

Public Disclosure Authorized

CONFORMED COPY

**CREDIT NUMBER 3225-1 DJI
(Amendment)**

**Agreement Amending
Development Credit Agreement**

(Social Development and Public Works Project)

between

REPUBLIC OF DJIBOUTI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 6, 2003

Public Disclosure Authorized

**CREDIT NUMBER 3225-1 DJI
(Amendment)**

AGREEMENT AMENDING DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated August 6, 2003, between REPUBLIC OF DJIBOUTI (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower and the Association have entered into a Development Credit Agreement (Social Development and Public Works Project, Credit 3225-DJI) dated June 10, 1999 (the Development Credit Agreement), for the purpose of providing support during the execution of the Social Development and Public Works Project, as described in the Recital of the Development Credit Agreement (the Project);

(B) the Borrower has requested the Association to provide further additional assistance in the support of the Project by increasing the amount made available under the Development Credit Agreement by an amount in various currencies equivalent to three million seven hundred thousand Special Drawing Rights (SDR 3,700,000); and

WHEREAS (C) the Association has agreed, on the basis, inter alia, of the foregoing, to provide such additional assistance to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Amendments to the Development Credit Agreement

Section 1.01. Section 1.02 of the Development Credit Agreement is amended by deleting the “and” at the end of Subsection (r), substituting “; and” for “;” at the end of Subsection (f), substituting “.” at the end of subsection (s) for “; and” and adding a new Subsection (t) as follows:

“(t) “Amending Agreement” means the agreement amending the Development Credit Agreement between the Borrower and the Association, dated August 6, 2003.

Section 1.02. Section 2.01 of the Development Credit Agreement is amended to read as follows:

“Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to fourteen million seven hundred Special Drawing Rights (SDR 14,700,000) (the Credit), which includes: (a) an original amount in various currencies equivalent to eleven million Special Drawing Rights (SDR 11,000,000) (the Initial Financing); and (b) an additional amount in various currencies equivalent to three million seven hundred thousand Special Drawing Rights (SDR 3,700,000) (the Additional Financing).”

Section 1.03. The Closing Date in Section 2.03 of the Development Credit Agreement is amended to read “June 30, 2006”.

Section 1.04. A proviso is added at the end of Section 2.04 (b)(i) of the Development Credit Agreement reading as follows:

“; provided however that the commitment charge on the Additional Financing shall accrue from a date sixty (60) days after the date of the Amending Agreement.”

Section 1.05. Section 2.07 (a) of the Development Credit Agreement is amended to read as follows:

“Section 2.07. (a) For the purpose of: (A) the Initial Financing, subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each February 1 and August 1 commencing August 1, 2009, and ending February 1, 2039. Each installment to and including the installment payable on February 1, 2019, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount; and (B) the Additional Financing, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each February 1 and August 1, commencing August 1, 2013, and ending February 1, 2043. Each installment to and including the installment payable on February 1, 2023 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.”

Section 1.06. Schedule 1 of the Development Credit Agreement is hereby revised as indicated in the Annex 1 to this Amending Agreement.

Section 1.07. All other provisions of the Development Credit Agreement, including Schedules 2, 3 and 4 shall remain in full force and effect.

ARTICLE II

Effective Date; Termination

Section 2.01. This Amending Agreement shall not become effective until evidence satisfactory to the Association shall have been furnished to the Association that the execution and delivery of this Amending Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action.

Section 2.02. As part of the evidence to be furnished pursuant to Section 2.01 of this Amending Agreement, there shall be furnished to the Association an opinion or opinions satisfactory to the Association of counsel acceptable to the Association showing, on behalf of the Borrower, that this Amending Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and is legally binding upon the Borrower in accordance with its terms.

Section 2.03. This Amending Agreement shall come into force and effect on the date upon which the Association shall dispatch to the Borrower notice of its acceptance of the evidence required by Section 2.01 of this Amending Agreement.

Section 2.04. If this Amending Agreement shall not have come into force and effect by a date ninety (90) days after the date of this Amending Agreement, this Amending Agreement and all obligations of the parties hereunder shall terminate, unless the Association establishes a later date for the purposes of this Section. If this Amending Agreement shall terminate under the provisions of this Section, the Development Credit Agreement shall continue in full force and effect, as if this Amending Agreement had not been executed.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Amending Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF DJIBOUTI

By /s/ Robleh Olhaye

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Christiaan J. Poortman

Regional Vice President
Middle East and North Africa Region

ANNEX 1

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the Credit Allocated (Initial Financing) (Expressed in SDR Equivalent)</u>	<u>Amounts of the Supplemental Credit (Additional Financing) (Expressed in SDR Equivalent)</u>	<u>% Expenditures to be Financed</u>
(1) Works:			100% of foreign expenditures and 95% of local expenditures
(a) under Part C.1 of the Project	50,000	0	
(b) other than under Part C.1 of the Project	4,450,000	3,700,000	
(2) Goods, equipment, vehicles and materials:			100% of foreign expenditures and 95% of local expenditures
(a) under Part C.1 of the Project	50,000	0	
(b) other than under Part C.1 of the Project	100,000	0	

	<u>Category</u>	<u>Amount of the Credit Allocated (Initial Financing) (Expressed in SDR Equivalent)</u>	<u>Amounts of the Supplemental Credit (Additional Financing) (Expressed in SDR Equivalent)</u>	<u>% Expenditures to be Financed</u>
(3)	Consultants' services, and training:			100%
	(a) under Part C.1 of the Project	100,000	0	
	(b) other than under Part C.1 of the Project	1,200,000	0	
(4)	Community Subproject Grants under Part B.2	1,900,000	0	100% of amounts disbursed by ADETIP to or on behalf of a beneficiary community
(5)	Operating Costs:			
	(a) under Part C.1 of the Project	150,000	0	95%
	(b) audit of the Project including ADETIP's accounts	200,000	0	100%
(6)	Refunding of Project Preparation Advance	1,300,000	0	Amount due pursuant to Section 2.02(c) of this Agreement
(7)	Unallocated	300,000	0	

	<u>Category</u>	Amount of the Credit Allocated (Initial Financing) (Expressed in SDR Equivalent)	Amounts of the Supplemental Credit (Additional Financing) (Expressed in SDR Equivalent)	% <u>Expenditures to be Financed</u>
(8)	ADETIP's management fees	1,200,000	0	
	TOTAL	<u>11,000,000</u> =====	<u>3,700,000</u> =====	