

CONFORMED COPY

CREDIT NUMBER 4201-ET

Financing Agreement

(Rural Capacity Building Project)

between

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 7, 2006

CREDIT NUMBER 4201-ET

FINANCING AGREEMENT

AGREEMENT dated August 7, 2006, between FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). 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 credit in an amount equivalent to thirty-seven million Special Drawing Rights (SDR 37,000,000) (“Credit”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are June 15 and December 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

- 2.07. 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 through MoARD 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 Events of Suspension consists of the following:
- (a) The administrative arrangements concluded between the Recipient and any Participating Sub-national Administration or Project Executing Agency pursuant to paragraph A.1 of Section I of Schedule 2 to this Agreement, or the legal and administrative framework for decentralized public sector management of the Recipient in general, has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of any Participating Sub-national Administration or Project Executing Agency to perform its obligations under its respective Part of the Project.
- 4.02. The Additional Event of Acceleration consists of the following:
- (a) The event specified in Section 4.01 (a) of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Recipient has established a financial management system for the Project satisfactory to the Association.

- (b) The Project Implementation Manual has been adopted by the Minister of MoARD satisfactory to the Association.
- (c) The PMU has been established with terms of reference, facilities and core staffing acceptable to the Association, consisting of, *inter alia*, project coordinator, research-extension-farmer linkages coordinator, communications and training specialist, gender specialist, financial management specialist, procurement specialist, and monitoring and evaluation specialist.

- 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 20 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/ Ato Mekonnen Manyazewal
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Herbert Acquay
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient to strengthen agricultural services and systems for improved productivity, make them more responsive to clients' needs and enhance the capacity of producers to become aware of and to adopt economically viable and environmentally sustainable technologies and practices.

The Project consists of the following parts:

Part 1: Agriculture Technical and Vocational Education and Training (AgTVET)

(a) Assessment of AgTVET Colleges and Development of a Strategic Plan. Carrying out of studies and provision of technical assistance to: (a) assess and develop a long term strategic plan for the future roles of the AgTVETs; and (b) support the development of strategic plans for selected agricultural colleges.

(b) AgTVET Capacity Building Fund. The establishment and operation of a capacity building fund that shall provide grants to AgTVET colleges for sub-projects involving: (i) strengthening the capacity of selected AgTVET colleges to train development agents (DAs); and (ii) support for selected AgTVET colleges to build their capacity to fulfill new training roles under the strategic plan.

Part 2: Agricultural Extension Services

(a) Capacity Building for the Subject Matter Specialist Function at the Woreda, Regional and Federal Levels of the Agricultural Extension System. Provision of technical assistance, training and materials support to maintain and improve the effectiveness of subject matter specialists at the Woreda, regional, and federal levels, including: (i) capacity building at the regional and Woreda levels; (ii) university and graduate school level training; and (iii) exchange of experiences, mutual learning and knowledge management activities.

(b) Capacity Building for Farmer Training Centers (FTCs). Support for development of approximately 2,500 FTCs in approximately 100 participating Woredas into community-owned and –managed local hubs for agricultural development activities, and consisting of: (i) training of DAs in approaches to promote farmers' orientation to markets, mechanisms to foster women's participation in local development, and use of ICT and mass media for extension; (ii) gradually building the capacity of the kebele

authorities to self-reliantly manage FTCs and their activities; and (iii) provision of furnishings, equipment, training and reference materials, ICT (e.g. internet access, telephone, radio), and means of transport.

(c) Institutional Innovation and Monitoring and Evaluation in Agricultural Advisory Services. Provision of support for:

- (i) the design, launch, and implementation of two grant programs designed to provide experience with alternative institutional arrangements for agricultural advisory services; such support to be channeled to approximately 100 FTCs located in approximately 20 Woredas and including: (A) the establishment and operation of a *Farmers' Advisory Service Fund* to support grants to farmer groups at the level of FTCs to contract the services of selected advisory service providers; and (B) the establishment and operation of an *Advisory Service Development Fund* to support demand-based training of DAs and other non-public sector agricultural advisors; and
- (ii) support for a review of the effectiveness of the ongoing agriculture extension programs, design of a reformed agricultural extension system; and the development of a results-based monitoring and evaluation system for the agricultural extension program; such support to include technical assistance and a participatory process to assess and to re-design the agriculture extension program based on learning from evaluation of ongoing programs and examples in other countries; and the development and implementation of a results-based monitoring and evaluation system including training for staff to use the monitoring and evaluation system.

(d) Research-Extension-Farmer Linkages. The strengthening and operation of research-extension-farmer advisory councils (REFACs) and through them the carrying out of participatory research activities in farmers' fields on practical issues identified through the REFACs.

Part 3: Agricultural Research

(a) NARS Institutional Innovation. Carrying out of programs to support institutional innovation of the NARS through provision of technical assistance, study tours, participatory workshops, and the establishment and operation of a National

Agricultural Research Fund (NARF) and the development and implementation of Regional Agricultural Research Funds (RARFs).

(b) NARS Capacity Building. Carrying out programs to reinforce NARS capacity for generation, dissemination and adoption of new economically viable and risk-acceptable technologies through human resource development, improved communications, equipment, transport, infrastructure rehabilitation, and a strengthened monitoring and evaluation system.

Part 4: Improving Information and Communications Systems within MoARD

Support for programs (consisting of needs assessment study, consultants' services, data base development, network installation and construction to connect FTCs, Woredas, regional and federal agricultural offices, equipment, and training) to strengthen the ITC capacity of MoARD to enable it better to coordinate, monitor and evaluate initiatives in the agricultural sector.

Part 5: Development of Agriculture Market Institutions

(a) Development of an Ethiopian Agricultural Commodity Exchange and Policy Support for Agricultural Markets. Support (consisting of equipment, consultants' services, workshops, study tours, and training) for design, planning, and operationalization of an Ethiopian Agricultural Commodity Exchange to cover a select group of commodities. Provision of technical assistance, workshops, study tours, and related activities to support analytical work on agricultural input and output markets in Ethiopia, with a focus on domestic agricultural policy; marketing chains; trade policy for agricultural inputs and outputs; physical and institutional infrastructure for agricultural markets; and long-term strategy for public sector support to agricultural growth and rural poverty reduction.

(b) Sanitary and Phytosanitary Standards. Carrying out of a needs assessment to identify high priority areas where gaps in sanitary and phytosanitary standards and institutions limit growth and present health risks; and carrying out activities to provide technical assistance, equipment, and facilities in response to the findings of the needs assessment.

Part 6: Support for Project Management

The development of overall structures for Project management, including the establishment of: (a) the PMU within the MoARD for the overall management of the Project; (b) Regional BoARDS and EIAR focal persons to facilitate implementation of the

Project and to coordinate activities of the Project with other stakeholders with similar operations in the Regions; and (c) federal and regional steering committees to monitor outcomes and results of the Project; and ensure effective implementation of the Project at regional levels.

SCHEDULE 2**Project Execution****Section I. Sub-national Financing and Institutional Framework; and Other Policy Frameworks****A. Sub-national Financing and Institutional Framework**

1. For the purposes of facilitating the efficient implementation of the Project, the Recipient shall make available to each of the Participating Regions, Woredas or other Local Authorities (collectively, the Participating Sub-national Administrations) in which any particular Project components or activities are to be implemented; and to each of the Project Executing Agencies designated in Part B of this Section I of this Schedule 2, which shall be responsible for assisting the Recipient in the carrying out of any Part of the Project, the funds, facilities, services and other resources required for such component or activity, including the corresponding portions of the proceeds of the Credit, under contractual or other arrangements satisfactory to the Association.
2. The Recipient shall ensure that funds transferred to Participating Regions for Project activities will be counted as additional funding on top of federal contributions to the Regions and not be offset in the formula for allocating Regional funds.

B. Designation of Project Executing Agencies for Particular Parts of the Project

1. Part 1 of the Project shall be carried out by MoARD through its Department of Agricultural Extension and Agricultural TVET; federal TVETs; Regional BoARDS and other regional institutions; and regional TVETs under the BoARDS.
2. Part 2 of the Project shall be carried out by the Recipient through MoARD through its Department of Agricultural Extension and Agricultural TVET; regional/zonal and Woreda BoARDS; DAs; and community level farmers' groups and kebele associations.
3. Part 3 of the Project shall be carried out by MoARD through EIAR and its federal research centers; and through regional agricultural research institutes and their regional research centers under the BoARDS.

4. Part 4 of the Project shall be carried out by MoARD through its Planning Department.
5. Part 5 of the Project shall be carried out by MoARD through its warehouse receipts and inventory office, marketing department, plant protection department and animal health department.
6. For the purposes of Part 6 of the Project, the Recipient through MoARD shall maintain the PMU, with financial resources, competent staff in adequate numbers, and with qualifications and experience satisfactory to the Association. MoARD through the PMU shall be responsible for the overall management of the Project, including the planning, budgeting, financial management, reporting, procurement, communication, monitoring and evaluation, and interaction with the Association, with the assistance of the PMU's Agricultural Research Coordinator at EIAR; and the PMU's Regional Coordinators.

C. Environmental, Social and Resettlement Policies

1. The Recipient shall carry out the Project in accordance with the environmental, social and resettlement guidelines, rules and procedures defined in the ESMF and RPF and, wherever applicable, prepare and implement, in accordance with the ESMF and RPF, appropriate Environmental Management Plans (EMPs) and/or Resettlement Action Plans (RAPs), in form and substance acceptable to the Association, each such EMP or RAP to define a program of actions, measures and policies for compensation and resettlement of affected persons under the respective Project activity, including the magnitude of displacement, proposed compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, the EMP or RAP.
2. The Recipient shall not amend or waive, or permit to be waived, the ESMF and RPF, or any provision thereof, in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of the Project.
3. The Recipient shall ensure that: (i) all measures for carrying out the recommendations of the ESMF and RPF are taken in a timely manner; and (ii) the progress reports referred to in paragraph A.1 of Section II of this Schedule shall include adequate information on monitoring the measures defined in the ESMF and RPF.

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

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 agreed with the Association. Each Project Report shall cover the period of six months, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

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 forty-five (45) days after the end of each six months, 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 six months after the end of such period.

Section III. Procurement**A. General**

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing 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 Financing 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:

Procurement Method
(a) National Competitive Bidding
(b) Direct Contracting
(c) Shopping
(d) Procurement from United Nations Agencies

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.

Procurement Method
(a) Least Cost Selection
(b) Single Source Selection
(c) Individual Consultants
(d) Selection Based on Consultants’ Qualifications

D. Review by the Bank 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 Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Bank 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 Financing (“Category”), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed
(1) Goods, Works, and Consultants’ Services, Audits and Training		100%
(a) for Part 1 of the Project	1,000,000	
(b) for Part 2 of the Project	10,800,000	
(c) for Part 3 of the Project	7,260,000	
(d) for Part 4 of the Project	1,310,000	
(e) for Part 5 of the Project	3,220,000	
(f) for Part 6 of the Project	830,000	

(2) Grants under Parts 1(b), 2(c)(i), 2(d), and 3(a) of the Project	4,790,000	100%
(3) Operating Costs	2,740,000	100%
(4) Unallocated	5,050,000	
Total Amount	37,000,000	

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; and
 - (b) under Category (2) for grants under Parts 1(b), 2(c)(i), 2(d) and 3(a) of the Project, until the applicable guidelines for the relevant grant facility shall have been adopted and included in the Project Implementation Manual satisfactory to the Association, including the model Sub-project Agreement or letter of commitment to be signed by the Beneficiaries thereof.
2. The Closing Date is October 31, 2011.

Section V. Other Undertakings

A. Eligibility Criteria, Procedures and Terms and Conditions for AgTVET Capacity Building Grants under Part 1 (b) of the Project (AgTVET Capacity Building Fund)

Each AgTVET Capacity Building Grant proposed to be made to a Beneficiary (AgTVET College) out of the AgTVET Capacity Building Fund under Part 1 (b) of the Project shall be approved by the designated Project Executing Agency on behalf of the Recipient on the basis of eligibility criteria and procedures satisfactory to the Association, in accordance with the applicable provisions of the guidelines for such facility included in the Project Implementation Manual; and shall be made in accordance with an approved model of contractual, administrative or other arrangements (Sub-project Agreement), containing terms and conditions satisfactory to the Association,

requiring the Beneficiary to, inter alia: (i) carry out the AgTVET Capacity Building Sub-project activities with due diligence and efficiency and in accordance with sound technical, economic, financial, and administrative standards; (ii) maintain separate adequate accounting and financial records, including all expenditures under the AgTVET Capacity Building Sub-Project; (iii) procure the goods and services to be financed out of the proceeds of the AgTVET Capacity Building Grant in accordance with the provisions of Section III of Schedule 2 to this Agreement; (iv) use such goods and services exclusively for the purposes of the AgTVET Capacity Building Sub-project; (v) allow the representatives of the Recipient, exclusively or jointly with representatives of the Association, if the Association shall so request, to inspect such goods and the sites, works, and construction included in the AgTVET Capacity Building Sub-project, the operational thereof, and any relevant records and documents; (vi) take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice; and (vii) prepare and promptly furnish to the Recipient, for forwarding to the Association if so requested by the Association, all such information as the Recipient or the Association shall responsibly request relating to the administration, operations and financial conditions of the Beneficiary and to the benefits to be derived from the AgTVET Capacity Building Sub-project.

B. Eligibility Criteria, Procedures, and Terms and Conditions for Grants for the Farmers' Advisory Service Fund and Advisory Service Development Fund under Part 2(c)(i) of the Project; and for Other Grants under Parts 2(d) and 3(a) of the Project

Each Grant proposed to be made to a Beneficiary out of any grant facility under Parts 2(c)(i), 2(d), and 3(a) of the Project shall be approved by the designated Project Executing Agency on behalf of the Recipient on the basis of eligibility criteria and procedures satisfactory to the Association, in accordance with the applicable provisions of the guidelines adopted for such facility and included in the Project Implementation Manual; and shall be made in accordance with an approved model of contractual, administrative or other arrangements (Sub-project Agreement or letter of commitment), containing terms and conditions satisfactory to the Association.

C. Program Agreement and Other Implementation Arrangements with EIAR with Respect to Part 3 of the Project

For the purposes of facilitating the implementation of the Part 3 of the Project, the Recipient shall, through MoARD: (i) provide a project document to EIAR describing the scope of the programs to be carried out relevant to the proposed institutional innovation and capacity building activities; and relevant to the establishment of the NARF and the timetable for implementation thereof; and setting forth the eligibility procedures, selection guidelines, and terms and conditions for the operation of the NARF, including the model Sub-project Agreement or letter of commitment to be signed by the Beneficiaries under such facility; and (ii) cause EIAR to enter into an agreement or other arrangements with or the Regional Agricultural Research Institutes for the purposes of the proposed institutional innovation and capacity building activities at the Regional level; and the development and implementation of the RARFs under Part 3 (a) of the Project, such agreement or other arrangements to describe the programs to be carried out relevant to the establishment of the RARFs; and to set forth the eligibility procedures, selection guidelines, and terms and conditions for the operation of the RARFs, including the model Sub-project Agreement or letter of commitment to be signed by the Beneficiaries under such facilities; all under terms and conditions acceptable to the Association.

D. Technical Assistance, Research and Training Programs

1. The Recipient shall:
 - (a) carry out technical assistance activities included in the Project under terms of reference satisfactory to the Association which, when applicable, shall include specific programs or plans of action to meet the objectives of the Project;
 - (b) promptly after the completion of each technical assistance activity, furnish to the Association a copy of its findings and recommendations including such programs or plans of action; and
 - (c) afford the Association a reasonable opportunity to comment on such findings recommendations and programs or plans of actions.
2. With respect to any research or training program to be carried out under the Project, the Recipient shall, or ensure that the respective Project Executing Agency responsible for such activity, shall:

- (a) furnish to the Association, on an annual basis, for approval the content of each such program as well as the schedule for its implementation;
- (b) select the beneficiaries of such training program in accordance with criteria satisfactory to the Association;
- (c) not later than September 30 of each year, exchange views with the Association on the research or training programs to be carried out in the following calendar year; and
- (d) furnish to the Association a report of such scope and detail as the Association shall request, on the results of each research or training program and the benefits to be derived therefrom.

SCHEDULE 3**Repayment Schedule**

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each June 15 and December 15	
commencing December 15, 2016, to and including June 15, 2026	1%
commencing December 15, 2026, to and including June 15, 2046	2%

*The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

APPENDIX**Definitions**

1. “AgTVET” means Agricultural Technical and Vocational Education and Training;
2. “AgTVET Capacity Building Sub-project” means any set of activities proposed to be carried out in an AgTVET college, which shall have been approved in accordance with the applicable guidelines for the AgTVET Capacity Building Fund and included in the Project Implementation Manual, for which the Project Executing Agency on behalf of the Recipient intends to make, or has made, on AgTVET Capacity Building Grant out of the AgTVET Capacity Building Fund established under Part 1(b) of the Project;
3. “Beneficiary” means an institution, individual or group which is a recipient of a grant under any grant facility established pursuant to Parts 1(b), 2(c)(i), 2(d), and 3(a) of the Project, in accordance with the eligibility criteria for Beneficiaries adopted for the purposes of the guidelines applicable to such grant facility and included in the Project Implementation Manual;
4. “BoARD” means Bureau of Agriculture and Rural Development of the National/Regional State;
5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement;
6. “DA” means development agent;
7. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004;
8. “EIAR” means the Ethiopian Institute for Agriculture Research;
9. “ESMF” means the Recipient’s Environmental and Social Management Framework document published on February 23, 2004, 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. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005;
11. “FTC” means Farmer Training Center;
12. “MoARD” means Recipient’s Ministry of Agriculture and Rural Development;
13. “MoFED” means Recipient’s Ministry of Finance and Economic Development;
14. “NARF” means the National Agriculture Research Fund to be established under Part 3(a) of the Project;
15. “NARS” means the National Agricultural Research System of the Recipient;
16. “Participating Sub-National Administration” means any Participating Region or Participating Woreda or Local Authority under the Project;
17. “Participating Region” means, with respect to any Part of the Project which involves activities intended to be carried out by or in selected Regions of the Recipient (including the in case of Project activities to be carried out in particular administrative subdivisions of Regions (Woredas or Local Authorities)), a Region which has formally consented, in the manner described in paragraph A.1 of Section I of Schedule 2 to this Agreement, to participate in such Part or otherwise cooperate in carrying out such activities under the Project;
18. “Participating Woreda or Local Authority” means, with respect to any Part of the Project which involves activities intended to be carried out by, or with the involvement of, selected administrative authorities at the Woreda or Local Authorities level, a Woreda or Local Authority which has formally consented, in the manner described in paragraph A.1 of Section I of Schedule 2 to this Agreement, to implement, participate in, or otherwise cooperate in, the such activities under the Project;
19. “PMU” means Project Management Unit to be established by Recipient pursuant to Section 5.01 (c) of this Agreement;
20. “Project Executing Agencies” means any institutions, agencies of the Recipient, or Bureaus or departments of any Participating Sub-national Administration, or other administrative entity, which may be designated pursuant to Part B of Section I of Schedule 2 to this Agreement, which the Recipient has empowered

to assist in the carrying out of any of the components or activities under the Project;

21. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004;
22. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 18, 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;
23. “Project Implementation Manual” means a manual in form and substance satisfactory to the Association setting forth details of the procedures, guidelines, timetables and criteria required for the Project, as such manual may be amended from time to time with the prior agreement of the Association;
24. “RARF” means any Regional Agricultural Research Fund to be established under Part 3(a) of the Project;
25. “RPF” means the Resettlement Policy Framework of the Recipient dated ____, 2006 setting forth, inter alia, guidelines, procedures, timetable and other specifications of the resettlement/ compensation to be made under the Project to Affected Persons and referred to in paragraph C.1 of Section I of Schedule 2 to this Agreement;
26. “Sub-project Agreement” means the agreements or letters or commitment referred to in Parts A and B of Section V of Schedule 4 to this Agreement, pursuant to which the Recipient shall make portions of the proceeds of the Financing available to the Beneficiaries under any grant facilities under Parts 1(b), 2(c)(i), 2(d), and 3(a) of the Project; and
27. “Woreda” means the third tier of government in the Recipient’s administrative system as established under the federal constitution and relevant regional legislation.