

CIDA GRANT RELATED TO CREDIT NUMBER 2351 ET

Development Grant Agreement

(Emergency Recovery and Reconstruction Project)

between

ETHIOPIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION  
as Administrator of Grant Funds  
Provided by the  
CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

Dated December 29, 1993

CIDA GRANT RELATED TO CREDIT NUMBER 2351 ET

DEVELOPMENT GRANT AGREEMENT

AGREEMENT, dated December 29, 1993, between ETHIOPIA (the Recipient) and the INTERNATIONAL DEVELOPMENT ASSOCIATION, as Administrator (the Administrator) of Grant Funds Provided by the CANADIAN INTERNATIONAL DEVELOPMENT AGENCY (CIDA).

WHEREAS: (A) the Recipient has requested the assistance of the International Development Association (the Association) and CIDA in the financing of its Emergency Recovery and Reconstruction Program (the Program), referred to in the Preamble to Development Credit Agreement Number 2351-ET, dated April 24, 1992, between the Recipient and the Association (the IDA Development Credit Agreement);

(B) the Association has granted a Credit for this purpose on the terms and conditions set forth in the Development Credit Agreement;

(C) CIDA wishes to make available to the Recipient a grant in an amount of four million nine hundred thousand Canadian Dollars (Can\$4,900,000) (the CIDA Grant) to assist the Recipient in carrying out part of the Program on the terms and conditions hereinafter set forth;

(D) pursuant to an agreement, dated August 17, 1993 and September 1, 1993, between CIDA and the Association, (the Contribution Agreement) CIDA has requested the Association, and the Association has agreed, to administer the CIDA Grant in accordance with the provisions of the Contribution Agreement; and

(E) the Recipient acknowledges that the financial assistance extended to the Recipient under this CIDA Grant Agreement shall be considered as part of the bilateral development aid extended by CIDA to the Recipient;

NOW THEREFORE the parties hereto hereby agree as follows:

## ARTICLE I

### General Conditions; Definition

Section 1.01. The parties to this Agreement accept all the provisions of the "General Conditions Applicable to Development Credit Agreements", dated January 1, 1985 (the General Conditions), with the same force and effect as if they were fully set forth herein subject, however, to the following modifications thereof:

(a) the term "Association", wherever used in the General Conditions, means the International Development Association, acting as Administrator of the CIDA Grant, pursuant to the Contribution Agreement between CIDA and the Association referred to in the Preamble to this Agreement, except in the phrase "member of the Association" in Section 2.01 (5) and Section 6.02 (e);

(b) the term "Development Credit Agreement", wherever used in the General Conditions, means this Development Grant Agreement;

(c) the term "Credit", wherever used in the General Conditions, means the CIDA Grant extended to the Recipient under this Agreement;

(d) the term "Credit Account", wherever used in the General Conditions or in this Agreement, means the account opened by the Administrator in its books in the name of the Recipient to which the amount of the CIDA Grant is credited;

(e) Section 2.01 shall be modified to read:

"Section 2.01. 'Project' means the expenditures for the Ethiopia Social Rehabilitation Fund (ESRF) that may be financed out of the proceeds of the CIDA Grant as provided in Section 2.02 (a) of the CIDA Grant Agreement.";

(f) Section 4.01 shall be modified to read:

"Section 4.01. Withdrawals from the CIDA Grant Account shall be made in Canadian dollars.";

(g) in Sections 6.02 and 7.01, the term "Association" shall also include the International Development Association acting in its own capacity;

(h) Section 9.06 (c) shall be modified to read:

"(c) Not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Administrator, the Recipient shall prepare and furnish to the Administrator a report, of such scope and in such detail as the Administrator shall reasonably request, on the execution of the Program referred to in the Preamble to the Development Credit Agreement, the performance by the Recipient and the Administrator of their respective obligations under the Development Grant Agreement, and the accomplishment of the purposes of the CIDA Grant.";

(i) Sections 3.02, 3.03, 3.04, 3.05, 4.02, 4.03, 4.04, 4.05, 4.06, 6.05, 7.01, 8.01 (a), 12.02 and 12.05 are deleted; and

(j) the term "Borrower", whenever used in the General Conditions, means the Recipient.

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions, in the Preamble to this Agreement and in the IDA Development Credit Agreement have the respective meanings therein set forth, and the term "CIDA Special Account" means the Special Account referred to in Section 2.02 (b) of this Agreement.

## ARTICLE II

## The Grant

Section 2.01. (a) The Administrator agrees to extend to the Recipient, on the terms and conditions set forth or referred to herein, a grant in an amount of up to four million nine hundred thousand Canadian dollars (Can\$4,900,000).

(b) Notwithstanding the provisions of paragraph (a) of Section 2.01 of this Agreement, the Administrator shall be relieved from its obligations set forth or referred to in this Agreement to make any payment to the Recipient to the extent that any amount of the Contribution is not received from Canada as a result of non-appropriation by the Parliament of Canada for the fiscal year in which the payment of any such amount is to be made.

(c) Promptly after deposit of the Contribution, the Administrator shall, on behalf of the Recipient, withdraw from the T-Account and pay to itself the amount of the Contribution allocated to Category (2) of the table set forth in paragraph 1 of Schedule 1 to this Agreement.

Section 2.02. (a) The amount of the CIDA Grant may be withdrawn from the CIDA Grant Account in accordance with the provisions of Schedule 1 to this Agreement to finance expenditures for goods and services under the Ethiopia Social Rehabilitation Fund.

(b) The Recipient shall, for the purposes of the Project, open and maintain in Canadian dollars a special account in a commercial bank on terms and conditions satisfactory to the Administrator including appropriate protection against set-off, seizure or attachment. Deposits into and payments out of the CIDA Special Account shall be made in accordance with Schedule 2 to this Agreement.

Section 2.03. Except as the Administrator shall otherwise agree, goods and services to be financed out of the proceeds of the CIDA Grant shall be procured in accordance with the provisions of Schedule 3 to the IDA Credit Agreement.

Section 2.04. The Closing Date shall be December 31, 1996, or such later date as the Administrator shall establish. The Administrator shall promptly notify the Recipient of such later date.

## ARTICLE III

### Execution of the Project

Section 3.01. Except as the Administrator shall otherwise agree Articles III and IV of the IDA Credit Agreement are hereby incorporated into this Agreement with the same force and effect as if the provisions of those Sections were fully set forth herein. All references to the Association in Articles III and IV of the IDA Credit Agreement shall be deemed to be references to the Administrator of the CIDA Grant under this Agreement. All references to the "Development Credit Agreement" shall be deemed to be references to this Development Grant Agreement, and all references to the "Credit" shall be deemed to be references to the CIDA Grant.

## ARTICLE IV

### Effectiveness; Representation

Section 4.01. This Agreement shall become effective upon signature.

Section 4.02. This Agreement and all obligations of the Recipient hereunder shall terminate on the date on which the IDA Credit Agreement shall terminate in accordance with its terms.

Section 4.03. The representative designated in Section 6.01 of the IDA Credit Agreement shall be the representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 4.04. The addresses specified in Section 6.02 of the IDA Credit Agreement shall be the addresses specified for the purposes of Section 11.01 of the General Conditions.

Section 4.05. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the IDA Credit Agreement.

ARTICLE V

Transfer of Rights and Obligations

Section 5.01. In accordance with the Contribution Agreement, the rights and obligations of the Administrator under this Agreement may be transferred to CIDA. The Recipient accepts and agrees that, upon notice to that effect by the Administrator to the Recipient, CIDA shall, ipso facto, from the date specified in such notice, be substituted in all rights and obligations of the Administrator under this Agreement as if CIDA had been an original party to this Agreement without any further action or formality being required on the part of any party and, from such date, the Administrator shall cease to have any rights or obligations as a party under this Agreement.

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

ETHIOPIA

By /s/ Berhane Gebre-Christof

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION  
as Administrator of Grant Funds  
Provided by the  
CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

By /s/ Edwin Lim

Regional Vice President  
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Contribution

The table below sets forth the Categories of items to be financed and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Contribution Allocated (Expressed in Can \$ Equivalent)	% of Expenditures to be Financed
(1) Goods and services for Sub-projects under the ESRF	4,514,000	100%
(2) Goods and services for the ESRF Management Unit	288,000	100%
(3) Administration fee	98,000	Amount due pursuant to Section 2.01 (c) of this Agreement

TOTAL 4,900,000

SCHEDULE 2

CIDA Special Account

1. For the purposes of this Schedule:

(a) the term "Eligible Expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project which are to be financed out of the proceeds of the CIDA Grant; and

(b) the term "Authorized Allocation" means an amount of CAN\$500,000 to be withdrawn from the CIDA Grant Account and deposited into the CIDA Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Except as the Administrator shall otherwise agree, payments out of the CIDA Special Account shall be made exclusively for Eligible Expenditures in accordance with the provisions of this Schedule.

3. After the Administrator has received satisfactory evidence that the CIDA Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the CIDA Special Account may be made as follows:

(a) On the basis of a request or requests by the Recipient for a deposit or deposits which add up to the aggregate amount of the Authorized Allocation, the Administrator shall, on behalf of the Recipient, withdraw from the CIDA Grant Account and deposit into the CIDA Special Account such amount or amounts as the Recipient shall have requested.

(b) The Recipient shall furnish to the Administrator requests for replenishment of the CIDA Special Account at such intervals as the Administrator shall specify. On the basis of such requests, the Administrator shall withdraw from the CIDA Grant Account and deposit into the CIDA Special Account such amounts as shall be required to replenish the CIDA Special Account with amounts not exceeding the amount of payments made out of the CIDA Special Account for Eligible Expenditures. All such deposits shall be withdrawn by the Administrator from the CIDA Grant Account as justified by the evidence supporting the request for such deposits furnished pursuant to paragraph 4 of this Schedule.

4. For each payment made by the Recipient out of the CIDA Special Account for which the Recipient requests replenishment pursuant to paragraph 3 (b) of this Schedule, the Recipient shall furnish to the Administrator, prior to or at the time of such request, such documents and other evidence as the Administrator shall reasonably request, showing that such payments were made for Eligible Expenditures.

5. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, no further deposit into the CIDA Special Account shall be made by the Administrator when either of the following situations first arises:

(i) the Administrator shall have determined that all further withdrawals should be made by the Recipient directly from the CIDA Grant Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(ii) the total unwithdrawn amount of the CIDA Grant, minus the amount of any outstanding special commitment entered into by the Administrator, pursuant to Section 5.02 of the General Conditions, shall be equal to the equivalent of twice the amount of the Authorized Allocation.

(b) Thereafter, withdrawal from the CIDA Grant Account of the remaining unwithdrawn amount of the CIDA Grant shall follow such procedures as the Administrator shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Administrator shall have been satisfied that all such amounts remaining on deposit in the CIDA Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

6. (a) If the Administrator shall have determined at any time that any payment out of the CIDA Special Account:

(i) was made for any expenditure or in any amount not eligible pursuant to paragraph 2 of this Schedule; or

(ii) was not justified by the evidence furnished pursuant to paragraph 4 of this Schedule, the Recipient shall, promptly upon notice from the Administrator, deposit into the CIDA Special Account (or, if the Administrator shall so request, refund to the Administrator) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. No further deposit by the Administrator into the CIDA Special Account shall be made until the Recipient has made such deposit or refund.

(b) If the Administrator shall have determined at any time that any amount outstanding in the CIDA Special Account will not be required to cover further payments for Eligible Expenditures, the Recipient shall, promptly upon notice from the Administrator, refund to the Administrator such outstanding amount for crediting to the CIDA Grant Account.

