
GRANT NUMBER E216- ET

Financing Agreement

(Horn of Africa Initiative: Regional Economic Corridor Project)

between

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

GRANT NUMBER E216-ET

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date 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) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to five hundred and fifty million Special Drawing Rights (SDR 550,000,000) (“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 III of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Payment Dates are June 1 and December 1 in each year.
- 2.05. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall: (a) carry out Parts B, D2 and D3 of the Project through the Ministry of Transport and Logistics (“MoTL”), and (b) cause Parts A, C, and D.1 of the Project to be carried out by the Ethiopian Roads Administration (“ERA”), all in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement, and the Project Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely, that ERA's Legislation has been amended, suspended, abrogated, repealed, or waived so as to affect materially and adversely the ability of ERA to perform any of its obligations under this Agreement or the Project Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Recipient has prepared and adopted a Project Implementation Manual, in form and substance satisfactory to the Association; and
 - (b) The Subsidiary Agreement has been duly executed on behalf of the Recipient and ERA, in accordance with the provisions of Section I.B. of Schedule 2 to this Agreement.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.03. For purposes of Section 10.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's representative is its minister responsible for finance.
- 6.02. For purposes of Section 11.01 of the General Conditions:
- (a) the Recipient's address is:

Ministry of Finance
P. O. Box 1905
Addis Ababa
Federal Democratic Republic of Ethiopia
 - (b) the Recipient's Electronic Address is:

Email: atadessef@mofed.gov.et

6.03. For purposes of Section 11.01 of the General Conditions:

(a) the Association's address is:

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

(b) the Association's Electronic Address is:

Telex:	Facsimile:
248423 (MCI)	(+1) 202 477 6391

AGREED as of the Signature Date.

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By



Authorized Representative

Name: Ahmed Shide

Title: Minister of Finance Ethiopia

Date: 23-Aug-2023

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Boutheina Guermazi

Authorized Representative

Name: Boutheina Guermazi

Title: Director, Regional Integration

Date: 22-Aug-2023

SCHEDULE 1

Project Description

The objective of the Project is to improve regional connectivity and enhance logistics efficiency in Ethiopia along the Addis-Djibouti road corridor.

Part A. Safe, Smart, Efficient and Climate-Resilient Design and Construction of the Mieso-Dire Dawa Road Corridor

Carrying out the design and construction of about 142 km of Intelligent Transportation System (“ITS”) enabled and climate-resilient corridor along the Mieso-Dore Dawa section on the southern route of the Addis-Djibouti corridor, in particular:

1. Carrying out the design and construction of about 142 km of a tolled expressway along the Mieso-Dire Dawa road section of the Addis Djibouti regional road corridor, including, overpasses, underpasses, bridges, interchanges, immediate link roads, road side local access roads, drainage infrastructure, road safety features including speed management, full ITS with tolling equipment and infrastructure, installation of optic fiber cable, communications system, traffic management center, toll control center and weigh-in-motion technology.
2. Provision of technical advisory services for the carrying out of the associated monitoring and supervision of: (a) the design and civil works in Part A.1 above, including provision for extended monitoring services during the defects liability period; and (b) the ITS system installation and commissioning.

Part B. Trade and Logistics Enhancement

Carrying out trade and logistics enhancement measures, in particular:

1. Improvement of trade and logistics infrastructure on the Addis-Djibouti corridor, including: (a) construction and modernization of One Stop Border Post (“OSBP”) for Ethiopia and Djibouti at Galafi and Dewelle; (b) technical advisory services for supervision of the construction of OSBP; (c) construction of freight transport terminal at Dewele and selected locations in the corridor; and (d) provision of technical advisory services for designs and construction supervision of freight transport terminals/truck parks.
2. Carrying out regulatory and institutional reforms to logistics and service delivery, including support for: (a) the establishment and capacity building of the Ethiopia-Djibouti Corridor Management Authority and its secretariat office; and (b) capacity building of customs officials to respond to sexual harassment.

Part C. Localized Complementary Infrastructure and Interventions

Carrying out a program of community driven road network connectivity and agro-logistics infrastructure investments, in particular:

1. The construction and maintenance of link roads to towns and key access roads in *Woredas* in the Project corridor's area of influence.
2. The construction of simple road-side auxiliary markets and selling facilities, with a section of each facility reserve for women traders, along link and access roads.
3. The construction of water wells at key locations in the *Woredas* in the project corridor's area of influence based on water needs of people and livestock.
4. Provision of technical advisory service for detailed monitoring and supervision of the designs of selected access roads, markets, and water well infrastructure.
5. Carrying eligible interventions that arise from consultations relating to the social development plan not captured in complementary infrastructure activities.

Part D. Institutional Development and Project Implementation

Enhancing institutional development, and building the capacity of the Project implementing entities for effective management and implementation of the Project, including mainstreaming gender, climate change, jobs, inclusion and citizen engagement initiatives, in particular:

1. (a) Building the institutional and human capacity of the ERA, including through, *inter alia*, (i) upgrading of ERA's training center to a road academy; (ii) provision of training to MoUI and ERA staff in latest road development and management best practices including building the capacity of said staff for planning, procurement, design management, contract administration, claims avoidance and dispute handling, human resource development, and environmental and social impact management; (iii) building the capacity of women in ERA, including provision of targeted training to enhance the role of women in management, technical, and heavy machinery programs.
- (b) Provision of technical advisory services for sectoral assessments and manuals' development, including: (i) preparation of a strategic road sectoral environmental and social assessment; (ii) preparation of a revised ERA environmental and social manual; (iii) preparation of design manual for expressway, updating of ERA's engineering design, construction management system manual and quality assurance manuals, as well as undertaking technical/quality and road safety audits; and (iv) International Road Assessment Program ("IRAP") assessments for the Addis-Djibouti southern route.

- (c) Provision of technical advisory services to support the Ethiopian Toll Roads Enterprise to collect tolls effectively and efficiently.
- 2. Strengthening the capacity of key institutions (including the MoTL, Railway Regulatory Authority, and Logistics Transformation Office (“LTO”) in the logistics sector, including through: (a) support to the road safety and insurance fund service (RSIFS) to implement the National Road Safety Strategy; (b) building the institutional capacity for (i) the establishment of a railway safety and regulatory authority, and (ii) technical and business skills in the railway companies; (c) building technical capacity, for policy formulation, border management, technical and business skills for MoTL’s various sections/departments, its reporting organizations, and LTO/Ethiopia Maritime Authority (“EMA”); and (d) enhancing capacity for trucking companies/associations operating in the corridor.
- 3. Supporting project implementation and management, including: (a) support for Project Implementation Unit (“PIU”) at MoTL, hiring of consultants, and provision of technical advisory services; (b) procurement of office facilities and general logistics for implementation units at MoTL and Logistics Transformation Office/EMA; (c) support to local women and youth residents/traders’ livelihood affected by income loss due to the Project; and (d) need based training for personnel functioning at the border.

Part E. Contingent Emergency Response Component

Providing immediate response to an Eligible Crisis or Emergency, as needed.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Ministry of Transport and Logistics (“MoTL”); and MoTL Project Implementation Unit (“MoTL-PIU”)

- (a) The Recipient shall at all times during the implementation of the Project, ensure that funds, facilities and resources, are available to MoTL for the purpose of ensuring prompt and efficient oversight, and overall coordination, administration, contract management, monitoring, reporting and communication of the Project.
- (b) Without limitation to the provisions of sub-paragraph 1(a) immediately above, for the purpose of the overall coordination of the Project, and implementation of Parts B, D.2 and D.3 of the Project, the Recipient shall establish within three (3) months of the Effective Date, and thereafter maintain at all times during implementation of the Project, a Project implementation unit within the MoTL with composition, terms of reference, and resources satisfactory to the Association (“MoTL Project Implementation Unit” or “MoTL-PIU”).
- (c) Without limitation to the foregoing, the MoTL-PIU shall be responsible for implementation of the Project and overall day-to-day project coordination and management, fiduciary aspects (*i.e.*, procurement and financial management), environmental and social management aspects, communication, reporting, monitoring and evaluation, all in accordance with the Project Implementation Manual. To this end, the Recipient shall recruit to the MoTL-PIU: (i) within three (3) months of the Effective Date, a Project coordinator, a procurement specialist, and a financial management specialist; and (ii) the following additional staff, *inter alia*: an environmental specialist, a social specialist, an occupational health and safety specialist, and a gender specialist - all with terms of reference satisfactory to the Association.

2. Project Steering Committee

- (a) The Recipient shall establish within three (3) months of the Effective Date, and thereafter maintain throughout Project implementation, the Project steering committee, with composition, terms of reference, and resources satisfactory to the Association (“Project Steering Committee” or “PSC”).

- (b) Without limitation to the provisions of sub-paragraph 2(a) immediately above, the Project Steering Committee shall, *inter alia*, be responsible for:
 - (i) providing overall policy and strategic guidance for the Project;
 - (ii) ensuring inter-agency coordination of the Project; and
 - (iii) reviewing progress made towards achieving the Project's objective, and such other functions as detailed in the Project Implementation Manual.

3. Coordination in the Implementation of Parts B, D.2 and D.3 of the Project

To facilitate the carrying out of Parts B, D.2 and D.3 of the Project, the MoTL-PIU shall closely coordinate and collaborate with other relevant ministries, departments and agencies ("MDAs") and other institutions, specifically: (a) the EMA and Ethiopian Customs Commission ("ECC") in the contracting process and implementation of the OSBP at Galafi under Part B of the Project; and (b) the Ethiopian Shipping and Logistics ("ESL") and EMA in the contracting process and implementation of the freight truck terminals under Part B of the Project. To this end, the Recipient shall ensure that the staffing of the MoTL-PIU include respective EMA, ECC, and ESL technical or sector specialists with terms of reference satisfactory to the Association.

B. Subsidiary Agreement

1. To facilitate the carrying out of Parts A, C, and D.1 of the Project ("Respective Parts of the Project"), the Recipient shall make part of the proceeds of the Financing, allocated from time to time to Category (3) of the table set forth under Section III of this Schedule, available to ERA under a subsidiary agreement between the Recipient and ERA, under terms and conditions approved by the Association ("Subsidiary Agreement").
2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Regional Level: Inter-Country Coordination with the Republic of Djibouti

The Recipient shall enter into a memorandum of understanding ("Memorandum of Understanding") with the Republic of Djibouti, in form and substance satisfactory to the Association, setting out *inter alia*: (a) inter-boundary trade facilitation and logistics enhancement; and (b) modalities for establishment of an inter-boundary road corridor management authority.

D. Project Implementation Manual; Financial Management Manual

1. The Recipient shall:
 - (a) prepare a Project implementation manual in form and substance satisfactory to the Association, containing detailed arrangements and procedures for implementation of the Project, including, *inter alia*: (i) institutional administration, coordination and day-to-day implementation of activities under the Project; (ii) disbursement and financial management arrangements; (iii) monitoring, evaluation, reporting and communication; (iv) fiduciary aspects (*i.e.*, procurement and financial management); (v) Project impact and implementation indicators, including the procedures for monitoring and evaluation of the Project; (vi) arrangements for management and monitoring of environmental and social management aspects; (vii) the modalities for handling personal data (*i.e.*, updating personal data collection and processing) in accordance with good international practice; and (viii) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.
 - (b) furnish to and exchange views with the Association on the manual in subparagraph (a) immediately above, and thereafter adopt such manual as shall have been approved by the Association (“Project Implementation Manual” or “PIM”).
 - (c) prepare within three (3) months of Effectiveness, a financial management manual, which shall include the following: (i) arrangements and procedures for financial management and financial responsibilities of the respective ministries and the ERA, financial monitoring and reporting, and audit of the Project expenditures; and (ii) disbursement and funds flow arrangements.
 - (d) furnish to and exchange views with the Association on the manual in subparagraph (c) immediately above, and thereafter adopt such manual as shall have been approved by the Association (“Financial Management Manual” or “FMM”).
2. In case of any conflict between the arrangements and procedures set out in either the Project Implementation Manual or the Financial Management Manual, and the provisions of this Agreement, the provisions of this Agreement shall prevail. Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the PIM and/or the FMM without the prior written agreement of the Association.

E. Environmental and Social Standards

1. The Recipient shall, and shall cause the Project Implementing Entity to, ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall, and shall cause the Project Implementing Entity to, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Recipient shall, and shall cause the Project Implementing Entity to, ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Recipient shall, and shall cause the Project Implementing Entity to, ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a

significant adverse effect on the environment, the affected communities, the public or workers, including, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.

5. The Recipient shall, and shall cause the Project Implementing Entity to, establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
6. The Recipient shall, and shall cause the Project Implementing Entity to, ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, and subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

F. Annual Work Plan and Budget

1. Each year the Recipient shall prepare a draft annual work plan and budget containing all activities and expenditures proposed to be included in the Project for the following year of Project implementation, of such scope and detail as the Association shall have reasonably requested, including a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing thereof, including the portion of the Counterpart Funds to be made available in that year, and disbursement schedule.
2. The Recipient shall furnish to the Association, as soon as available, but in any case, not later than May 31 of each year, the annual work plan and budget referred to in paragraph 1 above, for review and approval; except for the annual work plan and budget for the Project for the first year of Project implementation, which shall be furnished no later than one (1) month after the Effective Date. Only the activities included in an annual work plan and budget expressly approved by the Association (each an “Annual Work Plan and Budget”) are eligible to a financing from the proceeds of the Financing.
3. The Recipient shall ensure that the Project is carried out in accordance with the Annual Work Plans and Budgets, provided, however, that in case of any conflict between the Annual Work Plan and Budget and the provisions of this Agreement, the provisions of this Agreement shall prevail.

4. Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the Annual Work Plan and Budget.

G. Contingency Emergency Response Component

1. In order to ensure the proper implementation of Part E of the Project (“Contingent Emergency Response” or “CERC Part”), the Recipient shall ensure that:
 - (a) a manual (“CERC Manual”) is prepared and adopted in form and substance acceptable to the Association, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; (vii) a template Emergency Action Plan; and (viii) a CERC ESMF;
 - (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Association;
 - (c) the Contingent Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
 - (d) neither the CERC Manual or the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Association.
2. The Recipient shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to Association.

3. The Recipient shall ensure that:
 - (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Association; and
 - (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Association.
4. Activities under the Contingent Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Financing (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Operating Costs and Training for Part B of the Project (MoTL)	27,900,000	100%
(2) Goods, works, non-consulting services, consulting services, Operating Costs and	13,600,000	100%

Training for Parts D.2 and D.3 of the Project (MoTL)		
(3) Goods, works, non-consulting services, consulting services, Operating Costs and Training for Parts A, C, and D.1 of the Project (ERA)	508,500,000	100%
(4) Emergency Expenditures under Part E of the Project	0	100%
TOTAL AMOUNT	550,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date; or
 - (b) under Categories (1) and (2) until and unless the Recipient has recruited to the MoTL-PIU, an environmental specialist, a social specialist, an occupational health and safety specialist, and a gender specialist; all with terms of reference acceptable to the Association; or
 - (c) for Emergency Expenditures under Category (4) until:
 - (i) (A) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Association a request to withdraw Financing amounts under Category (4); and (B) the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
 - (ii) the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Association.
2. The Closing Date is October 31, 2029.

APPENDIX

Definitions

1. “Annual Work Plan and Budget” means the work plan and budget prepared annually by the Recipient and approved by the Association, pursuant to Section I.F.2 of Schedule 2 to this Agreement; and “Annual Work Plans and Budgets” means more than one Annual Work Plan and Budget.
2. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
3. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. “CERC Manual” means the manual referred to in Section I.G of Schedule 2 to this Agreement, to be adopted by the Recipient for the CERC Part of the Project in accordance with the provisions of the said Section.
5. “CERC ESMF” means the Environmental and Social Management Framework the framework for the CERC Part to be prepared and adopted by the Recipient, and disclosed, in form and substance satisfactory to the Association, said framework setting out the principles, rules, guidelines and procedures to screen and assess the potential adverse environmental and social risks and impacts (including health and safety issues) of CERC Part activities, including the risks of gender-based violence and sexual exploitation and abuse, adopt measures to avoid, reduce, mitigate or offset environmental and social adverse risks and impacts, including measures that endeavor to prevent and respond to gender-based violence and sexual exploitation and abuse, procedural, budget and institutional arrangements and actions needed to implement these measures, and information on the agency or agencies responsible for addressing the Projects’ risks and impacts; as well as for the preparation of environmental and social management plans, as such framework may be amended by the Recipient from time to time, with the prior written agreement of the Association.
6. “CERC Part” means the contingent emergency response component under Part E of the Project.
7. “Counterpart Funds” means a minimum amount of funds required for the Project, estimated at thirty million United States Dollars (US\$ 30,000,000) equivalent, to be provided by the Recipient, through an allocation to the budget under each Annual Work Plan and Budget.

8. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.
9. “Emergency Action Plan” means the plan referred to in Section I.G of Schedule 2 to this Agreement, detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.
10. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated June 6, 2023, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
11. “Environmental and Social Impact Assessment” or “ESIA” means the instrument, satisfactory to the Association, prepared pursuant to the ESCP, and adopted by the Recipient, said instrument dated February 2021, disclosed in-country, and the Association’s website on February 26, 2021, setting out details of potential environmental and social risks, including risks of gender-based violence and sexual exploitation and abuse, and adverse impacts associated with any Project activities, together with an environmental and social management plan defining measures to manage such risks and impacts, including measures that endeavor to prevent and respond to gender-based violence and sexual exploitation and abuse, and including any schedules to such assessment, and as such assessment may be amended by the Recipient from time to time, with the prior written approval of the Association.
12. “Environmental and Social Management Plan” or “ESMP” means the instrument, satisfactory to the Association, prepared by the Recipient as part of the ESIA, and disclosed on the Association’s website on February 26, 2021, which details: (a) the measures to be taken during the implementation of the Project to avoid, minimize, mitigate or offset adverse environmental and social impacts (including health and safety issues), or to reduce them to acceptable levels; (b) the measures that endeavor to prevent and respond to gender-based violence and sexual exploitation and abuse; (c) the procedural, budget and institutional arrangements and actions needed to implement these measures, including any schedules to such plan, and as such plan may be amended by the Recipient from time to time, with the prior written approval of the Association.
13. “Environmental and Social Standards” or “ESSs” means, collectively:
 - (i) “Environmental and Social Standard 1: Assessment and Management of

Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.

14. “ERA’s Legislation” means the Recipient’s Proclamation No. 1263/2021, establishing the ERA.
15. “ERA Project Management Office” or “ERA-PMO” means the office in ERA, responsible for implementation of ERA’s Respective Parts of the Project, referred to in Section I.A.1 of the Project Agreement.
16. “Ethiopian Customs Commission” or “ECC” means the commission established and operating pursuant to Proclamation No. 1097/2018 of the laws of the Recipient, or any successor thereto.
17. “Ethiopia-Djibouti Corridor Management Authority” means the authority to be established further to Part B.2.(a) of Schedule 1 to this Agreement.
18. “Ethiopia Maritime Authority” or “EMA” means the authority established and operating pursuant to Proclamation No. 1263/2021 of the laws of the Recipient, or any successor thereto.
19. “Ethiopian Roads Administration” or “ERA” means the body established and operating pursuant to Proclamation No. 1263/2021 of the laws of the Recipient, or any successor thereto; and for the purpose of this Agreement, the Project Implementing Entity.
20. “Ethiopian Shipping and Logistics” or “ESL” means the body established and operating pursuant to the laws of the Recipient, or any successor thereto.
21. “Financial Management Manual” or “FMM” means the Recipient’s manual referred to in Section I.D.1(d) of Schedule 2 to this Agreement, as said manual may be amended from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such manual.

22. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020 and April 1, 2021, and January 2, 2022).
23. “Horn of Africa Initiative” means an agreement among the ministers responsible for finance in the Republic of Djibouti, Republic of Eritrea, Federal Democratic Republic of Ethiopia, Republic of Kenya and Federal Republic of Somalia, announced on October 18, 2001 (at the World Bank/IMF Annual Meetings), to take forward discussions on fostering economic integration and regional cooperation in the Horn of Africa.
24. “Intelligent Transportation System” or “ITS” means an advanced application which aims to provide innovative services relating to different modes of transport and traffic management and enable users to be better informed and make safer, more coordinated, and smarter use of transport networks
25. “International Road Assessment Program” or “IRAP” means the umbrella program for Road Assessment Programs (RAPs) worldwide that are working to save lives, registered as a Charity in England and Wales under company number 05476000.
26. “Logistics Transformation Office” means the logistics office within the EMA, or any successor thereto.
27. “MDAs” means the Recipient’s government ministries, departments and agencies.
28. “Memorandum of Understanding” means a cross-boundary memorandum of understanding referred to in Section I.C of Schedule 2 to this Agreement, between the Recipient and Republic of Djibouti.
29. “Ministry of Finance” means the Recipient’s ministry responsible for finance, and any successor thereto.
30. “Ministry of Transport and Logistics” or “MoTL” means the Recipient’s ministry responsible for transport, and any successor thereto.
31. “Ministry of Urban and Infrastructure” or “MoUI” means the Recipient’s ministry for infrastructure, or any successor thereto.
32. “MoTL Project Implementation Unit” or “MoTL-PIU” means the unit referred to Section I.A.1(b) of Schedule 2 to this Agreement.
33. “National Road Safety Strategy” means the Recipient’s national road safety strategy (2021-2030), which aims to reduce traffic fatalities by 50% by 2030 by adopting a safe system approach.

34. “One Stop Border Post” or “OSBP” means a trade facilitation tool applied at borders, which promotes a coordinated and integrated approach to facilitating trade, the movement of people, and improving security, through, *inter alia*, the application of joint controls to minimize routine activities and duplications.
35. “Operating Costs” means recurrent costs of the Project, based on Annual Work Plans and Budgets approved by the Association, such term including: (i) operation and maintenance of vehicles, repairs, rental, fuel and spare parts; (ii) computer maintenance, including hardware and software, printers and photocopiers; (iii) communication costs and shipment costs (whenever these costs are not included in the cost of goods); (iv) small office supplies; (v) maintenance for office facilities; (vi) utilities and insurances; (vii) bank charges; and (viii) travel, accommodation and *per diem* costs for technical staff carrying out training, preparatory, supervisory and quality control activities (excluding salaries of the Recipient’s civil servants).
36. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
37. “Project Agreement” means the Agreement between the Association and ERA, for the implementation of ERA’s Respective Parts of the Project.
38. “Project Implementation Manual” or “PIM” means the manual referred to in Section I.D.1(b) of Schedule 2 to this Agreement as said manual may be amended from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such manual.
39. “Project Implementing Entity” means the ERA, or any successor thereto.
40. “Project Steering Committee” or “PSC” means the steering committee referred to in Section I.A.2 of Schedule 2 to this Agreement.
41. “Railway Regulatory Authority” means Railway Regulatory Authority refers to the duly constituted organization appointed to oversee safety and economic regulation in Ethiopia.
42. “Respective Parts of the Project” means, with respect to ERA, Parts A, C and D.1 of the Project.
43. “Road Safety and Insurance Fund Service” or “RSIFS” means a federal entity under the Ministry of Transport and Logistics responsible for road safety activities and providing insurance for Post-crash emergency medical services.

44. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
45. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement.
46. “Training” means the reasonable cost of training of persons involved in Project-supported activities, based on the Annual Work Plans and Budgets approved by the Association, such term including seminars, workshops, and study tours, and costs associated with such activity including travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation, acquisition and reproduction of training materials, and other costs directly related to training preparation and implementation.
47. “*Woreda*” means the regional authority established and operating pursuant to the relevant regional legislation, and “*Woredas*” means, collectively, more than one such *Woreda*.