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GRANT NUMBER D839-3E

# Financing Agreement

(Emergency Locust Response Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

INTERGOVERNMENTAL AUTHORITY ON DEVELOPMENT

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**GRANT NUMBER D839-3E**

**FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and INTERGOVERNMENTAL AUTHORITY ON DEVELOPMENT (“Recipient or IGAD”).

WHEREAS: (A) As part of the regional effort to address the challenge of the desert locust invasion, IGAD and the Participating Country each have an interest in participating in the Emergency Locust Response Project which constitutes Phase 3 of the MPA Program;

(B) the Recipient and Participating Country have requested the Association to extend each a grant, to assist them in financing their respective parts of the project described in Schedule 1 to this Agreement (“Project”);

(C) the Recipient will implement Part 5 of the Project and the Participating Country will implement Parts 1-4 of the Project;

(D) the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend the grant provided for in Article II of this Agreement to the Recipient upon the terms and conditions set forth in this Agreement.

NOW THEREFORE, 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 two million one hundred thousand Special Drawing Rights (SDR 2,100,000) (“Financing”), to assist in financing Part 5 of the 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 April 15 and October 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 Part 5 of the Project and the MPA Program. To this end, the Recipient shall carry out Part 5 of the Project (its “Respective Part of 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 Event of Suspension consists of the following, namely that the IGAD Constitutive Agreement has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of IGAD 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 twenty years after the Signature Date.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient’s Representative is its Executive Secretary.
- 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:

Intergovernmental Authority on Development  
Avenue Georges Clémenceau  
PO Box 2653  
Republic of Djibouti; and

(b) the Recipient's Electronic Address is:

Facsimile:  
  
(+253) 21356994

AGREED as of the Signature Date.

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

By:

*Vijay Pillai*

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Authorized Representative

Name: vijay Pillai

Title: Interim Director, Regional Integration

Date: 21-Jul-2021

**INTERGOVERNMENTAL AUTHORITY ON  
DEVELOPMENT**

By:

*hmm/g*

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Authorized Representative

Name: Dr. workneh Gebeyehu

Title: Executive Secretary

Date: 21-Jul-2021

## **SCHEDULE 1**

### **Project Description**

The objectives of the Project are to: (a) respond to the threat posed by the locust; (b) protect and restore livelihoods and food security; and (c) strengthen systems for preparedness.

The Project constitutes a phase of the MPA Program, and consists of the following parts:

#### **Part 1. Surveillance and Control Measures**

Implement a program of activities to limit the growth and spread of the current desert locust populations upsurge, while mitigating the risks associated with control measures and their impacts on human health and the environment, including:

1. **Swarm Surveillance and Monitoring.** Provision of technical assistance, goods and equipment for surveillance and rapid response in locust prone areas, including monitoring of new locust swarms entering the country; investigating sightings by communities; raising awareness among communities about locusts, and use and safety of pesticides and locust identification; and guiding response teams to swarms for control operations.
2. **Swarm Management Measures.** Supporting activities for swarm management including: (a) carrying out direct control operations using agrichemicals and biopesticides, (b) conducting assessment of losses due to desert locusts and the impacts of pesticides on human, animals, and environment; (c) supporting measures for enhancing the safety of communities and control teams including providing Training on maximizing safety before, during and after a control operation; and (d) construction of weather proof field pesticide storage facilities.

#### **Part 2. Livelihood Protection and Rehabilitation**

Implementing a program of activities to protect poor and vulnerable households in locust affected areas from human capital and asset loss, enhance their access to food, and rehabilitate their food production systems and livelihoods damaged or destroyed by locust swarms, including:

1. **Safeguarding Food Security and Protecting Human Capital**
  - (a) provision of Direct Income Cash Transfers (“DIC Transfers”) to Direct Income Cash Transfer Beneficiaries comprising targeted poorest and most vulnerable households to protect them against livelihood and asset losses and meet their urgent food needs; and

- (b) financing of Payment Agency Fees for Payment Service Providers administering the DIC Transfers.

**2. Food Production and Building the Natural Resource Base for Crops and Livestock**

- (a) carry out activities to support farm and livestock households return to production for improved food security and restore the biodiversity of the affected areas including: (i) investing in land use systems that integrate crops, trees, and livestock to restore lost biodiversity caused by DLs; (ii) investing in agroforestry and silvopastoral systems including investments in nurseries, gardens and field crops; (iii) implementing good practices for ecosystem management and restoration; and (iv) provision of equipment for food production and fishing.
- (b) support for providing: (i) Labor Intensive Public Works Transfers (“LIPW Transfers”) to Labor Intensive Public Works Beneficiaries (“LIPW Beneficiaries”) to implement Labor-Intensive Public Works Activities (“LIPW Activities”) in targeted areas to meet their immediate consumption needs and generate public goods; (ii) provide needed equipment and materials for LIPW Activities; and (iii) finance Payment Agency Fees for Payment Service Providers administering the LIPW Transfers.

**Part 3. Strengthening National Preparedness Systems**

- 1. Supporting investments in information, institutional, and strategic elements of desert locust management by the Government of South Sudan and its strategic partners, including:
  - (a) Carrying out applied research in desert locust control techniques for the Participating Country agriculture sector, including surveying, collecting, and cataloging techniques used by communities in the affected area; and researching desert locust management through biocontrol (pathogens, predators, and parasitoids) and botanical means.
  - (b) Consolidation of the Training and technical assistance programs on locust management created on an ad hoc basis in response to locust invasions as part of the MAFS extension curriculum and professional development agenda.
  - (c) Supporting the development of a policy framework for effective and sustainable management of desert locust and other transboundary pests, which will feed into the larger plant protection policy for the country.

- (d) Establishment of linkages with regional and international organizations, including through Training to support early warning and information flow on transboundary pest monitoring.

#### **Part 4. Project Management Monitoring and Communication**

1. Provision goods, non-consulting services, consulting services, Operating Costs and Training for Parts 1-4 of the Project implementation and management activities, including:
  - (a) carrying out monitoring and evaluation activities to: (i) verify Project activities; (ii) finance Third Party Monitoring activities; and (iii) operationalize the management information system (database) by gathering and inputting data on locust sightings and locations, damage and loss assessments; documenting case studies of different project activities and capturing successes and good practices; and
  - (b) supporting communications and knowledge management, including financing of communication activities critical to ensure that the government, communities, and other stakeholders obtain information on the threat presented by locusts and the measures required to combat them.

#### **Part 5. Improving Regional Coordination through IGAD Information Platform**

Provision of support to the Intergovernmental Authority on Development (“IGAD”) in its multi-donor effort to: (a) establish an inter-regional platform for the management of desert locusts and other trans-boundary pests to strengthen regional and national capacity for coordination, monitoring, surveillance and control operations and improve early warning and early response; (b) establish a Transboundary Pests Response Coordination Unit (“TPRCU”) focused on promoting regional coordination and information exchange, hosting consultations and learning exchanges among member nations; and (c) coordinate and provide technical support to countries affected by trans-boundary pests.



## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

##### 1. IGAD Climate Prediction and Application Center (ICPAC)

The Recipient shall maintain at all times throughout Project implementation, ICPAC within IGAD, with functions, staffing and resources satisfactory to the Association, to be responsible for the day-to-day implementation and coordination of its Respective Part of the Project, including: disbursement and financial management; procurement; environmental and social safeguards; monitoring, evaluation, reporting and communication; and such other administrative, financial, technical and organizational arrangements and procedures as may be required for the implementation of its Respective Part of the Project.

##### B. Implementation Covenants

##### 1. IGAD Project Implementation Manual

- (a) The Recipient shall not later than three (3) months after the Effective Date, prepare and thereafter adopt a Project implementation manual in form and substance satisfactory to the Association, containing detailed arrangements and procedures for implementation of its Respective Part of the Project, including, *inter alia*: (i) disbursement and flow of funds arrangements; (ii) institutional arrangements; (iii) fiduciary arrangements, including financial management, procurement, and anti-corruption; (iv) environmental and social management systems, Project grievance redress mechanism; (v) monitoring and evaluation, and (vi) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project (“IGAD Project Implementation Manual” or “IGAD PIM”).
- (b) The Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the IGAD PIM or any provision thereof, without the prior written agreement of the Association.
- (c) Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the IGAD PIM, and those of this Agreement, the provisions of this Agreement shall prevail.

**2. Annual Work Plan and Budget**

1. The Recipient shall:

- (a) The Recipient shall, not later than June 1 of each year during the implementation of its Respective Part of the Project, or such later date as the Association may agree in writing, prepare and furnish to the Association for its approval, the annual work plan and budget containing all proposed activities for inclusion in its Respective Part of the Project during the following calendar year, together with the financing plan for such activities and a timetable for their implementation.
- (b) The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on such proposed annual work plan and budget and thereafter ensure that the Project is implemented in accordance with such annual work plan and budget as shall have been approved by the Association (“Annual Work Plan and Budget” or “AWPB”).
- (c) The Recipient shall ensure that its Respective Part of the Project is implemented in accordance with the AWPB as it may be subsequently revised or updated with the prior written agreement of the Association (provided, however, that in the event of any conflict between the AWPB and the provisions of this Agreement, the provisions of this Agreement shall prevail).

**C. Environmental and Social Standards**

1. The Recipient shall ensure that its Respective Part of 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 ensure that its Respective Part of 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 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. Without limitation upon the provisions of paragraph 2 above, if within sixty (60) days prior to the Closing Date, the Association 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 Association, an action plan satisfactory to the Association on the outstanding measures and actions, including a timetable and budget allocation for such measures and actions (which action plan shall deem to be considered an amendment of the ESCP); and (b) thereafter, carry out, or cause to be carried out (as the case may be), said action plan in accordance with its terms and in a manner acceptable to the Association.
- 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 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 its Respective Part of 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 Association.

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

The Recipient shall furnish to the Association each Project Report in connection with its Respective Part of the Project not later than one 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:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, non-consulting services, and consulting services, Operating Costs and Training under Part 5 of the Project	2,100,000	100%
<b>TOTAL AMOUNT</b>	2,100,000	

**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 except that withdrawals up to an aggregate amount not to exceed one hundred thousand Special Drawing Rights (SDR 100,000) may be made for payments made prior to this date but on or after May 15, 2021.
2. The Closing Date is August 30, 2024.

## **APPENDIX**

### **Definitions**

1. “Annual Work Plan and Budget” means the annual work plan and budget to be prepared by the Recipient including a program of activities and budget proposed for inclusion for its Respective Part of the Project during the following fiscal year, as described in Section I.B.2 of Schedule 2 to this Agreement.
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. “Cash Transfer” means an amount to be provided to a Cash Transfer Beneficiary under Part 2.1 of the Project and in accordance with the provisions of the PIM.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated May 5, 2021, 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.
6. “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”; and
  - (x) “Environmental and Social Standard 10: Stakeholder Engagement and

Information Disclosure”; effective on October 1, 2018, as published by the Association.

7. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020).
8. “IGAD Climate Prediction and Application Center” or “ICPAC” means, a specialized institution of IGAD responsible for creating resilience in a region deeply affected by climate change and extreme weather, as established by IGAD Member States, and referred to in Section I.A.1 of Schedule 2 to this Agreement.
9. “IGAD” means Intergovernmental Authority on Development, a regional economic community set up through IGAD Constitutive Agreement, responsible for carrying out Part 5 of the Project.
10. “IGAD Constitutive Agreement” means the agreement establishing the Inter-Governmental Authority on Development of March 21, 1996.
11. “IGAD Member State” means a state member of the Recipient, as defined in the IGAD Constitutive Agreement.
12. “IGAD Project Implementation Manual” or “IGAD PIM” means the manual referred to in Section I.B.1 of Schedule 2 to this Agreement.
13. “LIPW” means labor intensive public works.
14. “Labor Intensive Public Works Beneficiary” or “LIPW Beneficiary” means any household or person selected in accordance with the eligibility criteria and procedures set out in the PIM to receive a LIPW Transfer under Part 2.2(b) of the Project to participate in any LIPW Activity to be financed from Financing proceeds; and “LIPW Beneficiaries” or “LIPW Beneficiaries” means, collectively, all such selected households and persons.
15. “Labor Intensive Public Works Transfer” or “LIPW Transfer” means an amount to be financed from Financing and to be provided to a LIPW Beneficiary under Part 2.2(b) of the Project, in accordance with eligibility criteria and procedures set forth in the PIM, for participating in LIPW Activities; and “Labor Intensive Public Works Transfer” or “LIPW Transfers” means, collectively, all such amounts.
16. “Labor Intensive Public Works Activity” or “LIPW Activity” means a small-scale public works subproject selected in accordance with eligibility criteria and procedures set out in the PIM; and “Labor Intensive Public Works Activities” or “LIPW Activities” means, collectively, all such small-scale public works subprojects.

17. “LIPW Payments” means a payment to be made to an LIPW Beneficiary under Part 2.2(b) of the Project and in accordance with the provisions of the PIM.
18. “LIPW Subprojects” means activities involving the carrying out of labor-intensive works, to be financed from the proceeds LIPW Payments under Part 2.2(b) of the Project.
19. “MPA Program” means the multiphase programmatic approach program designed to respond to the threat posed by the locust outbreak and to strengthen systems for preparedness.
20. “MoAFS” means the Ministry of Agriculture and Food Security or its successor
21. “Operating Costs” means the reasonable expenditures incurred by the Recipient in agreed to by the Association in the Annual Work and Budget which are directly associated with implementation of Part 5 of the Project.
22. “Payment Agency Fees” means the fees to be paid to a Payment Service Provider.
23. “Payment Service Provider” means the provider responsible for transferring DIC Transfers and LIPW Transfers to the respective Beneficiaries under Parts 2.1(a) and 2.2(b)(i) under the Project.
24. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
25. “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.
26. “South Sudan” means the Republic of South Sudan.
27. “Training” means the activities provided under the Project, including seminars, workshops, knowledge sharing activities and study tours, and covers the following costs associated with such activity (other than those for consultants’ services) travel and subsistence expenditures and other travel-related allowances for training participants such as per diems and reasonable accommodation costs, 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, all based on Annual Work Plan and Budget acceptable to the Association.
28. “Transboundary Pests Response Coordination Unit” or “TPRCU” means the unit to be established within IGAD under Part 5 of the Project serving as secretariat

for mobilizing, organizing and synchronizing the efforts of the different levels of actors and stakeholders in the various areas responding to transboundary pests including the relevant management campaigns.