

---

---

GRANT NUMBER TF0B8407

*Horn of Africa Umbrella Program  
Multi-Donor Trust Fund*

**Grant Agreement**

**(De-Risking, Inclusion and Value Enhancement of Pastoral Economies in  
the Horn of Africa Project)**

**between**

**REPUBLIC OF DJIBOUTI**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION**

**(acting as administrator of the Horn of Africa Umbrella Program  
Multi-Donor Trust Fund)**

---

---

**GRANT NUMBER TF0B8407**

**HORN OF AFRICA UMBRELLA PROGRAM  
MULTI-DONOR TRUST FUND  
GRANT AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF DJIBOUTI (“Recipient”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Bank”), acting as administrator of the Horn of Africa Umbrella Program Multi-Donor Trust Fund for the purpose of assisting in financing the project described in Schedule 1 to this Agreement (“Project”).

**WHEREAS:**

(A) the Republic of Djibouti, Federal Democratic Republic of Ethiopia, Republic of Kenya, and Federal Republic of Somalia (“Participating Countries”), having satisfied themselves as to the feasibility and priority of the Project, have requested the International Development Association (“Association”) to assist in the financing of each of their Respective Parts of the Project;

(B) the Recipient will enter into a Financing Agreement with the Association for the financing of its Respective Parts of the Project (“Djibouti Financing Agreement”);

(C) Ethiopia, Kenya and Somalia will implement Parts 1.1 and 1.2 of the Project and Djibouti will implement Part 1.3 of the Project, all with the assistance of PTA Reinsurance Company (“Project Implementing Entity” or “PIE” or “ZEP-RE”) and each Participating Country will enter into a Subsidiary Agreement with ZEP-RE for said implementation; and

(D) the Bank has agreed, on the basis, *inter alia*, of the foregoing, to extend the Grant to the Recipient upon the terms and conditions set out in this Agreement.

The Recipient and the Bank hereby agree as follows:

**Article I  
Standard Conditions; Definitions**

- 1.01. The Standard 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 Standard Conditions or in the Appendix to this Agreement.

**Article II**  
**The Project**

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry Parts 2.1(a), 2.1(b) and 2.2 of the Project in accordance with the provisions of Article II of the Standard Conditions, Schedule 2 to this Agreement.

**Article III**  
**The Grant**

- 3.01. The Bank agrees to extend to the Recipient a grant in an amount not to exceed five million United States Dollars \$5,000,000 (“Grant”) to assist in financing Parts 2.1(a), 2.1(b) and 2.2 of the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section III of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the 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.

**Article IV**  
**Additional Remedies**

- 4.01. The Additional Events of Suspension consist of the following, namely that the Recipient shall have failed to perform any of its obligations under the Djibouti Financing Agreement.

**Article V**  
**Effectiveness; Termination**

- 5.01. This Agreement shall not become effective until evidence satisfactory to the Bank has been furnished to the Bank that:
- (a) the execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action; and
  - (b) the Djibouti Financing Agreement has been declared effective by the Bank.

- 5.02. As part of the evidence to be furnished pursuant to Section 5.01(a), there shall be furnished to the Bank an opinion satisfactory to the Bank from counsel acceptable to the Bank, showing that this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Recipient and is legally binding upon it in accordance with its terms.
- 5.03. Except as the Recipient and the Bank otherwise agree, this Agreement shall enter into effect on the date upon which the Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the Bank to suspend the right of the Recipient to make withdrawals from the Grant if this Agreement had been effective, the Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
- 5.04. *Termination for Failure to Become Effective.* This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 180 days after the date of this Agreement, unless the Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The Bank shall promptly notify the Recipient of such later date.

**Article VI**  
**Recipient’s Representative; Addresses**

- 6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister in charge of finance.
- 6.02. For purposes of Section 7.01 of the Standard Conditions:
- (a) the Recipient’s address is:
- Ministry of Economy and Finance in charge of Industry  
Cité Ministérielle  
BP 13, Djibouti  
République de Djibouti; and
- (b) the Recipient’s Electronic Address is:
- |               |                          |
|---------------|--------------------------|
| Facsimile:    | E-mail:                  |
| +253 21358135 | cabinet@economie.gouv.dj |

6.03. For purposes of Section 7.01 of the Standard Conditions:

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

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

AGREED as of the Signature Date.

**REPUBLIC OF DJIBOUTI**

By:



Authorized Representative

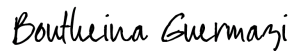
Name: Ilyas Moussa Dawaleh

Title: Minister

Date: 27-juin-2022

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT AND  
INTERNATIONAL DEVELOPMENT ASSOCIATION  
(acting as administrator of the Horn of Africa Umbrella  
Program Multi-Donor Trust Fund)**

By:



Authorized Representative

Name: Boutheina Guermazi

Title: Director, Regional Integration

Date: 21-Jun-2022

## SCHEDULE 1

### Project Description

The objectives of the Project are to enhance pastoralists' access to financial services for drought risk mitigation, include them in the value chains, and facilitate the livestock trade in the Horn of Africa

The Project consists of the following parts:

#### Part 1: Package of Financial Services for Climate Resilience

Carry out the following program of activities to build climate resilience:

1. Designing, and provision by Ethiopia, Kenya and Somalia to pastoralists in their respective territory, of an integrated package of financial services, including savings accounts, Reserve Layer, drought index insurance, and digital accounts.
2. Building the capacity of Ethiopia, Kenya and Somalia and local financial institutions for provision of the integrated package of financial services to pastoralists, including developing a digital platform of services, carrying out financial literacy education and financial services awareness campaigns, and provision of training.
3. Designing a sovereign climate insurance policy, to be acquired by Djibouti, in order for the government to provide protection to its population, including pastoralists, from financial impact of climate disasters.

#### Part 2: Livestock Value Chains and Trade Facilitation

1. Carry out the following program of activities to support private investment in the livestock value chains and link pastoral producers to reliable markets:
  - (a) *Upgrading quality infrastructure.* Upgrade quality infrastructure (such as testing facilities, traceability systems, certification services, inspection services and quarantine systems) to ensure compliance of livestock and livestock products with national and international standards, build capacity of agencies in charge of quality infrastructure, as well as livestock traders, exporters, investors and local communities to facilitate compliance with said standards and support the operationalization of Mutual Recognition Agreements in the HoA.
  - (b) *Trade facilitation and trade logistics.* Facilitate trade in livestock products by, *inter alia*, strengthening quarantine facilities and their efficient linkages to port: (i) including digitization of export and sanitary certificates, improvement of logistics for transit of live animals and

livestock products, improvement of data infrastructure on livestock trade, and carrying out studies to enhance value addition in livestock value chains, and (ii) building capacity in trade facilitation, including elimination of non-tariff trade barriers, regional coordination of policy and procedural reforms at border crossings.

- (c) *Private investment in Livestock Value Chain (“LVC”) de-risking facility.* Establishment of a facility to de-risk private investment in the livestock value chains and to support local productive capacities through, *inter alia*, provision of LVC Financing to LVC Beneficiaries for LVC Subprojects under two financing windows: a window for significant investments with substantial demonstration effects and a second window that focuses on women and youth-owned business enterprises in LVC.

2. Provision of support to Participating Countries for management of the Project, including through provision of technical assistance and Training and financing of Operating Costs.



## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. The Recipient shall designate and maintain the designation at all times during the implementation of the Project, the Ministry of Agriculture, Water, Fisheries, Livestock and Maritime Resources (“MoA”) to be responsible for implementation of the Respective Parts of the Project and coordination of the said implementation, and shall take all actions, including the provision of funding, personnel and other resources necessary to enable said Ministry to perform said functions.
2. The Recipient shall maintain at all times during the implementation of its Respective Parts of the Project, a Project Implementation Unit with terms of reference, qualified staffing and resources satisfactory to the Bank, to be responsible for overall coordination as well as day-to-day management, supervision and administration of the Respective Parts of the Project, all in accordance with the provisions of the Part 2 PIM.

##### *Project Steering Committee and Project Technical Committee*

3. The Recipient shall, by the following dates, establish the following committees with mandate, composition and resources satisfactory to the Bank and with the following responsibilities, and thereafter, maintain said committees at all times during the implementation Respective Parts of the Project:
  - (a) Within three (3) months of the Effective Date, a Project Steering Committee (“PSC”), composed of representatives from the main government stakeholders and chaired by the Secretary-General of the Ministry of Agriculture, and with the Secretary- General of the Ministry of Economy and Finance in charge of Industry as vice-chair, which PSC shall meet at least twice each year and be responsible for: (i) providing oversight and policy guidance on overall Project implementation (ii) facilitating inter-agency coordination in implementation of Respective Parts of the Project; and (iii) reviewing and approving Annual Work Plans and Budgets.
  - (b) Within three (3) months of the Effective Date, a Project Technical Committee (“PTC”), chaired by the Secretary-General of the Ministry of Commerce and Tourism and composed of technical representatives of implementing agencies and key stakeholders coopted on an as needed

basis and ZEP-RE, which PTC shall meet at least once a month and be responsible for the technical review of progress on the implementation of the Annual Work Plan and Budget and address issues identified.

**B. Manual**

*Part 2 Project Implementation Manual*

1. The Recipient shall prepare, in accordance with terms of reference acceptable to the Bank and furnish to the Bank for review, a Project implementation manual containing detailed guidelines and procedures for the implementation of Part 2 of the Project, including with respect to: (a) administration and coordination; (b) monitoring and evaluation; (c) financial, procurement and accounting procedures; (d) social and environmental safeguards; (e) corruption and fraud mitigation measures; (f) guidelines for assessing and managing environmental and social risks and impacts of Part 2 of the Project activities (including LVC Subprojects) and designing appropriate mitigation, management and monitoring measures in respect of said impacts; (g) eligibility criteria (including Excluded Activities), policy and procedures for selection of LVC Beneficiaries and provision of LVC Grant to selected beneficiaries to implement LVC Subprojects under Part 2.1(c) of the Project, as well as the key terms and conditions to be included in the LVC Agreements to be signed between the Recipient and each LVC Beneficiary; and (h) such other arrangements and procedures as shall be required for the effective implementation of Part 2 of the Project, in form and substance satisfactory to the Bank.
2. The Recipient shall afford the Bank a reasonable opportunity to exchange views with the Recipient on said Project implementation manual, and thereafter, shall adopt such Project implementation manual, as shall have been approved by the Bank ("Part 2 PIM").
3. The Recipient shall ensure that the Project is carried out in accordance with the Part 2 PIM; provided, however, that in case of any conflict between the provisions of the Part 2 PIM and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. Except as the Bank shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the Part 2 PIM.

**C. Annual Work Plan and Budget**

1. For purposes of implementation of Part 2 of the Project, the Recipient shall:
  - (a) prepare, in accordance with terms of reference satisfactory to the Bank, a draft annual work plan and budget for each year (January 1 through

December 31) of Project implementation, setting forth, *inter alia*: (i) a detailed description of the planned activities, including any proposed conferences and training for the following year; and (ii) responsibility for the execution of said Project activities, and budgets, start and completion dates, outputs and monitoring indicators to track progress of each such activity;

- (b) not later than November 1 of each year, furnish the draft annual work plan and budget for the following year to the Bank for its review, and promptly thereafter finalize the draft annual work plan and budget, taking into account the Bank's comments thereon; and
- (c) thereafter adopt and carry out such draft annual work plan and budget for the Respective Parts of the Project for the relevant year as shall have been agreed with the Bank ("Annual Work Plan and Budget" or "AWPB"), as such plan may be subsequently revised during such year with the prior written agreement of the Bank.

**D. Parts 2.1(a) and 2.1(b) of the Project**

*Parts 2.1(a) and 2.1(b) of the Project*

- 1. In implementing Parts 2.1(a) and 2.1(b) of the Project, the Recipient shall select activities in accordance with the criteria and procedures set out in the Part 2 PIM and furnish the proposed activities to the Bank for approval prior to start of their implementation.

**E. Environmental and Social Standards**

- 1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
- 2. Without limitation upon paragraph 1 above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Recipient shall 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 Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
- 3. Without limitation upon the provisions of paragraph 2 above, if sixty (60) days prior to the Closing Date, the Bank determines that there are measures and actions specified in the ESCP which will not be completed by the Closing Date, the Recipient shall: (a) not later than thirty (30) days before the Closing Date, prepare and present to the Bank, an action plan satisfactory to the Bank on the outstanding measures and actions, including a timetable and budget allocation for such measures and actions (which action plan shall deemed to be considered an amendment of the ESCP); and (b) thereafter, carry out said action plan in accordance with its terms and in a manner acceptable to the Bank.
- 4. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- 5. The Recipient shall ensure that:
  - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, 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 Bank, 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 Bank 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.
- 6. The Recipient shall 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 Bank.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Documents; Records**

In addition, and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

- (a) all records evidencing expenditures under the Project are retained for five years and six months after the Closing Date, such records to include: (i) this Agreement, all *addenda* thereof, and any amendments thereto; (ii) the Recipient's financial and narrative progress reports submitted to the Bank; (iii) the Recipient's financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient's implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and
- (b) the representatives of the Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from-time-to time reasonably request; and (iii) able to disclose such records and information to the Donors.

**B. Project Reports**

The Recipient shall ensure that each Project Report is furnished to the Bank not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

**Section III. Withdrawal of Grant Proceeds**

**A. General**

The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; and (b) this Section; to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against Category (2) of the following table.

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) ZEP-RE Capital Contribution, Sovereign Insurance Premia Payment under Part 1.3 of the Project	<b>(Not eligible for financing)</b>	
(2) Goods, non-consulting services, consulting services, Training, Operating Costs under Part 2 of the Project	5,000,000	100%
(3) LVC Financing under Part 2.1(c) of the Project	<b>(Not eligible for financing)</b>	
<b>TOTAL AMOUNT</b>	5,000,000	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.
2. The Closing Date is September 30, 2027.

### **SCHEDULE 3**

#### **Excluded Activities**

The following activities are to be excluded from the Project and ineligible for financing:

- (i) Any activities resulting or anticipated to result in permanent or temporary physical or economic displacement.
- (ii) Any activities involving adverse impacts on biodiversity conservation and sustainable management of living natural resources.
- (iii) Any activities that have adverse impacts on cultural heritage as defined under ESS 8.
- (iv) Any activities that, due to the nature and scale of the activities, would result in a wide range of significant adverse impacts and risks, which are long-term, permanent, and/or irreversible, impossible to avoid entirely, and cannot be mitigated or required complex, unproven mitigation and excessive associated costs, rendering its risk classification as high.
- (v) Production or trade in any product or activity deemed illegal under the Recipient's laws or regulations or ratified international conventions and agreements.
- (vi) Production or trade-in pesticides/herbicides subject to international phase-outs or bans.
- (vii) Any activities that would curtail workers' fundamental rights. These would include: (i) freedom of association and the effective recognition of the right to collective bargaining; (ii) prohibition of all forms of forced or compulsory labor; (iii) prohibition of child labor, including without limitation the prohibition of persons under 18 from working in hazardous conditions (which includes construction activities), persons under 18 from working at night, and that persons under 18 be found fit to work via medical examinations; (iv) elimination of discrimination in respect of employment and occupation, where discrimination is defined as any distinction, exclusion or preference based on race, color, sex, religion, political opinion, national extraction, or social origin.
- (viii) Production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous peoples, without full documented consent of such peoples.
- (ix) Any other excluded activities set out in the ESMF for the Project.

## **APPENDIX**

### **Definitions**

1. “Annual Work Plan and Budget” or “AWPB” means an annual work plan and budget referred to in Section I.C of Schedule 2 to this Agreement, as amended from time to time with the approval of the Bank.
2. “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.
3. “Association” means the International Development Association acting in its own capacity.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “Djibouti Financing Agreement” means the Financing Agreement to be entered into between the Recipient and the Association for the financing of its Respective Parts of the Project.
6. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for Part 2 of the Project, dated April 26, 2022, 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.
7. “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 Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix)



- “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
8. “ESMF” means the Environmental and Social Management Framework defined and referenced in the Djibouti Financing Agreement.
  9. “Ethiopia” means the Federal Democratic Republic of Ethiopia.
  10. “Excluded Activities” means the excluded activities set forth in Schedule 3 to this Agreement.
  11. “Horn of Africa” means for the purpose of this agreement, the eight countries that are members of the Intergovernmental Authority on Development.
  12. “Kenya” means the Republic of Kenya.
  13. “LVC” means livestock value chain.
  14. “LVC Agreement” means an agreement between the Recipient and a LVC Beneficiary for the provision of financing for a LVC Subproject on terms and conditions set out in the Part 2 PIM.
  15. “LVC Beneficiary” means a beneficiaries selected in accordance with criteria and procedures set out in the Part 2 PIM.
  16. “LVC Financing” means financing provided by the Recipient, using the proceeds of the Financing, to a LVC Beneficiary to implement a LVC Subproject on terms and conditions set out in a LVC Agreement.
  17. “LVC Subproject” means an investment subproject selected in accordance with criteria and procedures set out in the Part 2 PIM.
  18. “Minister of Economy and Finance in charge of Industry” means the Recipient’s minister responsible for economy and finance in charge of industry.
  19. “Ministry of Commerce and Tourism” means the Recipient’s Ministry of Commerce and Tourism, or any successor thereto.
  20. “Ministry of Economy and Finance in charge of Industry” means the Recipient’s Ministry of Economy and Finance in charge of Industry, and any successor thereto.
  21. “MoA” means the Recipient’s Ministry of Agriculture, Water, Fisheries, Livestock and Maritime Resources, and any successor thereto.

22. “Mutual Recognition Agreements in the HOA” means agreements between two trading partners to reduce technical barriers to trade in the Horn of Africa.
23. “Operating Costs” means the reasonable incremental expenses incurred by the Recipient on account of implementation of the Respective Parts of the Project, based on an Annual Work Plan and Budget approved by the Association, including: cost of fuel, routine repair and maintenance of equipment, vehicles and office premises, communication and insurance, internet, stationery and other office supplies, utilities, consumables; cost of transport, travel, travel per diem, and accommodation, workshop venues and materials, printing, photocopying and advertising; office rental charges; bank charges; salaries of non-consultant contracted employees, but excluding salaries, top-ups, honoraria, or allowances of the Recipient’s staff; and a management fee, not exceeding 10% of the allocation in Category 3, for carrying out of due diligence on investments proposed for financing under Part 2.1(c) of the Project.
24. “Part 1 PIM” means the manual setting out detailed guidelines and procedures for the implementation of Part 1 of the Project, as such manual may be amended from time to time, with the prior written approval of the Bank.
25. “Part 2 PIM” means manual referred to in Section I.B of Schedule 2 to this Agreement, as such manual may be amended from time to time, with the prior written approval of the Bank.
26. “Participating Countries” means the Republic of Djibouti, Federal Democratic Republic of Ethiopia, Republic of Kenya, and Federal Republic of Somalia.
27. “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.
28. “Project Implementing Entity’s Establishment Agreement” means the Agreement establishing ZEP-RE (PTA Reinsurance Company) dated November 23, 1990 and signed by the member states of the Common Market for Eastern and Southern Africa, as amended from time to time, with the last amendment being made through Legal Notice Number 12, 2021.
29. “Project Implementation Unit” means the Recipient’s unit referred to under Section I.A.2 of Schedule 2 to this Agreement.
30. “Project Steering Committee” or “PSC” means the committee referred to under Section I.A(3)(a) of Schedule 2 to this Agreement.
31. “Project Technical Committee” or “PTC” means the committee referred to under Section I.A(3)(b) of Schedule 2 to this Agreement.

32. “Reserve Layer” means the financial product for the provision of Reserve Layer Payout”.
33. “Respective Parts of the Project” means with respect to:
  - (a) Djibouti, Parts 1.3, and 2 of the Project;
  - (b) Ethiopia, Parts 1.1, 1.2, and 2 of the Project;
  - (c) Kenya, Parts 1.1, 1.2, and 2 of the Project; and
  - (d) Somalia, Parts 1.1, 1.2, and 2 of the Project.
34. “Signature Date” means the later of the two dates on which the Recipient and the Bank signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
35. “Somalia” means the Federal Republic of Somalia.
36. “Sovereign Insurance Premia Payment” means the amount of the sovereign climate insurance premia to be subsidized using the proceeds of the Association’s financing as set out in the Part 1 PIM.
37. “Standard Conditions” means the “International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds”, dated February 25, 2019.
38. “Training” means the costs incurred for purposes of training persons under Parts 2.1(a), 2.1(b) and 2.2 of the Project, based on an Annual Work Plan and Budget approved by the Bank, including seminars, workshops, knowledge sharing activities and study tours, and covers the following costs associated with such activity: travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation.
39. “ZEP-RE” means PTA Reinsurance Company, established pursuant to the Project Implementing Entity’s Establishment Agreement.
40. “ZEP-RE Capital Contribution” means the Recipient’s contribution, utilizing the proceeds of the Association’s financing, to be used for ZEP-RE’s start up and implementation cost for implementation of Part 1 of the Project, and which satisfies the eligibility criteria and other requirements set out in the Part 1 PIM.