

Public Disclosure Authorized

CONFORMED COPY

---

---

GRANT NUMBER H266 - ET

# Financing Agreement

(Productive Safety Net Program APL II Project)

between

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated January 11, 2007

---

---

**GRANT NUMBER H266 - ET**

**FINANCING AGREEMENT**

AGREEMENT dated January 11, 2007, between FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”).

WHEREAS (A) the Association has received a letter from the Recipient dated October 24, 2004, describing a program of actions, objectives, and policies (the “Program” or “PSNP Program”) targeted at alleviating the chronic food insecurity of a significant portion of the population in the territory of the Recipient, and designed to facilitate a transition away from reliance on emergency food appeals and towards provision of a development-oriented productive safety net to the food-insecure households contributing to improved food security, reduced household vulnerability, improved resilience to shocks and sustainable community development, and declaring the Recipient’s commitment to the execution of the Program;

(B) the Recipient requested the Association to assist in the financing of the Program through a series of grants or credits over a period of approximately 5 years;

(C) pursuant to the Development Financing Agreement entered into between the Recipient and the Association dated December 17, 2004, the Association granted financing (Credit No. 4004-ET and Grant No. H136-ET (Productive Safety Net Project APL-I)) in support of a project designed to coincide with the implementation of the first phase of the Program;

(D) the Association has received a letter from the Recipient dated November 28, 2006, describing a set of actions, objectives and policies designed to renew and further the objectives of the Program during the period from approximately 2007 to 2010, inter alia, by consolidating and integrating the administration of various measures adopted by the Recipient since the inception of the Program in 2004; and

(E) the Borrower, having satisfied itself as to the feasibility and priority of the project described in Schedule 1 to this Agreement (the Project), which is designed to coincide with the implementation of the second phase of the Program, has requested the Association to proceed with financing of the Program by making a grant in support of the Project.

The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in the Financing Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

**ARTICLE II — FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to one hundred eighteen million five hundred thousand Special Drawing Rights (SDR 118,500,000) (“Grant”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Payment Dates are April 1 and October 1 in each year.
- 2.05. The Payment Currency is Dollars.

**ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association 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 IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Event of Suspension consists of the following:
- (a) A situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Recipient has established the Regional Public Works Management Focal Units in Amhara, Tigray, Oromiya and SNNP, each in the corresponding Natural Resources Department of the Region; identified core staff in the said units and in FPWFU; and made appropriate budget allocations for the units, all satisfactory to the Association.
  - (b) The Participating Regions have issued directives to all Woredas in the Project Area to reinforce the grievances and redress system for the PSNP Program at Kebele and Woreda levels, by instituting adequate documentation and follow-up, as well as reporting to the Regional level.
  - (c) The Recipient has furnished to the Association a satisfactory final report in respect of the 2005 PSNP annual audit, together with a remedial action plan, if needed, both satisfactory to the Association.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under Articles IV and V of the General Conditions and Schedule 2 of this Agreement shall terminate is 5 years after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient's Representative is the Minister at the time responsible for finance and economic development.

6.02. The Recipient's Address is:

Ministry of Finance and Economic Development,  
P.O.Box 1905  
Addis Ababa  
Federal Democratic Republic of Ethiopia

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

6.03. The Association's Address is:

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

AGREED at Addis Ababa, Federal Democratic Republic of Ethiopia, as of the day and year first above written.

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By: /s/ Sufian Ahmed

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Ishac Diwan

Authorized Representative

## SCHEDULE 1

### Project Description

The objective of the Project is to support the Recipient's efforts under the PSNP Program to consolidate its transition away from reliance on relief-oriented assistance and to strengthen its initiatives in support of a development-oriented productive safety net.

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

#### **Part 1: Safety Net Activities**

- A. Carrying out Public Works Program Subprojects, including identifying, designing, appraising, supervising and evaluating community-based labor intensive Subprojects at the *Kebele* level for, *inter alia*: (a) environmental rehabilitation; (b) soil and water conservation; (c) construction and rehabilitation of rural feeder roads; and (d) construction and rehabilitation of other critical community-level infrastructure that contributes to improving delivery of basic social services, as may be identified and prioritized in the local planning process.
  
- B. Carrying out activities to support Labor-poor Households including, *inter alia*, activities for community-based child care centers at the public works sites, community managed child care centers in villages, child nutrition and growth promotion activities, activities designed to encourage girl-child education and adult literacy and numeracy classes, and participation in community awareness and sensitization campaigns.

#### **Part 2: Drought Risk Financing Facility**

Establishment of a contingent facility providing for the possibility of a scaling-up of the safety net activities provided for under Part 1 of the Project, based on the occurrence of a defined drought event of sufficiently extreme severity, as linked to a rainfall-based index and/or other measures detailed in the Drought Risk Financing Manual.

**Part 3: Institutional Support**

Strengthening the institutional capacity for implementation of the Project and the Program, including:

- (a) (i) building the capacity of the local communities to facilitate identification of Eligible Beneficiaries and undertake community participation in local planning and design of the Project activities, designing and updating appropriate handbooks and modular training programs; (ii) provision of technical training at *Woreda* and Regional levels, including production of detailed technical handbooks for use by *Woreda* line staff and development agents in new techniques and best practice technical standards for project design and construction, environmental management and rehabilitation; and (iii) building implementation capacity at the *Woreda* and Regional levels, including training *Woreda* line staff and development agents in financial management, procurement and project implementation;
- (b) supporting the development of a monitoring and evaluation framework and a management information system for the Program; and
- (c) building the institutional capacity at the Federal, Regional and *Woreda* levels for support and supervision of the Program, all through the acquisition of goods, provision of technical advisory services and training.



## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Program**

##### **A. Institutional Arrangements**

1. The Recipient shall, at the Federal level, at all times during the Project implementation, maintain:
  - (a) Federal Food Security Coordination Bureau (“FFSCB”) within MoARD with the responsibility for overall oversight, coordination, monitoring of implementation of the Project, including developing technical guidelines and training for activities under the Project;
  - (b) Federal Food Security Steering Committee (“FFSSC”), with the responsibility for providing policy guidance in implementation of the Project. To this end, the FFSSC shall be comprised of a representative of MoARD as its chair, and a representative each of: MoFED, MoFA, Ministry of Health, Ministry of Water Resources Development, DPPA, four Regional FSCOs, and representatives of the donor community;
  - (c) Disaster Prevention and Preparedness Agency (“DPPA”), with the responsibility for, inter alia, maintaining the early warning system and disseminating information periodically, participating in needs assessment and annual reviews, fulfilling logistic support activities, determining jointly with FFSCB the timing and allocations under Part 2 of the Project, and other related functions as may be directed by the MoARD from time to time;
  - (d) The Federal Public Works Focal Unit (“FPWFU”), located in the Natural Resources Department of MoARD, with responsibility for providing overall coordination and technical oversight of the public works under the Project, as defined in the Program Implementation Manual; and
  - (e) MoFED, with the responsibility for mobilizing and financial management of PSNP Program resources.

2. At the Regional level:
  - (a) Regional Councils shall have the responsibility for reviewing and approving: (i) food security and safety net annual plans and budgets submitted by Woredas; and (ii) annual and biannual progress reports on implementation of the Project and the Program at the Regional level; and
  - (b) the Recipient shall, at all times during the Project implementation, maintain:
    - (i) Regional Food Security Steering Committees (“Regional FSSCs”), with the responsibility for providing oversight and policy guidance in implementation of the Project at the Regional level, including monitoring and evaluation of Project and Program activities. To this end, the Regional FSSC shall be comprised of a representative of BoARD as its chair, and a representative each of the Regional FSCO, BoFED, Bureau of Capacity Building, Bureau of Water Resources, Cooperatives Promotion Agency, Bureau of Health, and Non-Governmental Organizations; and
    - (ii) Regional Food Security Coordination Offices (“Regional FSCOs”), under the supervision of the corresponding BoARD, as the secretary to the Regional FSSC, and with the responsibility for day to day management of the Project activities at the Regional level including, inter alia: (A) developing and consolidating annual implementation plans and budgets upon proposals from Woredas and line bureaus; (B) mobilizing technical assistance as may be needed by the respective Regional line bureaus; (C) instructing BoFED to make annual disbursements to Woredas and line bureaus in respect of Project and Program activities at the Regional/city level and administrations subordinate thereto, on the basis of annual allocations approved by the respective Regional Council or city administration; (D) monitoring and coordinating Project and Program activities, including holding quarterly meetings for that purpose; (E) reviewing, processing and recommending to the Regional Council for approval, proposals by Eligible Beneficiaries for Safety Net Grants, in accordance with the criteria established in the Program Implementation Manual;; and (G) preparation of the Project’s quarterly and annual progress reports.
    - (iii) Regional Public Works Management Focal Units (“Regional PWFUs”), located in the Natural Resources Department of the BoARD, with the responsibility for the effectiveness of the relevant Regional Public Works Program and acting as secretary for the

corresponding Regional TCC. Responsibilities of the Regional PWMFUs include: (i) preparing and reviewing community level planning formats; (ii) consolidating public works plans and budgets developed in the Woredas; (iii) overseeing integration of community watershed plans into Woreda plans; (iv) ensuring implementation of the ESMF through integration of the ESMF in the planning procedures and training for the relevant Regional Public Works Program; (v) disseminating technical standards; (vi) overseeing Woreda supervision of the corresponding Regional Public Works Program Subprojects, and providing technical backstopping; (vii) assessing the effectiveness of training, undertaking training needs assessments, and implementing training programs; (viii) regular reporting on public works and participating in rapid response team and public works reviews; (ix) supporting the monitoring and evaluation system of the FFSCB; and (x) knowledge management including identifying and disseminating best practices, reviewing standards and work norms, and identifying new technologies to enhance the quality and impact of public works.

- (iv) Regional Technical Coordination Committees (“Regional TCCs”), with the responsibility for coordinating the interaction and involvement of the relevant Regional line bureaus and other PSNP Program actors in all aspects of the Public Works Program, including reviewing annual Regional public works plans and ensuring budget provision for the operation and maintenance of new infrastructure in all sectors including health and education;
3. Each participating Woreda shall maintain a Woreda Food Security Task Force (“Woreda FSTF”), with the responsibility for, inter alia: (a) reviewing and processing Kebele safety net plans; (b) consolidating the annual Woreda safety net plan and preparing appropriate proposals to the Woreda Council for approval and allocation of financial resources; and (c) participating in Project and Program monitoring and evaluation activities, all in accordance with the criteria established in the Program Implementation Manual.
  4. Each participating Kebele shall maintain, at all times during the Project implementation,
    - (a) a Kebele Food Security Task Force (“Kebele FSTF”), with the responsibility for oversight in planning and implementation of the Project activities at the Kebele level. To this end, each Kebele Food Security Task Force shall be comprised of a chairperson of the Kebele Council, a member of the Kebele Council, a representative of a development agent, three elected representatives of women’s groups, and a representative each of elected Kebele elders and youth associations;

other members may include, a representative each of community based health workers, teachers, and other professional groups within the Kebele; and

- (b) Kebele appeals committees, with responsibility for, inter alia, hearing and resolving appeals with regard to the PSNP Program activities, and maintaining records of decisions in such cases.

**B. Procedures and Eligibility Criteria for Safety Net Grants**

1. Except as the Association shall otherwise agree, the Recipient shall: (a) apply the criteria, policies, procedures and guidelines set forth in the Program Implementation Manual; and (b) not amend, abrogate, or waive, or permit to be amended, abrogated or waived, the Program Implementation Manual, or any provision thereof, in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of the Project.
2. Without limitation to the provisions of paragraph 1 of this Part B of this Section I of Schedule 2, no Public Works Program Subproject or other activity for Labor-poor Households shall be eligible for financing under a Safety net Grant, made out of the proceeds of the Grant, unless a Woreda Council shall have determined, on the basis of an appraisal conducted by relevant Woreda staff in accordance with the guidelines set forth in the Program Implementation Manual, that the relevant Public Works Program Subproject or other activity for Labor-poor Households satisfies the eligibility criteria specified in the Program Implementation Manual, which shall include the following:
  - (a) the Public Works Program Subproject shall be for: (i) the carrying out of labor intensive activities, including, inter alia, road construction and rehabilitation, watershed management, soil and water conservation, and construction and rehabilitation of small community managed irrigation schemes; and/or (ii) the improvement of basic social service delivery as shall be identified in accordance with the agreed identification criteria for such Public Works Program Subproject;
  - (b) the Public Works Program Subprojects shall be identified and prioritized in the respective Woreda development plan; and
  - (c) in the case of activities for Labor-poor Households, the relevant activities shall be designed appropriately for individuals identified in a community or *Kebele* as individuals having inadequate capabilities for performing manual labor, as included in the Woreda safety net plan.

**C. Environmental and Social Management Framework**

The Recipient shall ensure that the Public Works Program Subprojects are prepared in accordance with the procedures and requirements set forth in the ESMF and designed, executed and carried out in full compliance with the standards set forth in the ESMF and laws of the Recipient relating to public health and safety, environmental protection, resettlement, and social management.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Monitoring**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators set forth in Schedule 3 to this Agreement with the Association. Each Project Report shall cover the period of six months, and shall be furnished to the Association not later than 45 days after the end of the period covered by such report.
2. Without limitation upon the provisions of Section 4.08 of the General Conditions, the Recipient shall carry out a joint review of the progress of the Project implementation at regular intervals with the donor partners financing the PSNP Program, and furnish to the Association, in such scope and in such detail as the Association shall reasonably request, the data, measures, and statement of actions according to the schedule set forth below:

April 2007 Semi-Annual Review

- Information on the Government budget for the PSNP Program and the Food Security Program, as well as disbursement data and beneficiary numbers by Region and Woreda, disseminated at Woreda, Regional and Federal levels.
- PSNP Program objectives, rules, and procedures, disseminated at Kebele level via radio, posters, etc.
- An empirical evidence-based operational definition of household graduation out of chronic food insecurity.
- Progress on implementation of recommendations from a study on direct support.
- The semi-annual public works review completed and recommendations identified.

- Implementation of measures to align the PSNP Program budget cycle with Ethiopian fiscal management and planning calendars.
- A progress report on the financial management staffing and training situation for the PSNP Program.

#### September 2007 Semi-Annual Review

- The semi-annual public works review completed and recommendations identified.
- Analysis by CGAP of micro-finance dimensions of the Food Security Program and findings discussed at a stakeholder forum organized by the FFSCB.
- Woreda/Regional guidance issued, based on agreed definition and indicators of graduation.
- An assessment completed of existence, quality and use of PSNP Program Kebele watershed management plans, in the form of maps.
- A beneficiary assessment completed, regarding satisfaction with PSNP Program and other food security program services.
- Study on potential for market linkages between PSNP and grain markets in cash grant-receiving Woredas completed.
- A progress report on the financial management staffing and training situation for the PSNP Program.

#### April 2008 Semi-Annual Review

- Information on Government FSP budget and PSNP budget, as well as disbursement data and beneficiary numbers by region and Woredas, publicly disseminated.
- MOARD (Department of Natural Resources) pilot on GPS/GIS-based watershed maps in PSNP Program areas completed.
- The semi-annual public works review completed and recommendations identified.
- Follow-up to baseline household survey completed and analysis of data.
- A technical audit of the Kebele watershed management plans to assess quality and, where necessary, to provide feedback on corrective actions.
- Verification that all Program Woredas have developed drought contingency plans in Kebeles implementing the PSNP Program as well as those that are not.
- A progress report on the financial management staffing and training situation for the PSNP.

#### September 2008 Semi-Annual Review (Mid-Term Review)

- Follow-up beneficiary assessment regarding satisfaction with PSNP and OFSP services.
- A paper on the long-term institutional framework for direct support.

April 2009 Semi-Annual Review

- FSP and PSNP resource allocation, disbursement data and beneficiary numbers by region and Woreda, publicly disseminated.
- The semi-annual public works review completed and recommendations identified.
- Follow-up to baseline household survey completed and data analyzed.

September 2009 Semi-Annual Review

- GPS/GIS-based watershed maps in PSNP Project Area completed.
- The semi-annual public works review completed and recommendations identified.

**B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall prepare and furnish to the Association, in form and substance satisfactory to the Association, and not later than sixty (60) days after the end of each quarter, interim un-audited financial reports for each of the respective Parts of the Project covering the period.
3. The Recipient shall have the Financial Statements for the Project audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each 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 Association not later than nine months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods and Works.** All goods, works, and services (other than consultants' 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 Section I of the Procurement Guidelines, and with the provisions of this Schedule.

2. **Consultants' Services.** All consultants' 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 Sections I and IV of the Consultant Guidelines, and with the provisions of this Schedule.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<b>Procurement Method</b>
(a) National Competitive Bidding
(b) Direct Contracting
(c) Shopping
(d) Procurement from United Nations Agencies
(e) Community Participation

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.



2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) Quality Based Selection
(b) Least Cost Selection
(b) Single Source Selection
(c) Individual Consultants
(d) Selection Based on Consultants' Qualifications

**D. Review by the Association of Procurement Decisions**

1. The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

**Section IV. Withdrawal of the Proceeds of the Grant**

**A. General**

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient, 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:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed</b>
(1) Safety Net Grants under Part 1 of the Project	95,410,000	Such percentage of Eligible Expenditures as the Association may determine for each FY
(2) Safety Net Grants under Contingent Drought Risk Financing Facility under Part 2 of the Project	16,920,000	Such percentage of Eligible Expenditures as the Association may determine for each FY
(3) Goods, Consultants’ Services, Audits Training, and Operating Costs	2,710,000	Such percentage of Eligible Expenditures as the Association may determine for each FY
(4) Unallocated	3,460,000	
<b>Total Amount</b>	<b>118,500,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
- (a) for payments made prior to the date of this Agreement;
  - (b) under Category (2) for Safety Net Grants under Part 2 of the Project, unless: (i) the Recipient shall have adopted a Drought Risk Financing Manual in form and substance satisfactory to the Association, and (ii) in the event of the occurrence of a drought of the envisaged scope and severity provided for under the Drought Risk Financing Manual, a work plan, shall have been adopted satisfactory to the Association, describing the specific modalities, scale, and timing of safety net support (Safety

Net Grants) to be provided for identified Eligible Beneficiaries in accordance with the eligibility criteria, procedures, and guidelines set forth or referred to in the Drought Risk Financing Manual.

2. The Closing Date is June 30, 2010.

### **SCHEDULE 3**

#### **Performance Indicators**

Unless otherwise agreed to by the Association, for the purpose of this Agreement, the performance indicators for implementation of the Project are as follows:

By end of the Project:

- (a) the average number of months in a year that PSNP Program households report being food insecure;
- (b) % of beneficiary households receiving PSNP Program resources reporting no distress sales of assets to meet food needs;
- (c) % of public works assessed to be satisfactory (using public works review performance criteria for eligibility, appropriateness, effectiveness, quality and sustainability satisfactory to the Association);
- (d) % of PSNP Kebeles with established and operational Kebele appeals committees;
- (e) % of households reporting direct benefit from community assets; and
- (f) % of PSNP Program beneficiaries receiving support from other Food Security Program interventions.

## SCHEDULE 4

### Project Area

Region	Woreda
AFAR	Abala
AFAR	Afambo
AFAR	Afdiera
AFAR	Amibara
AFAR	Aregoba special
AFAR	Artuma
AFAR	Asayta
AFAR	Aura
AFAR	Awash Fentale
AFAR	Berhalie
AFAR	Bure MudaYetu
AFAR	Chefera
AFAR	Dalol
AFAR	Dewe
AFAR	Dufeti
AFAR	Dulecha
AFAR	Elider
AFAR	Erebti
AFAR	Ewa
AFAR	Fursi
AFAR	Gewane
AFAR	Gulina
AFAR	Koneba
AFAR	Megale
AFAR	Mile
AFAR	Simurobi Gelalo
AFAR	Telalak
AFAR	Teru
AFAR	Yalo
AMHARA	Adiarkay
AMHARA	Ango lela Tera
AMHARA	Asagirt
AMHARA	Beyeda
AMHARA	Bugna
AMHARA	Dabat
AMHARA	Debark
AMHARA	Delanta Dawunt
AMHARA	Enebse Sar Midir
AMHARA	Gera Keya









SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SNNPR  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI

Humbo  
Kacha Bira  
Kedida Gamela  
Kemba  
Kindo Koyssha  
Kochere  
Konso  
Kucha  
Kuraz  
Lanfaro  
Limu  
Loma  
Maji/Bench maji  
Mareko  
Meskan  
Mirab Abaya  
Misha  
Ofa  
Omo Sheleko  
Sankura  
Selti  
Shashego  
Shebedino  
Sodo Zuria  
Soro  
Uba d.tsehay  
Wenago  
Yirgachefe  
Zala  
Adadle  
Afdem  
Afder  
Awbere  
Awere  
Ayisha  
Babile  
Bare  
Boh  
Chereti  
Danot  
Debeweyin  
Degehabour  
Degehamedo  
Dembel  
Denan

SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
SOMALI  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY

Dihun  
Dolo Odo  
Dolobay  
East Imi  
Elkere  
Erer  
Ferfer  
Fik  
Filtu  
Gashamo  
Geladin  
Gerbo  
Gode  
Goro Baqaqsa  
Guradamole  
Gursum  
Hamero  
Harshen  
Hudet  
Jijiga  
Kebribeyah  
Kebridehar  
Kelafo  
Lagahida  
Meiso  
Meyumuluka  
Moyale  
Mustahil  
Segeg  
Selahad  
Shekosh  
Shilabo  
Shinile  
Warder  
West Imi  
A/tsembla  
Abergele  
Adwa  
Ahferom/Enticho  
Alaje  
Alamata  
Atsbi Wenberta  
Degua Temben  
Endamehoni  
Enderta

TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY  
TIGRAY

Ganta Afeshum  
Hawzen  
Hintalo Wajirat  
Kola Temben  
Laelay Adiyabo  
Laelay Maychew  
Medebay Zana  
Mereb Lehe  
Naeder Adet  
Ofla  
Raya Azebo  
S.Tsaedaemba  
Samre Seharti  
Tahtay Maychew  
Tahtay Qoraro  
Tselemti  
Werie Lehe  
Wukro/K.Awelalo

## **APPENDIX**

### **Definitions**

1. “Birr” means the currency of the Recipient;
2. “BoARDS” means the Recipient’s Regional Bureaus of Agriculture and Rural Development;
3. “BoFEDs” means the Recipient’s Regional Bureaus of Finance and Economic Development;
4. “Category” means a category set forth in the table in paragraph A.2 of Section IV of Schedule 2 to this Agreement;
5. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004;
6. “DPPA” means the Disaster Prevention and Preparedness Agency under MoARD (as hereinafter defined), and as referred to in paragraph A.1(c) of Section I of Schedule 2 to this Agreement;
7. “Drought Risk Financing Manual” means the manual referred to in paragraph B.1(b) of Section IV of Schedule 2 to this Agreement;
8. “Eligible Beneficiaries” means individuals participating in Public Works Program Subprojects (as hereinafter defined), or living in Labor-poor Households (as hereinafter defined) and who are members of a particular community within the Project Area (as hereinafter defined), to whom a Safety Net Grant (as hereinafter defined) is made, or proposed to be made, under the Project;
9. “Environmental and Social Management Framework” and “ESMF” mean the environmental and social management framework prepared by the Recipient for the purpose of implementing the Project, and issued on October 30, 2006, referred to in paragraph C.1 of Section I of Schedule 2 to this Agreement, setting forth, inter alia, guidelines, procedures, timetable and other specifications designed to offset adverse environmental and social impacts related to Project activities, or to reduce them to acceptable levels, or to enhance positive impacts;

10. “FFSCB” means the Federal Food Security Coordination Bureau referred to in paragraph A.1(a) of Section I of Schedule 2 to this Agreement;
11. “FFSSC” means the Federal Food Security Steering Committee referred to in paragraph A.1(b) of Section I of Schedule 2 to this Agreement, having the responsibility for providing oversight and policy guidance of the Project;
12. “Fiscal Year” and “FY” mean the Recipient’s fiscal year beginning July 8 and ending July 7 of the next calendar year;
13. “FPWFU” means the Recipient’s Federal Public Works Focal Unit referred to in paragraph A.1(d) of Section I of Schedule 2 to this Agreement;
14. “FSP” means the Food Security Program of the Recipient;
15. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005;
16. “Kebele FSTF” means the Kebele Food Security Task Force referred to in paragraph A.4 of Section I of Schedule 2 to this Agreement;
17. “Labor-poor Households” means people living in the Project Area (as hereinafter defined) and determined to be the most vulnerable in terms of poverty and food insecurity, temporarily or permanently incapacitated to fully engage in manual labor, and engaging in minimal community activities, pursuant to criteria defined in the Program Implementation Manual, and referred to in paragraph B.2(c) of Section I of Schedule 2 to this Agreement;
18. “MoARD” means the Recipient’s Ministry of Agriculture and Rural Development;
19. “MoFA” means the Recipient’s Ministry of Federal Affairs;
20. “MoFED” means Recipient’s Ministry of Finance and Economic Development;
21. “NGO” means a Non-Governmental Organization established and operating pursuant to the laws of the Recipient;
22. “Operating Costs” means the incremental operating costs arising under the Project on account of Project coordination, implementation and monitoring

activities undertaken by the implementing agencies of the Recipient, including office supplies, vehicle operation and maintenance costs, utilities, communication charges, per diems and travel allowances, but excluding the salaries of the Recipient's civil service and sitting allowances;

23. "Participating Region" means Afar, Amhara, Oromiya, SNNP, Tigray, Dire-dawa, Somali and Harare;
24. "Program Implementation Manual" means the manual, satisfactory to the Association, referred to in paragraph B.2 of Section I of Schedule 2 to this Agreement, setting forth or incorporating by reference, inter alia, the policies, institutional arrangements, and procedures applicable to the PSNP Program, and the eligibility criteria, procedures, and terms and conditions for Safety Net Grants (as hereinafter defined) and provisions for procurement, accounting, evaluation and monitoring of Public Works Program Subprojects, and other related procedures for implementation of the Project, as the same such manual may be amended from time to time;
25. "Project Area" means the geographical area covered by the Woredas (as hereinafter defined) referred to in Schedule 4 to this Agreement;
26. "Procurement Guidelines" means the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004;
27. "Procurement Plan" means the Recipient's procurement plan for the Project, dated November 22, 2006, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs;
28. "Public Works Program" means a program of planned public works to be undertaken for a Woreda under the PSNP Program, approved by a Woreda Council pursuant to the procedures set forth or referred to in the Program Implementation Manual, on the basis of which Safety Net Grants have been made, or are proposed to be made, to Eligible Beneficiaries;
29. "Public Works Program Subproject" means an activity under Part A.1 or Part B of the Project, approved in accordance with the criteria, procedures and guidelines set forth or referred to in the Program Implementation Manual or the Drought Risk Financing Manual, as the case may be;
30. "Region, Woreda, and Kebele" mean either an administrative area within the Recipient's territory as defined in the Recipient's Constitution, or different local

government levels within the Recipient's territory established and operating pursuant to the relevant Regional Constitutions;

31. "Regional PWFUs" means the Regional Public Works Management Focal Units referred to in paragraph A.2(b)(iii) of Section I of Schedule 2 to this Agreement;
32. "Regional FSSCs" means the Regional Food Security Steering Committees referred to in paragraph A.2(b)(i) of Section I of Schedule 2 to this Agreement;
33. "Regional FSCOs" means the Regional Food Security Coordination Offices referred to in paragraph A.2(b)(ii) of Section I of Schedule 2 to this Agreement;
34. "Regional TCCs" means the Regional Technical Coordination Committees referred to in paragraph A.2(b)(iv) of Section I of Schedule 2 to this Agreement;
35. "Safety Net Grant" means a grant made, or proposed to be made, by a Woreda to an Eligible Beneficiary for: (i) a Public Works Program Subproject under Part 1(A) of the Project, or (ii) other activities identified for Labor-poor Households under Part 1(B) of the Project, utilizing proceeds of the Grant made available by the Recipient to the Regions for the purposes of the PSNP Program; (iii) other activities under Part 2 of the Project, as provided for in the Drought Risk Financing Manual;
36. "Woreda Council" means the council established pursuant to the relevant Regional Constitution and responsible for the approval of eligible Public Works Program Subprojects; and
37. "Woreda TSTF" means the Woreda Food Security Task Force referred to in paragraph A.3 of Section I of Schedule 2 to this Agreement.