

Ousmane Dione

Country Director for Eritrea, Ethiopia, South Sudan, and Sudan
Eastern and Southern Africa Region

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18-Oct-2023

Ref: WB/CD/332/10/09/2023

H. E. Ato Ahmed Shide
Minister
Ministry of Finance
Addis Ababa

Dear Ato Ahmed,

***Subject: Advance Agreement for Preparation of Proposed Integrated Land Management
Project Preparation Advance No. IDA V499-ET***

In response to the request for financial assistance made on behalf of Federal Democratic Republic of Ethiopia (“Recipient”), I am pleased to inform you that the International Development Association (“Bank”) proposes to extend to the Recipient an advance out of the Bank’s Project Preparation Facility in an amount not to exceed one million six hundred sixty thousand United States Dollars (\$ 1,660,000) (“Advance”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in financing the activities described in the Annex (“Activities”). The objective of the Activities is to facilitate the preparation of a proposed project designed to expand legal rights regularization and systematic land registration in targeted cities. (“Project”) of which the Recipient has requested the Bank’s financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

[reminder of page intentionally left blank]

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the Bank has not received this countersigned copy within 90 days after the date of signature of this Agreement by the Bank, unless the Bank has established a later date for such purpose.

Sincerely,


INTERNATIONAL DEVELOPMENT ASSOCIATION

Ousmane Dione

Ousmane Dione

Country Director for Eritrea, Ethiopia, Sudan and South Sudan
Eastern and Southern Africa Region

AGREED:
FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By 
Authorized Representative

Name Ato Ahmed Shide

Title Minister of Finance Ethiopia

Date 12-Dec-2023

Enclosures:

- (1) "Standard Conditions for Advances Made by the Bank under its Project Preparation Facility", dated August 1, 2022; and
- (2) Disbursement and Financial Information Letter for the Advance of the same date as this Agreement, together with "Disbursement Guidelines for Investment Project Financing", dated February 2017.

**PPA No. IDA V499-ET
ANNEX****Article I
Standard Conditions; Definitions**

1.01. **Standard Conditions.** The Standard Conditions (as defined in Section 1.02 below) constitute an integral part of this Agreement.

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

- (a) “Anti-Corruption Guidelines” means, for purposes of paragraph 11 of the Appendix to the Standard 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.
- (b) “Category” means a category set forth in the table in Section 3.01 of this Agreement.
- (c) “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated September 2, 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^{vi} to be prepared thereunder.
- (d) “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 African 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 Bank.
- (e) “MUI” means the Recipient’s Ministry of Urban and Infrastructure or a successor thereto.
- (f) “Operating Costs” means the incremental expenditures incurred on account of the Activities implementation, including, *inter-alia*: office supplies; transportation; office administration; reasonable bank charges relating to operation of the designated account; communication, translation, and interpretation; travel related to the Activities, including per diem and accommodation; salaries of locally contracted employees, but excluding consultant fees and salaries of civil servants; and other

miscellaneous costs directly associated with the Activities, all based on periodic budgets acceptable to the World Bank.

- (g) “Procurement Regulations” means, for purposes of paragraph 50 of the Appendix to the Standard Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
- (h) “Standard Conditions” means the “Standard Conditions for Advances Made by the Bank under its Project Preparation Facility”, dated August 1, 2022.
- (i) “Training” means eligible expenditures (other than those for consultants' services) incurred by the Recipient in connection with the carrying out of training, seminars, and workshops, including the reasonable travel costs (e.g. accommodations, transportation costs and per diem) of trainees and trainers (if applicable), catering, rental of training facilities and equipment, as well as development and publication of training materials under the Activity.

Article II

Execution of the Activities

2.01. ***Description of the Activities.*** The Activities for which the Advance is provided consist of the following parts:

- (i) carrying out relevant studies, including baseline assessment of current land management systems, and design of implementation roadmap for all regions and 15 cities including the assessment of parcels/area under leasehold (titled) / old possession or other untitled parcels eligible for titling / informal (eligible/not for titling) etc., land use planning, Land Information Systems (LIS), ortho-imagery, geodetic network, staffing, office & surveying equipment, Systematic Adjudication and Registration(SAR) progress, status of assessed land revenues and collection; and baseline data collection for Results Framework and identification of ILMP investments by region and city.
- (ii) development of Integrated Land Management Information Framework (ILMIF) to inform standards for project investments in LIS/ICT, and provision of technical assistance to identify the institutional/implementation arrangements, including carrying out stakeholder workshops at federal, regional, and city levels.
- (iii) procurement of high resolution ortho-rectified imagery for 15 cities.
- (iv) supporting preparation of relevant Project documents and manuals to include, *inter alia*: (i) a Project operations manual, including Monitoring & Evaluation; (ii) procurement plan (iii) updated training strategy (iv) updated public information awareness and communications strategy (v) environmental and social management plans (ESMPs) and, (vi) revise technical implementation manual(s) for city administrations.
- (v) carrying out workshops for South-South Knowledge Exchange for selected high-level officials on informal settlement regularization.
- (a) Recruitment of key staff, for Project preparation including, carrying out the acquisition of office equipment and hiring of technical consultants for Project preparation.

- (vi) Supporting project preparation to comply with the financial management, procurement and environmental and social requirements, including the financing of the Operating Costs and Training.

2.02. ***Execution of the Activities Generally.*** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) the Anti-Corruption Guidelines.

2.03. ***Institutional and Other Arrangements.*** For purposes of carrying out the Activities, the Recipient shall:

- (a) maintain throughout the implementation of the Activities, the MUI with qualified and experienced management and staff in adequate numbers, with terms of reference, staffing and resources satisfactory to the Bank;
- (b) submit the terms of reference for any consultancies related to the Project for the World Bank's review and approval. Such terms of reference shall require that the advice conveyed through such consultancies and technical assistance be consistent with the requirement of the Environmental and Social Standards;
- (c) recruit or appoint an environmental and social specialist no later than 40 days after Effectiveness of this Agreement, and thereafter maintain the above-mentioned position throughout the implementation of the Activities; and
- (d) establish, operationalize and maintain the Grievance Redress Mechanism no later than 30 days after Effectiveness of this Agreement.

2.04. ***Environmental and Social Standards***

- (a) The Recipient shall ensure that the Activities are carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
- (b) Without limitation upon paragraph (a) above, the Recipient shall ensure that the Activities are implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Recipient shall ensure that:
 - (i) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (ii) sufficient funds are available to cover the costs of implementing the ESCP;
 - (iii) 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
 - (iv) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
- (c) In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- (d) The Recipient shall ensure that:

- (i) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, 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 Bank, setting out, inter alia: (A) the status of implementation of the ESCP; (B) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (C) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (ii) the Bank is promptly notified of any incident or accident related to or having an impact on the Activities which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- (e) The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Activities-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 Bank.

2.05. **Monitoring, Reporting and Evaluation of the Activities.** The Recipient shall ensure that each Activity Report is furnished to the Bank not later than twenty (20) days after each calendar semester, covering the calendar semester.

Article III Withdrawal of the Advance

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; and (b) this Section, to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance ("Category"), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Advance Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed (inclusive of Taxes)]
(1) Goods, non-consulting services and consulting' services, Operating Costs and Training under the Activities	1,660,000	100%
TOTAL AMOUNT	1,660,000	

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Refinancing Date.** The Refinancing Date is December 30, 2025.

Article IV Terms of the Advance

4.01. **Service Charge.** The Recipient shall pay a service charge on the Withdrawn Advance Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum. The service charge shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. Service charges shall be computed on the basis of a 360-day year of twelve 30-day months.

4.02. **Repayment.** The Withdrawn Advance Balance shall be repaid by the Recipient to the Bank (together with any service charges accrued thereon) in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

(a) **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be repaid to the Bank (together with any service charges accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such service charges, in accordance with the provisions of the Refinancing Agreement.

(b) **Repayment in the absence of a Refinancing Agreement:** If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date, it has been so executed but terminates without becoming effective, then:

- (i) if the amount of the Withdrawn Advance Balance does not exceed \$50,000, it shall be repaid by the Recipient to the Bank (together with service charges accrued on the Withdrawn Advance Balance to the date of repayment) on such date as the Bank shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and
- (ii) if the amount of the Withdrawn Advance Balance exceeds \$50,000, it (together with service charges accrued on the Withdrawn Advance Balance to the Notice Date) (the "Aggregate Balance") shall be paid by the Recipient to the Bank in ten approximately equal semiannual installments, in the amounts and on the dates ("Payment Dates") which the Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than 60 days following the date ("Notice Date") of dispatch of such notice. The Recipient shall pay a service charge on the Aggregate Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum, payable in arrears on each Payment Date. The service charge shall be computed on the basis of a 360-day year of twelve 30-day months.

Article V Recipient's Representative; Addresses

5.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is its minister responsible for finance.

5.02. **Recipient's Address.** For purposes of Section 9.01 of the Standard Conditions: (a) the Recipient's Address is:

Ministry of Finance
PO Box 1905
Addis Ababa
Federal Democratic Republic of Ethiopia

Facsimile:

(+251)-111-551355

5.03. **Bank's Address.** For purposes of Section 9.01 of the Standard Conditions: (a) the Bank's Address is:

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

(b) the Bank's Electronic Address is:

Telex:

Facsimile:

248423 (MCI) or
64145 (MCI)

1-202-477-6391