
GRANT NUMBER D903-ET

Financing Agreement

(Additional Financing for Strengthen Ethiopia's Adaptive Safety Net Project)

between

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

GRANT NUMBER D903-ET

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for the Original Project as described in Schedule 1 to this Agreement (“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) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to twenty-six million three hundred thousand Special Drawing Rights (SDR 26,300,000) (“Financing”), 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 III of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Payment Dates are February 15 and August 15 in each year.
- 2.05. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Part 2.3 of the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 4.02. For purposes of Section 10.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is its minister responsible for finance.
- 5.02. For purposes of Section 11.01 of the General Conditions:

- (a) the Recipient's address is:

Ministry of Finance
P. O. Box 1905
Addis Ababa
Federal Democratic Republic of Ethiopia; and

- (b) the Recipient's Electronic Address is:

Telex: Facsimile:

21147 (251-111) 551355

- 5.03. For purposes of Section 11.01 of the General Conditions:

- (a) the Association's address is:

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

- (b) the Association's Electronic Address is:

Telex: Facsimile:

248423 (MCI) 1-202-477-6391

AGREED as of the Signature Date.

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By:



Authorized Representative

Name: Ato Ahmed Shide

Title: Minister of Finance Ethiopia

Date: 25-Oct-2021

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:



Authorized Representative

Name: Ousmane Dione

Title: Country Director

Date: 06-Oct-2021

SCHEDULE 1

Project Description

The objectives of the Project are: (a) to expand geographic coverage and enhance service delivery of Ethiopia's adaptive rural safety net to improve the well-being of extremely poor and vulnerable households in drought prone communities, and (b) in case of an Eligible Early Response Financing Event ("Eligible ERF Event"), to respond promptly and effectively to it.

The Project consists of the Original Project.

The additional financing will scale up provision of Shock Responsive Safety Net Transfers and associated administrative costs in response to shocks being made through the Federal contingency budget under Part 2.2 of the Original Project.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

The Project's institutional and implementation arrangements shall be identical to those set forth in Section I of Schedule 2 to the Original Financing Agreement (and related definitions), and are hereby incorporated by reference in this Section and shall apply to this Agreement, *mutatis mutandis*, and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement, subject, however, to the following qualifications:

- (a) references to "Grant" shall be construed as references to the "Grant" provided for under this Agreement; and
- (b) references to "Financing" shall be construed as references to the "Financing" provided for under this Agreement.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each semester in the EFY, covering the said semester.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Shock Responsive Safety Net Transfers and Operating Cost under Part 2.2 of the Project	26,300,000	100% of SDR 9,000,000 under Grant Number D745 until fully depleted, then 100% of this Financing
TOTAL AMOUNT	26,300,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.
2. Notwithstanding the provisions of Section 2.08 of the General Conditions, the Financing amount allocated to Category (1) shall not be reallocated to other Categories or finance Eligible Expenditures other than Early Response Expenditures.
3. The Closing Date is December 31, 2025.

Section IV. Other Undertaking

The Recipient shall: (a) within sixty (60) days from the end of each reporting quarter in an EFY, prepare and submit to the Association, a Commodity Flow and Utilization Report covering said quarter; and (b) within six (6) months from the end of each reporting EFY, have said report audited in accordance with terms of reference satisfactory to the Association and submit the audit report to the Association.

APPENDIX

Section I. Definitions

The Capitalized terms defined in Section I of the Appendix to the Original Financing Agreement, as incorporated by reference in this Agreement, shall have the meanings set forth therein, and the following terms shall have the following meanings:

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
2. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020 and April 1, 2021).
4. “Original Financing Agreement” means the original financing agreement for the Project between the Recipient and the Association, dated December 3, 2020 (Credit Number 6798-ET; Grant Number D745), as amended from time to time, and such term includes all appendices, schedules and agreements supplemental to said agreement.
5. “Original Project” means the project described in Schedule 1 to the Original Financing Agreement.
6. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
7. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.