



CREDIT NUMBER 5540-ET

Financing Agreement

(Productive Safety Net Project IV)

between

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 31, 2014

CREDIT NUMBER 5540-ET

FINANCING AGREEMENT

AGREEMENT dated October 31, 2014, entered into between FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

WHEREAS (A) the Association has received a letter from the Recipient dated August 6, 2014, describing a Program of actions, objectives and policies (the "Program") as outlined in the Recipient's National Policy for Disaster Risk Management dated July 5, 2013, and the Developmental Social Welfare Policy dated November 19, 1996, targeted at supporting these policy commitments through protecting the most vulnerable households from further loss of livelihoods, preventing deterioration in assets and promoting households' livelihoods strengthening, and declaring the Recipient's commitment to the execution of the Program.

(B) the Recipient, having satisfied itself as to the feasibility and priority of the project described in Schedule 1 to this Agreement (the Project), has requested the Association to assist in the financing of the Program through a series of projects, specifically by making a credit in support of the Project.

WHEREFORE, the Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral 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, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to three hundred ninety one million nine hundred thousand Special Drawing Rights (SDR 391,900,000) (variously, "Credit" and "Financing"), to assist in financing the Project.
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are May 1 and November 1 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollars.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall through the Project Implementing Agencies carry out the Project in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely that a situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following, namely that:
 - (a) the Memorandum of Understanding has been duly executed on behalf of the Recipient and the Development Partners under terms and conditions acceptable to the Association, including, without limitation, the terms and conditions governing the financing and coordination arrangements.
 - (b) The Recipient has updated the Program Implementation Manual for purposes of the Project in form and substance acceptable to the Association.

- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.03. For purposes of Section 8.05(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 (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its Minister of Finance and Economic Development.

6.02. The Recipient's Address is:

Ministry of Finance and Economic Development
P. O. Box 1905
Addis Ababa
Federal Democratic Republic of Ethiopia

Telex: Facsimile:
21147 (251-11) 1551355

6.03. The Association's Address is:


International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

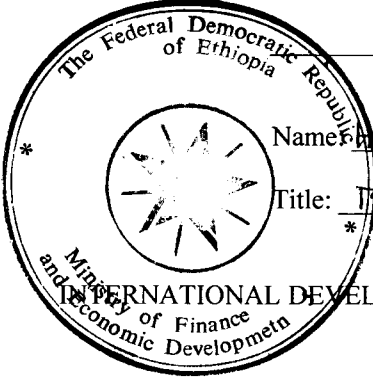
Cable: Telex: Facsimile:
INDEVAS 248423 (MCI) 1-202-477-6391
Washington, D.C.

AGREED at Addis Ababa, Federal Democratic Republic of Ethiopia, as of the day and year first above written.

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA


By


Authorized Representative
Name: F. Ato Sufian Ahmed
Title: Minister



By


Authorized Representative



Name: Guang Z. Chen
Title: Country Director

SCHEDULE 1

Project Description

The objective of the Project is to increase access to effective safety net and disaster risk management systems, and complementary livelihood and nutrition services for food-insecure households in the Recipient's rural areas.

The Project consists of the following parts:

Part 1: Social Protection and Disaster Risk Management Systems

Strengthening social protection and disaster risk management (DRM) systems through the transition from independent programs to a system of integrated social protection and DRM service delivery, including, inter alia:

- (a) Supporting a single and harmonized registry and information management system to record Beneficiaries' poverty and vulnerability status and services received under the Project at both federal and regional levels.
- (b) Improving response mechanisms for food-insecure households with transitory needs and integrating disaster risk mitigation measures into community public works planning process, including development of early warning triggers for social protection and disaster risk mitigation interventions, together with harmonized planning and monitoring procedures for delivering social protection and disaster risk mitigation interventions.
- (c) Improving appeals systems in the Recipient's relevant agencies: (i) strengthening their grievance redress systems to resolve grievances of Beneficiaries, if any; and (ii) strengthening and standardizing the application of social accountability tools consistent with international good practice.
- (d) Developing and implementing a comprehensive capacity building strategy and setting up of a National Capacity Building Facility to support institutionalized capacity and knowledge management at federal, regional, zonal, Woreda and Kebele levels, in the areas of both technical and human resources development.

Part 2: Productive Safety Net Transfers and Links to Livelihoods Services

Carrying out a program to deliver productive Safety Net Transfers and enhance households' access to livelihoods services, through implementation of the following activities:

- (a) Implementation of Safety Net Transfers in the form of cash, electronic payments, food vouchers, and/or food to chronically food insecure households; supporting effective response mechanisms that provide appropriate and timely resources to transitorily food insecure households in response to market and/or weather related shocks.
- (b) Financing of community-based Public Works Sub-projects to develop sustainable community assets through participatory community planning processes; improving technical quality of public works through better planning, monitoring and evaluation for Public Works Sub-projects; and supporting awareness raising and behavioral change communications for nutrition, training for financial literacy, and use of ante-natal services for pregnant women.
- (c) Enhancing community households' access to complementary livelihoods services and opportunities through:
 - (i) the provision of information, training and capacity building to individuals and households to assist them in engaging in on-farm crop and livestock production or off-farm income generating activities; improve their labor and employment opportunities and develop necessary job skills; and improve their access to appropriate financial services;
 - (ii) the provision of support to training institutions and micro financial institutions to enable them to provide the services mentioned in sub-section (i) above; and
 - (iii) the provision of Livelihood Transfer Grants to selected Livelihood Transfer Grant Beneficiaries in communities to assist them in carrying out livelihood improvement activities.

Part 3: Institutional Capacity Building and Project Management Support

- (a) Strengthening the capacity of Project Implementing Agencies at all levels to effectively implement the Project in areas such as planning, coordination, technical oversight of public works and livelihoods services, financial management, procurement, safeguards management, monitoring and evaluation; and financing of Operating Costs.

- (b) Supporting the development and implementation of a performance management system at MOA and MOLSA which includes performance benchmarking and incentives for improving performance.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall maintain at all times during the Project implementation:
 - (a) a Joint Strategic Oversight Committee with functions, composition and resources acceptable to the Association, to be responsible for the overall strategic oversight for Project implementation;
 - (b) a Coordination and Management Committee with functions, composition and resources acceptable to the Association, to be responsible for coordination and overall management of Project implementation;
 - (c) Joint Technical Committees, with functions, composition and resources acceptable to the Association, to be responsible for providing technical support for implementing respective Project components; and
 - (d) the DRMFSS within MOA with the number of staff, terms of reference and resources acceptable to the Association, to provide day-to-day coordination and support to the Project Implementing Agencies at all levels in performing their respective Project implementation activities.
2. The Recipient shall ensure that adequate implementation arrangements, satisfactory to the Association, have been established and thereafter maintained at all times during the Project implementation at regional, woreda, kebele and community level, as such implementation arrangements shall be further detailed in the Project Implementation Manual.
3. Recipient, through MOFED, shall enter into a memorandum of understanding with the Regional Cabinet, to set out the responsibilities of the Regional Cabinet to oversee the allocation and actual use of the Financing proceeds at the regional and Woreda levels, prior to disbursing the Financing proceeds to said Region for financing Project activities in the Region.

B. Project Documents

1. The Recipient shall cause the Project Implementing Agencies to implement the Project in accordance with the following:

- (a) a Project Implementation Manual, setting forth rules, methods, guidelines, and procedures for the carrying out of the Project, including, *inter alia*:
 - (i) detailed description of Project and institutional arrangements for implementing the Project;
 - (ii) eligibility criteria and procedures to be applied for selection of Beneficiaries for receiving Safety Net Transfers, as well as schedules and modalities of delivering Safety Net Transfers;
 - (iii) the operating procedures governing Public Works Sub-projects, including, *inter alia*, specific criteria for Public Works Sub-projects to be eligible for financing under the Project, selection criteria for Beneficiaries to participate in Public Works Sub-projects; and guidelines for selection, approval, implementation, monitoring and evaluation of Public Works Sub-projects;
 - (iv) the operating procedures governing Livelihood Transfer Grants and Livelihood Transfer Grant Sub-projects, including, *inter alia*, the eligibility criteria of Livelihood Transfer Grant Beneficiaries, guidelines for selection, approval, implementation, monitoring, and evaluation of Livelihood Transfer Grant Sub-projects, and the terms and conditions for the Livelihood Transfer Grant Agreements;
 - (v) the Environmental and Social Management Framework, Resettlement Policy Framework, and Enhanced Social Assessment and Consultation;
 - (vi) monitoring, evaluation, reporting, and governance procedures for the Project; and
 - (vii) disbursement, financial management, auditing and procurement procedures for the Project;
- (b) a Commodity Management Procedure Manual, including, *inter alia*:
 - (i) guidelines and procedures for management and handling of food items financed under the Project;

- (ii) reporting requirements and related reporting forms for transfer and delivery of food items; and
 - (iii) auditing requirements for food items and their reporting schedules.
- 2. In the event that any provision of the Project Implementation Manual and/or the Commodity Management Procedure Manual shall conflict with any provision of this Agreement, the provisions of this Agreement shall prevail. The Recipient shall not amend the Project Operations Manual and/or the Commodity Management Procedure Manual without with the Association's prior written approval.

C. Environmental and Social Safeguards

- 1. The Recipient shall cause the Project Implementing Agencies to carry out the Project in accordance with the ESMF, RPF, and Enhanced Social Assessment and Consultation, and any other Safeguard Document prepared or to be prepared by the Recipient in accordance with sub-paragraph 2 below, in a manner satisfactory to the Association.
- 2. Whenever an ESMP and/or RAP shall be required for any proposed Public Works Sub-project in accordance with the provisions of the ESMF and/or the RPF, the Recipient shall:
 - (a) prior to the commencement of such Public Works Sub-project, proceed to have an ESMP satisfactory to the Association: (i) prepared in accordance with the provisions of the ESMF; and (ii) thereafter adopted and disclosed, in a manner acceptable to the Association;
 - (b) prior to the commencement of such Public Works Sub-project, proceed to a RAP: (i) prepared in accordance with the provisions of the RPF; (ii) furnished to the Association for review and approval; and (iii) thereafter adopted and disclosed as approved by the Association, in a manner acceptable to the Association;
 - (c) take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such ESMP and/or RAP; and
 - (d) in the case of any resettlement activity under the Public Works Sub-project involving Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before necessary resettlement measures consistent with the relevant RAP have been executed, including, in the case of

displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, prior to displacement.

3. The Recipient shall, prior to expanding Project activities to any new Woreda: (i) update, as deemed necessary by the Association based on social screenings for said Woreda, the Enhanced Social Assessment and Consultation for vulnerable and underserved groups as defined in said Enhanced Social Assessment and Consultation; and (ii) thereafter ensure that activities in said Woreda are carried out in accordance with the provisions of the updated Enhanced Social Assessment and Consultation.
4. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the Enhanced Social Assessment and Consultation, ESMF, and RPF and any Safeguard Document adopted in accordance with the provisions of paragraph 2 of this Part C, unless the Association has provided its prior approval thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.
5. Without limitation on its other reporting obligations under this Agreement, the Recipient through MOA shall collect, compile and submit to the Association each calendar semester (or at such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the Enhanced Social Assessment and Consultation, ESMF, the RPF, and any Safeguard Documents prepared for the Project, as applicable, giving details of: (a) measures taken in furtherance of the said instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the said measures; and (c) remedial measures taken or required to be taken to address such conditions.

D. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

E. Public Works Sub-projects

1. The Recipient shall appraise, review, approve, and supervise each Public Works Sub-project in accordance with the criteria, procedures and requirements set out in the Project Implementation Manual, including, *inter alia*, the following criteria for a proposed Public Works Sub-project to be eligible for financing under the Project:

- (a) the Public Works Sub-project shall be for the carrying out of labor intensive activities, including, without limitation, watershed management, soil and water conservation, road construction and rehabilitation, construction and rehabilitation of small community managed irrigation schemes, and the improvement of basic social service delivery;
 - (b) the Public Works Sub-projects shall be identified and prioritized in the respective community development plan;
 - (c) the proposed Public Works Sub-project is in compliance with the environmental standards set out in the ESMF, and with all applicable laws and regulations of the Recipient relating to environmental protection; an environmental screening has been carried out for the proposed Public Works Sub-project in accordance with principles set forth in the ESMF; and if said environmental screening has concluded that an ESMP satisfactory to the Association is required, said ESMP has been prepared by the Recipient for implementing the proposed Public Works Sub-project; and
 - (d) if the proposed Public Works Sub-project involves involuntary acquisition of land, or involuntary restriction of access to legally designated parks and protected areas, a RAP has been prepared in accordance with the principles set out in the RPF and said RAP has been approved by the Association for implementing the proposed Public Works Sub-project.
2. Every year during the Project implementation period the Recipient shall prepare and furnish to the Association for its review and approval an Annual Public Works Plan which shall include the list of Public Works Sub-projects selected in accordance with the criteria, procedures and requirements set forth in the Project Implementation Manual and proposed to be financed during the respective annual period. Such Annual Public Works Plans shall be furnished to the Association not later than one month prior to commencing the selected Public Works Sub-projects in the respective fiscal year of the Recipient.

F. Safety Net Transfers

The Recipient shall select Beneficiaries, and implement and supervise Safety Net Transfers in accordance with the criteria, requirements and procedures set out in the Project Implementation Manual.

G. Livelihood Transfer Grants

1. The Recipient shall select and approve Livelihood Transfer Grant Beneficiaries in accordance with the criteria and procedures set forth in the Project Implementation Manual.
2. The Recipient shall review and approve Livelihood Transfer Grant Sub-projects in accordance with the criteria and procedures set out in the Project Implementation Manual. The Recipient shall only make the proceeds of the Livelihood Transfer Grant available to a Livelihood Transfer Grant Beneficiary after the Recipient has entered into a Livelihood Transfer Grant Agreement with the Livelihood Transfer Grant Beneficiary on terms and conditions acceptable to the Association, which shall include the Recipient's right to:
 - (a) suspend or terminate the right of the Livelihood Transfer Grant Beneficiary to use the proceeds of the Livelihood Transfer Grant, or obtain a refund of all or any part of the amount of the said Grant, upon the Livelihood Transfer Grant Beneficiary's failure to perform any of its obligations under the Livelihood Transfer Grant Agreement; and
 - (b) require each Livelihood Transfer Grant Beneficiary to:
 - (i) carry out its respective Livelihood Transfer Grant Sub-project with due diligence and efficiency and in accordance with sound technical and financial standards and practices satisfactory to the Association, including the requirements set out in the Anti-Corruption Guidelines applicable to the recipients of the Credit proceeds other than the Recipient;
 - (ii) provide, promptly as needed, the resources required for carrying out the Livelihood Transfer Grant Sub-project;
 - (iii) procure the goods and/or services to be financed out of the Livelihood Transfer Grant in accordance with the provisions of this Agreement and use such goods and/or services exclusively for the Livelihood Transfer Grant Sub-project;
 - (iv) enable the Association and Recipient to inspect the Livelihood Transfer Grant Sub-project, its operation and any relevant records and documents; and
 - (v) prepare and furnish to the Association and Recipient, all such information as the Association and Recipient shall reasonably request relating to the foregoing.

3. The Recipient shall exercise its rights under each Livelihood Transfer Grant Agreement in such manner as to protect the interests of the Recipient and the Association to accomplish the purposes of the Credit. Except as the Association, the Recipient shall not assign, amend, abrogate or waive any Livelihood Transfer Grant Agreement or any of its provisions.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. Each Project Report shall cover the period of six (6) months, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.
2. For purposes of Section 4.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six (6) months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association in form and substance satisfactory to the Association and not later than sixty (60) days after the end of each calendar quarter: (i) interim unaudited financial reports for the Project covering the quarter; and (ii) commodity (food items) flow and status reports for the Project covering the quarter.
3. The Recipient shall have the Financial Statements related to the Project audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period. In addition, the Recipient shall cause the Project Implementing Agencies to provide to the Association with interim audit reports (to cover the period of July 8 to January 7) not later than April 7 of each year.

4. The Recipient shall have the commodity (food items) flow and status reports for the Project for the period of one fiscal year audited in form and substance satisfactory to the Association and submitted to it to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association 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.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding; (b) Limited International Bidding; (c) Shopping; (d) Direct Contracting; and (e) Procurement from UN Agencies.

National Competitive Bidding shall follow the Recipient's procurement procedures subject to the following additional procedures:

- (a) The Recipient's standard bidding documents for procurement of goods and works acceptable to the Association shall be used. At the request of the Recipient, the introduction of requirements for bidders to sign an

Anti-Bribery pledge and/or statement of undertaking to observe Ethiopian Law against fraud and corruption and other forms that ought to be completed and signed by him/her may be included in bidding documents if the arrangements governing such undertakings are acceptable to the Association.

- (b) If pre-qualification is used, the Association's standard prequalification document shall be used.
- (c) No margin of preference shall be granted in bid evaluation on the basis of bidder's nationality, origin of goods or services, and/or preferential programs such as but not limited to small and medium enterprises.
- (d) Mandatory registration in a supplier list shall not be used to assess bidders' qualifications. A foreign bidder shall not be required to register as a condition for submitting its bid and if recommended for contract award shall be given a reasonable opportunity to register with the reasonable cooperation of the Recipient, prior to contract signing. Invitations to bids shall be advertised in at least one newspaper of national circulation or the official gazette or on a widely used website or electronic portal with free national and international access.
- (e) Bidders shall be given a minimum of thirty (30) days to submit bids from the date of availability of the bidding documents.
- (f) All bidding for goods shall be carried out through a one-envelope procedure.
- (g) Evaluation of bids shall be made in strict adherence to the evaluation criteria specified in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation.
- (h) The results of evaluation and award of contract shall be made public. All bids shall not be rejected and the procurement process shall not be cancelled, a failure of bidding declared, or new bids shall not be solicited, without the Association's prior written concurrence. No bids shall be rejected on the basis of comparison with the cost estimates without the Association's prior written concurrence.
- (i) In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (1) the bidders, suppliers, contractors and subcontractors, agents, personnel, consultants, service providers, or

suppliers shall permit the Association, at its request, to inspect all accounts, records and documents relating to the bid submission and performance of the contract, and to have them audited by auditors appointed by the Association; and (2) Acts intended to materially impede the exercise of the Association's audit and inspection rights constitutes an obstructive practice as defined in paragraph 1.16(v) of the Procurement Guidelines.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least-Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

1. The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.
2. The Recipient shall cause MOA: (i) to have procurement activities under the Project audited annually by an independent procurement auditor selected in conformity with the procedures set forth or referred to in this Section, under terms of reference satisfactory to the Association; and (ii) to submit such audit reports to the Association not later than sixty (60) days after the end of each respective annual period.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Financing Allocated (in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
Goods, works, non-consulting services, consultants' services, Training, Operating Costs, Safety Net Transfers, and Livelihood Transfer Grants	391,900,000	100%
TOTAL AMOUNT	391,900,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for the payments made prior to the date of this Agreement.
2. Eligible Expenditures financed under the Project shall not be eligible to be financed by other sources of financing, including IDA Credit and Grant (Credit Number 4666-ET) and Grant Number H529-ET) for phase III of the Program.
3. The Closing Date is December 31, 2020.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 1 and November 1, commencing November 1, 2020, to and including May 1, 2052	1.5625%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.

APPENDIX

Section I. Definitions

1. "Affected Person" means a person who, as a result of: (i) the involuntary taking of land under the Project, is affected in any of the following ways: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas, suffers adverse impacts on his or her livelihood.
2. "Annual Public Works Plan" means the annual public work plan to be prepared in accordance with the provisions of paragraph E.2 of Section I of Schedule 2 to this Agreement.
3. "Anti-Corruption Guidelines" means 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.
4. "Beneficiary" means an individual, or a household selected or to be selected to receive a Safety Net Transfer pursuant to the selection criteria set out in the Project Implementation Manual; and the term "Beneficiaries" means the plural thereof.
5. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
6. "Commodity Management Procedure Manual" means the manual, dated July 22, 2014, satisfactory to the Association, and referred to in paragraph B.1(b) of Section I of Schedule 2 to this Agreement.
7. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011.
8. "Coordination and Management Committee" means the committee referred to in paragraph A.1(b) of Section I. of Section 2 to this Agreement.
9. "Development Partners" means collectively, the Association and other international development agencies that are providing or will provide funds to finance the Project.
10. "DRMFSS" means the Directorates within MOA responsible for disaster risk management and food security.

11. “Enhanced Social Assessment and Consultation” means the document disclosed in the Recipient’s country and in the Association’s Infoshop on July 10, 2014, identifying and assessing the potential social impacts of the Project, evaluating alternatives, and proposing appropriate mitigation, management, and monitoring measures, defining specific measures to be implemented for vulnerable and underserved groups, through free prior informed consultations and broad community support, in order to protect them and to ensure that they be granted equal legal, financial and organizational opportunities under the Project, as the said plan may be amended and/or supplemented from time to time with the prior written consent of the Association, and such term includes any schedules to such document.
12. “Environmental and Social Management Framework” or “ESMF” means the framework disclosed in the Recipient’s country and in the Association’s Infoshop on July 10, 2014, prepared by the Recipient and approved by the Association, setting forth: (i) integrated pest management procedures; (ii) small dam management procedures; and (iii) an environmental and social screening process that will enable the Recipient to identify and assess potential adverse environmental and social impacts, and offset and reduce them to acceptable levels, or enhance positive impacts, and in accordance with which ESMPs will be prepared and submitted to the Association for its approval, as the same may be amended from time to time with the prior written approval of the Association.
13. “ESMPs” means the environmental and social management plans to be prepared by the Recipient in accordance with the principles and guidance set out in the ESMF and RPF, and acceptable to the Association, setting forth a set of mitigation, monitoring, and institutional measures to be taken during the implementation and operation of the Project to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, and including the actions needed to implement these measures.
14. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
15. “Kebele” means the lowest tier of government in the Recipient’s administrative system, as established according to the relevant Regional legislation.
16. “Joint Strategic Oversight Committee” means the committee referred to in paragraph A.1(a) of Section I. of Section 2 to this Agreement.
17. “Joint Technical Committees” means the committees referred to in paragraph A.1(c) of Section I. of Section 2 to this Agreement.

18. “Livelihood Transfer Grant” means a grant made or to be made by the Recipient to a Livelihood Transfer Grant Beneficiary pursuant to the eligibility criteria and governing procedures as set out in the Project Implementation Manual; and the term “Livelihood Transfer Grants” means the plural thereof.
19. “Livelihood Transfer Grant Agreement” means an agreement to be entered into between the Recipient and a Livelihood Transfer Grant Beneficiary pursuant to the requirements as set out in the provisions of paragraph G.2 of Section I of Schedule 2 to this Agreement; and the term “Livelihood Transfer Grant Agreements” means the plural thereof.
20. “Livelihood Transfer Grant Beneficiary” means an individual meeting the poverty threshold or vulnerability status as set out in the Project Implementation Manual; and the term “Livelihood Transfer Grant Beneficiaries” means the plural thereof.
21. “Livelihood Transfer Grant Sub-project” an activity to be implemented by a Livelihood Transfer Grant Beneficiary under Part 2(c)(iii) of the Project pursuant to the requirement of this Agreement and in accordance with the selection criteria and procedures set forth in the Project Implementation Manual; and the term “Livelihood Transfer Grant Sub-projects” means the plural thereof.
22. “Memorandum of Understanding” or “MOU” means the memorandum of understanding to be executed among the Recipient and the Development Partners pursuant to Section 5.01(a) of this Agreement, as the same may be amended from time to time, providing for common arrangements and procedures with respect to procurement, disbursement, accounting, monitoring, reporting, auditing, coordination and exchange of information required for implementation of the Project.
23. “MOA” means the Recipient’s Ministry of Agriculture or any successor thereto.
24. “MOFED” means the Recipient’s Finance and Economic Development or any successor thereto.
25. “MOLSA” means the Recipient’s Ministry of Labor and Social affair or any successor thereto.
26. “National Capacity Building Facility” means the facility to be supported under Part 1(d) of the Project.
27. “Operating Costs” means incremental costs incurred by the Project Implementing Agencies on account of the Project coordination, implementation and monitoring, including expenditures for vehicles operation and maintenance, office supplies and consumables, utilities, communication, translation and interpretation, bank

charges, Project related travel, including per diem and accommodation, but excluding salaries of the Recipient's civil servants, and other miscellaneous costs directly associated with the Project implementation, all based on periodic budgets acceptable to the Association.

28. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011.
29. "Procurement Plan" means the Recipient's procurement plan for the Project, dated March 23, 2014, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
30. "Project Implementation Manual" means the manual, satisfactory to the Association, to be updated for the purposes of the Project pursuant to Section 5.01(b) of this Agreement; as such manual may be revised from time to time with prior written agreement of the Association.
31. "Project Implementing Agencies" means, collectively, MOA, MOFED and MOLSA and their counterparts at the lower levels, each of which shall implement their respective Project implementation activities pursuant to the requirements under this Agreement and the Project Implementation Manual.
32. "Public Works Sub-project" means an activity to be implemented under Part 2(b) of the Project pursuant to the requirement of this Agreement and in accordance with the selection criteria and procedures set forth in the Project Implementation Manual.
33. "RAP" means a resettlement action plan, acceptable to the Association and to be prepared by the Recipient pursuant to the requirements of the RPF for compensation, resettlement and rehabilitation of Affected Persons as a result of development of Public Works Sub-projects, as such plan may be amended from time to time with the prior written approval of the Association, and such term includes any schedules to such plan.
34. "Region" means the second tier of government in the administrative system of Recipient established under the Recipient's Federal Constitution of 1995; and the term "Regions" means the plural thereof.
35. "Regional Cabinet" means the Executive branch of the Regional government.
36. "RPF" means the resettlement policy framework, disclosed in the Recipient's territory and in the Association's Infoshop on July 10, 2014, prepared by the Recipient and outlining the policies and procedures to be implemented in the

event that specific activities implemented under a Public Works Sub-project have potentially negative impacts on the livelihoods, assets and land of Affected Persons, as the said framework may be amended and/or supplemented from time to time with the prior written approval of the Association, and such term includes any schedules to such document.

37. “Safeguards Document” means an ESMP or RAP, and the term “Safeguard Documents” means, collectively, all such documents.
38. “Safety Net Transfer” means a safety net benefit to be provided to a Beneficiary under Part 2(a) of the Project in the form of cash, electronic payments, food vouchers, and/or food, all in accordance with the requirements and procedures set out in the Project Implementation Manual; and the term “Safety Net Transfers” means the plural thereof.
39. “Training” means Project related study tours, training courses, seminars, workshops and other training activities, not included under service providers’ contracts, including costs of training materials, space and equipment rental, travel, accommodation and per diem costs of trainees and trainers, trainers’ fees, and other training related miscellaneous costs.
40. “Woreda” means one of the tiers of government in the Recipient’s administrative system, as established pursuant to the relevant Regional legislation.