Ambassador (Eng.) Mahboub M. Maalim
Executive Secretary
Inter-Governmental Authority on Development (IGAD)
P. O. Box 2653
Djibouti City
Djibouti

Re: IGAD - Building Disaster Resilience to Disasters through Risk Management and Climate Change Adaptation Project
Grant No. TF0A1090

Excellency:

In response to the request for financial assistance made on behalf of the Inter-Governmental Authority on Development ("IGAD" or "Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development and the International Development Association (collectively, the "World Bank"), acting as administrator of grant funds provided by the European Union, represented by the Commission of the European Communities (the "Commission" or the "Donor") for the ACP-EU Natural Disaster Risk Reduction Program Trust Fund under the Global Facility for Disaster Reduction and Recovery Track II (GFDRR) (TF071630) - European Commission Trust Fund Number 2011/264 826 (the "Trust Fund") proposes to extend to the Recipient, a grant in the amount of two million four hundred and eighty-six thousand two hundred fifty United States Dollars (US$2,486,250) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By
Ede Jorge Lopez-Vasquez
Senior Director, GSURR
Urban, Rural and Social Development Global Practice

AGREED:
Inter-Governmental Authority on Development (IGAD)

By
Authorized Representative
Name
Title
Date: 18 Nov 2015

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012, ("Standard Conditions"), with the modifications set forth in Section II of the Appendix to this Agreement, constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in Section I of the Appendix in this Agreement.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to strengthen the capacity of IGAD in providing policy advice and support to its Member States on disaster and climate risk management and promoting resilient development.

The Project consists of the following parts:

**Part 1: Strengthening IGAD capacity to lead regional DRM and CCA agenda and of IGAD Members to implement DRM and CCA interventions to improve resilience to natural hazards**

The part will support the carrying out of a series of activities aimed to update IGAD's DRM strategy and DRM program and promoting the integration of DRM and CCA agendas through taking into consideration the recommendations of relevant forums.

The activities for this part consist of the following sub-components:

(a) **Integrating IGAD DRM and CCA Strategies**

Carrying out a review of current IGAD DRM and CCA strategies and develop a framework for their integration into a joint DRM/CCA strategy.

(b) **DRM and CCA Policies and Strategies for IGAD Members**

Supporting public awareness on DRM and CCA and development of integrated DRM and CCA policies and strategies of IGAD Members; through, inter alia: carrying out regional parliament forums on DRM and CCA.

(c) **Support to the operationalization of IGAD Disaster Response Fund**

(i) Support to strengthen IGAD’s capacity building for hazards monitoring and disaster assessments.

(ii) Institutional capacity building of IGAD to coordinate the design of a strategy for strengthening and capitalization of IGAD disaster response fund.
Part 2: Strengthening Disaster Risk Management and Climate Change Adaptation Coordination Capacity in the IGAD region

This part will support the carrying out of a series of activities aimed to improve and develop methodologies, protocols, and adequate technical capacity to promote the exchange of disaster risk information among IGAD Members through, *inter alia*, carrying out workshops, targeted Training on post disaster needs assessment, data sharing, public disaster risk awareness campaigns.

The activities for this part consist of the following sub-components:

(a) **Flood Hazard Early Warning System**

Develop framework/strategy to establish flood-hazard early warning system at the regional level and piloting of EWS system in selected watersheds and communities of IGAD Members.

(b) **Strengthening Institutional DRM and CCA Capacity of IGAD and Member States**

Strengthening institutional capacity of IGAD and IGAD Members, *inter alia*: (i) conducting Post-Disaster Needs Assessment (PDNA) training; (ii) promoting community-based DRM and CCA vulnerability assessments and interventions; and (iii) training for journalists, and DRM and CCA practitioners on best practices for communicating DRM- and CCA- related information to the general audiences.

(c) **Mainstreaming DRM & CCA in School Curricula**

Develop framework for mainstreaming DRM and CCA in school curricula, exploring potential linkages with the safe school program and involving the youth in the design of DRR interventions.

(d) **Promote Climate Smart Agriculture**

Develop a strategy and plan of action to promote climate smart agriculture involving regional and IGAD Members’ relevant stakeholders.

Part 3: Strengthening technical and implementation capacity of DRM Unit

Build and strengthen overall Project implementation capacity of ICPAC, particularly its DRM Unit by providing technical advice, Training and financial resources to ensure that planned Project activities are successfully implemented within the allocated time and budget.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the DRM Unit established within ICPAC, in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 (“Anti-Corruption Guidelines”); and (c) this Article II.
2.03. **Institutional and Other Arrangements.** The Recipient shall maintain at all times during the implementation of the Project, the DRM Unit and ICPAC with staffing (including Project coordinator, procurement specialist, accountant and monitoring and evaluation specialist) with the terms of reference and resources satisfactory to the World Bank to be responsible for inter alia coordinating and facilitating the implementation of the cross-boundary interventions, providing a platform for technical assistance, and supporting policy dialogue with countries.

2.04. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the European Union’s support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donor to visit any part of the Member Country’s territory for purposes related to the Project.

2.05. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

2.06. **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 seven 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 World 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 World 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 Donor.

2.07. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.08. **Procurement**

(a) **General.** All goods, non-consulting services, and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:


(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014) (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) **Definitions.** The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) **Particular Methods of Procurement of Goods and Non-consulting Services**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding.

(ii) The following methods, other than National Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts which are specified in the Procurement Plan: (A) Shopping; (B) Direct Contracting; and (C) Community Participation procedures which have been found acceptable to the World Bank.
(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Least Cost Selection; (B) Selection based on Consultants’ Qualifications; (C) Single-source Selection of consulting firms; (D) Selection of Individual Consultants; and (E) Single-source procedures for the Selection of Individual Consultants.

(e) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

**Article III**

**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, non-consulting services and consultants’ services, Operating Costs, and Training and Workshops under the Project</td>
<td>2,486,250</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td><strong>2,486,250</strong></td>
<td></td>
</tr>
</tbody>
</table>
3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2019.

**Article IV**

**Additional Remedies**

4.01. **Additional Event of Suspension.** The Additional Event of Suspension referred to in Section 4.02(k) of the Standard Conditions consist 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**

**Recipient’s Representative; Addresses**

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Executive Secretary.

5.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Inter-Governmental Authority on Development (IGAD)
P. O. Box 2653
Djibouti City
Djibouti

Facsimile:

(253) 21 35 69 94
(253) 21 35 35 20

5.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: Telex: Facsimile:

INTBAFRAD 248423 (MCI) or 1-202-477-6391
INDEVAS 64145 (MCI)
APPENDIX
Definitions and Modifications to the Standard Conditions

Section I: Definitions

1. “CCA” means Climate Change Adaptation.

2. “DRM” means Disaster Risk Management.

3. “DRM Unit” means the Disaster Risk Management Unit within ICPAC.

4. “IGAD Climate Predictions and Applications Center” or “ICPAC” means a specialist unit of IGAD fully dedicated to host the DRM program and its implementation, as further referred to in Section 2.02 of the Annex to this Agreement.

5. “IGAD” means Inter-Governmental Authority on Development, an organization set up through IGAD Constitutive Agreement.

6. “IGAD Constitutive Agreement” means the agreement establishing the Inter-Governmental Authority on Development of March 21, 1996.

7. “IGAD Members” means a state member of the Recipient, as defined in the Agreement Establishing the Inter-Governmental Authority on Development of March 21, 1996; and “IGAD Member” means individually each and any of the IGAD Members.

8. “Operating Costs” means the incremental expenses incurred on account of Project implementation, including office furniture and supplies, vehicle operation and maintenance, communication and insurance costs, designated account banking charges, rental expenses, office maintenance costs, utilities, travel cost for Project staff and salaries of support contractual staff for the Project, but excluding salaries of officials of the Selected Country’s civil service.

9. “PDNA” and “Post-Disaster Needs Assessment” means a government-led exercise with the support of development partners to collect information on economic damages and losses resulting from the occurrence of a catastrophic event triggered by one or more natural hazards, and the recovery priorities - including the human development needs of the affected population - into a single consolidated assessment report.

10. “Selected Countries” means the IGAD member state, in whose territories the Project is carried out; and “Selected Country” means individually each and any of the Selected Countries.

11. “Training and Workshops” includes services for the organization of the workshops, training materials and rental of training facilities and equipment, local travel and per diem for participants, tuition fees, travel, accommodation and per diem of trainers and trainees, printing of documents, communications, and various supplies needed for the workshops.
Section II. Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

1. Section 3.07 is modified to read as follows:

   In Section 3.07 (Financing Taxes), the text “Taxes levied by, or in the territory of, the Recipient” is modified to read “Taxes levied by, or in the territory of, the Selected Country or other IGAD Member”.

2. The reference to “Member Country” in Section 17 of the Appendix to the Standard Conditions and in this Agreement means the member of the World Bank in whose territory the Project is carried out or any of such member’s political or administrative subdivisions. If the Grant is extended by the World Bank to such member as a party to the Grant Agreement, the term “Member Country” and “Recipient” refer to the same entity. If the Project is carried out in the territory of more than one member of the World Bank, “Member Country” refers separately to each such member.”