



Date: 16-Jun-2020

H.E. Ilyas Moussa Dawaleh  
 Minister of Economy and Finance in charge of Industry  
 Ministry of Economy and Finance in charge of Industry  
 Djibouti, Republic of Djibouti  
 (Transmission by email: [cabinet@mefip.gouv.dj](mailto:cabinet@mefip.gouv.dj))

Excellency:

*Re: Djibouti: Integrated Slum Upgrading project  
 Credit No. 6338-DJ  
 Grant No. D390-DJ*

*Amendment to Financing Agreement*

We refer to the credit Financing Agreement (the Financing Agreement) between the Republic of Djibouti (the Recipient) and the International Development Association (the Association), dated December 8, 2018, for the above-referenced Project (the Project). We also refer to your letter dated April 30, 2020, requesting the Association to amend certain provisions of the Financing Agreement.

The capitalized terms used in this letter (“Amendment Letter”) and not defined herein have the meanings ascribed to them in the Financing Agreement.

We are pleased to inform you the Association agrees to your request and proposes to amend the Financing Agreement as follows:

1. The following Part 4 is added to Schedule 1 to the Financing Agreement:

**“Part 4: Emergency Response to COVID-19 and to the November 2019 and April 2020 Floods**

Supporting an emergency program to respond to the COVID-19 pandemic and floods through the financing of: (i) preventative measures to reduce the threat posed by COVID-19 including promotion of social distancing, handwashing, coordination and communication and service continuity, (ii) in-situ repair and reconstruction of housing damaged or destroyed by the November 2019 and the April 2020 floods; and (iii) civil works to repair damaged infrastructure within the Project targeted slums in Djibouti-Ville, including, but not limited to: water supply systems, reservoirs, canals, transportation systems, energy and power supply, telecommunication.

2. The following Part 5 is added to Schedule 1 to the Financing Agreement:

**“Part 5: Contingent Emergency Response**

Providing immediate response to an Eligible Crisis or Emergency, as needed.”

3. Section I.B of Schedule 2 shall be amended to read as follows:

**“B. Project Implementation Manual**

1. The Recipient shall by no later than one (1) month, after the Signature Date, update and thereafter adopt the Project implementation manual (PIM) containing detailed guidelines and procedures for the implementation of the Project, including with respect to: administration and coordination, monitoring and evaluation, financial management, procurement and accounting procedures, environmental and social safeguards, corruption and fraud mitigation measures, a grievance redress mechanism, roles and responsibilities for Project implementation, and such other arrangements and procedures as shall be required for the effective implementation of the Project, in form and substance satisfactory to the Association.

2. The Recipient shall ensure that: (a) the Project is carried out in accordance with the PIM; (b) the PIM is not amended, suspended, repealed or abrogated without the prior written approval of the Association. In the event of any conflict between the provisions of the PIM, this Agreement, the provisions of this Agreement shall prevail.

4. The following paragraphs 7 is added under Section I.D. (Safeguards) to Schedule 2 to the Financing Agreement:

“7. The Recipient shall ensure that the activities under Parts 4 and 5 of the Project are implemented in accordance with the Safeguards Action Plan (“SAP”), in a manner acceptable to the Association. Except as otherwise agreed by the Association, the Recipient shall not amend, abrogate, waive or fail to enforce the SAP or any of its provisions.

5. Section I.F (Contingent Emergency Response) is added to Schedule 2 to the Financing Agreement:

**“F. Contingent Emergency Response Mechanism**

1. In order to ensure the proper implementation of Part 5 of the Project (“CERC Part”), the Recipient, through the ARULOS, shall take the following measures:

- (a) prepare and furnish to the Association for its review and approval, an operations manual which shall set forth detailed implementation arrangements for the CERC Part, including: (i) designation of, terms of reference for and resources to be allocated to, the entity to be responsible for coordinating and implementing the CERC Part (“Coordinating Authority”); (ii) specific activities which may be included in the CERC Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the CERC Part; (iv) procurement methods and procedures for Emergency Expenditures to be financed under the CERC Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social standard management frameworks for the CERC Part, consistent with the Association’s policies on the matter; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the CERC Part;
- (b) afford the Association a reasonable opportunity to review said proposed operations manual;
- (c) promptly adopt such operations manual for the CERC Part as shall have been approved by the Association (“CERC Operations Manual”) no later than six (6) months after the Effective Date;
- (d) ensure that the CERC Part is carried out in accordance with the CERC Operations Manual; provided, however, that in the event of any inconsistency between the provisions of the CERC Operations Manual and this Agreement, the provisions of this Agreement shall prevail; and

- (e) not amend, suspend, abrogate, repeal or waive any provision of the CERC Operations Manual without prior approval by the Association.
- 2. The Recipient shall, through the ARULOS, throughout the implementation of the CERC Part, maintain the Coordinating Authority, with adequate staff and resources satisfactory to the Association.
- 3. The Recipient shall, through the ARULOS, undertake no activities under the CERC Part (and no activities shall be included in the CERC Part) unless and until the following conditions have been met in respect of said activities:
  - (a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the CERC Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
  - (b) the Recipient has prepared and disclosed all Environmental and Social Standards instruments required for said activities, in accordance with the CERC Operations Manual, the Association has approved all such instruments, and the Recipient has implemented any actions which are required to be taken under said instruments.”
- 6. The table in Section III.A of Schedule 2 to the Financing Agreement is hereby deleted and replaced with the table set out in the Annex to this Amendment Letter.
- 7. Section III.B of Schedule 2 to the Financing Agreement is hereby deleted and replaced by the following:

**“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:
  - (a) except that withdrawals up to an aggregate amount not to exceed 100,000 Dollars may be made for payments made up to twelve (12) months prior to the Signature Date for Eligible Expenditures, or:
  - (b) For Emergency Expenditures under Category (4), unless and until the Association is satisfied, and notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said expenditures:
    - (i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include the proposed activities in the Emergency Response Part in order to respond to said crisis or emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;
    - (ii) the Recipient has ensured that all environmental and social instruments required for said activities have been prepared and disclosed, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in accordance with the provisions of Section I.F of this Schedule;
    - (iii) the entities in charge of coordinating and implementing the Emergency Response Part have adequate staff and resources, in accordance with the provisions of Section I.F.(2) of this Schedule, for the purposes of said activities; and

- (iv) the Recipient has adopted the CER Manual, in form and substance acceptable to the Association, and the provisions of the CER Manual remain or have been updated in accordance with the provisions of Section I.F of this Schedule so as to be appropriate for the inclusion and implementation of the Emergency Response Part.

2. The Closing Date is December 31, 2023.”

7. The Appendix to the Agreement is amended to add the following definitions and consequently renumber the existing definitions to keep the alphabetical order:

“Contingency Emergency Response Manual” and the acronym “CERC Manual” means the manual referred to in Section I.F of Schedule 2 to this Agreement, to be adopted by the Recipient for the Emergency Response Part and forms part of the Project Operational Manual in accordance with the provisions of said Section.”

“COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).”

“Eligible Crisis or Emergency” means an event that has caused or is likely to imminently cause a major adverse economic and/or social impact to the Recipient associated with a natural or man-made crisis or disaster”;

“Emergency Expenditure means a specific activity or activities to be carried out in the event of an Eligible Crisis or Emergency under Part 6 of the Project, and any of the eligible expenditures set forth in the Contingency Emergency Response Manual in accordance with the provisions of Section I.F of Schedule 2 to this Agreement, and required for the Emergency Response Part”;

“Emergency Response Part” means a specific activity or activities to be carried out in the event of an Eligible Crisis or Emergency under Part 6 of the Project”;

“Safeguards Action Plan” or “SAP” means environmental and social plan agreed between the Recipient and the Association, included as an annex to the PIM, which sets out a summary of the material measures and actions to address the potential environmental and social risks and impacts of the activities under Parts 4 and 5 of the Project, including the timing of the actions and measures, institutional and monitoring and reporting arrangements, as the SAP may be revised from time-to-time, with prior written agreement of the Association.”

All other provisions of the Agreement, except as amended herein shall remain in full force and effect.

Please confirm the Recipient’s agreement to the foregoing by signing and dating both copies of this letter of amendment and returning one fully countersigned copy to the Association. This amendment letter shall become effective on the date of its countersignature by the Recipient.

*[remainder of page left intentionally blank]*

Sincerely,



By: \_\_\_\_\_

Marina Wes  
Country Director  
Egypt, Yemen and Djibouti

**AGREED:**

**REPUBLIC OF DJIBOUTI**

By  \_\_\_\_\_

Authorized Representative  
H.E. Ilyas Moussa Dawaleh  
Minister of Economy and Finance in charge of Industry

Date: 18-Jun-2020 \_\_\_\_\_

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Amount of the Grant (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Works, goods, non-consulting services (including Training), and consulting services under Parts 1, 2.1, 2.2(a), 2.2(b), 3 and 4 of the Project and Operating Costs	10,670,000	3,266,511	100%
(2) Sub-grants under Part 2.2(c) of the Project	130,000	N/A	100%
(3) Refund of Preparation Advance	N/A	333,489	Amount payable pursuant to Section 2.07(a) of the General Conditions
(4) Contingent Emergency Expenditures under Part 5 of the Project	0	0	100%
<b>TOTAL AMOUNT</b>	10,800,000	3,600,000	