
GRANT NUMBER E059-ET

Financing Agreement

**(Development Response to Displacement Impacts Project
in the Horn of Africa Phase II)**

between

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

GRANT NUMBER E059-ET

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of assisting in financing the project described in Schedule 1 to this Agreement (“Project”). The Association has decided to provide this financing on the basis, among other things, of the existence of an adequate refugee protection framework. 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 one hundred and thirty-three million nine hundred thousand Special Drawing Rights (SDR 133,900,000) (“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 March 15 and September 15 in each year.
- 2.05. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely that the Recipient no longer has an adequate refugee protection framework.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the Recipient has adopted an updated Project Implementation Manual in accordance with the provisions of Section I.B.1 of Schedule 2 to this Agreement;
 - (b) the Recipient, through its Ministry of Agriculture, has contracted an implementing agency with terms of reference, mandate, staffing, and other resources satisfactory to the Association, to be responsible for implementing Project activities in high risk of ongoing conflict areas; and
 - (c) the Association is satisfied that the Recipient has an adequate refugee protection framework;
 - (d) the Recipient has adopted and disclosed: (i) a resettlement framework; (ii) an environmental and social management framework; (iii) a social assessment; (iv) labor management procedures; (v) gender-based violence/sexual exploitation and abuse/sexual harassment action plan; and (vi) a security risk assessment and management plan, all in accordance with the provisions of the Environmental and Social Commitment Plan.
- 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 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; and

(b) the Recipient's Electronic Address is:

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

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

H.E. Ato Ahmed Shide

Name: _____

Title: _____ Minister of Finance Ethiopia

Date: _____ 21-Jun-2022

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Boutheina Guermazi

Name: _____

Title: _____ Director, Regional Integration

Date: _____ 21-Jun-2022

SCHEDULE 1

Project Description

The objectives of the Project are to improve access to basic social and economic services, expand livelihood opportunities, and enhance environmental management for host communities and refugees in the Target Areas.

The Project consists of the following parts *subject to such modifications thereof as the Recipient and the Association may agree upon from time to time*:

Part 1: Social and Economic Services and Infrastructure

Implementation of the following program of activities designed to improve access to basic social services and economic infrastructure while building local and institutional capacities for local development planning and implementation, namely:

- (a) *Community Investment Fund (“CIF”) and Strategic Investment Fund (“SIF”)*: Implementation of CIF Subprojects in Targeted *Kebeles* and SIF Subprojects in Targeted *Woredas* to support: (i) infrastructure for social services such as schools, water and sanitation, human and animal health facilities, among others; and (ii) economic infrastructure such as feeder roads, market centers, and storage facilities among others.
- (b) *Capacity-building for local planning and decentralized service delivery*: Strengthening the capacities of local level government authorities, sector institutions and community committees for, *inter alia*, decentralized local development planning processes and implementation, including subproject identification, implementation and accountability, management of local development, mainstreaming of Project interventions with the Recipient’s development planning and budgeting processes, and for coordination of potential development stakeholders at local level and community level.
- (c) *Women’s leadership and voice*: (i) Strengthening women’s leadership and participation in community institutions responsible for Project planning and implementation through: (A) carrying out of consultations at the *Kebele*, *Woreda* and refugee camps and sites to understand barriers to women’s participation and leadership; (B) providing a tailored, women-only training program for targeted women (including refugees); and (C) carrying out of outreach and communications campaigns to address social norms and barriers to women’s voice and agency; and (ii) Supporting the prevention of gender-based violence (GBV), sexual exploitation and abuse/sexual harassment through the provision of capacity building services, namely: (A) appointing and training selected GBV focal persons in targeted *Woredas*; (B) training and carrying out of awareness-raising campaigns for Project staff, government officials and contractors involved in Project

implementation; and (C) carrying out consultations and awareness-raising campaigns for gender-based violence prevention in targeted *Kebeles*.

- (d) *Social cohesion and inclusion*: Promoting constructive partnerships between refugees and host communities through: (i) organizing refugee-host community coordination platforms; (ii) capacity-building on conflict management for local leaders (refugees, host communities and local authorities); and (iii) supporting psychosocial programs, including individual, family and group-based interventions.

Part 2: Sustainable Environmental Management

Implementation of the following program of activities designed to support sustainable natural resource management and development of alternative energy sources, namely:

- (a) *Integrated natural resources management*: Implementation of sustainable land management practices through soil and water conservation (biological and physical) activities on individual farm lands and communal lands, such as construction of soil bunds, stone bunds, artificial waterways, cut-off drains, check dams (gully rehabilitation), bench terraces, hillside terraces, trenches, area closures, planting of multipurpose trees, groundwater recharge interventions; reforestation and afforestation among others, so as to enhance the productivity of environmental and natural resources and prevent degradation of fragile ecosystems, including, forests, range and agricultural lands.
- (b) *Promotion of efficient and alternative energy sources*: Improving access to renewable energy for households and public institutions through supporting the: (i) demonstration and promotion of clean cooking stoves; solar systems and biogas plants; and (ii) outreach to private sector suppliers including small and microenterprises to connect them to last mile clients.

Part 3: Sustainable Livelihood Program

- (a) *Support to traditional (on-farm and off-farm) livelihoods*: Increasing the production and productivity of crops and livestock and fisheries and commercializing livelihood activities for improved incomes, employment, and self-reliance, through: (i) strengthening public agricultural/livestock extension service delivery systems, including through the rehabilitation, upgrading and construction of pastoralist training centers/farmer training centers; (ii) promoting crop and livestock production and productivity good practices and technologies; (iii) horticulture development; (iv) improved seed systems; and (v) provision of capacity building support for selected community-based organizations working on traditional livelihood systems through provision of technical assistance and training.

- (b) *Support to non-traditional (off-farm) livelihoods and business development:* Supporting business skills development and access to rural finance for community institutions, through: (i) capacity-building and training on business incubation and management skills for existing and new community institutions; and (ii) provision of Matching Grants for Business Plans to eligible Beneficiary Organizations.
- (c) *Small scale, micro and household irrigation schemes:* Construction of new and/or upgrading of existing small scale, micro and household irrigation schemes (“Irrigation Schemes Subprojects”) to enhance agricultural productivity as well as efficient use of water resources through, *inter alia*: (i) identification of simple and low cost irrigation technologies or best practices that meet smallholder needs, including those that increase water availability or improve the efficient use of water; and (ii) promoting and demonstrating the identified technologies or best practices.

Part 4: Project Management, Monitoring and Evaluation and Learning

Supporting Project management, coordination, implementation, monitoring and evaluation through a decentralized approach using existing public structures at the national, sub-national and local levels as well as community institutions to be established at the local level, each of them with various sets of roles and responsibilities at various levels, including oversight, coordination and technical bodies with the support of a Project management information system for monitoring inputs, outputs and processes; evaluation of outcomes and impacts; implementation and monitoring of environmental and social standards instruments; procurement planning, processing, contract management, monitoring and oversight; participatory monitoring and evaluation and internal learning, regular monitoring of implementation progress and performance, independent process monitoring, outcome and impact evaluations at baseline, mid-term and end of Project, and annual thematic studies; conducting policy dialogues; and the preparation and implementation of a Project communication strategy to raise awareness on the benefits of refugee inclusion.

Part 5: Contingent Emergency Response

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

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall, throughout the period of Project implementation:
 - (a) maintain its representative in the Project Regional Steering Committee to provide overall guidance and oversight for the Project at the regional level;
 - (b) designate the Project Steering Committees at federal, regional and *Woreda* levels to provide overall guidance and oversight for the Project at the federal, regional and *Woreda* levels;
 - (c) designate the Project Technical Committees at federal, regional and *Woreda* levels to provide technical support for the Project at the federal, regional and *Woreda* levels;
 - (d) designate the Federal Project Coordination Unit to ensure the day-to-day management, implementation, monitoring and evaluation, and fiduciary oversight of the Project at the federal level; and
 - (e) designate functional Regional Project Coordination Units and *Woreda* Project Coordination Units to ensure enhanced and coordinated Project management and implementation at regional and *Woreda* levels;

all with the composition, staffing, and powers acceptable to the Association as further described in the Project Implementation Manual.
2. The Recipient shall ensure the implementation and coordination of the Project, through the Federal Project Coordination Unit, and undertake all necessary fiduciary support and oversight, including disbursement, financial management, procurement, environmental and social management activities, as well as monitoring and evaluation.
3. The Recipient, through the Federal Project Coordination Unit, shall closely coordinate Project implementation with the Project Steering Committees, the Project Technical Committees, and relevant Implementation Agencies at the federal, regional and *Woreda* levels, as further described in the Project Implementation Manual.

B. Implementation Arrangements

1. Project Implementation Manual

- (a) The Recipient shall update, in accordance with terms of reference acceptable to the Association, and furnish to the Association for prior review, a Project implementation manual, which shall include provisions on the following matters: (i) capacity building activities for sustained achievement of the Project's objectives; (ii) arrangements on financial management, setting forth the detailed policies and procedures for financial management under the Project; (iii) procurement management arrangements (including institutional arrangements, procedures and oversight provisions, guidance on procurement of goods, works, non-consulting services and consulting services consistent with the Procurement Regulations at the federal, regional and local levels, and procurement of non-consulting services which shall include, among others, third party implementation and monitoring service providers with the required expertise and qualifications, mobilization capacity, and geographical access to engage in *Woredas* at high-risk of ongoing conflict as required); (iv) institutional administration, coordination and day to day execution of Project activities; (v) monitoring and evaluation; (vi) reporting; (vii) information, education and communication of Project activities; (viii) the eligibility criteria, guidelines and detailed procedures for the selection, approval and management of CIF and SIF Subprojects under Part 1 of the Project; Business Plans under Part 3(b)(ii) of the Project; and Irrigation Schemes under Part 3(c) of the Project; (ix) guidelines for assessing potential environmental and social impacts of Project activities (including Subprojects and Business Plans) and designing appropriate mitigation, management and monitoring measures in respect of said impacts; (x) Personal Data collection and processing in accordance with good international practices; (xi) corruption and fraud mitigation measures; (xii) a grievance redress mechanism; and such other technical and organizational arrangements and procedures as shall be required for the Project.
- (b) The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on said Project implementation manual, and thereafter, shall adopt such Project implementation manual, as shall have been approved by the Association ("Project Implementation Manual" or "PIM").
- (c) The Recipient shall ensure that the Project is carried out in accordance with the PIM; provided, however, that in case of any conflict between the provisions of the PIM 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.

2. Annual Work Plan and Budget

- (a) The Recipient shall, not later than thirty (30) days after the Effective Date, for the first EFY (and thereafter by March 31 of each subsequent EFY) prepare and furnish to the Association, a work plan and budget containing all activities proposed for implementation in the following calendar year including: (i) a detailed timetable for the sequencing and implementation of said activities; (ii) the types of expenditures required for such activities, including a proposed financing plan; and (iii) a budget establishing the proposed amounts and sources of financing.
- (b) The proposed annual work plan and budget shall specify any Training activities that may be required under the Project, including: (i) the type of Training; (ii) the purpose of the Training; (iii) the personnel to be trained; (iv) the institution or individual who will conduct the Training; (v) the location and duration of the Training; and (vi) the estimated cost of the Training.
- (c) The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on such proposed annual work plan and budget by providing a draft annual work plan and budget not later than March 31 of each EFY and thereafter ensure that the Project is implemented with due diligence in accordance with such work plan and budget as shall have been approved by the Association (“Annual Work Plan and Budget”).
- (d) The Recipient shall not make or allow to be made any change to the approved Annual Work Plan and Budget without prior approval in writing by the Association.

C. Subprojects under Parts 1(a) and 3(c) of the Project

For the purposes of carrying out CIF Subprojects, SIF Subprojects and Irrigation Schemes Subprojects, respectively under Parts 1(a) and 3(c) of the Project, respectively (collectively “Subprojects”), the Recipient through the respective Federal Project Coordination Unit, the Regional Project Coordination Units, the *Woreda* Project Coordination Units and the Implementation Agencies, shall:

- 1. identify, in collaboration with the Target Communities, eligible Subprojects in favor of said Target Communities, in accordance with the guidelines and procedures set forth in the PIM;

2. determine, on the basis of an appraisal conducted in accordance with the criteria, guidelines and detailed procedures set forth in the PIM, that each Subproject satisfies the eligibility criteria specified in the PIM, which criteria shall, *inter alia*, include the following:
 - (a) the Subproject is appraised on the basis of technical, economic, financial, environmental and social standards assessments and other guidelines acceptable to the Association (and be accompanied by appropriate environmental and social standards instruments, if required pursuant to the Environmental and Social Commitment Plan);
 - (b) the Subproject and the associated environmental and social standards instruments, if any, is approved by the Recipient and the Association, and thereafter disclosed, unless with respect to the Association's approval, the Association has notified the Recipient in writing that its prior approval is not required; and
 - (c) the Subproject is included in the Annual Work Plan and Budget.
3. (a) ensure that each Subproject is carried out with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines, the PIM and the Environmental and Social Commitment Plan; (b) provide, promptly as needed, the resources required for the purpose; (c) procure the goods, works, non-consulting services and services to be financed for the Subprojects in accordance with the provisions of this Agreement; (d) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of each Subproject and the achievement of its objectives; (e) maintain a simplified financial management system and records in accordance with consistently applied accounting standards acceptable to the Association for community driven initiatives; (f) enable the Recipient and the Association to inspect the pertinent Subproject, its operation and any relevant records and documents; and (g) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

D. Business Plans; Matching Grants under Part 3(b)(ii) of the Project

1. The Recipient, through the Ministry of Agriculture, shall review, appraise and approve each Business Plan and administer the Matching Grants under Part 3(b)(ii) of the Project, in accordance with the eligibility criteria, guidelines and detailed procedures set forth in the PIM, which criteria, guidelines and detailed procedures shall, *inter alia*, include the following:

- (a) Each Business Plan shall be eligible for financing upon the Recipient's determination that:
 - (i) the Beneficiary satisfies the eligibility criteria specified in the PIM, which criteria shall, *inter alia*, include the following, the Beneficiary: (A) is an area-based community institution, each located and operating in a Targeted *Woreda*, and duly established and operating under the laws of the Recipient; (B) is privately owned and operated, and is not fully or partly owned by the Recipient or entities controlled by the Recipient; and (C) has prepared a Business Plan (including specific activities, a financing plan, a budget, and an implementation plan), in form and substance satisfactory to the Recipient; and
 - (ii) the Business Plan is: (A) for eligible expenditures; (B) technically feasible, and financially and economically sound; and (C) included in the Annual Work Plan and Budget.
 - (b) The Recipient, through the Ministry of Agriculture, unless otherwise agreed to by the Association in the periodic annual reviews of progress made in carrying out of the Project, shall ensure that each Matching Grant for financing a Business Plan shall not exceed the maximum amount stipulated in the PIM.
2. The Recipient shall, through the Ministry of Agriculture, make each Matching Grant for a Business Plan under a Matching Grant Agreement with each eligible Beneficiary Organization on terms and conditions approved by the Association, which shall include the following:
- (a) The Matching Grant shall be denominated in ETB; and
 - (b) The Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the eligible Beneficiary Organization to use the proceeds of the Matching Grant, or obtain a refund of all or any part of the amount of the Matching Grant then withdrawn, upon the eligible Beneficiary's failure to perform any of its obligations under the Matching Grant Agreement; and (ii) require each eligible Beneficiary Organization to: (A) carry out its Business Plan with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Financing proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works, non-consulting services and services to be

financed out of the Matching Grant in accordance with the provisions of this Agreement; and (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Business Plan and the achievement of its objectives.

- (c) The Recipient, shall ensure that: (i) each *Woreda* maintains a simplified financial management system and records in accordance with consistently applied accounting standards acceptable to the Association for community driven activities (including Business Plans); and (ii) at the Association's or the Recipient's request, have such financial records audited in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the audit reports as so audited to the Recipient and the Association; (iii) enable the Recipient and the Association to inspect said community driven activities, their operations and any relevant records and documents; and (iv) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

- 3. The Recipient shall exercise its rights under each Matching Grant 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 any Matching Grant Agreement or any of its provisions.

E. Contingent Emergency Response

- 1. In order to ensure the proper implementation of contingent emergency response activities under Part 5 of the Project ("Contingent Emergency Response 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; and (vii) a template for Emergency Action Plan;
- (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Association;
 - (c) the 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 nor 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.

F. Environmental and Social Standards

- 1. The Recipient shall 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 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 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 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, pollution, or any violent labor unrest or dispute between the Recipient or security forces and local communities, any case of sexual exploitation and abuse, sexual harassment and violence against minors, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Recipient shall 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 ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, 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.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. 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.
2. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Association, in sharing any information, report or document related to the activities described in Schedule 1 of this Agreement, the Recipient shall ensure that such information, report or document does not include Personal Data.

B. Third-Party Monitoring Arrangements

The Recipient shall no later than three (3) months after the Effective Date, appoint a Third-Party Monitoring Agent (“TPMA”), with terms of reference, mandates, staffing, and other resources satisfactory to the Association, to monitor the implementation and supervision of Project activities in high risk of ongoing conflict areas.

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 Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Matching Grants, Training and Operating Costs for Parts 1, 2, 3 and 4 of the Project	133,900,000	100%
(2) Emergency Expenditures under Part 5 of the Project	0	100%
TOTAL AMOUNT	133,900,000	

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) for Emergency Expenditures under Category (2), unless and until all of the following conditions have been met in respect of said expenditures:
 - (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 (2); 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 December 31, 2027.

APPENDIX

Definitions

1. “Annual Work Plan and Budget” means the work plan and budget referred to in Section I.B.2 of Schedule 2 to this Agreement, as said plan may be modified from time to time with the prior written approval of the Association.
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. “Beneficiary Organization” means a community-based organization eligible for a Matching Grant for a Business Plan under Part 3 of the Project, and selected in accordance with the criteria further detailed in the PIM, and “Beneficiary Organizations” means, collectively, two or more such community-based organizations.
4. “Business Plan” means a business plan aligned with local market demand and livelihood potential under Part 3(b)(ii) of the Project to be carried out by eligible Beneficiaries of Matching Grants in accordance with the provisions of Section I.D of Schedule 2 to this Agreement, and “Business Plans” means, collectively, two or more such business plans.
5. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
6. “CERC Manual” means the manual referred to in Section I.E.1(a) of Schedule 2 to this Agreement, as such manual may be updated from time to time with the agreement of the Association, and which is an integral part of the PIM.
7. “CIF Subproject” means a set of activities under Part 1(a) of the Project to be carried out by eligible Beneficiaries of CIFs, as further detailed in the PIM, and “CIF Subprojects” means, collectively, two or more such sets of activities.
8. “Community Investment Fund” or “CIF” means earmarked proceeds of the Financing for the CIF Subprojects, as further detailed in the PIM.
9. “Contingent Emergency Response Part” means any activity or activities to be carried out under Part 5 of the Project to respond to an Eligible Crisis or Emergency.

10. “EFY” means the Recipient’s fiscal year commencing on July 8 each year and ending on July 7 of the subsequent fiscal year.
11. “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.
12. “Emergency Action Plan” means the plan referred to in Section I.E.1(b), detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.
13. “Emergency Expenditures” means any of the eligible expenditures set forth in the CERC Manual referred to in Section I.E.1(a) of Schedule 2 to this Agreement and required for the Contingent Emergency Response Part.
14. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated May 6, 2022, 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.
15. “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 Association.
16. “ETB” means Ethiopian Birr, the lawful currency of the Recipient.
17. “Federal Project Coordination Unit” means the unit referred to in Section 1.A.1(d) of Schedule 2 to this Agreement, established within the agriculture and horticulture

sector department, under the Ministry of Agriculture to ensure enhanced and coordinated Project management and implementation at the federal level, as further detailed in the PIM.

18. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022).
19. “IGAD” means the Intergovernmental Authority on Development, a regional organization set up through the IGAD Constitutive Agreement.
20. “IGAD Constitutive Agreement” means the agreement establishing the Intergovernmental Authority on Development dated March 21, 1996.
21. “Implementation Agencies” means the agencies involved in the implementation of the Project at federal, regional and *Woreda* levels, as further detailed in the PIM.
22. “Irrigation Schemes Subproject” means a set of activities to be carried out by eligible Beneficiaries under Part 3(c) of the Project, as further detailed in the PIM, and “Irrigation Schemes Subprojects” means, collectively, two or more such sets of activities.
23. “*Kebele*” means the fourth and lowest tier of the Recipient’s administrative system as established under the Recipient’s laws, and “*Kebeles*”, means, collectively, two or more such tiers.
24. “Matching Grant” means the earmarked proceeds of the Financing referred to in Section I.D.1(a) of Schedule 2 to this Agreement, for the purpose of financing Business Plans as further detailed in the PIM, and “Matching Grants” means, collectively, two or more such earmarked proceeds of the Financing.
25. “Matching Grant Agreement” means the agreement for a matching grant referred to in Section I.D.2 of Schedule 2 to this Agreement, and “Matching Grant Agreements” means, collectively, two or more such agreements.
26. “Operating Costs” means recurrent costs of the Project, including: (i) operation and maintenance of vehicle, repairs, fuel and spare parts; (ii) computer maintenance, including hardware and software; (iii) communication costs and shipment costs (whenever these costs are not included in the cost of goods); (iv) small office supplies; (v) rent and maintenance for office facilities; (vi) utilities and insurances; (vii) travel and *per diem* costs for technical staff carrying out supervisory and quality control activities; (viii) bank fees and miscellaneous; and (ix) salaries of support staff for the Project, but excluding salaries of the Recipient’s civil servants.

27. “Personal Data” means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.
28. “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.
29. “Project Implementation Manual” or “PIM” means the manual referred to in Section I.B.1 of Schedule 2 to this Agreement.
30. “Project Regional Steering Committee” means the regional steering committee for the Project, established and operating under the aegis of IGAD with representatives from all the Participating Countries, in charge of providing overall guidance and oversight for the Project at the regional level.
31. “Project Steering Committees” means the committees referred to in Section I.A.1(b) of Schedule 2 to this Agreement, responsible for providing overall guidance and oversight at the at the federal, regional and *Woreda* levels.
32. “Project Technical Committees” means the committees referred to in Section I.A.1(c) of Schedule 2 to this Agreement, responsible for providing technical support for the Project at the federal, regional and *Woreda* levels.
33. “Regional Project Coordination Units” means the units established within the Recipient’s bureaus in charge of agriculture and natural resources at regional level to ensure enhanced and coordinated Project management and implementation at the regional level.
34. “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.
35. “SIF Subproject” means a set of activities under Part 1(a) of the Project to be carried out by eligible Beneficiaries of SIFs, as further detailed in the PIM, and “SIF Subprojects” means, collectively, two or more such sets of activities.
36. “Strategic Investment Fund” or “SIF” means earmarked proceeds of the Financing for the SIF Subprojects under Part 1(a)(ii) of the Project, as further detailed in the Project Implementation Manual.

37. “Subproject” means either a CIF Subproject, SIF Subproject or Irrigation Scheme Subproject, and “Subprojects” means, collectively, two or more CIF Subprojects, SIF Subprojects or Irrigation Schemes Subprojects, as the case may be.
38. “Target Areas” means the *Kebeles* and *Woredas* hosting refugees in the six main refugee-hosting regions of Afar, Amhara, Benishangul-Gumuz, Gambella, Somali and Tigray, or such other *Kebeles* and *Woredas* as may be agreed upon, from time to time, with the concurrence of the Association.
39. “Target Communities” means one or several communities in the Target Area which will benefit from a CIF Subproject, an SIF Subproject or an Irrigation Schemes Subproject, as the case may be, to be implemented under Parts 1(a)(i), 1(a)(ii) and 3(c) of the Project respectively, as further detailed in the PIM.
40. “Third-Party Monitoring Agent” or “TPMA” means a firm or organization, with internationally recognized expertise in monitoring and evaluation of development projects, including for financial management, procurement, and environmental safeguards aspects of such development projects, to be engaged for purposes of carrying out third party monitoring of Project activities referred to in Section II.B of Schedule 2 to this Agreement.
41. “Training” means the training of persons involved in Project-supported activities, based on the Annual Work Plan and Budget approved by the Association, such term including scholarships, 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 and reproduction of training materials, and other costs directly related to training preparation and implementation.
42. “*Woreda*” means the third tier of the Recipient’s administrative system as established under the Recipient’s laws, and “*Woredas*” means, collectively, two or more such tiers.
43. “*Woreda* Project Coordination Units” means the units established within the Recipient’s offices in charge of agriculture and natural resources at *Woreda* level to ensure enhanced and coordinated Project management and implementation at the *Woreda* level.