
GRANT NUMBER TF0A9293

Grant Agreement

(Ethiopia Social Accountability Program 3)

between

VNG INTERNATIONAL

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of the Ethiopia Social Accountability Program
Phase 3 (ESAP 3) Multi-Donor Trust Fund)

GRANT NUMBER TF0A9293

GRANT AGREEMENT

AGREEMENT dated as of the Signature Date, entered into between VNG INTERNATIONAL (“Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting as administrator of the Ethiopia Social Accountability Program Phase 3 (“ESAP 3”) Multi-Donor Trust Fund (“MDTF”).

WHEREAS:

(A) The Federal Republic of Ethiopia (“Member Country”) has requested a specific grant from the MDTF to assist in the carrying out of the Project (“Project”) described in Schedule 1 to this Agreement. The World Bank, acting as administrator of the MDTF, has agreed to make the grant (“Grant”) referred to in Section 3.01 of this Agreement.

(B) Through an exchange of letters with the World Bank, the Member Country, represented by its State Minister of Finance, has confirmed agreement to the Recipient receiving the Grant to implement the Project in the territory of the Member Country.

NOW THEREFORE, the Recipient and the World Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01. The “Standard Conditions for Grants Made by the World Bank Out of Various Funds”, dated February 15, 2012 (“Standard Conditions”) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in Appendix 1 to this Agreement.

**Article II
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the Project described in Schedule 1 to this Agreement. To this end, the Recipient shall carry out the Project in accordance with the provisions of: (1) Article II of the Standard Conditions; (2) Schedule 2 to this Agreement; and (3) the terms of reference set forth in Appendix 3 to this Agreement and in the event of any conflict between the provisions in Appendix 3 and provisions of this Agreement, the latter shall prevail.

- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**Article III
The Grant**

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount not to exceed eight million nine hundred sixty-five thousand nine hundred seventy-three United States Dollars and eighty-one cents (USD 8,965,973.81) (“Grant”) to assist in financing the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the MDTF for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

**Article IV
Additional Remedies**

- 4.01. The Additional Event of Suspension referred to in Section 4.02(k) of the Standard Conditions consists of the following:
- (a) an extraordinary situation has arisen which makes it improbable that the Project or a significant part of it will be carried out.

**Article V
Termination**

- 5.01 This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

**Article VI
Recipient’s Representative; Addresses**

- 6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard

Conditions is the Director of VNG International.

6.02. The Recipient's address referred to in Section 7.01 of the Standard Conditions is:

VNG International
Nassaulaan 12
2514 JS The Hague
The Netherlands

VNG International Ethiopia
PO Box 28024/1000
Cape Verde Street
WMA Sets Building, 2nd Floor
Addis Ababa, Ethiopia

6.03. The World Bank's address referred to in Section 7.01 of the Standard Conditions is:

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

Facsimile: 1-202-477-6391

AGREED as of the Signature Date.

VNG INTERNATIONAL

By:



Peter Knip
Director

Date: 05-Apr-2019

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of the Ethiopia Social
Accountability Program Phase 3 (ESAP 3) Multi-Donor
Trust Fund)

By:



Caroline Turk
Country Director for Ethiopia, Sudan and South Sudan
Africa Region

Date: 04-Apr-2019

SCHEDULE 1

Project Description

The objective of the Project is to support strengthening the social accountability system and mechanisms for enhanced service delivery in Ethiopia.

The Project consists of the following parts:

1. Expanding the utilization of Social Accountability (“SA”) processes in regions, woredas, kebeles and sectors (including community empowerment and mobilization, community needs identification and prioritization, interface meetings and development and monitoring of Joint Action Plans (“JAPs”)), including:
 - (a) provision of grants to SAIPs to carry out Sub-projects, at the woreda level, each such SAIP to be selected by the Recipient in respect of a particular Sub-project or set of activities and each operating with a discrete set of defined tasks in a specific area of finite SA needs, and/or within a defined social subgroup, and/or for a defined time period, and/or within a specific geographic area, and collectively, contributing to the overall aim of achieving an expansion of SA results in all regions of Ethiopia; and
 - (b) provision of grants or technical assistance to Grantees to carry out Sub-projects using innovative and/or piloting new SA approaches, such as, applying SA in new sectors or sub-sectors, testing approaches to expand and utilize SA processes at the regional level or testing alternative modalities of strengthening the SA system in Ethiopia.
2. Strengthening the capacity of the SA system in Ethiopia including, building capacity and strengthening structures for service delivery actors (including in the health, education, agriculture, rural roads and water and sanitation sectors and in regional and woreda administrations), building links with Financial Transparency and Accountability (“FTA”) and Grievance Redress Mechanism (“GRM”) systems and mainstreaming SA in government and non-government institutions.
3. Providing support for Project management, audits and reporting, monitoring and evaluation including evaluation of gaps and bottlenecks in scale-up of SA activities and a continual assessment of progress throughout the Project period.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient shall, throughout the implementation of the Project, maintain the following with responsibilities and resources satisfactory to the World Bank:
 - (a) The Steering Committee, which has been established as the primary supervisory body of the Project and is responsible for overseeing the implementation of the Project and providing strategic directions and decisions related to policy, scope, or other aspects which may have a large impact on the Project, including:
 - (i) providing strategic directions and supervising Project implementation and endorsing annual plans and budgets prepared by the Recipient; and
 - (ii) informing authorities of the Member Country on the progress of the Project and providing strategic support in institutionalization of SA and linkages with the Member Country's other initiatives.
 - (b) The Technical Committee which has been established under the umbrella of the Steering Committee is responsible for providing technical supervision and oversight of the Project, including:
 - (i) overseeing the technical aspects of Project implementation including conducting reviews of annual plans and budgets, endorsing project reports and revisions to annual plans and budgets prepared by the Recipient, and endorsing reallocations as needed; and
 - (ii) reviewing and assessing lessons learned and providing guidance on replication of best practices to improve the quality, quantity and access to basic services.
2. With respect to implementation of Parts 1(a) and 1(b) of the Project:
 - (a) the Recipient shall select SAIPs and Grantees to receive grants to implement Sub-projects in accordance with criteria and procedures satisfactory to the World Bank, including:

- (i) soliciting expressions of interest from qualified SAIPs or Grantees for participation in the Sub-projects, in accordance with the selection criteria established by the Technical Committee and set out in the ESAP 3 Operations Manual, and that are satisfactory to the World Bank;
 - (ii) entering into a Sub-grant Agreement with each SAIP and Grantee selected in accordance sub-paragraph (i) above for the implementation of the approved Sub-project under terms and conditions approved by the Steering Committee and set out in Appendix 2 to this Schedule, and that are satisfactory to the World Bank; and
 - (iii) exercising its rights under the Sub-grant Agreement in a manner to protect the interests of the Member Country and the World Bank to accomplish the purposes of the Project.
- (b) the Recipient shall not make any modifications to any Sub-grant Agreement, including any modifications to the total Grant amount and reallocations between expenditure categories under this Agreement, without the World Banks prior approval in writing.

B. Other Undertakings

1. Without limitations upon the provisions of Article II of this Agreement, and consistent with the ESAP 3 inception report approved by the World Bank and the Steering Committee on February 1, 2019, the Recipient shall:
- (a) prepare an annual work plan and budget for the implementation of Project activities in the following calendar year and, by October 31 of each year, furnish the draft to the Steering Committee, the Technical Committee and the World Bank for their respective review and endorsement and, implement the Project activities in accordance with the annual work plan and budget endorsed by the said committees and the World Bank;
 - (b) prepare and submit to the World Bank an Operations Manual, acceptable to the World Bank, including a financial management and procurement management system for each Sub-project, including innovation activities;
 - (c) ensure the effective and timely submission of quarterly and annual reports and other materials to the Steering Committee, the Technical Committee and the World Bank;

- (d) carry out all financial management and procurement functions associated with the Project in compliance with the World Bank procurement and financial management requirements set out in this Agreement;
 - (e) establish clear criteria for the selection and contractual arrangements relating to the Sub-projects, and conduct supervision, monitoring and evaluation of the Sub-projects to ensure and capture Project results;
 - (f) develop and implement a plan for SA training and capacity building of SAIPs, service providers, relevant government officials and other stakeholders, focusing on immediate and long-term goals and opportunities for institutionalization of SA processes and strengthening of the SA system in the government structures;
 - (g) ensure that lessons learned from pilots and/or innovations carried out under Part 1(b) of the Project are well documented and, where appropriate and as agreed upon by the Technical Committee and Steering Committee, integrated or mainstreamed into regular ESAP3 implementation;
 - (h) develop and implement by June 30, 2019, a monitoring and evaluation program, satisfactory to the World Bank, that includes woreda-level data collection, continuous monitoring of Project performance indicators and a management information system, to guide implementation, capture results and share lessons;
 - (i) prepare and disseminate reports and publications emanating from the Project activities to the Steering Committee and Technical Committee, relevant government entities and donors; and
 - (j) coordinate and manage the assessment of experiences and sharing of learning outcomes of the various Project activities, and ensuring its effective dissemination to a broad, multi-stakeholder audience.
2. The Recipient shall, within two (2) months from the effectiveness of this Grant, update the Financial Management Manual for the Project, in form and content satisfactory to the World Bank and adopt such updated Financial Management Manual as shall have been deemed satisfactory to the World Bank.

C. Anti-Corruption

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

D. Donor Visibility and Visit

- (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor's support for the Project.
- (b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, takes all measures required on its part to enable the representatives of the Donors to visit any part of the Member Country's territory for purposes related to the Project.

E. Documents; Records

In addition, and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

- (a) all records evidencing expenditures under the Project are retained for seven years and six months after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient's financial and narrative progress reports submitted to the World Bank; (iii) the Recipient's financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient's implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and
- (b) the representatives of the World Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donor(s).

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

- (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar quarter and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report. The last quarter report of each year shall be an annual report and shall cover the activities of the full year. It shall be furnished to the World Bank no later than forty-five (45) days after the end of the year covered by such report.

- (b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

B. Financial Management; Financial Reports; Audits

- (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
- (b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
- (c) The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

All goods, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the “World Bank Procurement Regulations for IPF Borrowers” dated July 2016, revised November 2017 and August 2018 (Procurement Regulations) and the provision of the Project Procurement Strategy for Development (PPSD) dated January 15, 2019 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agree with the World Bank.

Section IV. Withdrawal of Grant Proceeds

A. General

- 1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1a) Grants for Sub-projects under Part 1(a) of the Project	5,641,390	100%
(1b) Grants and technical assistance for Sub-projects under Part 1 (b) of the Project	769,280	100%
(2) Consulting services, Training and Workshops (including media costs) under Part 2 of the Project	986,257	100%
(3) Management and Coordination Services Fees (including goods) under Part 3 of the Project	1,569,046.81	100%
TOTAL AMOUNT	8,965,973.81	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Section IV.A.1 of this Agreement, no withdrawal shall be made:
- (a) for payments made prior to the date of countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed USD 500,000 may be made prior to this date but on or after October 1, 2018 for Eligible Expenditures.

- (b) in respect of Grants for Sub-projects under Category (1a), unless and until the Recipient shall have established, in furtherance of the Recipient's obligations under paragraph (b) of Section I.B of this Schedule, an Operations Manual for the SAIP Sub-projects in Part 1(a) of the Project, including a financial management and procurement management system for each Sub-project, acceptable to the Bank.
 - (c) in respect of Grants and technical assistance for Sub-projects under Category (1b), unless and until the Recipient shall have established, in furtherance of the Recipient's obligations under paragraph (b) of Section I.B of this Schedule, operating guidelines for the innovation activities in Part 1(b) of the Project as part of the Operations Manual, including a financial management and procurement management system for each innovation Sub-project, acceptable to the Bank.
2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is May 31, 2023.

APPENDIX 1

Definitions

1. “Financial Transparency and Accountability” or “FTA” means activities undertaken by the Member Country to make financing and budget allocations and decision making more transparent to the population and include training on budget literacy, media campaigns, and audit and procurement information disclosures.
2. “Grievance Redress Mechanism” or “GRM” means the system by which citizens can provide feedback and complaints related to basic public services in Ethiopia and include the regional GRM offices and the Ethiopian Institute of Ombudsman (EIO).
3. “Grantee” means the recipient of a grant for undertaking an innovation Sub-project as provided under Part 1(b) of the Project and may include: (a) regional development organizations; (b) civil society organizations (CSOs); and (c) faith-based associations; (d) mass-based organizations (MBO); (e) universities, both public and private; and (f) private sector organizations.
4. “Grants for Sub-projects” means the grants provided for the implementation of a Sub-project.
5. “Inclusive of Taxes” means that any tax/duty levied with regard to services or activities financed under this Project shall be eligible for financing to 100% of such amount.
6. “Joint Action Plans” or “JAPs” means a plan agreed between local service providers and service users for service quality improvement based on interface meetings between service users and providers.
7. “Management and Coordination Services Fee” means the fee payable to the Recipient on account of the services performed by the Recipient on behalf of the Member Country under the Project, as further defined in the Terms of Reference provided in Appendix 3 of this Annex.
8. “Member Country” means the Federal Democratic Republic of Ethiopia.
9. “Operations Manual” means the document which describes the detailed operations and implementation procedures of Project components including procedures and guidelines for selection and management of SAIPs and Grantees.

10. “Program” means the “Ethiopia Social Accountability Program” consisting of a program of interrelated actions, measures, and instruments adopted or entered into by the government of Ethiopia, with the aim to strengthen the use of accountability tools, approaches and mechanism in Ethiopia by: (a) citizens and citizen groups; (b) civil society organizations; (c) local government officials; and (d) service providers as a means to make basic service delivery more equitable, effective, responsive and accountable.
11. “SAIPs” means the social accountability implementing partners for the benefit of which a Grant for Sub-projects is provided under Part 1(a) of the Project and may include: (a) regional development organizations; (b) civil society organizations (CSOs); and (c) faith-based associations.
12. “Signature Date” means the later of the two dates on which the Recipient and the World Bank signed this Agreement and such definition applies to all references to the date of the Agreement.
13. “Social Accountability” or “SA” means the process of involving citizens and communities in the processes of governance so that decisions and actions of the people and organizations with power are made public and can be questioned.
14. “Steering Committee” means a committee established to provide general oversight and provide strategic directions to the Project comprising three representatives each from the government, civil society organizations (CSOs) and development partners, including as an *ex-officio* member, a representative of the World Bank, and chaired by the State Minister of Ethiopia’s Ministry of Finance, as further referred to in Section 2.03 of this Annex.
15. “Sub-grant Agreement” means the agreement to be entered into between the Recipient and a selected SAIP or Grantee for implementation of a Sub-project.
16. “Sub-project” means any initiative to be implemented by a selected SAIP or Grantee (see definitions in paragraphs items (3 and 11) or other implementer which may include: (a) academia, (b) private sector entity, and (c) government entity, for the purposes of strengthening citizens, government’s, and/or civil society organizations' capacity for, and the use of, SA processes, approaches and mechanisms to ensure more effective, efficient, responsive and accountable basic services by local public service providers, as further described in Appendix 2 (on Eligibility Criteria, Selection Procedures, and Terms and Conditions of Subprojects).
17. “Technical Committee” means a committee established, under the umbrella of the Steering Committee to oversee the technical implementation of the Project and chaired by the Channel One Programs Coordination Directorate of Ethiopia’s Ministry of Finance, as further referred to in Section 2.03 of this Annex.

18. “Terms of Reference” or “TOR” means the terms of reference through which the Recipient has agreed to carry out the Project on behalf of the Member Country, and act as the Member Country’s Management Agency to perform certain specific functions on behalf of the Member Country.
19. “Training and Workshops (including media costs)” means the reasonable costs associated with training, workshops and study tours for selected participants, including travel and subsistence costs for participants, fees and costs associated with securing the services of trainers and speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training courses, workshop, study tours preparation and implementation, and media costs.

APPENDIX 2

I. Eligibility Criteria, Selection Procedures, and Terms and Conditions of Sub-projects under Part 1(a) of the Project

A. Sub-project and SAIP Eligibility Criteria and Selection Procedures

1. Any of the following may be selected as an SAIP to receive financing out of the proceeds of the Grant: (a) a regional development organization; (b) a civil society organization (CSO); or (c) a faith-based association.
2. No Sub-project shall be eligible for financing out of the proceeds of the Grant unless the Steering Committee shall have:
 - (a) determined the eligibility of the SAIP in accordance with criteria above listed; and
 - (b) endorsed the specific Sub-project proposal, on the basis of an assessment conducted in accordance with the following guidelines:
 - (i) the extent to which the initiative accomplishes the purpose of the Project;
 - (ii) the extent to which the SAIP has demonstrated technical and management capacity to implement the Sub-project; and
 - (iii) the initiative shall be in compliance with the standards set forth in the laws of the Member Country relating to the accountable basic services.

B. Terms and Conditions of the Sub-grant Agreement

1. In the financing of each Sub-project, the Recipient shall enter into a Sub-grant Agreement with the selected SAIP concerned under terms and conditions established by the Steering Committee, which shall include the following:
 - (a) the financing shall be on a grant basis;
 - (b) the requirement that the goods, works and services to be financed out of the proceeds of each initiative be procured in conformity with Section III of Schedule 2 to this Agreement;
 - (c) the requirement that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines;

- (d) the right of the Recipient to inspect by itself or jointly with IDA the premises thereof, and any record or relevant document of the Sub-project;
- (e) the right of the Recipient to suspend or terminate the right of the SAIP to use the proceeds of the Grant for Sub-projects upon failure by the SAIP to perform any of its obligations under the initiative Sub-grant Agreement;
- (f) the obligation of each SAIP to carry out the respective initiative with due diligence and efficiency; and
- (g) the obligation of each SAIP to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the relevant activities.

II. Eligibility Criteria, Selection Procedures, and Terms and Conditions of Sub-projects under Part 1 b) of the Project

A. Sub-project and Innovation Grantee Eligibility Criteria and Selection Procedures

1. Any of the following may be selected as a Grantee to receive financing out of the proceeds of the Innovation Grant: (a) a regional development organization; (b) a civil society organization (CSO); (c) a faith-based association; (d) mass-based organizations (MBO); (e) universities, both public and private; and (f) private sector organizations.
2. No Sub-project shall be eligible for financing for innovation out of the proceeds of the Grant unless the Steering Committee shall have:
 - (a) determined the eligibility of the grantee in accordance with the criteria above listed; and
 - (b) endorsed the specific Sub-project proposal for innovation, on the basis of an assessment conducted in accordance with the following guidelines:
 - (i) the extent to which the initiative has been prioritized as an issue to be studied, solved and/or remedied at zonal / regional and or federal level based on SA experiences at Woreda and Kebele levels.
 - (ii) the extent to which the initiative has been drafted with clearly defined deliverables, both on final outputs (the quality of the solutions) and on inclusiveness of the process (in line with the principles of social accountability).

- (iii) the extent to which the innovation grant contributes to the development of local expertise (either individually or in partnership) and initiates policy change;
- (iv) the extent to which the Grantee has demonstrated technical and management capacity to implement the Sub-project; and
- (v) the initiative shall be in compliance with the standards set forth in the laws of the Member Country relating to the accountable basic services.

B. Terms and Conditions of the Sub-grant Agreement

1. In the financing of each Sub-project, the Recipient shall enter into a Sub-grant Agreement with the selected Grantee concerned under terms and conditions established by the Steering Committee, which shall include the following:
 - (a) the financing shall be on a grant basis;
 - (b) the requirement that the goods, works and services to be financed out of the proceeds of each initiative be procured in conformity with Section III of Schedule 2 to this Agreement;
 - (c) the requirement that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines;
 - (d) the right of the Recipient to inspect by itself or jointly with IDA the premises thereof, and any record or relevant document of the Sub-project;
 - (e) the right of the Recipient to suspend or terminate the right of the grantee to use the proceeds of the Grant for Sub-projects upon failure by the grantee to perform any of its obligations under the initiative Sub-grant Agreement;
 - (f) the obligation of each Grantee to carry out the respective initiative with due diligence and efficiency; and
 - (g) the obligation of each Grantee to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the relevant activities.

APPENDIX 3

Abbreviated Terms of Reference

1. Background

The Ethiopia Social Accountability Project (ESAP) began as a Pilot (ESAP 1) from 2006 - 2009 during the first phase of the Protection of Basic Services (PBS) Project to test a small range of SA tools, approaches and mechanisms. The objective of ESAP 1 was, “strengthened use of social accountability tools, approaches and mechanisms by (i) citizens, (ii) civil society organizations (CSOs), (iii) local government officials and (iv) service providers as a means to make basic service delivery more effective, efficient, responsive and accountable.” Twelve national CSOs were selected to lead the implementation of pilot projects.

The ESAP2 followed, as part of PBS II and then PBS III. The *overall* objective was to strengthen the use of SA tools, approaches and mechanisms by: (i) citizens and citizens’ groups; (ii) CSOs; (iii) local government officials; and (iv) service providers as a means to make basic service delivery more equitable, effective, efficient, responsive and accountable.

ESAP2 used structured SA tools such as community score cards, citizen report cards, participatory budgeting, gender responsive budgeting, and participatory tracking surveys - to undertake needs assessment and develop joint service delivery improvement action plans around which interface (direct) meetings between service providers and service users were conducted. Implementation of the validated joint service delivery improvement actions plans are expected to make services more equitable, effective, efficient, responsive and accountable. These tools were used in 223 woredas across all regions, roughly 25 percent of all woredas in Ethiopia

The ESAP2 evolved into a Bridging Phase in 2016 by incorporating innovations and extending the project closing date to December 2017 to minimize a possible gap between its implementation and effectiveness of a successor program (ESAP3). The Bridging Phase aimed at consolidating and deepening SA in 223 participating woredas as well as expanding to more kebeles within the woredas until a successor program would be designed and approved. The Bridging Phase was further extended to until December 2018 to ensure that as much of the SA expertise as possible would be engaged in all 223 ESAP2 woredas before the start of ESAP3.

2. ESAP 3 Project Description

The Project Development Objective of ESAP3 is to support strengthening the SA system and mechanisms for enhanced service delivery in Ethiopia. ESAP3 is composed of three major project components:

- Component 1 is the operational core of the project and includes the implementation and expansion of the SA tools and approach in kebeles and woredas. Component 1 includes 2 sub-components:
 - Grants to SAIPs to expand the uptake of SA to more woredas and kebeles.
 - Grants or technical assistance to SAIPs or other government or non-government organizations to undertake innovative activities including testing social accountability tools in new sub-sectors, linking non-basic service issues to other citizen engagement initiatives, or addressing social accountability issues at the regional level.
- Component 2 is the area that this phase of the program places more emphasis on compared to previous phases of ESAP. It is this phase based on the recognition that for SA to be sustainable it must be embedded within the overall institutions and systems of government through a longer-term process. Component 2 includes strengthening of the capacity of the SA system in Ethiopia including building capacity and strengthening structures for service delivery actors (including in the health, education, agriculture, rural roads, and water and sanitation sectors and in regional and woreda administrations), building links with Financial Transparency and Accountability (FTA) and Grievance Redress Mechanism (GRM) systems and mainstreaming SA in government and non-government institutions.
- Component 3 is composed of the elements that support the management, the monitoring and evaluation, and the overall functioning of the project.

ESAP3 will be rolled out over an overall 10-year strategy divided into two 5-year funding cycles. These ToRs cover the next 5-year cycle of the program and bidders are bidding only for the first 5 years of services.¹ The timing and detailed activities are outlined further in the following sections.

During this period, ESAP3 will extend and broaden the scope of ESAP2 by:

1. Scaling up the application of SA in new woredas and in more kebeles in existing woredas. It will focus on the same 5 key service delivery sectors (health, education, WASH, agriculture (including the PSNP), and rural roads.² The scale up aims at reaching the 500 woreda target set in the GoE and World Bank Country Partnership Framework (CPF) for 2018-2022.
2. Introducing new activities including a stronger focus on strengthening the SA systems and service delivery responses to SA; building increased government

¹ Note that following a planned MTR, some activities of the MA may be readjusted based on the results of the MTR.

² For ESAP3, the definition of the agriculture sector has been expanded to include the Productive Safety Net Program (PSNP). Therefore, the PSNP will be fully integrated into ESAP3.

capacity for SA and institutionalizing activities within government activities; and piloting and testing new and innovative approaches.

Initially, ESAP3 will be financed by the MDTF funds. The MDTF will be managed by the World Bank who will hire a MA to implement the part of the overall program components. In addition, an IDA grant through the Enhancing Shared Prosperity through Equitable Services (ESPES) Additional Financing of US \$20 million has been allocated to complement the MDTF financing. The Government of Ethiopia (GoE) will manage these IDA resources separately but in effect both funding streams will support the same program and results framework.

To clarify, this ToR has been developed for MA (1), the MDTF-funded MA – which will be contracted from the start of ESAP3. In the event that a second MA [MA (2)] is contracted to ensure that SA is further scaled up to more woredas, the MA [MA (1)] and MA (2) will need to ensure a harmonized approach to implementation of ESAP3, ensuring that strong synergies are built between both MAs to adequately address supply and demand driven aspects of SA.

Component 1: Expand the Uptake of Social Accountability Tools (estimated budget ceiling US\$25 million)³

Component 1 will be fully implemented by the MA (1).

It will include providing grants to CSOs to implement SA activities on the ground. Only grants to SAIPs will be financed through this component. All other related activities and costs such as costs related to selecting and hiring SAIPs, supervising and monitoring SAIPs, grant management, etc. will be financed through Component 3. Training and capacity building of SAIPs will be financed under Component 2.

This component includes the core SA tools and processes that directly deliver SA. Through financing grants to SAIPs this component will cover the following main activities: community empowerment and mobilization, community need identification and prioritization processes, interface meetings, the application of various SA tools, JAP development for service improvement, JAP implementation and monitoring, support to link JAP actions to local budget planning and FTA activities, in addition to related implementation and program monitoring functions.

Subcomponent 1a. Continue to scale up SA

ESAP3 will build on the lessons learned and innovations of ESAP1, ESAP2 and the ESAP2 Bridging Phase and any lessons arising from field missions/JRISs/learning benchmark meetings. The scale up will cover all regions in Ethiopia and aims at expanding from the current 223 woredas to 500 within the 5-year period. At the start of ESAP3, the program

³ Additional IDA funds may be allocated to this component but those activities would be implemented by the Government and not by the MA.

will cover the existing 223 woredas which were already covered under ESAP 2. It is expected that this component will increase the coverage gradually to 500 woredas across all regions. That means adding 277 new woredas or more if possible. In addition, a number of new kebeles should be added in existing woredas.⁴

In new woredas SA programming is expected to cover around 50% of kebeles. In existing woredas it is expected to scale up to cover around 75% of kebeles. It is expected that a minimum of 4 sectors are covered in each woreda. It is also expected that the woredas and kebeles selected would include both rural and urban woredas and with an emphasis on including remote and underserved areas.⁵

The consultant bidding on this agreement will present its detailed approach to the scale up including how it would phase the program and gradually reach the expected coverage over the 5-year period. Bidding documents should also describe their approach to recruiting Ethiopian CSOs or other agencies to be part of the ESAP3 program and how new CSOs will be phased in over the program period. The selected MA is expected to make a more detailed implementation plan during the Inception Phase on the specific sequencing and pace of scale up of coverage including the number of woredas (and kebeles) per region per year, and the specific approach and methodology for woreda, kebele and sector selection.

Subcomponent 1b. Pilot innovative approaches of SA

The emphasis on innovation in the ESAP2 and the Bridging Phase will be continued in ESAP3. The SA process has evolved significantly over the phases. In support of innovation and to continue to adapt approaches for sustainability, further innovation including the piloting of new approaches and engagement will be encouraged and funded under this component. Piloting has proved to be a successful means of testing new approaches, tools and sectors. Therefore, ESAP3 will include undertaking a limited number of SA pilots and areas of innovation, these include:

- The integration of PSNP activities into ESAP2 set a precedent for considering other linkages for ESAP3, such as the urban safety net (the UPSNP) which, it has been indicated, would be open to having its activities covered by ESAP. It is recommended that a SA pilot be undertaken in selected urban areas to explore the parameters of such potential linkages.
- The channeling of non-basic service delivery sector priorities to the relevant responsible agencies for action is an important development in ESAP3. It requires further innovation and focused efforts to explore, test and operationalize. It is envisaged that ESAP3 developed and pilots a 'referral system' by which non-basic

⁴ The MA is expected to make a proposal on how to sequence the scale up to additional woredas and kebeles during the Inception Phase.

⁵ Including PSNP woredas.

sector concerns identified by communities can be effectively channeled through responsible and appropriate bodies such as the GRM system.

- Other areas of innovation and potential piloting will be actively encouraged including activities which will address social accountability issues at the regional level or support building regional social accountability systems.

This subcomponent will involve providing grants to some SAIPs or other grantees to innovate and pilot such new approaches. The consultant bidding on this Agreement should present its approach to such innovation.

The detailed activities of Component 1 include:

- Conduct awareness creation so that citizens are aware of their entitlements and responsibilities to contribute to and demand for improved quality public services:
 - User community groups and citizens in all intervention areas mobilized and given awareness training on SA including service standards, entitlements, and information law;
 - Service User groups and citizens empowered to participate in the planning, budgeting, implementation and monitoring of basic public services;
 - Service User groups and citizens empowered with the sectors to use social accountability tools to assess services; and
 - Service User groups and citizens trained in the application of gender analysis in the use of SA tools.
- Conduct awareness creation for basic social service delivery sectors includes:
 - Local and regional service providers given awareness training;
 - Local and regional service providers supported to assess their own performance with SA tools; and
 - Local and regional service providers work with citizens to craft JAPs or other service plans at the regional levels.
- Produce JAPs and feed into local government service delivery plans and budgets (support responses to increased demand):
 - Priorities outside of social service delivery sectors are channeled to administrators, appropriate sectors, and to regional level as appropriate;

Component 2: Capacity and Systems Strengthening and Institutionalization of SA (estimated budget ceiling US\$3.5million)⁶

Component 2 will be jointly implemented by the MA (1) and the GOE. These TORs describe the part of the component which will be implemented by the MA (1).⁷ The budget allocated for the activities to be undertaken by the MA for this activity is US \$3.5million.

This component will support capacity building and system strengthening for GoE and sectors at all levels, including frontline service providers, woreda, regional and federal government actors, councils, CSOs, and citizens to embed SA within basic service delivery institutions and systems of government. Capacity building and systems strengthening activities are key to the institutionalization and sustainability of SA for enhanced service delivery within the Member Country. It will include the engagement of a wide range of stakeholders – expanding horizontally and vertically. It will also include learning from best practice, developing procedures for engagement, roles and responsibilities, embedding processes into institutions and scaling-up SA practices, and so on. It will include increasing alignment with mainstream development planning, budgeting and review processes. More details on capacity building are provided under section 3 (Scope of Work), sub-section 3.6.

Knowledge management and communication activity functions are critical and will be concretely improved upon and systematically integrated into ESAP3. Innovation will be encouraged in relation to knowledge management and communication functions, including the use of websites and social media, learning events and activities, publications, and printing of documentation. Documentation of processes and impact is required to support the institutionalization of SA within GoE functions, including the role of SAIPs.

The activities which will be financed under this component include: training, workshops, capacity building, technical assistance to government agencies and other stakeholders; development of framework, guidelines and manuals; JAP monitoring; learning and knowledge management; consultancies to support trainings; research, innovation and piloting; and all other activities related to strengthening systems, agencies and institutions for SA.

Proposals will be evaluated based on technical approach and methodology for this component including a detailed action plan of capacity building and system strengthening over the 5-year period. During the Inception Phase this plan will be finalized and agreed upon in consultation with other relevant stakeholders including the ESAP steering committee, government actors and development partners. See more details on capacity building under the section on Scope of Work (section 3.6).

⁶ The IDA financing for ESAP 3 will provide additional funds for undertaking activities under component 2. They will be undertaken by GOE and are not part of these TORs.

⁷ The GoE is expected to focus its share of Component 2 on strengthening the capacity of federal and regional entities as well as providing support to local Ethiopian CSOs.

Component 3: Project Management, Coordination, and M&E

Component 3 will be fully implemented by the MA (1) as it covers the management and administrative costs (including any profit margin) related to the implementation of the MA (1)'s share of component 1 and 2.

This component will include the coordination of daily project activities, selection of CSOs, and grants management. This will include oversight to contracts, including ensuring number of standard procedures in place to ensure the necessary financial and technical reporting functions are in place. The MA will also undertake the necessary monitoring of CSO activities, including regular field visits to CSOs and ESAP3 woredas. As appropriate, it will also require contracting of external assessments and audits.

The activities which will be financed under this component include: staffing and consultants; vehicles; office space (in Addis Ababa and in regions); equipment and utilities; taxes and pensions; insurance; travel and per diem; financial management and internal and external audits; grant management; monitoring and evaluation; and communication and related program management and administration costs [including any profit margin of the consultant firm(s)].

ESAP3 places emphasis on the need for increased efficiency and effectiveness including developing ways to deliver good value for money for implementing SA. Proposals for this component will be evaluated both on technical approach and methodology in addition to financial bid. Bidders' financial proposal should only include the costs for Component 3 which includes the "Coordination and management Fee" plus costs for procurement of major goods such as vehicles, IT equipment and office equipment. It should not include costs for Component 1 and 2.

ESAP 3 will take a phased approach over 5 years. It will be implemented in stages, with the MA receiving predictable financing in tranches. Bidders should specify in their financial proposals how the costs covered in Component 3 will be phased in over the assignment period in relation to the phase-in approach proposed for Component 1 and 2.

In building the cost for Component 3 (which is the financial offer of the firm), the shortlisted firms are required to use the "Revised Financial Proposal Template" attached with this TOR. The Financial Proposal Template which was originally issued as part of the RFP should be ignored and replaced with this revised template which includes Annex A (Financial Proposal Submission Form), Annex B (Summary of Costs for Component 3) and Annex C (Breakdown of major procurable items).

2.1 Expected Results of the Assignment⁸

Bidders should specify in their proposals the approach that it would take to phase in the work over the 5 years and what results will be achieved for each year. The main expected results for the 5-year timeframe of the assignment are described below.

The PDO Results Indicators are:

- Percentage of citizens (men and women) reporting improved and quality basic services; and
- Percentage of participating woredas that have aligned their budgeting and planning practices with SA processes.

The major indicators by which the program will measure its success in achieving these outcomes include, but are not limited to, the following:

- Percentage of citizens (men and women) aware of their service entitlements/rights in the intervention woredas;
- Number of user communities (disaggregated by gender, vulnerable groups, PSNP beneficiaries, people living with HIV and AIDS, disabled, chronically ill, etc.) actively involved in public service planning, budgeting, implementation and monitoring;
- Number of JAPs implemented and financed, disaggregated by sector and source of funding;
- Increased usage of services because services provided are of better quality, staff are more customer-friendly and more service oriented, and services meet the needs of citizens better;
- Number of Regional, Woreda and Kebele councillors using SA tools and approaches to undertake their oversight roles and functions;
- Proportion of local community structures and service user groups effectively working on SA in a progressively less dependent way on external technical and financial support; and
- Increased capacity of CSOs engaged in ESAP in the country.

⁸ Section 2.1 provides an indicative description of the Results Framework which is to be revised and readjusted by the MA during the Inception Phase and endorsed by the ESAP Steering Committee.

3. Scope of Work and Specific Task

The GoE is the main implementer of ESAP3. On behalf of the GoE and development partners, the World Bank is recruiting a Management Agency (MA) to serve as a MA to manage the technical implement the ESAP 3 program in close cooperation with GoE government. The MA will be in charge of most core functions of the ESAP 3 program. However, the Government will be responsible for part of the activities and leads the overall oversight of the program.

The MA serves as the core management body that oversees the technical implementation of the program and is accountable for operations. This management role includes technical program management, financial management, grant management, M&E, capacity building and training of government and other officials, CSOs and other stakeholders, etc. There will be a focus on building capacity and supporting the overall development of a system to sustainably deliver greater impacts through SA.

The MA will be responsible for operational implementation of ESAP3 in terms of day-to-day management of all project components as described in these TORs.

The MA will recruit CSOs and other entities which will work directly with communities using SA tools and procedures. The MA will also work closely with GoE to coordinate the implementation of Component 2. Under Component 3, the MA will manage operational activities of CSOs and other grantees or consultants, including management of fiduciary arrangements.

The MA should have a presence in Addis Ababa through either a branch office or other arrangement and also set up sub-offices or “regional hubs” to effectively and efficiently implement and manage the SA program and supervise CSOs.

Specifically, the MA is expected to carry-out the following tasks:

3.1 Program Management

- Responsibility for overall management and coordination of CSOs and other grantees;
- Handle preparatory steps, including selection of CSOs and grantees using an independent selection criteria and methodology. Selection should be based on guiding principles which are currently being finalized and agreed between the GoE ESAP DPs, and the World Bank. Bidders should describe their approach to recruiting CSOs or other grantees to be part of the ESAP3 program;
- Prepare annual plans for the implementation of ESAP for submission for approval to the World Bank and endorsement by the ESAP Technical and Steering Committees;

- Prepare and submit quarterly and annual technical progress reports to the World Bank for approval and to the ESAP Technical Committee for endorsement;
- Provide substantive direction, leadership and analytical guidance to CSOs and grantees on the implementation of the SA tools and mechanisms including exit and entry strategies, institutionalizing and sustaining SA, mentoring and training of local government officials and service providers, consensus building and acting as interlocutors among stakeholders.
- All technical documents should be scanned and archived for handover to the World Bank as part of key documents at the end of the project.

3.2 Financial Management

The MA will have fiduciary responsibility for the financial administration of program funds, including grants to CSOs, and shall be fully accountable to the World Bank for all expenditures. Project financial arrangements will be coordinated and managed by the MA and it will assume overall financial management responsibility for project funds, and among other issues will ensure that: (i) the project financial management activities are carried out efficiently; (ii) the project financial affairs and administration are carried out as per the Grant Agreement; (iii) project fund are flowing to implementing entities timely and accountability reports are being received; (iv) banking arrangements are adequate; (v) financial reports of acceptable standard and quality are being produced and submitted to the World Bank on time; (vi) acceptable accounting arrangements exist including an acceptable Financial Management Manual is prepared and qualified Financial Management staffing is recruited or assigned to handle the project funds; (vii) adequate internal controls are in place and internal auditors provide regular support to the project; and (viii) the project financial transactions are audited by independent external auditor in accordance with International Standards on Auditing.

3.3 Procurement Management

The MA will have: (i) procurement implementation responsibility; and (ii) procurement oversight responsibility. The MA's procurement implementation responsibility includes selection of SAIPs and other grantees, selection of consultants, and procurement of goods required as input to the MA to deliver the service successfully. Its procurement oversight responsibility will involve having oversight on the selected CSOs while they undertake procurement activities using funds transferred from the MA for operational activities.

Procurement by the MA as well as by the CSOs will be carried out in accordance with the World Bank's Procurement Regulations for IPF borrowers (Borrowers Regulations), July 2016.

The MA will prepare and submit for the Bank's No Objection Procurement Plan for all activities that it plans to procure. The Procurement Plan, as agreed between the Bank and

the MA, will specify procurement methods and their applicable thresholds, as well as activities that will be subjected to the Bank's prior review and post review.

The MA will prepare Project Procurement Strategy Document (PPSD) as per the provisions of Section IV of the Procurement Regulations. The PPSD shall give particular emphasis for selection of CSOs. The document shall review past experience in selection and management of CSOs. The strategy will analyze the operational context, CSOs capability, availability, risks, the selection approach and method, evaluation criteria etc. following guidelines provided by the Bank to prepare PPSDs.

As part of its oversight responsibility the MA will prepare a Procurement Manual for CSOs participating in the program. The manual will detail the expected procurement expenditure profile of the CSOs and will describe the applicable procurement methods and procedures to be followed by the CSOs. The manual will also describe the annual procurement planning and approval procedure, and the expected procurement documents that should be maintained with CSO for audit and review purposes. The MA will provide training to selected CSOs and will closely monitor the procurement activities as per provision set in the manual.

3.4 Grant Management

The MA is responsible for the independent selection process for a set of diverse SAIPs and grantees, using an open tender. The process to be set up by the MA for selection of SAIPs shall ensure coverage of a diverse and plural set of CSOs, a diverse set of woredas, including a focus on the most vulnerable and historically underserved, across all regions of Ethiopia.⁹ SAIPs are responsible for community mobilization and creating awareness and building capacities of citizens and citizens groups on their roles, responsibilities and entitlements to contribute to and demand better public services. SAIPs report to the MA.

3.5 M&E

- Develop a results framework, based on ESAP3 Design Document, with consensus driven performance indicators to guide management of program results;¹⁰
- Establish and use a web-based monitoring and evaluation system for capturing program achievements and for sharing lessons learned;
- Establish and use an M&E reporting and information dissemination process;

⁹ Including PSNP woredas.

¹⁰ Note that the Results Framework prepared by the MA (1) during the Inception Phase of this ToR will serve as the umbrella Results Framework for the whole program (including both MDTF and IDA funds).

- Ensure effective communication of M&E findings to the World Bank, Steering Committee as well as to CSOs;
- Train and support CSOs to prepare and submit M&E reports regularly;
- Conduct regular field visits to identify constraints and challenges faced by SAIPs to highlight field visit findings and agreed actions;
- Hold discussions, agree on actions required, and leave Aide Memoires behind with relevant woreda and regional government offices and CSOs to highlight field visit findings and agreed actions;
- Work with the GoE to develop systems to ensure that findings emerging from SA on the group is fed upwards to inform higher level decision making; and
- Attend and prepare inputs to monitoring and supervision missions, etc.

3.6 Capacity Building

The MA will in detail develop the approach to capacity building – as part of Component 2. ESAP3 will place particular emphasis on building CSO capacity, including setting a ‘baseline’ of CSO capacity at the beginning of ESAP3.¹¹ During implementation, training on SA, project management, etc. will be provided to all CSOs with a view to reassessing the capacity of CSOs at the end of ESAP3.

Specific activities may include but not be limited to the following:

- Design gender-sensitive SA training and capacity building modules and training plan;
- Conduct training sessions in SA for relevant government officials, CSOs, and other stakeholders to enable them to engage effectively in ESAP3;
- Create and build capacities and skills of CSOs on program management, the use of SA tools and on facilitation of interface meetings between service users and service providers, etc.;
- Provide guidance to CSOs on approaches for institutionalizing and sustaining SA including training and involvement of Community Based Organizations (CBOs) and Mass Based Associations (MBAs), councils, sectors, etc.;

¹¹ For example, based on the assessment of CSO capacity made during the CSO selection process.

- Provide support to sectors, as required, and support process to integrate SA into sector systems;
- Support process to strengthen linkages between SA and Financial Transparency and Accountability (FTA) and Grievance Redress Mechanism (GRM);
- Organize and implement Learning Benchmark Meetings and Annual Learning Events;
- Support to CSOs to ensure quality reporting; and
- Explore innovative approaches and how SA may address issues raised in prioritization exercises.

3.7 Knowledge Management

- The MA is responsible for dissemination of information on the progress and achievements of the program to all relevant stakeholders;
- Develop case studies and assessments on impacts, experiences and lessons learned;
- Document progress towards sustainability and institutionalization;
- Make use of websites and social media, learning events and other activities, publications, etc.;
- Maintain key program documents in key document database that is regularly updated and shared with the World Bank every 6 months; and
- Develop other knowledge products as requested by the World Bank and Steering Committee.

3.8 Coordination & Harmonization

In the event that a second MA (MA (2)) is contracted to ensure that SA is further scaled up to more woredas, both MAs (MA (1) and MA (2)) will report to and be held accountable by the ESAP Steering Committee for ensuring a harmonized approach to implementation of ESAP3, ensuring that strong synergies are built between both MAs to adequately address supply and demand driven aspects of SA. MA (1) will prepare and propose all necessary mechanisms for harmonization and coordination, which will be approved by the Steering Committee. The World Bank and Steering Committee itself will ensure that the two funding flows are closely coordinated and ensure mutual accountability.

The MA should also harmonize with the GoE since GoE is responsible for implementing some ESAP3 activities. It will also be important for the MA to coordinate with the Service

Delivery Secretariat in the World Bank regarding any supervision or monitoring missions involving ESAP3.

4. Outputs and Deliverables¹²

The MA will be responsible for the following key deliverables over the Agreement period.

During the Inception Phase.¹³

- Inception Report covering, but not limited to, an overview giving the managerial and operational structure with roles and responsibilities, establishment of required management arrangements, etc.
- Development of M&E system, including program results framework with expected outcomes and performance indicators;
- Development of Capacity Building and Systems Strengthening Action Plan which will outline the detailed approach to training/capacity building for Government, CSOs and other relevant actors;
- Capacity building and training SA training modules, including operational guidelines, management, procurement, M&E template, etc.;
- Set up key documents database, including website with on-line repository of the programs database and relevant documents;
- Proposals for planning and reporting templates (including annual plan and report, quarterly reports and monthly activity reporting (database of activities planned vs. implemented updated each month));
- Revise and readjust the existing draft Results Framework;
- Proposal for Regional Hubs (locations, plan for scale up, etc.);
- Propose CSO selection criteria/methodology, ensuring competitiveness, fairness, representativeness in a way that reflects the plurality of CSOs;
- Proposal for sequencing of program implementation and expansion to new woredas and kebeles;

¹² Note that all data and information collected as a result of the MA's work under ESAP3 is the property of the World Bank and is not eligible for publication outside of the agreed ESAP3 program structure.

¹³ Note that the Inception Phase is expected to last no longer than 4 months.

- Program Implementation Manual;
- Framework and procedures for ensuring harmonized approach to implementation of ESAP 3, ensuring that strong synergies are built between both MAs to adequately address supply and demand driven aspects of SA; and
- Strategy on how to engage and ensure that women and vulnerable groups (i.e. including disabled) are included in the program.

The above Inception Report and related documents will need to be approved by the World Bank and the Steering Committee.

During the Implementation Phase,¹⁴

- Program Performance Reviews undertaken at baseline, midline and endline, including assessment of processes, systems and procedures, as well as surveys of beneficiaries, service providers, and other actors in the SA system;
- Annual Workplans (including capacity building and grant management), including budget and action plans;
- Quarterly and annual technical and financial reports providing the progress of the grantees, sub-grantees, and of grants disbursed, recommended corrections to be taken to improve performance;
- Annual external Financial Audit Reports; Quarterly Internal Audit Reports;
- Other technical reports, documents and power-points, etc., as required and requested;
- A Program Completion Report, including final detailed report with lessons learned, suggestions, recommendations as well as effectiveness assessment report;
- Successful implementation, documentation and reports on learning from Pilots and innovations, new training materials based on revised operational manuals, etc. based on lesson learning;
- Knowledge and research products, including reports on lessons learned from Pilots;
- Key documents database including website with on-line repository of the programs database and relevant documents; and

¹⁴ Specific deliverables will be agreed upon at the time of Annual Plan development.

- Program review and lessons learned dissemination workshops (min. of 2x/year).

5. Management and Governance Arrangements

The MA shall have a core managerial and technical staff that can deliver on the main outputs described above. The MA is expected to have access to adequate financial, administrative and logistics support, and the capacity to produce the agreed program results. The specific skills are described under the section entitled *Skills Required* (section 7). The MA's core staff will be responsible for developing overall strategy, annual workplans and quality control arrangements.

The MA will operate out of a main office in Addis Ababa, Ethiopia and form strategically located sub-offices or "regional hubs" to effectively and efficiently implement and manage the SA program and supervise CSOs. "Regional hubs" should support the devolution process and should be an integral part of program implementation and supervision under the guidance of the main office. "Regional hubs" should serve as centers for systems strengthening, capacity building, knowledge management/experience sharing, SAIP monitoring, and technical support. At a minimum, it is expected that the MA sets up three "regional hubs".

Proposals from bidders should describe and outline the approach to putting in place and rolling out "Regional Hubs" over time to be further detailed by the selected MA during the Inception Phase. Proposals should describe the functions of hubs *vis-à-vis* the main office. Proposals should also describe which functions may be provided from outside of Ethiopia, if any.

The MA will be managed by and report to the *World Bank* on a day-to-day basis and receive technical support from the *ESAP Technical Committee* and overall strategic oversight including programmatic direction from the *ESAP Steering Committee*.

Specifically,

- The *Work Bank*, as the direct manager of the MA, and will provide final approval of all MA outputs. It will also collate and coordinate comments from other ESAP3 DPs.
- The *Technical Committee* (technical level governance structure including government, and DPs) will review all outputs from the MA and discuss any emerging issues (including upon request of the MA) at technical level. The Technical Committee will: (i) oversee the technical implementation of ESAP by the MA, (ii) inform GoE on ESAP progress and provide support in institutionalization of social accountability within GoE's other initiatives; and (iii) make final recommendations to the Steering Committee.

- The *Steering Committee* (management level tripartite governance structure including government, CSOs, DPs) will: (i) provide strategic direction and guidance for program implementation; and (ii) endorse annual plans and budgets prepared by the MA.

For example, at the beginning of each year of implementation, the MA will submit an Annual Workplan and Budget to the Technical Committee for review and to the Steering Committee for endorsement. The MA must receive final approval from the World Bank for its plans and budgets before proceeding with implementation (in addition to all other MA deliverables).

6. Timeframe and Cost

ESAP3 will run for a period of 5 years from mid-2018 to mid-2023. The agreement which will be signed between the World Bank and the winning firm will be a Grant Agreement, not a consultant contract. The duration of the Agreement will be for a period of 5 years, but implementation will be phased. The MA will receive predictable financing in tranches. During the first four months of the Agreement, the ESAP3 MA will be assisted by the ESAP2 MA, in order to ensure a smooth transition from ESAP2 to ESAP3.

The total amount of the Agreement will finance all deliverables and outputs outlined under Section 4 Outputs and Deliverables. This includes fully financing all activities described under Component 1, Component 2 and Component 3 (excluding any activities in component 2 which will be undertaken by the Government).

Bidders should provide pricing in the financial proposal for Component 3 only, including management fee and other expenses detailed in the preceding description of Component 3. The profit margin (management fee) proposed by the bidder should be specified as its own line item in the financial proposal. Costs for component 1 and 2 should not be included in the financial proposal but should respond to the estimated component budget ceilings indicated for Component 1 and 2.

The estimated level of effort is about 550 person-months. Bidders are requested to present, in their technical proposal, a level of effort chart showing their expected chronogram and time allocation for the development of each of the deliverables and any assumptions made regarding the level of effort for each of the deliverables and the scope of work to be performed.

7. Skills Required and Profile of the MA

A qualified and experienced MA, with technical expertise in SA related to basic service delivery in a developing country, program management, financial management, procurement, grant management, training and institutional capacity building and program M&E, is required for this assignment.

The MA will also have substantial knowledge of the Member Country and preferably working experience in developing countries. Such expertise could be based in-house or obtained through outsourcing or partnership with domestic or international organizations.

Overall, the MA should have the ability to show support, leadership and to facilitate an enabling environment for all SA actors. The MA should provide leadership of appropriate seniority with experience in civil society work, knowledge of social accountability and of the specific context.

The MA should submit a substantive proposal explaining how it will approach the work outlined in the TORs. They should also provide CVs of the key staff members which would be implementing the assignment, together with an outline of how the proposed team will meet the technical criteria. All key staff of the team should be senior practitioners with at least a relevant Masters' degree and a minimum of 7 years post-Masters experience (5 years for PhD holders). These represent minimum requirements. The technical evaluation of the key core team members' qualifications will be made by comparing CVs of all individuals for each labor category.

The ideal MA will be a consortium of international and national experts (note that under the World Bank vendor eligibility rules, an entity needs to be in existence for at least one year prior to being awarded a Grant Agreement; as such consortium, should be read as a team comprised of a prime consultant with sub-consultants; a Joint Venture or Consortium formed for the purpose of bidding on this agreement that does not meet the one-year rule will be disqualified).

The MA is expected to field a team that includes the following senior key staff (minimum of Masters degree):

- Sr. Program Manager
- Sr. Social Accountability Expert(s) (including specialization on institutionalization and sustainability of SA and local governance)
- Sr. M&E Expert
- Sr. Capacity Building Expert
- Sr. Financial Management Expert
- Sr. Grant Management Expert
- Internal Auditor

It is expected that the Sr. Program Manager, Sr. Social Accountability Expert(s), Sr. M&E Expert and Sr. Capacity Building Expert may be international staff and the other Sr. key staff are locally hired staff in Ethiopia.

In addition to these Sr. key staff, the MA is expected to include locally recruited technical professional staff with experience and background in areas that complement the ESAP3. It is anticipated that these positions will include expertise in, but will not be limited to, financial management, grant management, M&E, capacity building, social accountability, basic service delivery (including knowledge of health, education, agriculture (including PSNP) water and rural roads). Moreover, the MA staff team should include the staff and consultants based in regional hubs. It is expected that these regional hubs be staffed by one local hub coordinator and 2-3 local staff or consultants.

Staff should have the appropriate behavioral competencies to work with both civil society and the government and ability to interact with senior government officials, DP, and CSO officials on sensitive matters and to win the confidence of a range of stakeholders.

In addition, the MA should have:

- A strong track record of working to support government-led programs that operate nationwide;
- A depth of expertise in SA principles and concepts and well versed in applying these to support the government to delivery services in decentralized federal system internationally and in developing countries;
- A strong track record of working with and managing a large number of CSOs and a deep understanding of the operations, roles and opportunities of CSO and other mass-based organizations;
- Strong understanding of basic service delivery, including the Member Country's fiscally decentralized block grant program and its state and non-state actors at all levels;
- Demonstrated ability to facilitate and enable processes and systems to be developed, operationalized and institutionalized;
- Experience working on capacity development in developing countries, particularly in Africa;
- A sound understanding of the government systems in the Member Country, the civil service and cultural understanding of and appreciation for knowledge, skill and training;

- A successful track record of developing capacity of soft/functional skills within organizations, internationally; and
- Proven leadership derived from experience and expertise working with civil society.

8. Guiding Principles

ESAP3 is guided by the following principles:

- A focus on women and the most vulnerable (including female headed households, youth, disabled, elderly, children, PSNP beneficiaries, people living with HIV and AIDS) and historically underserved woredas and population groups;
- Eligibility of all Ethiopian CSOs to apply to for grants to implement ESAP3;
- CSO selection based on independent selection process;
- Recognition of civil society and government roles, mandates and responsibilities in SA;
- Commitment of all actors to joint efforts on capacity building;
- ESAP3 should be context specific, where tools and mechanisms are adapted and agreed at local level;
- Transparency at all levels and from all stakeholders;
- Focus on the local/woreda level which is the frontline of service delivery;
- Importance of linkages with FTA and GRM;
- Commitment to developing strong horizontal and vertical linkages;
- Data emerging from SA activities on the ground, when appropriate, should flow upwards to regional and federal decision-making fora;
- Impact assessments and M&E results should be fed back to citizens, service providers and local government. Data should be extractive for upward and downward accountability to enable participants in the SA process to learn of the returns of all efforts;
- Openness to new ideas and flexibility to incorporate new approaches and pilots, etc. throughout the lifespan of the agreement; and

- Given that issues, conditions and the operating environment in emerging regions and pastoral areas may differ, ESAP3 will encourage flexibility within the implementation modality (and possibly ground level structures) in these areas. ESAP3 will be context driven including in the management modalities. Emerging regions will be carefully considered in terms of providing capacity and systems strengthening support to ensure they are properly supported.