

CONFORMED COPY

CREDIT NUMBER 3407-ET

Development Credit Agreement

(Women's Development Initiatives Project)

between

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 28, 2000

CREDIT NUMBER 3407-ET

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated August 28, 2000, between FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), has requested the Association to assist in the financing of the Project;

(B) the Borrower intends to obtain from the Government of Italy (Italy) a grant in an amount equivalent to \$1,800,000 (the Italian Grant) to assist in financing part of the Project on the terms and conditions set forth in an agreement to be entered into between the Borrower and Italy (the Italian Grant Agreement); and

WHEREAS the Association has agreed on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through October 6, 1999), with the modifications set forth below (the General Conditions), constitute an integral part of this Agreement.

(a) A new paragraph (12) is added to Section 2.01 to read as set forth below, and the existing paragraphs (12) through (14) of said Section are accordingly renumbered as paragraphs (13) through (15):

"12. 'Participating Country' means any country that the Association determines meets the requirements set forth in Section 11 of Resolution No. 194 of the Board of Governors of the Association, adopted on April 8, 1999; and 'Participating Countries' means, collectively, all such countries."; and

(b) The second sentence of Section 5.01 is modified to read:

"Except as the Borrower and the Association shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a Participating Country or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Association, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations."

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Beneficiary" means a Women's Group to whom, or for whose benefit, a Grant is made or proposed to be made;

(b) "Birr" means the currency of the Borrower;

(c) "CCU" means the Central Coordination Unit under the supervision of WAO (as hereinafter defined);

(d) "Financing Agreement" means an agreement to be entered into among a RCU/WCU (as hereinafter defined) Intermediary and a Beneficiary for the purpose of carrying out a Micro-project;

(e) "Grant" means a grant made, or proposed to be made by RCU (as hereinafter defined) to finance a Micro-project;

(f) "GIF" or "Grassroots Initiatives Fund for Women" means the financing window to provide Women's Groups with technical assistance, training and Grants;

(g) "IEC" means Information, Education and Communication

referred to in Part B.2 of the Project;

(h) "Intermediary" means an individual or organization, meeting the criteria provided in the PIM, which shall provide technical advisory services to Women's Groups and assist in organizing capacity building activities;

(i) "Memorandum of Understanding" or "MOU" means the memorandum between the Borrower and each Regional Women's Bureau referred to in paragraph 6 of Schedule 4 to this Agreement, as the same shall be amended from time to time;

(j) "Micro-project" means a specific development project financed or proposed to be financed, through a Grant extended under Part A of the Project;

(k) "National Steering Committee" means the committee established by the Borrower pursuant to Paragraph 2 of Schedule 4 to this Agreement;

(l) "NGO" means a non-governmental organization operating under the laws of the Borrower;

(m) "PIM" means the Project Implementation Manual referred to in Section 5.01 (a) of this Agreement, containing inter alia guidelines and procedures to be used for the purpose of implementation of the Project, including financial, accounting, disbursement and procurement procedures as may be amended from time to time in consultation with the Association, and such term includes any schedules to the PIM;

(n) "Project Management Report" means each report prepared in accordance with Section 4.02 of this Agreement;

(o) "Project Year" means the twelve-month period beginning from the Effective Date and ending twelve months thereafter (the first Project Year), and any twelve-month beginning at the end of the First Project Year, or the end of subsequent Project Years;

(p) "RCU" means a Regional Coordination Unit, within a Regional Women's Bureau;

(q) "RSC" or "Regional Steering Committee" means any of the committees established in each of the Project Regions referred to in Paragraph 3 of Schedule 4 to this Agreement;

(r) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(s) "WAO" means the Borrower's Women's Affairs Office in the Prime Ministers Office;

(t) "Woreda" means the district level of Government within the Borrower's territory;

(u) "WCU" means a Woreda Coordination Unit;

(v) "Zone" means the level of Government between the Woreda and Region within the Borrower's territory; and

(w) "ZCU" means a Zonal Coordination Unit.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to three million eight hundred thousand Special Drawing Rights (SDR 3,800,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for: (i) expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit; and (ii) amounts paid (or if the Association shall so agree, amounts to be paid) by the Borrower on account of withdrawals made for the benefit of a Beneficiary under a Grant, to meet the reasonable cost of goods, works, or services required for such Micro-project and in respect of which withdrawal from the Credit Account is requested.

(b) The Borrower may, for the purposes of the Project, open and maintain in dollars a special deposit account in the National Bank of Ethiopia on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2005, or such later date as the Borrower and the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on April 1 and October 1 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each April 1 and October 1 commencing October 1, 2010, and ending April 1, 2040,. Each installment to and including the installment payable on April 1 2020 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by: (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(d) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project through WAO, with due diligence and efficiency and in conformity with appropriate administrative, economic, financial, technical practices and with due regard to environmental practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of

this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. Without limitation upon the provisions of Section 3.01 of this Agreement, the Borrower shall:

(a) open and thereafter maintain, until completion of the Project, an account (the Project Account) in a commercial bank acceptable to the Association and on terms and conditions acceptable to the Association;

(b) deposit into the Project Account an initial amount of Birr 200,000 equivalent, the Borrower's estimated share of counterpart funds for the first quarter of the first year of Project implementation, as shall be agreed upon by the Borrower and the Association and thereafter, deposit at quarterly intervals into the Project Account such amounts as are estimated to be required for the ensuing quarter as shall be agreed upon between the Borrower and the Association; and

(c) ensure that the amounts deposited into the Project Account in accordance with paragraphs (a) and (b) of this Section shall be used exclusively for expenditures under the Project and not otherwise financed out of the proceeds of the Credit.

Section 3.04. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan for the future expansion of the Project (if any); and

(b) afford the Association a reasonable opportunity to exchange views with the Borrower on said plan.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Association, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

(i) have the records, accounts and financial statements referred to in paragraph (a) of this Section and the records and accounts for the Special Accounts for each fiscal year audited, in accordance with auditing standards acceptable to the Association, consistently applied,

by independent auditors acceptable to the Association;

(ii) furnish to the Association as soon as available, but in any case not later than nine months after the end of the first such year and thereafter six months after the end of each such year, (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited, and (B) an opinion on such statements, records and accounts and report of such audit, by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning such records and accounts, and the audit thereof, and concerning said auditors, as the Association may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of Project Management Reports or statements of expenditure, the Borrower shall:

(i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and separate accounts reflecting such expenditures;

(ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Association's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the Project Management Reports or statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, the Borrower shall carry out a time-bound action plan acceptable to the Association for the strengthening of the financial management system referred to in paragraph (a) of said Section 4.01 in order to enable the Borrower, not later than the Mid-term Review referred to in paragraph 9 of Schedule 4 to this Agreement, or such later date as the Association shall agree, to prepare quarterly Project Management Reports, acceptable to the Association, each of which:

(i) (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report, and (B) shows separately expenditures financed out of the proceeds of the Credit during the period covered by said report and expenditures proposed to be financed out of the

proceeds of the _____ Credit during the six-month
period following the period covered by said
report;

(ii) (A) describes physical progress in Project
implementation, both cumulatively _____ and for the period
covered by said report, and (B) explains variances between
the actual and previously forecast implementation targets;
and

(iii) sets forth the status of procurement under the
Project and expenditures under _____ contracts financed out of
the proceeds of the Credit, as at the end of the
period covered by said report.

(b) Upon the completion of the action plan referred to in
paragraph (a) of this Section, the Borrower shall prepare, in accordance
with guidelines acceptable to the Association, and furnish to the
Association not later than 45 days after the end of each calendar quarter
a Project Management Report for such period.

ARTICLE V

Effective Date; Termination

Section 5.01. The following events are specified as additional
conditions to the effectiveness of the Credit Agreement within the
meaning of Section 12.01 (c) of the General Conditions:

(a) the Borrower has adopted the PIM, in form and substance
satisfactory to the Association;

(b) the Borrower has opened the Project Account referred to in
Section 3.03 (a) of this Agreement and deposited therein the amount
referred to in Section 3.03 (b) of this Agreement;

(c) the Borrower has established a financial management and
accounting system, satisfactory to the Association for the Project;

(d) the Borrower has adopted the action plan, referred to in
paragraph 7 of Schedule 4 to this Agreement, for the First Project Year,
in form and substance acceptable to the Association; and

(e) the Borrower has established the Project Coordinator
referred to in paragraph 4 of Schedule 4 to this Agreement.

Section 5.02. The date one hundred and twenty (120) days after the
date of this Agreement is hereby specified for the purposes of Section
12.04 of the General Conditions.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. The Minister of the Borrower at the time responsible
for Finance is designated as representative of the Borrower for the
purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the

purposes of Section 11.01 of the General Conditions:

For the Borrower:

Minister of Finance
Ministry of Finance
P.O. Box 1905
Addis Ababa, Ethiopia

Facsimile: Cable address: Telex:
MINFIN 21147 (251-1)
551355

For the Association:

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

Facsimile: Cable address: Telex:
INDEVAS 248423 (MCI) or (202)
477-6391 Washington, D.C. 64145 (MCI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By /s/ Berhane Gebre Christos
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Callisto Madavo
Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

Amount of the

| Category | Credit Allocated (Expressed in SDR Equivalent) | % of Expenditures to be Financed |
|--|--|---|
| (1) Civil Works | 150,000 | 100% of foreign expenditures and 90% of local expenditures |
| (2) Goods, vehicles and equipment | 1,140,000 | 100% of foreign expenditures and 90% of local expenditures |
| (3) Training and consultants' services | 2,020,000 | 100% |
| (4) Operating costs | 490,000 | 70% |
| TOTAL | 3,800,000 | |

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower;

(c) the term "Operating Costs" means the incremental expenses incurred on account of Project implementation, management, monitoring and auditing, including office supplies, vehicle and equipment operation, transport, travel, per diem and supervision costs but excluding salaries of officials of the Borrower's civil service; and

(d) the term "training" includes training activities for women groups under the GIF, as well as for capacity building, IEC and monitoring and evaluation activities under Part B of the Project.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure: (a) for expenditures under contracts for works not exceeding \$50,000; (b) goods not exceeding \$30,000 equivalent each; (c) for expenditures under contracts for consultants' services provided by firms not exceeding \$75,000 equivalent each; (d) for expenditures under contracts for consultants services provided by individuals not exceeding \$25,000 equivalent each; and (e) for expenditures for training and operating costs, all under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to test methodologies to enhance the social and economic welfare of households in the Borrower's territory by improving and increasing women's opportunities in selected poor districts for enhancing household welfare through increased skills, productivity and income.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A: Grassroots Initiatives for Women

1. Promotion, identification, design, appraisal, implementation, supervision and evaluation of Micro-projects to assist Beneficiaries to organize and carry out productive activities and income-generating activities and the provision of Grants for the financing thereof.
2. Provision of training to Beneficiaries to increase their skills to carry out Micro-projects.

Part B: Institutional Strengthening

1. Capacity Building

(a) Strengthening the capacity of Beneficiaries and Intermediaries, in the following areas: group organization, training of Beneficiaries, project design, appraisal, monitoring, evaluation and reporting.

(b) Strengthening the capacity of the CCU, RCUs and WCUs at the central, regional, district and village level, to ensure effective planning, implementation, management and sustainability of Micro-projects.

(c) Provision of training to raise the appreciation and understanding of gender and environment issues, development of skills in community participation and mobilization, planning, implementation, monitoring and management of Micro-projects.

2. IEC:

(a) Carrying out an IEC program aimed at increasing the awareness of both men and women, on social and legal issues in a gender sensitive manner.

(b) Preparation of an IEC Manual.

(c) Carrying out a Role-Model program whereby successful women share their experiences and promote some of the IEC messages developed under (a) above.

3. Monitoring and Evaluation:

Carrying out of a participatory monitoring and evaluation program of the impact of the Project on the socio-economic status of Beneficiaries.

* * *

The Project is expected to be completed by December 31, 2004.

SCHEDULE 3

Procurement

Section I. Procurement of Goods and Works

Part A: General

1. Goods and works shall be procured in accordance with: (a) the provisions of Section I of the "Guidelines for Procurement under IBRD Credits and IDA Credits" published by the Association in January 1995 and revised in January and August 1996, September 1997 and January 1999 subject to the modifications set forth in paragraph 2 of this Part A (the Guidelines), and (b) the following provisions of Section I of this Section I.

2. In paragraphs 1.6 and 1.8 of the Guidelines, the references to "Bank member countries" shall be deemed to be references, respectively, to "Participating Countries" and "Participating Country".

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provision shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$1,000,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. National Shopping

Goods estimated to cost less than \$30,000 equivalent per contract, up to an aggregate amount not to exceed \$2,000,000 equivalent, may be procured under contracts awarded on the basis national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Procurement from UN Agencies

Vehicles, office equipment and computers may be procured from the United Nations Interagency Procurement Services Office in accordance with the provisions of paragraph 3.9 of the Guidelines.

4. Community Participation

Goods and works required for Part A.1 of the Project may be procured in accordance with procedures acceptable to the Association and documented in the PIM.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for works estimated to cost the equivalent of \$50,000 or more and goods estimated to cost the equivalent of \$30,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Association Borrowers" published by the Association in January 1997 and revised in September 1997 and January 1999 (the Consultant Guidelines) and the following provisions of Section II of this Schedule.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services for Part

A of the Project, estimated to cost less than \$100,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Selection Based on Consultants' Qualifications

Services under Part A of the Project or for services estimated to cost less than \$75,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

2. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part D: Review by the Association of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$75,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2 (a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$25,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

SCHEDULE 4

Implementation Program

1. Except as the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the provisions of the PIM and in accordance with the annual work plans to be established in accordance

with the provisions of paragraph 5 (d) of this Schedule. Such PIM shall not be amended or waived, in whole or in part, in a manner which in the opinion of the Association, would materially and adversely affect the execution of the Project or the achievement of its objectives.

2. The Borrower shall establish and maintain until completion of the Project, the National Steering Committee, chaired by the Minister responsible for Women's Affairs with representation from the Regional Affairs desk of the Prime Minister's Office, the Gender focal departments of the Ministries of Agriculture, Trade and Industry, Labor and Social Affairs, and Justice, two NGO umbrella organizations, the Center for Education, Training and Research on Women in Development, the Chamber of Commerce and the Federal Micro and Small Scale Enterprise Development Agency. The Borrower may change the membership of the National Steering Committee as needed and inform the Association of such changes. The National Steering Committee shall be responsible for overseeing Project performance and progress and to provide policy guidance. The National Steering Committee shall meet on a quarterly basis.

3. The Borrower shall establish and maintain in each Region until completion of the Project, Regional Steering Committees, chaired by the head of the Regional Women's Affairs Bureau with representation from the Labor and Social Affairs, Agriculture, and Trade and Industry Bureaus, the Regional Manager of the Ethiopia Social Rehabilitation and Development Fund, representatives from local level administrative levels nominated by the RCU and of Women's Groups. The Regional Steering Committees shall be responsible for overseeing Project activities in their respective Regions and to provide policy guidance. The Regional Steering Committees shall meet on a quarterly basis.

4. The Borrower shall establish and maintain until completion of the Project, a Central Coordinating Unit (CCU) under the supervision of WAO. The CCU shall be responsible for the overall project administration, financial management, procurement, monitoring and evaluation and supervision. The CCU shall comprise, inter alia, a Project Coordinator, a Financial/Procurement/MIS Officer, a Capacity Building Officer, and a Promotion/IEC Officer, all with qualifications and experience satisfactory to the Association.

5. The Borrower shall establish and maintain until completion of the Project as appropriate, Regional/Zonal/Woreda Coordinating Units in each Region/Zone/Woreda, where Project activities will take place. Such units shall be responsible for the overall project administration, financial management, procurement, monitoring and evaluation and supervision in the Region, Zone or Wereda concerned. Each Unit shall comprise, inter alia, a Coordinator, and a Financial and Procurement Officer and have access to a Capacity Building Officer, a Promotion/IEC Specialist and MIS Specialist, all with qualifications and experience satisfactory to the Association.

6. The Borrower shall, by no later than September 30, 2000, enter into a Memorandum of Understanding with each Regional Women's Affairs Bureau under terms and conditions which shall have been approved by the Association, which shall include the procedures and obligations for implementing the Project.

7. The Borrower shall submit to the Association, for its review or approval, as the case may be:

(a) before the beginning of each Project Year, a proposed annual work plan, including a proposed budget and financing plan, for the forthcoming Project Year; and

(b) semiannual and annual progress reports on the status of the

Project, including regular Beneficiary assessments and Beneficiary feedback reports and Micro-projects completion reports as provided for in the PIM.

8. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in Schedule 6 to this Agreement, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, not later than three months after the end of each Project Year, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association, not later than one month after furnishing the report referred to in subparagraph (b) of this paragraph, or such later date as the Association shall request, such report, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

10. Eligibility Criteria for Micro-projects

Without limitation upon the provisions of paragraph 2 above, no Micro-Project shall be eligible for financing out of the proceeds of the Credit unless the Borrower has determined, on the basis of an appraisal conducted in accordance with the guidelines set forth in the PIM, that the Micro-project satisfies the eligibility criteria specified below and in more detail in the PIM, which shall include, inter alia, the following:

(a) the Micro-project shall be for a productive activity;

(b) the Micro-project shall be initiated by a Beneficiary;

(c) the Micro-project shall be economically, financially and technically viable, and environmentally sound, in accordance with the standards specified in the PIM;

(d) the Beneficiary shall provide at least 10% of the estimated Micro-project costs in the form of cash, materials, labor or other services, with at least 5% being in the form of cash; and

(e) the Micro-project shall be in compliance with the standards set forth in the applicable laws and regulations of the Borrower relating to health, safety and environmental protection.

11. Terms and Conditions of Grants made for Micro-projects

Micro-projects shall be carried out pursuant to Financing Agreements, to be concluded between the relevant Coordinating Unit, the Beneficiary and the Intermediary as appropriate, under terms and conditions satisfactory to the Association, which, inter alia, shall

include the following:

- (a) financing to be on a grant basis;
- (b) the obligation to carry out the Micro-Project in accordance with the PIM, with due diligence and efficiency and in accordance with sound environmental, technical, financial and managerial standards and to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the Micro-Project;
- (c) the requirement that: (i) the goods, works and services to be financed from the proceeds of the Credit shall be procured in accordance with the procedures set forth in Schedule 3 to this Agreement; and (ii) such goods, works and services shall be used exclusively in the carrying out of the Micro-Project;
- (d) the right of the Borrower to inspect, by itself, or jointly with the Association, if the Association shall so request, the goods, works sites, plants and construction included in the Micro-Project, the operations thereof and any relevant records and documents;
- (e) the right of the Borrower to obtain all information as the Borrower or the Association shall reasonably request regarding the administration, operations and financial conditions of the Micro-Project; and
- (f) the right of the Borrower to suspend or terminate the right of the Beneficiary to use the proceeds of the Credit for the Micro-Project upon failure by the Beneficiary to perform any of its obligations under its Financing Agreement.

12. The Borrower shall not later than eighteen months before the Closing Date, carry out, under terms of reference satisfactory to the Association, an independent evaluation to determine (a) whether the Project is accomplishing its objectives, (b) the effectiveness of Project Management, the institutional structure and the operational procedures, (c) make recommendations as to whether activities under the Project should be expanded.

13. The Borrower shall carry out all training, seminars and workshops under the Project in accordance with programs which shall have been approved by the Association and which shall, inter alia, identify: (a) the training, seminars and workshops envisaged; (b) the personnel to be trained; (c) the institutions or individuals conducting the training; (d) the duration of the proposed training; and (e) an estimate of the costs.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (4) set forth in the table in paragraph 1 of Schedule 1 to this Agreement.

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the

provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$350,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$175,000 until the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 1,000,000.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.

(ii) Prior to, or at the time of, each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the

General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories for the Special Account, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association; (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Association made pursuant to paragraph 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

SCHEDULE 6

Performance Indicators

(1) Input indicators

- (a) number of applications and % accepted
 - (b) % of funds disbursed
 - (c) average beneficiaries' contribution as percentage of total cost
 - (2) Process indicators
 - (a) Project processing time compared to the standard schedule of submission to financing, financing to implementation and implementation to completion
 - (b) administrative costs as percentage of project costs
 - (c) % of progress/supervision reports submitted on time
 - (3) Output indicators
 - (a) number of women groups established
 - (b) number and % of female and male beneficiaries reached by IEC messages/campaigns in each of the six thematic areas as specified in the PIM
 - (c) number and % targeted beneficiaries who have received Grassroots Management Training and skills training
 - (d) number and % of projects completed
 - (e) % of funds repaid by individual beneficiaries to their group
 - (f) Level of satisfaction of beneficiaries with group-level and community-level outcomes
 - (g) number of networking/coordinating meetings held at Woreda, Zonal, Regional and National levels
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