

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

Country Office
Africa Avenue, Bole Road

CONFORMED COPY

Tel: (251-1) 1 6 62-77-00
Fax: (251-1) 1 6 62-77-17
Addis Abeba, Ethiopia

June 14, 2010

Ref: WB-CD/211/06/14/2010

CIDA Purchase Order: 7054865CIDA WBS Element: A-034774-002
CIDA Vendor #: 1001306

Mr. Edmond Wega
Director Ethiopia Program
Canadian International Development Agency (CIDA)
Embassy of Canada
Addis Ababa

Dear Sir,

Administration Arrangement between the Government of Canada, as represented by the Minister of International Cooperation, acting through the Canadian International Development Agency (CIDA), and the International Development Association, concerning the Multi-Donor Trust Fund for the Rural Economic Development and Food Security in Ethiopia (TF071201)

1. We are pleased to acknowledge on behalf of the International Development Association ("IDA") the intention of the Government of Canada, as represented by the Minister of International Cooperation, acting through the Canadian International Development Agency ("CIDA") (the "Donor"), to make available the sum of six hundred thousand Canadian Dollars (CAD 600,000) (the "Contribution") to be administered by IDA for the Multi Donor Trust Fund ("MDTF" or the "Trust Fund") established for the purposes of financing Rural Economic Development and Food Security ("RED&FS") in Ethiopia. The financing is provided in support of the Ethiopia Agricultural Growth Program ("the Program"). Other donors are also expected to contribute to this trust fund on the provisions specified in the Annexes and Attachment to this Arrangement.
2. The Contribution will be used exclusively to finance the activities and the categories of expenditures set forth in the Description of Activities and Expenditures under the MDTF attached hereto as Annex 1 (which Annex constitutes an integral part of this Arrangement).
3. The Contribution will be administered by IDA on behalf of the Donor in accordance with the provisions of this Administration Arrangement and the "Standard Provisions Applicable to the Multi-Donor Trust Fund" (the "Standard Provisions") attached hereto as Annex 2. The Standard Provisions constitute an integral part of this Arrangement.

4. The Donor will deposit the Contribution into such bank account designated by IDA in installments in accordance with the following schedule:

Payments by Year	Contribution Canadian Dollars
By March 31, 2011, promptly following countersignature of this Arrangement by the Donor and submission of a payment request by IDA.	CND \$300,000
By March 31, 2012, following submission of a payment request by IDA.	CND \$300,000

5. When making such deposit, the Donor will instruct its bank to include in its payment details information (remittance advice) field of its SWIFT payment message, information indicating: the amount paid, that the payment is made by the Donor for TF071201 (MDTF established for the purposes of financing Rural Economic Development and Food Security ("RED&FS"), and the date of the deposit. In addition, the Donor will provide a copy of the Donor's deposit instruction to the IDA's Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to (202) 614-1315.

6. The Multi-Donor Trust Fund will be maintained in United States Dollars. Immediately upon receipt of the Contribution funds, IDA will convert the funds into United States Dollars.

7. In the event that funds are returned to the Donor in accordance with paragraph 7.3 of Annex 2 of this Arrangement, such funds should be transferred to the CIDA Balance Account (TF No. 29048) held at IDA.

8. The offices responsible for coordination of all matters related to the implementation of this Administration Arrangement are:

For IDA

Mr. Achim Fock
Senior Economist
The World Bank
Addis Ababa
Ethiopia

For the Donor

Mr. Edmond Wega
Director
Canadian International Development Agency (CIDA)
c/o Embassy of Canada
Addis Ababa, Ethiopia
Tel: 011-251-11-371-3022

9. To the best knowledge of IDA and the Donor:

No offer, gift or payment, consideration or benefit of any kind, which constitutes an illegal or corrupt practice, has been or will be made to anyone, either directly or indirectly, as an inducement or reward for the award or execution of this Arrangement. Any such practice will be grounds for terminating this Arrangement or taking any other corrective action as required.

No member of the Canadian House of Commons will be admitted to any share or part of this Arrangement or to any benefit to arise there from.

No current or former public office holder or public servant of the Government of Canada who is not in compliance with the Conflict of Interest and Post-Employment Code for Public Office Holders or the Values and Ethics Code for the Public Service will derive a direct benefit from this Arrangement.

Any payment to be made under this Arrangement is subject to there being an appropriation by the Parliament of Canada for the fiscal year in which the payment is to be made. If CIDA's appropriation is changed by the Parliament of Canada, CIDA may reduce the Grant or terminate this Arrangement.

In the event of any termination of this Arrangement, IDA and the Donor will consult prior to any funds being returned by IDA to the Donor to discuss a commonly agreeable reallocation of such funds.

10 This Arrangement may be amended only by written approval between IDA and the Donor; provided, however, that Annex 1 (Description of Activities and Expenditures) and Annex 2 (Standard Provisions) to this Arrangement may only be amended with the agreement of all Donors contributing to this trust fund.

11. In the event of any termination of this Arrangement IDA and the Donor will consult prior to any remaining funds being returned by IDA to the Donor pursuant to Annex 2, Paragraph 7.3 to discuss a commonly agreeable reallocation of such funds. In the event that any remaining Contribution funds are planned to be returned to the Donor in accordance with Annex 2, Paragraph 7.3, such funds will be transferred to the Donor Balance Account held at IDA in accordance with the Restated and Amended Arrangement to Maintain Balance Accounts for the Donor countersigned on September 9, 2008.

12. This Arrangement is not an international treaty. It is an administrative arrangement between IDA and the Donor

Please confirm your acceptance of the foregoing, on behalf of the Donor, by signing, dating, and returning to us the enclosed copy of this Administration Arrangement. Upon receipt by IDA of the copy of this Arrangement countersigned by you, this Arrangement will become effective as of the date of the countersignature.

Sincerely,
INTERNATIONAL DEVELOPMENT ASSOCIATION

/s/ Kenichi Ohashi

Kenichi Ohashi
Country Director for Ethiopia
Africa Region

AGREED:

Government of Canada

By: /s/ Edmond Wega

Name: _____

Title: Director Ethiopia Program

Date: June 14, 2010

Annex 1

**Description of Activities and Expenditures under the Multi-Donor Trust Fund for the
Rural Economic Development and Food Security in Ethiopia**

A. Objectives and Scope

The objectives of the Program supported by the MDTF is to: (a) improve donor coordination with respect to supporting the work of the Rural Economic Development and Food Security (RED&FS) Sector Working Group (SWG) and its three Technical Committees (TCs); and (b) support analytical, advisory work and knowledge sharing activities.

B. Activities

The MDTF will support the activities below:

- (a) Supporting the donor group through: (i) hiring a full time coordinator/facilitator for the day to day implementation of MDTF and Program activities; and (ii) identifying and developing opportunities for enhancing donor harmonization; and
- (b) Supporting analytical, advisory, and knowledge sharing activities.

C. Expenditure Categories

Contractual Services, Associated Overheads, Consultant Fees, Equipment Costs Lease and Purchase, Extended Term Consultants, Media and Workshops, and Travel Expenses.

Annex 2**Standard Provisions Applicable to the Multi-Donor Trust Fund for the Rural Economic Development and Food Security in Ethiopia**

The following provisions (hereinafter referred to as the “Standard Provisions”) will be applicable to and form an integral part of all arrangements entered into between the International Development Association (“IDA”) and donor countries and/or organizations (hereinafter referred to as the “Donors”) that provide grants (referred to as the “Contributions”) to be administered by IDA for the Multi-Donor Trust Fund established for the Rural Economic Development and Food Security (“RED&FS”) in Ethiopia (“Trust Fund No. TF071201”) (“the Project”).

1. Administration of the Contributions

IDA will be responsible only for performing those functions specifically set forth in this Administration Arrangement and will not be subject to any other duties or responsibilities to the Donors, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. Nothing in this Administration Arrangement will be considered a waiver of any privileges or immunities of IDA under its Articles of Agreement or any applicable law, all of which are expressly reserved.

2. Commingling, Exchange and Investment of the Contributions

2.1. The Contribution funds will be accounted for as a single trust fund and will be kept separate and apart from the funds of IDA. The Contribution funds may be commingled with other trust fund assets maintained by IDA.

2.2. The Contribution funds may be freely exchanged by IDA into other currencies as may facilitate their disbursement.

2.3 IDA will invest and reinvest the Contribution funds pending their disbursement in accordance with IDA’s policies and procedures for the investment of trust funds administered by IDA. IDA will credit all income from such investment to the trust fund established under this Administration Arrangement to be used for the same purposes as the Contribution funds.

3. Administrative Cost Recovery

3.1 In order to assist in the defrayment of the costs associated with the establishment of this trust fund, IDA may, following deposit of the first contribution from any Donor to the trust fund, deduct from that contribution and retain for the IDA’s own account an amount equal to Thirty-Five Thousand United States Dollars (\$35,000).

3.2 In order to assist in the defrayment of the costs of administration and other expenses incurred by the IDA under this Arrangement, IDA may, following deposit of the Contribution by the Donor, deduct from the total Contribution of the Donor and retain for the IDA’s own account an amount equal to five percent (5%) of the Contribution.

4. Employment of Consultants and Procurement of Goods

4.1. The employment and supervision of consultants and the procurement of goods financed by the Contributions will be the responsibility solely of IDA and will be carried out in accordance with its applicable policies and procedures.

4.2. The Donors will not be responsible for the activities of any person or third party engaged by IDA as a result of this Administration Arrangement, nor will Donors be liable for any costs incurred by IDA in terminating the engagement of any such person.

5. Accounting and Financial Reporting

5.1. IDA will maintain separate records and ledger accounts in respect of the Contributions deposited in the trust fund account and disbursements made therefrom.

5.2. IDA will provide the Donor access to current financial information relating to the trust fund via the World Bank's Trust Funds Donor Center secure website. Within six (6) months after all commitments and liabilities under this trust fund have been satisfied and the trust fund has been closed, the final financial information relating to the trust fund will be made available to the Donor via the World Bank's Trust Funds Donor Center secure website.

5.3. IDA will provide to the Donors, within six months following the end of each IDA fiscal year, a management assertion together with an attestation from the IDA's external auditors concerning the adequacy of internal control over cash-based financial reporting for trust funds as a whole. The cost of such attestations will be borne by IDA.

5.4. If a Donor wishes to request, on an exceptional basis, a financial statement audit by the IDA's external auditors of the trust fund established under this Administration Arrangement, the Donor and IDA will first consult as to whether such an external audit is necessary. IDA and the Donor will agree on the most appropriate scope and terms of reference of such audit. Following agreement on the scope and terms of reference, IDA will arrange for such external audit. The costs of any such audit, including the internal costs of IDA with respect to such audit, will be paid by the Donor.

6. Coordination and Project Reporting

6.1. IDA will provide the Donors with an annual report on the progress of activities financed by the Contributions. Within six (6) months of the final disbursement date specified in paragraph 7.1, IDA will furnish to the Donors a final report on the Project activities.

7. Disbursement Deadline; Cancellation; Refund

7.1. It is expected that the Contribution funds will be fully disbursed by IDA in accordance with the provisions of this Administration Arrangement by April 30, 2012. IDA will only disburse the Contribution funds for the purposes of this Arrangement after such date with the written approval of the Donor.

7.2. Any Donor or IDA may, upon three (3) months' prior written notice, cancel all or part of the Donor's pro rata share of any remaining balance of the Contribution funds that is not committed pursuant to any agreements entered into between IDA and any consultants and/or other third

parties for the purposes of this Administration Arrangement prior to the receipt of such notice, including the Grant Agreement.

7.3. Upon the final disbursement date specified in paragraph 7.1, IDA will return any remaining balance of the contribution funds to the Donors on a pro rata basis based upon the ratio of each donor's paid-in contributions to the sum of all donors' paid-in contributions. In the event of a cancellation of an individual donor's pro rata share of uncommitted contribution funds in accordance with paragraph 7.2, IDA will return such cancelled balance to the donor on the same pro rata basis.

8. Disclosure

IDA may disclose this Administration Arrangement and information on this trust fund in accordance with the IDA's policy on disclosure of information.

Attachment

Definitions

(a) “Rural Economic Development and Food Security (RED&FS) Sector Working Group (SWG)” means the working group established with the responsibility to advise and take action on strategic and implementation matters on agriculture, rural economic development and food security in line with Ethiopia’s five years Plan for Accelerated and Sustainable Development to End Poverty (PASDEP). Membership of the working group is made up of senior staff of Ethiopia’s Ministry of Agriculture and Rural Development, and representatives of donor agencies and research institutes; and

(b) “Technical Committees” means the three technical committees established to review and discuss policies and implementation matters in their respective field, including, *inter alia*, agricultural growth, natural resource base and food security. Technical Committees are composed of government representatives, donors, research institutes, non-governmental organizations, and private sector companies.