Financing Agreement

(Pastoral Community Development Project III)

between

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated January 16, 2014
FINANCING AGREEMENT

AGREEMENT dated January 16, 2014, entered into between the FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA ("Recipient") and the 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 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, on the terms and conditions set forth or referred to in this Agreement, a Credit in an amount equivalent to seventy one million eight hundred thousand Special Drawing Rights (SDR 71,800,000) (variously “Credit” and “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 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 May 1 and November 1 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 Dollar.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project, which is described in Schedule 1 to this Agreement, and the Program. 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 situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out.

4.02. The Co-financing Deadline for the effectiveness of the Co-financing Agreement is July 1, 2014.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Recipient has adopted a Project Implementation Manual, including, *inter alia*, detailed Project implementation arrangements and institutional roles and responsibilities, detailed implementation schedule, financial management and reporting, procurement, monitoring and evaluation, and procedures for implementation of the Safeguards Instruments for the Project, all in form and substance satisfactory to the Association.

5.02. The Effectiveness Deadline is the date one hundred and twenty (120) 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 this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. Except as provided in Section 2.02 of this Agreement, the Recipient’s representative is the Minister 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
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 248423 (MCI) 1-202-477-6391
Washington, D.C.
AGREED at Addis Ababa, Federal Democratic Republic of Ethiopia, as of the day and year first above written.

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Sufian Ahmed
Title: Minister

Authorized Representative

Name: Guang Z. Chen
Title: Country Director for Ethiopia
Africa Region
SCHEDULE 1

Project Description

The objective of the Project is to improve access to community demand-driven social and economic services for pastoralists and agro-pastoralists in targeted Regions of the Recipient's territory.

The Project constitutes the third phase of the Program and consists of the following parts, subject to such modifications thereof as the Recipient and the Association may agree upon from time to time:

Part A. Community Driven Service Provision

1. Community Investment Fund

   (a) support for community Sub-projects in targeted pastoral and agro-pastoral Kebeles to help expand and improve service delivery and build infrastructure for local development through provision of investment funds by a Community Investment Fund (CIF) to Beneficiary Communities; and

   (b) provision of technical support to promote broad participation and community decision-making in local development.

2. Support for Institutionalizing the CDD Approach

   Strengthening and institutionalizing of the CDD process through support for: (i) community institutions in the areas of planning and resource mobilization, implementation of small public investment projects, and participation in the oversight of service delivery; (ii) Woreda Finance and Economic Development Offices (WoFEDs) to integrate Project experience of planning with communities within the Recipient's regular planning and budget development processes.

3. Community Level Self-monitoring and Learning

   Development of a community monitoring and learning system by: (i) introducing monitoring arrangements to be used by Beneficiary Communities to track Project implementation; (ii) facilitating periodic structured learning fora at the Kebele and sub-Kebele levels; (iii) facilitating periodic structured learning fora at the Woreda level with participation by selected facilitators of the sub-Woreda learning fora; (iv) training of community leaders on managing relevant information and promoting learning from such information; and (v) strengthening Kebele centers as information sharing and learning hubs.
Part B. Rural Livelihoods Program

1. Promote Development of Pastoral Savings and Credit Cooperatives

Support for the establishment of pastoral Savings and Credit Cooperatives (SACCOs) to support pastoralists' livelihoods and further advance community driven local development through: (i) social mobilization and financial education; (ii) organization support to prospective SACCOs; (iii) leadership and skills training to executives and personnel of newly established SACCOs; (iv) physical capacity building; (v) technical assistance and consultations to develop financial products appropriate to pastoralists and agro-pastoralists; and (vi) provision of a Savings Leverage Grant.

2. Identification and Development of Livelihood Opportunities

Support for selected pastoralist and agro-pastoralist households to develop innovative, income diversifying business activities and/or to strengthen their existing productive activities through: (i) technical assistance to relevant Woreda offices and staff at Kebele level to identify potential Income Generating Activities (IGAs) based on technical and market analyses; (ii) support to pastoral communities on identified opportunities; (iii) training to extension staff to provide advice to selected pastoralist households on the development and implementation of IGAs; (iv) technical assistance and training to help selected pastoral households organize into common interest groups and/or cooperatives so that they can better access input and output markets; and (v) support to the public extension and veterinary services based on a design for service delivery applicable to pastoral communities.

3. Promotion of Adaptive Research and Innovative Practices

Encourage in collaboration with researchers, the adoption of new technologies that can potentially increase the productivity and returns on household investments through support for innovative solutions to specific production or business problems identified by the Beneficiary Communities through: (i) support for the establishment of farmer/pastoralist-research groups (F/PRGs) to bring together pastoralists and researchers to *inter alia* undertake adaptive research trials, introduce inputs/equipment associated with new technologies, support on-farm seed production particularly for animal fodder and nutrition rich crops for human consumption; and (ii) an innovation fund, the Farmer/Pastoralist-Research Group Innovation Grant (F/PRG Innovation Grant) to finance proposals from farmer/pastoralist-research groups.
Part C: Development Learning and Knowledge Management

1. Policy Consultation and Knowledge Management

Provide a platform for pastoralist groups to engage in policy dialogue through: (i) financing of studies on pastoralist development issues and multi-stakeholder discussion fora that will use the outcomes of the studies to inform strategic changes; (ii) provision of technical assistance as appropriate to support the development of programs that include pastoral issues; (iii) support as appropriate of federal and regional pastoral resource units; (iv) provision of technical assistance to MoFA to manage a website on pastoralism in Ethiopia where relevant information, research outputs and activities on pastoral development will be posted; (v) provision of support to pastoral groups to empower them to better express their aspirations and concerns in policy dialogue.

2. Communication and Internal Learning

Enhance transparency within the Project and promote effective implementation through internal learning as provided in the Communications Strategy.

Part D: Project Management and Monitoring and Evaluation

1. Project Management

Support the implementation of Project activities through provision of technical assistance, goods and operating costs to a Federal Project Coordination Unit (FPCU), Regional Project Coordination Units (RPCUs) in the four targeted Regions of the Recipient’s territory, Mobile Support Teams (MSTs) and the placement of coordinators and financial officers in each Project Woreda.

2. Monitoring and Evaluation

Provision of technical assistance and operating costs to regularly monitor implementation performance, results and processes and to undertake outcome/impact evaluations at midterm and end of Project as well as annual thematic studies.
SCHEDULE 2

Project Execution

Section I. Institutional and Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall ensure that the FPCU, RPCUs in four Regions, MSTs that support three (3) to four (4) Woredas, and Woreda coordinators and Woreda finance officers are maintained at all times during the implementation of the Project with functions, staffing and resources satisfactory to the Association so as to ensure prompt and efficient implementation of the Project.

   (a) Federal Level

      (i) MoFA

      Without limitation to paragraph 1 of this Part A, MoFA shall be responsible for Project coordination and implementation.

      (ii) Federal Project Coordination Unit

      Without limitation to paragraph 1 of this Part A, the FPCU, shall be located in MoFA and shall be responsible for coordinating federal level activities and overall management of the Project including annual work programs, budgets and planning, fiduciary management and safeguards compliance, communication, monitoring and evaluation, reporting, liaison with stakeholder groups at federal level and regional Project coordination units, capacity-building, mobilization of technical backstopping and addressing implementation bottlenecks as they arise.

   (b) Regional Level

      (i) Regional Project Coordination Units

      Without limitation to paragraph 1 of this Part A, the Project’s RPCUs shall be located at the Pastoral Development Bureaus or Commission or the office of the regional president and shall be responsible for coordinating implementation of regional activities, monitoring and reporting on regional activities, regional fiduciary and safeguards obligations and overseeing MSTs within their respective Regions.
(ii) Mobile Support Teams (MSTs)

Without limitation to paragraph 1 of this Part A, MSTs will provide support to Woreda and Kebele level implementation of the Project including: (i) sensitization and awareness creation on CDD principles; (ii) facilitation of community level planning; (iii) establishment/strengthening of local institutions of Beneficiary Communities; (iv) assisting with CIF Subproject appraisal, procurement planning and monitoring at Woreda level; (v) oversight of procurement and financial management, social and environmental assessments; (vi) follow-up on the implementation of CIF Subprojects to ensure quality; (vii) supporting identification and development of livelihood opportunities and establishment of F/PRGs; (viii) supporting participatory monitoring and evaluation; and (x) facilitating community level learning and communication between communities and formal government structures.

(c) Woreda Level

Woreda offices of Pastoral Development and Finance and Economic Development

Without limitation to paragraph 1 of this Part A, the Woreda offices of Pastoral Development and Finance and Economic Development shall coordinate implementation and ensure smooth fund flow for project activities as well as timely reporting and implementation performance and financial transactions.

B. Implementation Arrangements

1. Project Implementation Manual

(a) The Recipient shall carry out the Project in accordance with the arrangements and procedures set out in the Project Implementation Manual (provided, however, that in case of any conflict between the arrangements and procedures set out in the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail), and, except as the Association shall otherwise agree, shall not amend, abrogate or waive any provision of the Project Implementation Manual.

(b) The Recipient shall ensure that the Project Implementation Manual consists of: (i) a financial management manual incorporating adequate
financial management systems for controlling, recording and reporting the financial transactions under the Project; (ii) a procurement and contract administration manual and community procurement manual with a description of a procurement monitoring and reporting system; (iii) the terms, conditions and eligibility criteria for CIF Subprojects and list of ineligible investments, F/PRG Innovation Grants and Savings Leverage Grants; and (iv) detailed performance indicators to be used for the Project, and other activities and arrangements to be used for the purpose of implementing the Project, as the same may be amended from time to time, and such term includes any schedules to the Project Implementation Manual.

2. Annual Work Program

(a) The Recipient shall prepare and furnish to the Association for its approval, not later than June 15 of each year during the implementation of the Project, or such later date as the Association may agree, the Annual Work Plans and Budgets, including procurement plans, containing all proposed Sub-projects to be carried out in the following Fiscal Year, modified in a manner satisfactory to the Association, taking into account the Association’s comments and views on the matter.

(b) The Recipient shall cause each Woreda and Kebele to implement, monitor and evaluate its respective activities, including Sub-projects, in accordance with the provisions set forth in this Agreement and in more detail in the Project Implementation Manual, and shall not make or allow to be made any material change to any activity, including any Sub-project, included in the approved Annual Work Plans and Budgets without the prior agreement of the Association.

C. Anti-Corruption

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

D. Safeguards

1. The Recipient shall carry out the Project in accordance with the relevant Safeguards Instruments, and shall, to that end:

(a) if any activity under the Project would require the adoption of any Supplemental Social and Environmental Safeguard Instrument:

   (i) prepare (A) such Supplemental Social and Environmental Safeguard Instrument in accordance with the applicable ESMF,
SA and RPF; (B) furnish such Supplemental Social and Environmental Safeguard Instrument to the Association for review and approval; and (C) thereafter adopt such Supplemental Social and Environmental Safeguard Instrument prior to implementation of the activity; and

(ii) thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such Supplemental Social and Environmental Safeguard Instrument; and

(b) if any activity under the Project would involve Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before resettlement measures under a Supplemental Social and Environmental Safeguard Instrument prepared in accordance with the RPF, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, have been taken.

2. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall for the Safeguards Instruments, including each Supplemental Social and Environmental Safeguard Instrument, regularly collect, compile and furnish to the Association reports in form and substance satisfactory to the Association, on the status of compliance with such Instruments including each Supplemental Social and Environmental Safeguard Instrument, as part of the Project Reports, giving details of:

(a) measures taken in furtherance of the Safeguards Instruments including each Supplemental Social and Environmental Safeguard Instrument;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments including each Supplemental Social and Environmental Safeguard Instrument; and

(c) remedial measures taken or required to be taken to address such conditions.

3. In the event that any provision of the Safeguards Instruments shall conflict with any provision under this Agreement, the provisions of this Agreement shall prevail.

4. The Recipient shall not amend or waive, or permit to be waived, any provision of the Safeguards Instruments without the prior agreement of the Association.
5. The Recipient shall regularly review the effective use of the Safeguards Instruments as part of the monitoring and evaluation system for the Project.

F. Subprojects

No proposed Subproject shall be eligible for financing under the Project unless such Sub-project has been selected in accordance with the procedures outlined in the Project Implementation Manual and such proposed Sub-project satisfies the eligibility criteria specified in further detail in the Project Implementation Manual, and the proposed Sub-project has fulfilled the requirements of any applicable Safeguards Instrument.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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 on the basis of the indicators acceptable to the Association. Each Project Report shall cover the period of one quarter, and shall be furnished to the Association not later than forty-five (45) days 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. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each financial quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have the Financial Statements 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 (6) months after the end of such period.

C. Procurement Audit

The Recipient shall have all procurement activities undertaken under the Project audited annually under an independent procurement audit (Independent Procurement Audit), by auditors with terms of reference, qualifications and experience satisfactory to the Association, and shall submit the first such
Independent Procurement Audit no later than the end of the second quarter following the first Fiscal Year of Project implementation.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting 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 Section I of the Procurement Guidelines, and with the provisions of this Section.

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 Section.

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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-Consulting Services

1. International and National Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International and National Competitive Bidding. National Competitive Bidding (NCB) shall follow the Recipient's procurement procedures subject to the following additional procedures:

(a) The Recipient's standard bidding documents for procurement of goods and works acceptable to the Association shall be used. At the request of the Recipient, the introduction of requirements for bidders to sign an Anti-Bribery pledge and/or statement of undertaking to observe Ethiopian Law against fraud and corruption and other forms that ought to be completed and signed by him/her may be included in bidding documents if the arrangements governing such undertakings are acceptable to the Association.

(b) If pre-qualification is used, the Association's standard prequalification document shall be used.
(c) No margin of preference shall be granted in bid evaluation on the basis of bidder’s nationality, origin of goods or services, and/or preferential programs such as but not limited to small and medium enterprises.

(d) Mandatory registration in a supplier list shall not be used to assess bidders’ qualifications. A foreign bidder shall not be required to register as a condition for submitting its bid and if recommended for contract award shall be given a reasonable opportunity to register with the reasonable cooperation of the Recipient, prior to contract signing. Invitations to bids shall be advertised in at least one newspaper of national circulation or the official gazette or on a widely used website or electronic portal with free national and international access.

(e) Bidders shall be given a minimum of thirty (30) days to submit bids from the date of availability of the bidding documents.

(f) All bidding for goods shall be carried out through a one-envelope procedure.

(g) Evaluation of bids shall be made in strict adherence to the evaluation criteria specified in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation.

(h) The results of evaluation and award of contract shall be made public. All bids shall not be rejected and the procurement process shall not be cancelled, a failure of bidding declared, or new bids shall not be solicited, without the Association’s prior written concurrence. No bids shall be rejected on the basis of comparison with the cost estimates without the Association’s prior written concurrence.

(i) In accordance with para 1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (1) the bidders, suppliers, contractors and subcontractors, agents, personnel, consultants, service providers, or suppliers shall permit the Association, at its request, to inspect all accounts, records and documents relating to the bid submission and performance of the contract, and to have them audited by auditors appointed by the Association; and (2) Acts intended to materially impede the exercise of the Association’s audit and inspection rights constitutes an obstructive practice as defined in para. 1.16 a (v) of the Procurement Guidelines.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International and National Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Direct contracting; (b) Community Participation procedures which have been found acceptable to the Association; (c) Shopping; and (d) Procurement through UN 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 methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Single Source Selection; (b) Selection of Individual Consultants; (c) Least Cost Selection; and (d) Selection Based on Consultants Qualifications.

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

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 Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
Amount of the Percentage of Expenditures Financing Allocated to be Financed (expressed in SDR) (inclusive of Taxes)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Works, Non-consulting Services, Consultants' Services, Audits, Training, and Operating Costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) (i) under Part A.1(a) of the Project for Sub-projects under CIF Grants; and (ii) under Part A.1(b), A.2 and A.3 of the Project;</td>
<td>34,138,000</td>
<td>53% of amounts disbursed</td>
</tr>
<tr>
<td>(b) under Part B of the Project including Grants under Part B.1 and B.3</td>
<td>16,905,000</td>
<td>56%</td>
</tr>
<tr>
<td>(c) under Part C of the Project</td>
<td>1,763,000</td>
<td>56%</td>
</tr>
<tr>
<td>(d) under Part D of the Project</td>
<td>7,572,000</td>
<td>56%</td>
</tr>
<tr>
<td>(2) Unallocated</td>
<td>457,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>71,800,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date is December 31, 2018.
Section V. Other Undertakings

i. The Recipient shall ensure that Memoranda of Understanding for the management of the Rural Livelihoods Program have been duly executed not later than sixty (60) days after the Effective Date between: (a) MoFA and (i) the federal Cooperatives Agency; and (ii) the Ethiopian Institute for Agricultural Research; and (b) the Regional Pastoral Development Bureau or Commission or regional president’s office with (i) Regional Agricultural Research Institutions; and (ii) academic institutions as appropriate, all in form and substance satisfactory to the Association.

2. The Recipient shall furnish to the Association for its approval the first 15 month Annual Work Plan and Budget referred to in Section I.B.2 of this Schedule not later than May 1, 2014.

3. The Recipient shall: (a) appoint not later than ninety (90) days after the Effective Date: (i) a Woreda Project coordinator and a finance officer in the Woreda offices of Pastoral Development and Finance and Economic Development to coordinate implementation, assure smooth flow of funds, monitor performance, and prepare timely and quality reports (financial, procurement and performance on activities); and (ii) a finance officer in each Mobile Support Team to support and mentor Woreda finance officers, all with qualifications, experience and terms of reference satisfactory to the Association; and (b) ensure that training for all accountants and finance officers is completed within one hundred twenty (120) days after the Effective Date.
### SCHEDULE 3

**Repayment Schedule**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 1 and November 1:</td>
<td></td>
</tr>
<tr>
<td>commencing May 1, 2024, to and including November 1, 2033</td>
<td>1%</td>
</tr>
<tr>
<td>commencing May 1, 2034, to and including November 1, 2053</td>
<td>2%</td>
</tr>
</tbody>
</table>

* 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. “Affected Person” means a person who as a result of: (i) the involuntary taking of land under the Project is affected in any of the following ways: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas suffers adverse impacts on his or her livelihood.


3. “Audit” means an audit for the Project referred to in Section II.B and C of Schedule 2 to this Agreement.

4. “Beneficiary” means an entity meeting the eligibility criteria as detailed in the Project Implementation Manual to which the Recipient has made a Savings Leverage Grant under Part B.1 of the Project or a F/PRG Innovation Grant under Part B.3 of the Project.

5. “Beneficiary Communities” means a group of pastoral and agro-pastoral people, and several such community groups of pastoral and agro-pastoral people in targeted Regions within the territory of the Recipient.

6. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

7. “CDD” means Community Driven Development.


9. “Co-financing” means, for purposes of paragraph 11 of the Appendix to the General Conditions, an amount equal to eighty five million United States Dollars ($85,000,000) to be provided by the Co-financier to assist in partially financing the Project.

10. “Co-financing Agreement” means the agreement to be entered into between the Recipient and the Co-financier providing for the Co-financing.
11. “Community Investment Fund” and “CIF” means an investment fund to selected Kebeles in Woredas under the Project, supplemented by community contributions, for investment in demand-driven social and economic services as defined in the Project Implementation Manual.

12. “Community Investment Fund Grant” or “CIF Grant” means a grant made or to be made, to a Beneficiary Community out of the proceeds of the Financing for the carrying out of a CIF Subproject (hereinafter defined) under Part A.1 of the Project pursuant to a CIF Grant Agreement.

13. “CIF Grant Agreement” means the agreement between the Recipient and a Beneficiary Community providing for a CIF Grant, in form and substance provided in the Project Implementation Manual and on terms and conditions approved by the Association.

14. “Community Investment Fund Subproject” or “CIF Subproject” means a development subproject under Part A.1 of the Project.

15. “Communications Strategy” means the strategy for enhanced transparency about the Project’s design, interventions, processes and achievements.


18. “Environmental and Social Management Framework” or “ESMF” means the Recipient’s plan, dated September 12, 2013, that includes the set of mitigation, enhancement, monitoring, and institutional measures, to be taken during implementation of the Project to eliminate any adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts. The measures include inter alia: clear procedures and methodologies for the environmental and social assessment, review, approval and implementation of investments to be financed under the Project; appropriate roles and responsibilities, and necessary reporting procedures for managing and monitoring environmental and social concerns related to proposed Sub-projects; and practical information resources for implementing the ESMF.

19. “Environmental and Social Management Plan” and “ESMP” mean the plan to be prepared and adopted by the Recipient for each Sub-project, as provided in the Environmental and Social Management Framework providing appropriate mitigation, monitoring and institutional measures designed to mitigate potential adverse environmental impacts under the proposed Sub-project, offset them,
reduce them to acceptable levels or enhance positive impacts, as the same may be
amended from time to time with the agreement of the Association.

20. “Ethiopian Institute for Agricultural Research” or “EIAR” means the entity
established by the Recipient pursuant to Proclamation No. 79/97, as amended to
date.

21. “Farmer/Pastoralist-Research Group Innovation Grant” and “F/PRG Innovation
Grant” means a grant to finance proposals and/or action plans from a
farmer/pastoralist-research group under Part B.3 of the Project.

22. “Federal Project Coordination Unit” and “FPCU” means the committee
established for the coordination of activities to be carried out under the Project,
and referred to in paragraph (a) of Section I.A.1 of Schedule 2 to this Agreement
or any successor thereto.

23. “Fiscal Year” and “FY” mean the Recipient's fiscal year beginning July 8 and
ending July 7 of the next calendar year.

24. “General Conditions” means the “International Development Association

25. “Grant” means a grant made or to be made by the Recipient to a Beneficiary out
of the proceeds of the Financing for Savings Leverage Grants under Part B.1 of
the Project, and F/PRG Innovation Grants under Part B.3 of the Project, all
pursuant to a Grant Agreement.

26. “Grant Agreement” means the agreement between the Recipient and a
Beneficiary providing for a Grant, in form and substance provided in the Project
Implementation Manual and on terms and conditions approved by the
Association.

27. “Income Generating Activity” or “IGA” means an activity under Part B.2 of the
Project.

28. “Kebele” means the lowest tier of government in the Recipient’s administrative
system as established under the relevant Regional legislation.

29. “Kebele Development Committee” and “KDC” means the developmental arm of
the Recipient’s lowest tier of administration providing general implementation
oversight for the Project at the Beneficiary Community level.

30. “Memoranda of Understanding” means the memoranda of understanding referred
to in Section V.1 of Schedule 2 to this Agreement.

32. "Mobile Support Teams" and "MSTs" means a group of specialized persons in, *inter alia*, capacity building activities, participatory development, community organization and networking, savings and credit activities and community procurement, moving throughout participating *Woredas*, and responsible for supporting activities under the Project, and referred to in paragraph (b) of Section I.A.1 of Schedule 2 to this Agreement or any successor thereto.

33. "Operating Costs" means the incremental costs incurred by the FPCU, the RPCUs, the MSTs, Woreda Technical Committees, and Kebele Development Committees based on annual budgets approved by the Association, on account of Project implementation, management and monitoring, including fuel and operation and maintenance costs for vehicles; stationary and sundries; advertising and office running costs including services of office machines and equipment; purchase of materials for workshops; office supplies; utilities, communication charges; venues for workshops and Training, and per diems and travel allowances, but excluding the salaries of the Recipient’s civil service and sitting allowances.

34. "Pest Management Plan" of "PMP" means the plan included in the ESMF.


36. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated October 21, 2013, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.


38. "Project Implementation Manual" means the manual referred to in Section 5.01 of this Agreement consisting of different modules setting out respectively, *inter alia*, the administrative, financial and accounting procedures; the procurement and disbursement procedures; the terms and conditions for related Grant Agreements, including procurement and accounting procedures; performance indicators to be used for the Project, procedures for the implementation of the Safeguards Instruments and other activities and arrangements to be used for the purpose of implementing the Project, as the same may be amended from time to time with the prior agreement of the Association.
39. "Region" means the following Regional States: Afar, Somali, Oromiya, and Southern Nations and Nationalities Regions (SNNP), within the Recipient’s territory as defined under the Recipient’s Constitution.

40. "Regional Pastoral Development Bureau or Commission" means the regional bureau or commission of the Recipient for pastoral development.

41. "Regional Agricultural Research Institutions" means the Oromiya Agricultural Research Institute, Somali Pastoral and Agricultural Research Institute, the Southern Agricultural Research Institute and the Afar Region Agricultural Research Institute.

42. "Regional Project Coordination Units" and "RPCUs" means the units established at the regional level for coordination of activities to be carried out under the Project, and referred to in paragraph (b) of Section I.A.1 of Schedule 2 to this Agreement or any successor thereto.

43. "Resettlement Action Plan" and "RAP" mean the plan approved by the Association for the Project, prepared by the Recipient on the basis of the RPF (as hereinafter defined) as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the Association and subject to the initial consultation and disclosure requirements carried out on the RAP.

44. "Resettlement Policy Framework" and "RPF" mean the document dated September, 12, 2013, outlining the policies and procedures to be implemented in the event that specific activities implemented under the Project have potentially negative impacts on the livelihoods, assets and land of the affected population, as the said framework may be amended and/or supplemented from time to time with the prior written consent of the Association, and such term includes any schedules to such document.

45. "Rural Livelihoods Program" means the program referred to in Part B of Schedule 1 to this Agreement.

46. "Safeguards Instruments" means the ESMF, SA, RPF, and any Supplemental Social and Environmental Safeguard Instruments.

47. "Savings and Credit Cooperatives" and "SACCOs" means savings and credit cooperatives within pastoralist/agro-pastoralist communities.

48. "Savings Leverage Grant" means the savings grant provided or to be provided as seed capital to a registered SACCO on the basis of eligibility criteria outlined in the Project Implementation Manual under Part B of the Project.
“Social Assessment” and “SA” mean the document dated September 20, 2013, identifying and assessing the potential social impacts of the Project, evaluating alternatives, and proposing appropriate mitigation, management, and monitoring measures, defining specific measures to be implemented for vulnerable and underserved groups, through free prior informed consultations and broad community support, in order to protect them and to ensure that they be granted equal legal, financial and organizational opportunities under the Project, as the said plan may be amended and/or supplemented from time to time with the prior written consent of the Association, and such term includes any schedules to such document.

“Sub-project” means a Sub-project to be carried out by the participating Woredas and Kebeles, communities and or farmers in accordance with the Project Implementation Manual.

“Supplemental Social and Environmental Safeguard Instruments” means any ESMP, RAP, PMP or other supplemental social and environmental safeguard instruments as required under the terms of any of the ESMF, SA, or RPF.

“Training” means the Project-related expenses incurred by FPCU, the RPCUs, the MSTs, and the WoFEDs based on annual budgets approved by the Association, for per diem, travel, purchase of Training materials and rental of facilities, and includes workshops and seminars.

“Woreda offices of Pastoral Development and Finance and Economic Development” and “WoFEDs” means the Recipient’s offices at the Woreda level which will undertake coordination of activities to be carried out under the Project, and referred to in paragraph (b) of Section I.A.1 of Schedule 2 to this Agreement or any successor thereto.

“Woreda” means the third tier of government in the Recipient’s administrative system as established under the relevant Regional legislation.

“Woreda Technical Committee” and “WTC” means a committee in targeted Woredas comprised of focal persons from Woreda offices of education, health, water resources development, pastoral development, cooperative development, rural roads and women and youth affairs; WoFED and the Woreda coordinator that is responsible for facilitating local level planning, supervising implementation of Sub-projects, supporting identification and development of livelihood opportunities, and promoting community level learning.