Section:
 - (a) The Recipient may request withdrawals of the Financing when the relevant Eligible PBC Expenditures have been incurred, but prior to the PBCs having been met, provided that the Recipient shall: (i) achieve such PBCs no later than the Closing Date; and (ii) submit to the Association evidence satisfactory to the Association of such PBCs having been met no later than the Disbursement Deadline Date; provided however, that if by the Disbursement Deadline Date, the Recipient has failed to provide the Association evidence satisfactory to the Association that one or more PBCs have been fully achieved, the Recipient shall, upon notice from the Association, promptly refund to the Association the Withdrawn Financing Balance related those expenditures under the Eligible PBC Expenditures under Category (2). Except as the Association may otherwise determine, the Association shall cancel all amounts refunded pursuant to this Section.
 - (b) If any of the PBCs referred to in Schedule 3 to this Agreement has not been achieved, the Association may, by notice to the Recipient: (a) reallocate all or a portion of the proceeds of the Financing then allocated to said PBC to any other PBC or any other Category; and/or (b) cancel all or a portion of the proceeds of the Financing then allocated to said PBC.
3. The Closing Date is June 30, 2028.

SCHEDULE 3

Performance Based Conditions

Title	Activities Required to Achieve Results	Amount of the Financing Allocated in SDR
PBC #1: Finance Department has modernized critical financial management processes	<ul style="list-style-type: none">• Implementation of Multiyear Planning and Budgeting• Deployment of SAP modules: Grant Management, DSA, Business consolidation• Expansion of e-procurement• Data warehouse and business intelligence	3,733,333
PBC #2: Increased compliance of state parties with AfCFTA Treaty obligations	<ul style="list-style-type: none">• Development of a mechanism for conducting trade policy• Pilot of the mechanism for trade policies review reviews• Conduct of trade policies reviews in at least twelve (12) countries	3,733,333
PBC #3: Operationalization of the AfCFTA Dispute Settlement Body	<ul style="list-style-type: none">• Selection and onboarding of appellate body• Development of training material for state parties• Development of DSB portal• Selection and onboarding of expert review group	3,733,333

APPENDIX

Section I. Definitions

1. “AfCFTA Secretariat” means the secretariat established pursuant to the AfCFTA Treaty, based in Accra, Ghana, and responsible for the implementation of the AfCFTA Treaty.
2. “Africa Air Cargo Development Strategy” means the continental strategy to promote air freight products through the free exercise of air traffic rights regulations for cargo operations in Africa.
3. “African Continental Free Trade Area” and the acronym “AfCFTA” mean the free trade area established pursuant to the AfCFTA Treaty, bringing together the fifty-five countries of the African Union and eight regional economic communities.
4. “African Program on Aviation Data” means the centralized data repository for collection, processing, and dissemination of air transport sector statistics and analyses.
5. “African Union” or “AU” means the union established by the Constitutive Act of the African Union adopted on July 11, 2000.
6. “African Union Commission” and the acronym “AUC” mean the secretariat of the African Union.
7. “Annual Work Plan and Budget” or “AWP&B” means the work plan and budget prepared annually by the Recipient in accordance with the provisions of Section I.C of Schedule 2 to this Agreement.
8. “Agreement Establishing the African Continental Free Trade Area” or “AfCFTA Treaty” means the agreement establishing the AfCFTA and its Protocols, Annexes and Appendices which shall form an integral part thereof.
9. “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.
10. “AUC Employee Learning Program” means program designed to provide access to learning opportunities to employees of the AUC.
11. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.

12. “Disbursement Deadline Date” means the final date, established by the Association, for the receipt by the Association of applications for withdrawal and supporting documentation; according to the Disbursement Guidelines, this date may be the same as the Closing Date, or up to four months after the Closing Date.
13. “Dispute Resolution Mechanism” means mechanism established under the Protocol on Rules and Procedures of the AfCFTA Agreement focusing on amicable, transparent, and swift resolution of disputes between state parties to the AfCFTA Agreement.
14. “Eligible PBC Expenditures” means the following Eligible Expenditures: consulting services, non-consulting services, goods, Training, and Operating Costs incurred and paid by the Recipient or the AfCFTA Secretariat in connection with the implementation of Parts 1 and 2 of the Project.
15. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated May 2, 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.
16. “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.
17. “Finance Department” means the department of the AUC responsible for management of the African Union’s finances.

18. “Financial Year” means the twelve (12) month period corresponding to any of the Recipient’s financial years, which period commences on January 1 and ends on December 31 in each calendar year.
19. “Founding Documents” means the Constitutive Act of the African Union adopted on July 11, 2000, and the Statutes of the African Union Commission adopted July 2002, as such documents may be amended from time to time.
20. “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), with the modifications set forth in Section II of this Appendix.
21. “National Implementation Committees” means the committees established at the national level by state parties to the AfCFTA Agreement to lead the implementation of the AfCFTA Treaty.
22. “Office of the Director General” means Office of the Director General of the AUC.
23. “Operating Costs” means the incremental expenses incurred on account of Project implementation, consisting of reasonable expenditures for office supplies, vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office and office equipment maintenance, utilities, document duplication/printing; consumables, travel cost and *per diem* for Recipient’s and the AfCFTA Secretariat’s staff for travel linked to the implementation of the Project, and salaries of the Recipient’s and the AfCFTA Secretariat’s contractual staff employed for purposes of the Project.
24. “Partnerships Management and Resource Mobilization Directorate” and the acronym “PMRM” mean the directorate of the AUC responsible for managing partnerships and resource mobilization.
25. “Performance Based Condition” or “PBC” means an indicator, set forth in Schedule 3 of this Agreement, comprised of a number of PBRs in respect of which partial or total failure to achieve may result in withdrawal of lesser amounts, withholding, reallocation, or cancellation of the Financing Proceeds allocated to such PBRs under Section III.A of Schedule 2 to this Agreement, pursuant to Section I.D 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. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
28. “Single Africa Air Transport Market” and the acronym “SAATM” mean the flagship project of the African Union’s Agenda 2063, to create a single unified air transport market in Africa, liberalize civil aviation, and drive the continent’s economic integration agenda.
29. “Training” means the reasonable cost associated with training and workshop participation under the Project, consisting of travel and subsistence costs for training participants, costs associated with securing the services of trainers and presenters, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course or workshop preparation and implementation.
30. “Verification Agent” means the entity or entities listed in the Verification Protocol and referred to in Section I.D of Schedule 2 to this Agreement.
31. “Verification Protocol” means the Recipient’s protocol referred to in Section I.D of Schedule 2 to this Agreement, included in the POM, setting forth the basis and methodology for verification of the achievement of PBCs, as the same may be modified from time to time with the prior written agreement of the Association.
32. “Yamoussoukro Decision” means the treaty adopted by African countries which establishes a framework for the liberalization of air transport services between African countries, as well as fair competition between airlines.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 2.06 (Financing Taxes) is modified to read as follows:

“Section 2.06 *Financing Taxes*

The use of any proceeds of the Financing 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 Financing.”

2. Paragraphs (b) and (c) of Section 3.18 (Manner of Payment) 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. Paragraph (a) of Section 5.11 (Visits) 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 Financing or the Project.”

4. Section 6.01 (Financial and Economic Data) is deleted in its entirety and the remaining section in Article VI is renumbered accordingly.

5. Section 8.02 (Suspension by the Association) 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 Financing 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 Financing is extended.”