

CONFORMED COPY

**CREDIT NUMBER 4783-ET
GRANT NUMBER H600-ET**

Financing Agreement

(Agricultural Growth Project)

between

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 19, 2010

**CREDIT NUMBER 4783-ET
GRANT NUMBER H600-ET**

FINANCING AGREEMENT

AGREEMENT dated October 19, 2010, entered into between FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). 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 seventy-one million eight hundred thousand Special Drawing Rights (SDR 71,800,000) (variously, “Credit” and “Financing”) and a grant in an amount equivalent to twenty-seven million five hundred thousand Special Drawing Rights (SDR 27,500,000) (variously, “Grant” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section V 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 February 15 and August 15 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 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:
 - (a) The legal and administrative framework for decentralized public sector management of the Recipient in general, has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the implementation of the Project.
- 4.02. The Additional Event of Acceleration consists of the following:
 - (a) The event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) The Recipient has adopted a Project Implementation Manual in form and substance satisfactory to the Association.
 - (b) The FPCU has been established, with core staffing acceptable to the Association, consisting of, *inter alia*, a coordinator, a financial management specialist, and a procurement specialist.
 - (c) The Federal Steering Committee and the Federal Technical Committee have been established in a form and substance acceptable to the Association.
- 5.02. The Effectiveness Deadline is one hundred and twenty (120) 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 responsible for finance and economic development.

6.02. The Recipient's Address is:

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

Cable:	Telex:	Facsimile:
MINFIN	21147	(251-111) 551355

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 Washington, D.C.	248423 (MCI)	1-202-477-6391

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

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By

/s/ Sufian Ahmed
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

/s/ Louise F. Scura
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to increase agricultural productivity and market access for key crop and livestock products in targeted Woredas with increased participation of women and youth.

The Project consists of the following parts:

Part 1: Agricultural Production and Commercialization

Developing and strengthening the institutional capacity of farmer organizations and the advisory services to support farmer sub-projects to address key constraints and capitalize on opportunities to improve productivity, processing and marketing of key commodities, and to strengthen marketing and agribusiness development through engagement with private sector stakeholders.

- (a) Institutional Strengthening and Development: (i) Establishment and strengthening of ARDPLACs; (ii) strengthening of public extension services; (iii) strengthening of soil fertility management services; (iv) strengthening of animal health services; and (v) development and strengthening of women, youth and other farmer organizations.
- (b) Scaling-Up of Best Practices: Carrying out farmer group-based activities targeting improved productivity, value addition and marketing of agricultural products through activities involving: (i) identification and compilation of best practices; (ii) preparation of farmer sub-projects; (iii) training, experience sharing, demonstration and other extension support for implementation of best practices; and (iv) support to innovation and adaptive research.
- (c) Marketing and Agribusiness Development: Increasing market orientation and commercialization through activities such as: (i) establishment and operationalization of innovation and demonstration funds; (ii) private sector capacity building and technical assistance; (iii) public sector capacity development for service provision; (iv) promoting linkages to credit; (v) sectoral analysis of constraints and value chain development; (vi) increasing seed (including forage) availability; and (vii) livestock breed improvement.

Part 2: Small-scale Rural Infrastructure Development and Management

Provision of support for the construction or rehabilitation and operation and maintenance of small-scale infrastructure investments to further develop and increase the efficiency of identified value chains, consisting of:

- (a) Small-scale Agricultural Water Development and Management: Demand-driven infrastructure investments for improved agricultural productivity and involving: (i) establishment and/or strengthening of water user associations; (ii) improvement and rehabilitation of existing small-scale irrigation schemes; (iii) establishment of small-scale and micro-irrigation; (iv) improvement of on-farm irrigation water management; (v) capacity building of public and private institutions; (vi) extension support for improved soil and water conservation; (vii) communal land development; and (viii) institutional development and capacity building in watershed management.
- (b) Small-scale Market Infrastructure Development and Management: Demand-driven infrastructure investments for improved and sustainably managed access to market, such as: (i) construction and rehabilitation of feeder and farm access roads and footbridges; (ii) establishment and capacitating road maintenance groups for repair and maintenance of community-owned transport infrastructure; (iii) construction and improvement of market centers; and (iv) establishment and/or strengthening of market center management committees.

Part 3: Project Management and Monitoring and Evaluation

Provision of support for effective coordination and management of the Project at all levels of implementation and to establish an effective monitoring and evaluation system and create a learning environment for continuous improvement of the design of the Project and other agricultural growth interventions.

- (a) Project Management: Efficient and effective management of the Project to achieve Project results with communication and knowledge management integrated in all aspects of Project management through, inter alia: (i) establishment of steering committees and technical coordination units/teams; (ii) planning, follow-up on implementation, technical backstopping, supervision, reporting; (iii) provision of physical inputs (vehicles, office furniture, equipment); (iv) sensitization, awareness creation and training on the Project approaches and process; (v) human resource development through training, improvements in human resource management, and technical assistance/mentoring; (vi)

capacity building on social and environmental safeguards as per the recommendation of ESMF; (vii) regular monitoring of capacity building efforts; (viii) knowledge management and dissemination; and (ix) development and implementation of communication strategy and action plan.

- (b) Monitoring and Evaluation: Regular follow-up on implementation progress and achievement of the Project outcomes: (i) monitoring progress towards the Project objective as per indicators in results framework; (ii) monitoring implementation, particularly inputs and outputs; and (iii) participatory monitoring and evaluation, social accountability, and internal learning.

SCHEDULE 2

Project Execution

Section I. Implementation and Other Arrangements

A. Federal Project Coordination Unit

In order to facilitate the implementation of the Project, the Recipient shall establish no later than October 30, 2010, and thereafter maintain during the implementation of the Project, a project coordination unit at the federal level (FPCU) responsible for the coordination of the Project activities, in a form and substance and with staff (including the positions listed in Section 5.01 of this Agreement) and resources, all satisfactory to the Association, and in accordance with the PIM.

B. Regional Project Coordination Units

The Recipient shall, no later than two (2) months after the Effective Date, ensure the establishment of the coordination units at the regional level with staff competent and in adequate number in a form and substance and with resources all satisfactory to the Association, and in accordance with the PIM.

C. Project Implementation Manual

1. The Recipient shall, during the implementation of the Project:
 - (a) maintain the PIM, in form and substance satisfactory to the Association;
 - (b) take all measures necessary to ensure that the Project is carried out in conformity with the PIM; and
 - (c) not assign, amend, abrogate or waive the PIM or any provision thereof if, in the opinion of the Association, such assignment, amendment, abrogation or waiver will materially affect the implementation of the Project.
2. In case of any conflict between the arrangements and procedures set out in the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

Section II. Sub-national Financing and Institutional Framework; and Other Policy Frameworks

- A. Sub-national Financing and Institutional Framework.** For the purposes of facilitating the efficient implementation of the Project, the Recipient shall make available to each of the Participating Regions, Participating Woredas or Local Authorities (collectively, the Participating Sub-national Administrations) in which any particular Project components or activities are to be implemented, and to each of the Project Executing Agencies designated in Part B of this Section II of this Schedule 2, which shall be responsible for assisting the Recipient in the carrying out of any Part of the Project, the funds, facilities, services and other resources required for such component or activity or Part of the Project, including the corresponding portions of the proceeds of the Credit and/or Grant, under contractual or other arrangements satisfactory to the Association.
- B. Designation of Project Executing Agencies for Particular Parts of the Project**

Part 1 (a) (i), (ii), (iii), (iv)	MoARD, BoARDS, ZoARDS, WOARDs
Part 1 (a) (v)	FCA, RCAs, WCPOs, WWAO, WYSO, WSMEO
Part 1 (b)	WOARDs
Part 1 (c) (vii)	MoARD, BoARDS
Part 2 (a)	BoWRs, BoARDS, ZOARDs, ZOWRs, WOWRs, WOARDs, WoRRAs.
Part 2 (b) (Roads)	RRRAs, WoRRAs
Part 2 (b) (Markets)	BoARDS, WOARDs, RAMPAs
Part 3	FPCU and RPCUs

C. Anti-Corruption

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

D. Environmental, Social and Resettlement Policies

1. The Recipient shall carry out the Project in accordance with the environmental, social and resettlement guidelines, rules and procedures defined in the ESMF and RPF, as well as in accordance with the Small Dam Guidelines and, wherever applicable, prepare and implement, in accordance with the ESMF and RPF, appropriate Environmental Management Plans (EMPs) and/or Resettlement Action Plans (RAPs), in form and substance acceptable to the Association, each such EMP or RAP to define budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, the EMP or RAP, and in the case of a RAP, to define a program of actions, measures and policies for compensation and resettlement of affected persons under the respective Project activity, including the magnitude of displacement, proposed compensation and resettlement arrangements.
2. The Recipient shall not amend or waive, or permit to be waived, the ESMF, the RPF, or the Small Dam Guidelines, or any provision thereof, in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of the Project.
3. The Recipient shall ensure that: (i) all measures for carrying out the recommendations of the ESMF, the RPF, and the Small Dam Guidelines are taken in a timely manner; and (ii) the Project Reports referred to in paragraph A.1 of Section III of this Schedule shall include adequate information on monitoring the measures defined in the ESMF, the RPF and the Small Dam Guidelines.
4. Without limitation upon the provisions of paragraphs 1 through 3 of this part D, for the purposes of maintaining a safe and environmentally appropriate management of dams to be constructed or targeted under the Project, the Recipient shall:
 - (a) no later than three (3) months after the Effective Date, and in any event, prior to commencement of any works or activities in connection with such dams, prepare and furnish to the Association for review, and thereafter adopt, taking into account the Association's views thereon, guidelines (the Small Dam Guidelines), setting out generic safety measures for the construction supervision and quality assurance, instrumentation, and operation and maintenance of, and emergency preparedness in relation to, any Small Dams which may be relevant to the Project in the course of implementation of any Project activities; and

- (b) no later than three (3) months prior to the Closing Date, furnish to the Association for review, the operational procedures with respect to each dam constructed or targeted under the Project, including: (i) retention of written instructions for flood operations and emergency preparedness at each such dam at all times; (ii) incorporation of necessary modifications to the technical criteria for the evaluation of dam safety further to the advent of new technology or information; and (iii) application of such revised criteria to such dam and other dams under the Recipient's jurisdiction as necessary.
5. No dams other than Small Dams may be constructed or targeted under the Project.

Section III. 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 indicators agreed with the Association. Each Project Report shall cover the period of six (6) months, and shall be furnished to the Association not later than sixty (60) 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 March 31, 2015.

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. 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 the quarter of each Fiscal Year, interim un-audited financial reports for each of the respective Parts of the Project covering the period.
- 3. The Recipient shall have the Financial Statements for 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.

4. The Recipient shall, no later than two (2) months after the Effective Date, ensure the recruitment, in accordance with the provision of Section IV of this Schedule, of an external auditor with qualifications satisfactory to the Association.

Section IV. Procurement

A. General

1. **Goods and Works.** All goods and works 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International and National Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International or National Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method	
(a)	National Competitive Bidding
(b)	Shopping
(c)	Direct Contracting
(d)	Community Participation
(e)	Force Account

3. National Competitive Bidding (NCB) shall follow the Recipient's procurement procedures, subject to the following additional procedures: (i) the Recipient's standard bid documents for procurement of goods and works shall be used; (ii) if pre-qualification is used, the Bank's standard prequalification document shall be used; (iii) margin of preference shall not be applicable; (iv) bidders shall be given a minimum of thirty (30) days to submit bids from the date of availability of the bidding documents; (v) use of merit points for evaluation of bids shall not be allowed; (vi) foreign bidders shall not be excluded from participation; (vii) results of evaluation and award of contract shall be made public; (viii) in accordance with para.1.14(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 shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the association; and (2) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.14(a)(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 table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method	
(a)	Least Cost Selection
(b)	Selection Based on the Consultants' Qualifications
(c)	Single Source Selection
(d)	Sole Source Selection of Individual Consultants
(e)	Quality Based Selection
(f)	Selection under a Fixed Budget

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: (a) no later than nine (9) months after the Effective Date, retain consultants with qualifications and experience acceptable to the Association, and selected in conformity with the procedures set forth or referred to in this Section, to carry out an independent procurement review of the procurement of goods and services under the Project, under terms of reference satisfactory to the Association; and (b) no later than November 30 each year during the implementation of the Project, furnish to the Association the report furnished by such consultants, and review the conclusions thereon and thereafter take any actions that may be necessary and proper to ensure the economy and efficiency of procurement under the Project, taking into account the views of the Association thereon.

Section V. 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 Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Credit Allocated (expressed in SDR)	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (Inclusive of Taxes)
(1) Goods, works and consultants' services and Incremental Operating Costs for Part 1 of the Project	17,000,000	6,500,000	100%
(2) Goods, works and consultants' services and Incremental Operating Costs for Part 2 of the Project	50,200,000	19,700,000	
(3) Goods, works and consultants' services and Incremental Operating Costs for Part 3 of the Project	3,400,000	1,300,000	
(4) Unallocated	1,200,000	0	
TOTAL AMOUNT	71,800,000	27,500,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is September 30, 2015.

Section VI. Other Undertakings

The Recipient shall:

- (a) no later than two (2) months after the Effective Date, ensure the establishment of steering committees and technical committees for the Project at the Regional level for each of the Participating Regions;

- (b) no later than two (2) months after Effective Date, establish the RPCUs at the Regional level, at each of the Participating Regions, with core staff in place (coordinator, financial management specialist, and procurement specialist);
- (c) no later than three (3) months after Effective Date, ensure the inclusion, in the work program of the internal auditing department of MoARD, of an audit of the Project activities, in a manner satisfactory to the Association;
- (d) no later than three (3) months after Effective Date, ensure the recruitment, in accordance with the provisions of Section IV of this Schedule, of an accountant for FPCU and an accountant for the Oromia RPCU with qualifications and terms of references satisfactory to the Association; and
- (e) no later than three (3) months after Effective Date, ensure for each of the four Participating Regions, the recruitment of a BoARD safeguard specialist with qualifications and terms of references satisfactory to the Association.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 15 and August 15:	
Commencing February 15, 2021, to and including August 15, 2030	1%
commencing February 15, 2031, to and including August 15, 2050	2%

* 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 Persons” means persons who, on account of the execution of the Project or any Part thereof: (A) have experienced or would experience direct economic and social impacts caused by the involuntary taking of land, resulting in: (1) relocation or loss of shelter; (2) loss of assets or access to assets; or (3) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (B) have or would have their right, title, or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, or otherwise adversely affected temporarily or permanently.
2. “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, with the modifications set forth in Section III of this Appendix.
3. “ARDPLACs” means Agriculture and Rural Development Partners Linkage Advisory Councils.
4. “BoARDs” means the Recipient’s Bureaus of Agriculture and Rural Development.
5. “BoWRs” means the Recipient’s Bureaus of Water Resources.
6. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
7. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
8. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005, (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
9. “Environmental Management Plan” or “EMP” means an Environmental Management Plan, acceptable to the Association and consistent with the ESMF, adopted for the purposes of an activity financed under the Project, and giving details of the specific actions, measures and policies designed to facilitate the achievement of the objectives of the ESMF under the said activity, along with the procedural and institutional measures needed to implement such actions,

measures and policies, as such EMP may be amended from time to time with the prior written agreement of the Association.

10. “Environmental and Social Management Framework” or “ESMF” means the Recipient’s framework, dated February 28, 2010, (as the same shall be updated from time to time in conformity with the provisions of Part II.D of Schedule 2 to this Agreement), that includes the set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Project to eliminate any adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts. The measures include, *inter alia*: clear procedures and methodologies for the environmental and social assessment, review, approval and implementation of investments to be financed under the Project; appropriate roles and responsibilities, and necessary reporting procedures for managing and monitoring environmental and social concerns related to proposed sub-projects; and practical information resources for implementing the ESMF.
11. “FCA” means the Recipient’s Federal Cooperative Agency.
12. “Federal Steering Committee” means the committee established at the federal level for the provision of policy guidance, coordination of Project activities and monitoring of Project delivery and results, and referred to in Article 5.01(c) of this Agreement.
13. “Federal Technical Committee” means the committee established at the federal level for the provision of technical advice to the Federal Steering Committee and technical support the FPCUs and for the technical coordination of Project activities, and referred to in Article 5.01(c) of this Agreement.
14. “FPCU” means the Recipient’s Federal Project Coordination Unit, i.e. the unit referred to in Section I.A of Schedule 2 to this Agreement.
15. “Fiscal Year” means the Recipient's fiscal year beginning July 8 and ending July 7 of the next calendar year.
16. “Incremental Operating Costs” means the incremental operating costs arising under the Project on account of Project coordination, implementation and monitoring activities undertaken by the implementing agencies of the Recipient, including office supplies, vehicle operation and maintenance costs, utilities, communication charges, per diems and travel allowances, but excluding the salaries of the Recipient’s civil service and sitting allowances.
17. “Local Authorities” means the third tier of government in the administrative system of the Recipient established under each Region’s constitution.

18. “MoARD” means the Recipient’s Ministry of Agriculture and Rural Development.
19. “Participating Region” means, with respect to any Part of the Project which involves activities intended to be carried out by or in selected Regions of the Recipient (including in the case of Project activities to be carried out in particular administrative subdivisions of Regions (Woredas or Local Authorities)), a Region which has formally consented to participate in such Part or otherwise cooperate in carrying out such activities under the Project.
20. “Participating Sub-national Administration” means any Participating Region or Participating Woreda or Local Authority under the Project.
21. “Participating Woreda or Local Authority” means, with respect to any Part of the Project which involves activities intended to be carried out by, or with the involvement of, selected administrative authorities at the Woreda or Local Authorities level, a Woreda or Local Authority which has formally consented to implement, participate in, or otherwise cooperate in, the such activities under the Project.
22. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006 and May 2010.
23. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 12, 2010, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
24. “Project Executing Agency” means any institution, agency of the Recipient, or bureaus or departments of any Participating Sub-national Administration, or other administrative entity, listed in Part B of Section II of Schedule 2 to this Agreement, which the Recipient has empowered to assist in the carrying out of any of the components or activities under the Project.
25. “Project Implementation Manual” or “PIM” means a manual in form and substance satisfactory to the Association setting forth details of the procedures, guidelines, timetables and criteria required for the Project, as such manual may be amended from time to time with the prior agreement of the Association.
26. “RAMPAs” means the Recipient’s Regional Agricultural Market Promotion Agencies.
27. “RAP” means a Resettlement Action Plan acceptable to the Association and consistent with the RPF, adopted for the purposes of an activity financed under

the Project, and giving details of the specific actions, measures and policies designed to facilitate the achievement of the objectives of the RPF under the said activity, along with the procedural and institutional measures needed to implement such actions, measures and policies, as such RAP may be amended from time to time with the prior written agreement of the Association.

28. “RCAs” means the Recipient’s Regional Cooperative Agencies.
29. “Regions” means the Recipient’s nine States, namely Tigray, Amhara, Oromia, Southern Nations Nationalities and Peoples, Benisghansul-Gumuz, Gambella, Somali, Afar and Harrari.
30. “RPCUs” means the Recipient’s Regional Project Coordination Units.
31. “RPF” means the Resettlement Policy Framework of the Recipient dated February 28, 2010, setting forth, *inter alia*, guidelines, procedures, timetable and other specifications of the resettlement/compensation to be made under the Project to Affected Persons and referred to in paragraph D.1 of Section II of Schedule 2 to this Agreement.
32. “RRRAs” means the Recipient’s Regional Rural Roads Authorities.
33. “Small Dam” means a dam less than 15 meters in height.
34. “Small Dam Guidelines” means the Recipient’s guidelines, adopted pursuant to the provisions of paragraph (4)(a) of Part II.D of Schedule 2 to this Agreement, as the same such guidelines may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to such Guidelines.
35. “WCPO” means the Recipient’s Woreda Cooperative Promotion Office.
36. “WORRAS” means the Recipient’s Woreda Rural Roads Authorities.
37. “WOARDS” means the Recipient’s Woreda Offices of Agriculture and Rural Development.
38. “WOWRs” means the Recipient’s Woreda Offices of Water Resources.
39. “Woreda” means one of the tiers of government in the Recipient’s administrative system, as established pursuant to the relevant Regional legislation.
40. “WSMEOs” means the Recipient’s Woreda Small and Medium Enterprises Offices.
41. “WWAOs” means the Recipient’s Woreda Women’s Affairs Offices.

42. “WYSOs” means the Recipient’s Woreda Youth and Sports Offices.
43. “ZOARDs” means the Recipient’s Zonal Offices of Agriculture and Rural Development.
44. “ZOWRs” means the Recipient’s Zonal Offices of Water Resources.

Section II. Modifications to the General Conditions

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005, (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

“Section 2.07. *Refinancing Preparation Advance*

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. Paragraph (i) of Section 6.02 is modified to read as follows:

“Section 6.02. *Suspension by the Association*

... (1) *Ineligibility*. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of: (i) a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank; and/or (ii) a declaration by another financier that the Project Implementing Entity is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

3. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:
 - (a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”

Section III. Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”
2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has

engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”