OFFICIAL DOCUMENTS

GRANT NUMBER TF0A7523

Grant Agreement
(Additional Financing for Enhancing Shared Prosperity through Equitable Services Program)

between

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION ND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of the Financing Decentralized Basic Services, Systems Strengthening and the Service Delivery Secretariat (SDS) to Facilitate Donor Coordination, Joint Reviews and Implementation Support Multi-Donor Trust Fund)

Dated August 20, 201_
AGREEMENT dated April 25, 2012, entered into between: the FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA ("Recipient"); and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator of the Financing Decentralized Basic Services, Systems Strengthening and the Service Delivery Secretariat (SDS) to Facilitate Donor Coordination, Joint Reviews and Implementation Support Multi-Donor Trust Fund ("MDTF"), for the purpose of providing additional financing for activities related to the Original Program (as defined in the Appendix to this Agreement).

WHEREAS:

(A) Pursuant to the Original Financing Agreement (as defined in the Appendix to this Agreement), the World Bank agreed to extend a credit ("Credit No. 5716") in an amount equivalent to SDR 431,500,000 to the Recipient to assist in financing the Original Program.

(B) The Recipient has requested the World Bank for additional financing for the purpose of providing additional financing for activities related to the Original Program and the World Bank agreed to extend a credit and a grant ("Credit No. 6131" and "Grant No. D229") in an amount equivalent to SDR 431,000,000 for the Credit and SDR 72,000,000 for the Grant to assist in providing additional financing for the activities related to the program described in Part 1 of Schedule 1 hereto ("Program") and the project described in Part 2 of the Schedule 1 hereto ("Project"). The Program and Project are, collectively, referred to as the "Operation".

NOW THEREFORE the Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The "Standard Conditions for Grants Made by the World Bank Out of Various Funds", dated February 15, 2012 ("Standard Conditions"), with the modifications set forth in Section 1 of 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 Standard Conditions or in this Agreement.
Article II
The Operation

2.01. The Recipient declares its commitment to the objectives of the Operation. To this end, the Recipient shall carry out the Program and the Project through MoFEC in accordance with the provisions of Article 11 of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Program is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III
The Grant

3.01. The World Bank 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 two million two hundred eighty-three thousand two hundred thirty-eight United States Dollars (USD 2,283,238) ("Grant") to assist in financing the program described in Part 1 of Schedule 1 to this Agreement ("Program").

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned MDTF for which the World Bank receives periodic contributions from the donors to the MDTF. In accordance with Section 3.02 of the Standard Conditions, the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned MDTF, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.
Article IV – Effectiveness; Termination

4.01. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article V
Recipient's Representative; Addresses

5.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister responsible for finance.

5.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

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

Facsimile: (251-11) 1551355

5.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Facsimile: 1-202-477-6391
AGREED at Addis Ababa, Ethiopia, as of the day and year first above written.

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By

Authorized Representative

Name: Abraham Tekete (PhD)
Title: Minister

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of the Financing Decentralized Basic Services, Systems Strengthening and the Service Delivery Secretariat (SDS) to Facilitate Donor Coordination, Joint Reviews and Implementation Support Multi-Donor Trust Fund)

By

Authorized Representative

Name: Carolyn Turk
Title: Country Director for Ethiopia, Sudan and South Sudan
SCHEDULE 1

Operation Description

The objective of the Operation is to improve equitable access to basic services and strengthen accountability systems at the decentralized level.

The Operation consists of the Program and Project as follows:

Part I: The Program

The Program consists of the part of the Recipient’s system for the delivery of basic services which is aimed at delivering basic services in education, health, agriculture, water and sanitation, and rural roads in Woredas, and which is supported by the Federal Government through intergovernmental fiscal transfers to Woredas.

Part II: The Project

The Project consists of the following, which aim to improve the performance of service delivery systems through provision of goods, consulting services, non-consulting services and Training and financing of Operating Costs:

1) Implementation of a program of activities to strengthen applicable systems and sectors, including:

(a) **Sectors.** Strengthen (including training, system upgrading and software development) management and information systems ("MIS") in the education, health, agriculture and water and sanitation ("WASH") sectors; and support the service availability and readiness assessment ("SARA") health survey, as well as behavioral change campaigns for improving human development outcomes in the Bottom 20 Percent of Woredas.

(b) **Procurement.** Support procurement audit at local levels, and needs-based training and responses to findings; provide technical assistance to FPPAA to carry out regional procurement system strengthening activities; refine and improve the key performance indicator ("KPI") system; and implement rollout of simplified directives and preparation of standard procurement documents.

(c) **Ethics and anticorruption.** Support REACCs in building their capacity in specific regions, based on outcome of a capacity gap assessment; design and implement inter-institutional cooperation modalities to combat fraud and corruption; carry out training needs assessment at Federal, Regional and Woreda levels to review existing skills and training needs; enhance staff capacity at federal and regional levels in asset disclosure verification techniques, management of conflicts of interest, statistical literacy, stakeholder engagement and consulting and counselling skills; provide necessary equipment and data encoding system to make asset discloser recording and information accessible to the public; strengthen capacity of parliamentarians; and scale up ongoing training to strengthen capacity of Woreda council finance and its budget standing committee members.
(d) **Environment and social management.** Support development of environmental and social assessment guidelines and standards; train Federal, Regional and Woreda staff on the Recipient's Environmental and Social Management System Operational Manual and environmental and social guidelines and standards; customize said for regions; and build capacity at Woreda level environmental protection offices.

(e) **Financial management.** Support local level (Regions and Woredas) interventions to strengthen financial management, including: building capacity of staff for management of internal controls; raising awareness of leaders; building capability of audit committees to address audit issues; and strengthening systems, such as relevant internet connectivity, and websites; and benchmarking of public financial management at the Woreda level.

(2) Implementation of a program of activities to strengthen citizen engagement in financial transparency and accountability ("FTA"), grievance redress mechanisms ("GRM") and social accountability ("SA"), including:

(a) **FTA and GRM.** Carry out budget literacy training for council members and mass media campaigns about budgets, expenditures, and basic service delivery standards; support audit and procurement information disclosure; support institutionalized FTA training; carry out an assessment of the effectiveness of FTA; strengthen linkages of FTA, GRM and SA focusing on joint monitoring and evaluation; build capacity of EIO's head office and its branches; integrate use of information technology to enhance GRM; and build the capacity of regional GRM offices to provide support to Woredas.

(b) **SA.** Expand utilization of social accountability tools in Woredas and Kebetes (including community empowerment and mobilization; community needs identification and prioritization; interface meetings; and development and monitoring of joint action plans); strengthen capacity of the social accountability system in Ethiopia (including building capacity for supply and side actors related to service delivery; building links between FTA, GRM, and mainstreaming social accountability in government and non-government institutions); and support program management and monitoring and evaluation, and knowledge management of social accountability.

(3) Implementation of a program of activities to strengthen the capacity of the CSA and VERA to produce and disseminate timely and reliable statistics and monitor progress under the second Growth and Transformation Plan, including:

(a) **Data production and dissemination.** Increase the frequency of surveys under the welfare monitoring system to enable a closer monitoring of poverty and social indicators in a shock-prone country; improve the source data for National Accounts by better covering the services sector of the economy and designing a construction price index in order to improve economic and price statistics and support the preparations for the agricultural census; and support CSA to revise the dissemination strategies to facilitate public access to survey and census microdata and initiatives to increase the use of statistical data by the public.
(b) **Organizational and statistical infrastructure and capacity building.** Support improvement of the statistical infrastructure (including statistical calendar and procedures for surveys); improve organizational infrastructure through a review of the human resource structure and strategy, and the design and implementation of a long-term capacity-building plan; and acquisition of physical infrastructure (such as ICT equipment and vehicles),

(c) **Support to VERA.** Improve vital statistics collection and management by VERA through systems upgrade, production of manuals, enabling interface with CSA, training of registrars, development of registration materials, and building staff capacity in data management and analyses.

(d) **Project management and verification.** Provide financing for Operational costs and technical assistance for DLI verification.
Section I. Implementation Arrangements

A. Fiduciary, Environmental and Social Systems for the Program

Without limitation on the provisions of Article II of the Standard Conditions, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with financial management, procurement and environmental and social management systems acceptable to the World Bank ("Program Fiduciary, Environmental and Social Systems") which are designed to ensure that:

1. the Grant proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and

2. the actual or potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

B. Program Institutional and Implementation Arrangements

1. Program Institutions

Without limitation on the generality of Part A of this Section I, the Recipient shall:

(a) at the Federal level, maintain, for the period of implementation of the Program, the Channel One Program Coordination Directorate within MoFEC, with a mandate, adequate resources and staff satisfactory to the World Bank, to be responsible for day-to-day coordination of Program activities;

(b) at the Regional level, in each Region participating in the Program, maintain, for the period of implementation of the Program, the BoFED for such Region with a mandate, adequate resources and staff satisfactory to the World Bank, to be responsible for implementation and coordination of the Program in such Region; and

(c) at the Woreda level, in each Woreda participating in the Program, maintain, for the period of implementation of the Program, the WoFED for such Woreda, with a mandate, adequate resources and staff satisfactory to the World Bank, to be responsible for implementation and coordination of the Program in such Woreda.
2. Additional Program Implementation Arrangements

Without limitation on the generality of Part A of this Section I, the Recipient shall carry out the Action Plan in accordance with the schedule set out in the said Action Plan in manner satisfactory to the World Bank.

3. DLI Verification Arrangements

The Recipient shall:

(a) Appoint and thereafter maintain, at all times during the implementation of the Program, independent verification agents under terms of reference acceptable to the World Bank ("Independent Verification Agents"), to verify the data and other evidence supporting the achievement of one or more DLIs as set forth in the table in Section V.A.2. of this Schedule 2 and recommend corresponding payments to be made, as applicable.

(b) (i) Ensure that the Independent Verification Agents carry out verification and process(es) in accordance with the Verification Protocol; and (ii) submit to the World Bank the corresponding verification reports in a timely manner and in form and substance satisfactory to the World Bank.

(c) In the event there is a need for verification services prior to the appointment of the Independent Verification Agents in accordance with paragraph 1 above, put in place adequate interim arrangement satisfactory to the World Bank and approved in writing by the World Bank for verification of the DLIs.

C. Project Institutional and Implementation Arrangements

1. With respect to implementation of Part II of the Operation (i.e., the Project), the Recipient shall:

(a) designate MoFEC to be overall responsible for implementation of the Project; and maintain at all times during the Project implementation, the following with staffing/composition, terms of reference and resources acceptable to the World Bank at the federal level, namely, the Channel One Program Coordination Directorate, established within MoFEC, responsible for coordinating day to day Project activities across the basic service ministries, government bodies and sub-national government entities; and

(b) ensure that adequate implementation arrangements, satisfactory to the World Bank, have been established and thereafter maintained at all times during the Project implementation at regional, Woreda, Kebele and community levels, as such implementation arrangements shall be further detailed in the Project Implementation Manual.
2. With respect to implementation of Part II of the Operation (i.e., the Project), the Recipient shall:

(a) (i) prepare a Project Implementation Manual ("PIM"), in accordance with terms of reference acceptable to the World Bank, detailing Project implementation arrangements, including organizational, administrative, monitoring and evaluation, financial management and procurement; (ii) furnish the PIM to the World Bank for approval; and (iii) thereafter, implement the Project in accordance with such PIM as shall have been accepted by the World Bank, and not amend, abrogate, or waive any provision of the PIM without the prior written agreement of the World Bank.

(b) (i) prepare a Social Accountability Implementation Plan ("SAIP"), in accordance with terms of reference acceptable to the World Bank, setting out, among other things, the details of activities to be implemented under Part II.2(b) of the Operation, as well as the timing, modalities and arrangements for implementation of the activities; (ii) furnish the SAIP to the World Bank for approval; and (iii) thereafter, implement the Project in accordance with such SAIP as shall have been accepted by the World Bank, and not amend, abrogate, or waive any provision of the PIM without the prior written agreement of the World Bank.

3. The Recipient, through COPCD, shall:

(a) not later than May 31st of each year, prepare and furnish to the World Bank, an annual work plan setting out the program of activities and training proposed for implementation under the Project during the following EFY, together with a proposed procurement plan and budget for the purpose; and

(b) exchange views with the World Bank on each of the proposed annual work plans, and shall thereafter adopt, and carry out the program of activities and training for the following EFY year as shall have been agreed with the World Bank, as such annual work plan may be subsequently revised during the following EFY with the prior written agreement of the World Bank.

D. Safeguard Requirements for the Project

In carrying out activities under the Project, the Recipient shall ensure that all technical assistance under the Project, application of whose results would have environmental or social implications, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the World Bank, such terms of reference to ensure that the technical assistance takes into account, and calls for application of the World Bank's environmental and social safeguards policies and the Recipient's own laws relating to the environment and social aspects.
E. Anti-Corruption for the Program

The Recipient shall carry out the Program in accordance with the provisions of the World Bank's "Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing," dated February 1, 2012, and revised July 10, 2015.

F. Anti-Corruption for the Project

The Recipient shall carry out the Project in accordance with the provisions of the World Bank's "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.

Section II. Excluded Activities under the Program

1. The Recipient shall ensure that the Program excludes any activities which:

(a) in the opinion of the World Bank, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or

(b) involve the procurement of: (i) works, estimated to cost fifty million Dollar (US$50,000,000) equivalent or more per contract; (ii) goods, estimated to cost thirty million Dollar (US$30,000,000) equivalent or more per contract; (iii) non-consulting services, estimated to cost thirty million Dollar (US$30,000,000) equivalent or more per contract; or (iv) consultants' services, estimated to cost fifteen million Dollar (US$15,000,000) equivalent or more per contract.

Section III. Operation Monitoring, Reporting and Evaluation; Audits

A. Program Reports; Completion Reports

1. The Recipient shall monitor and evaluate the progress of the Program and, more particularly, the progress of the Disbursement Linked Indicators and, to that end, shall prepare regular Program Reports in accordance with the provisions of Section 2.06 of the Standard Conditions. Each Program Report shall cover each semester of the EFY and shall be furnished to the World Bank not later than ninety (90) days after the end of the period covered by such report.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.
B. Program Financial and Procurement Audits

Without limitation on the generality of Section I.C of this Schedule 2 and Section 2.07 of the Standard Conditions, the Recipient shall have the Financial Statements audited in accordance with the provisions of Section 2.07 of the Standard Conditions. Unless otherwise agreed with the World Bank, each audit of the Financial Statements shall cover the period of one EFY. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period. Each of the Regional procurement regulatory bodies shall undertake annual procurement audits on at least ten percent (10%) of Woredas under their jurisdiction and the audit reports shall be compiled and furnished to the World Bank not later than six (6) months after the end of each such period.

C. Verification of Program Results

Without limitation on the provisions of Section III.A of this Schedule, the Recipient shall, prior to each payment under the Program:

1. engage one or more Independent Verification Agent(s), with qualifications, experience, and terms of reference acceptable to the World Bank, for the purpose of verifying the achievement of DLRs;

2. undertake, through such Independent Verification Agent(s), by May 31 and November 30 of each year, a verification process in accordance with the Verification Protocol and in a manner satisfactory to the World Bank, to ascertain whether the DLRs have been achieved for the period(s) under review; and

3. furnish to the World Bank corresponding verification reports, in form and substance acceptable to the World Bank, by May 31 and November 30 of each year.

D. 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 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover each semester of the EFY and shall be furnished to the World Bank not later than ninety (90) days after the end of the period covered by such report.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than November 30, 2023.

E. Financial Management, Financial Reports and Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. Without limitations on the provision of part D of this section, the Recipient shall prepare and furnish to the World Bank not later than sixty (60) days after the end of each quarter of the EFY, interim unaudited financial report for the project, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such 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 World Bank not later than six months after the end of such period.

F. Donor Visibility and Visit

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor's support for the Program.

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, take all measures required on its part to enable the representatives of the Donors to visit any part of the Recipient's territory for purposes related to the Program.

G. Documents; Records

In addition and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

(a) all records evidencing expenditures under the Program are retained for seven years and six months after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient's financial and narrative progress reports submitted to the World Bank; (iii) the Recipient's financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient's implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

(b) the representatives of the World Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donor(s).
Section III. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient to finance the results ("Disbursement Linked Results" or "DLRs") achieved by the Recipient, as measured against specific indicators ("Disbursement Linked Indicators" or "DLRs"); all set forth in the table in paragraph 2 below.

2. The following table specifies each category of withdrawal of the proceeds of the Grant (including the Disbursement Linked Indicators as applicable) ("Category"), the Disbursement Linked Results for each Category (as applicable) and the allocation of the amounts of the Grant for each Category.

<table>
<thead>
<tr>
<th>Category (including Disbursement Linked Indicator as applicable)</th>
<th>Disbursement Linked Result (as applicable)</th>
<th>Amount of MDTF Grant (expressed in USD)</th>
<th>DLR allocations and Disbursement Formula (expressed in USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensuring equitable access to basic services</td>
<td>DLR #1.4: Federal Government block grant transfers of at least 1,364 ETB per capita (from baseline of ETB 1,240 per capita established in EFY 2010 budget) are budgeted to Regions, excluding Addis Ababa, for EFY 2011</td>
<td>0</td>
<td>n.a.</td>
</tr>
<tr>
<td></td>
<td>DLR #1.5: Federal Government block grant transfers of at least 1,514 ETB per capita are budgeted to Regions, excluding Addis Ababa, for EFY 2012</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td></td>
<td>DLR #1.6: Federal Government block grant transfers of at least 1,696 ETB per capita are budgeted to Regions, excluding Addis Ababa, for EFY 2013</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>(2) DLI #2: Increased proportion of qualified female agricultural development agents (diploma level)</td>
<td>DLR #2.4: At least 24.5% of agricultural development agents are female and qualified to diploma level (from baseline of 20% established in EFY 2008) for EFY 2010</td>
<td>0</td>
<td>n.a.</td>
</tr>
<tr>
<td>Category (including Disbursement Linked Indicator as applicable)</td>
<td>Disbursement Linked Result (as applicable)</td>
<td>Amount of MDTF Grant (expressed in USD)</td>
<td>DLR allocations and Disbursement Formula (expressed in USD)</td>
</tr>
<tr>
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</tr>
<tr>
<td><strong>DLR #2.5:</strong> At least 26% of agricultural development agents are female and qualified to diploma level for EFY 2011</td>
<td></td>
<td></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>(3a) DLI #3a:</strong> Number of health extension workers qualified to Level 4 standard in 4 regions is increased (Afar, Oromia, Somali, Amhara)</td>
<td><strong>DLR #3a.1:</strong> At least 13,499 (cumulative) (from baseline of 11,118 established in EFY 2008) health extension workers have graduated with a Level 4 qualification in the 4 regions in EFY 2010</td>
<td>0</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>DLR #3a.2:</strong> At least 15,225 (cumulative) health extension workers have graduated with a Level 4 qualification in the 4 regions in EFY 2011</td>
<td></td>
<td></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>DLR #3a.3:</strong> At least 18,351 (cumulative) health extension workers have graduated with a Level 4 qualification in EFY 2012</td>
<td></td>
<td></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>(4a) DLI #4a:</strong> Increase qualified teachers grade 1-4 (diploma level) in 4 regions Afar, Somali, SNNP, Oromia</td>
<td><strong>DLR #4a.1:</strong> At least 57% (cumulative) of teachers have a diploma level qualification in ECY 2010 (from baseline of 52% in ECY 2008)</td>
<td>0</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>DLR #4a.2:</strong> At least 60% (cumulative) of teachers have a diploma level qualification in ECY 2011</td>
<td></td>
<td></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>(5a) DLI #5(a):</strong> Improved geographic equity in education and health service delivery outcomes, based on Net Enrollment Rate and grade 5-8, Girls Completion Rate grade 8, Penta 3 Vaccine indicators</td>
<td><strong>DLR #5(a).1:</strong> Penta 3 Coverage for children under one year of age in the Bottom 20% of Woredas is 57.4% in EFY2010 (from baseline of 56.4% in EFY 2009)</td>
<td>2,283,238</td>
<td>$2,283,238</td>
</tr>
<tr>
<td><strong>DLR #5(a).2:</strong> The NER grade 5-8 in the Bottom 20% of Woredas is 24.3% for ECY2010 (from baseline 17.3% from ECY 2008)</td>
<td></td>
<td>0</td>
<td>n.a.</td>
</tr>
<tr>
<td>Category (including Disbursement Linked Indicator as applicable)</td>
<td>Disbursement Linked Result (as applicable)</td>
<td>Amount of MDTF Grant (expressed in USD)</td>
<td>DLR allocations and Disbursement Formula (expressed in USD)</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
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<td>---</td>
</tr>
<tr>
<td>for the bottom performing 20% of Performing Woredas</td>
<td>DLR #5(a).3: The completion rate for girls in Grade 8 in the Bottom 20% of Woredas is 16.5% (from baseline of 12.5% in ECY2008) in ECY 2010</td>
<td></td>
<td>n.a.</td>
</tr>
<tr>
<td></td>
<td>DLR #5(a).4: The NER grade 5-8 in the Bottom 20% of Woredas is 28.3% in ECY 2011 (from 24.3%)</td>
<td></td>
<td>n.a.</td>
</tr>
<tr>
<td></td>
<td>DLR #5(a).5: The completion rate for girls in Grade 8 in the Bottom 20% of Woredas is 20.5% in ECY 2011 (from 18.5%)</td>
<td></td>
<td>n.a.</td>
</tr>
<tr>
<td></td>
<td>DLR #5(a).6: Penta 3 Coverage for children under one year of age in the Bottom 20% of Woredas is 62.4% in EFY 2012 (from 57.4%)</td>
<td></td>
<td>n.a.</td>
</tr>
</tbody>
</table>

Citizens engagement and environmental and social management capacity

(6) DLI #6: Improved environmental and social management capacity at Woreda level

DLR #6.4: 250 Woredas have environmental and social impact assessment (ESIA) system with institutional set up, human resources, and vet projects/programs for environmental and social impacts (from baseline 0 in EFY 2009)

0 n.a.

(7) DLI #7: Enhanced transparency and accountability through citizen engagement

DLR #7.7: Nine (9) regions have assigned GRM officers in at least 80% of their Woredas in EFY 2010 (from 6 regions and 2 city-administrations with assigned GRM officers in EFY 2009)

0 n.a.
<table>
<thead>
<tr>
<th>Category (including Disbursement Linked Indicator as applicable)</th>
<th>Disbursement Linked Result (as applicable)</th>
<th>Amount of MDTF Grant (expressed in USD)</th>
<th>DLR allocations and Disbursement Formula (expressed in USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLR #7.8: 65% of Woredas have conducted pre-budget discussions, with women constituting at least 30% of the participants in such discussions in Woreda in EFY 2011 (from 37% of Woredas have conducted pre-budget discussions with 46% women in EFY 2009)</td>
<td></td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>DLR #7.9: 50% of actions identified in the Joint Action Plans are implemented (baseline 0 actions implemented) in 60% of Woredas that had Joint Action Plans by January 1, 2019</td>
<td></td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>DLR #7.10: A Government framework for Citizen Engagement is developed</td>
<td></td>
<td>n.a.</td>
<td></td>
</tr>
</tbody>
</table>

Depending fiduciary aspects of basic service delivery

(8) DLR #8:
Establishment of a government system for benchmarking Woreda public financial management ("PFM") performance ("Woreda PFM"

<table>
<thead>
<tr>
<th>DLR #8.5: Develop federal PFM reform strategy (baseline: no federal PFM strategy exists in EFY 2009)</th>
<th>0</th>
<th>n.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLR #8.6: All nine (9) regions and two (2) city-administrations adopt PFM reform strategy (baseline: no PFM strategy exist in any region/city-administration in EFY 2010)</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Category (including Disbursement Linked Indicator as applicable)</td>
<td>Disbursement Linked Result (as applicable)</td>
<td>Amount of MDTF Grant (expressed in USD)</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>-------------------------------------------</td>
</tr>
<tr>
<td>Benchmarking Rating *)</td>
<td>DLR #8.7: Improved results on below selected PFM indicators:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>i) Cash Management: 40% of Woredas submit to BoFED, on a quarterly basis (as part of the financial report), copies of their cash count statements (from baseline of 19% in EFY 2009); and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>ii) Bank Reconciliation: 55% of Woredas submit to BoFED, on a quarterly basis (as part of the financial report), copies of their bank reconciliation statements (from baseline of 45% in EFY 2009), all by EFY 2011</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DLR #8.8: Repeat benchmarking PFM evaluation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DLR #8.9: Improve results on the selected PFM indicators:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>i) Cash management: 50% of Woredas submit to BoFED, on a quarterly basis (as part of the financial report), the copies of their cash count statements;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>ii) Bank Reconciliation: 65% of Woredas submit to BoFED, on a quarterly basis (as part of the financial report), the copies of their bank reconciliation statements, all by EFY 2012</td>
<td></td>
</tr>
<tr>
<td>DLI #9:</td>
<td>DLR #9.6: Procurement performance is reported by four regions (Amhara, Oromia, SNNP, Tigray) based on KPIs on three basic sectors (agriculture, health, education) pertaining to analyzed data captured for EFY 2009</td>
<td>0</td>
</tr>
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<td>---</td>
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</tr>
<tr>
<td>Oversight function of Regional procurement regulatory bodies has been improved</td>
<td>DLR #9.7: Procurement performance is reported by four regions (Amhara, Oromia, SNNP, Tigray) based on KPIs on three basic sectors (agriculture, health, education) pertaining to analyzed data captured for EFY 2010</td>
<td>n.a.</td>
</tr>
<tr>
<td></td>
<td>DLR #9.8: Procurement data entry streamlined and continue to be collected based on KPIs on the three basic sectors (agriculture, health education) in the nine regions</td>
<td>n.a.</td>
</tr>
<tr>
<td></td>
<td>DLR #9.9: Procurement performance reported by the nine regions based on the KPIs on three basic sectors (agriculture, health education), pertaining to analyzed data captured for EFY 2011</td>
<td>n.a.</td>
</tr>
<tr>
<td>(10)(b) DLI #10(b): Strengthened capacity of Woreda Council finance and budget standing committee members to provide effective oversight, transparency and accountability for budgets</td>
<td>DLR #10(b).4: Woreda Budget and Finance Standing Committee review annual audit findings and action has been taken in 15% of the Woredas where audit report is submitted on Woreda Treasury accounts by ORAGs by May 1, 2019</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>DLR #10(b).5: Woreda Budget and Finance Standing Committee review annual audit findings and action has been taken in 25% of the Woredas where audit report is submitted on Woreda Treasury accounts by ORAGs, by May 1, 2020</td>
<td>n.a.</td>
</tr>
<tr>
<td>(10)(c) DLI #10(c): Strengthened Capacity of Woredas to effectively respond to Fraud and Corruption (F&amp;C)</td>
<td>DLI #10(c).1: 100 Woredas use electronic record keeping (Excel or more advanced system) and use this system to report to BoFED on F&amp;C cases tip offs according to the agreed format</td>
<td>0</td>
</tr>
</tbody>
</table>
### Ensuring quality data access and results

<table>
<thead>
<tr>
<th>DLI #11: Improved development information and data for service delivery</th>
<th>DLR #11.6: Fieldwork for the 2017 Population and Housing Census completed and completion report submitted to Census Commission</th>
<th>0</th>
<th>n.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DLR #11.7: Preliminary population numbers from the 2017 PHC produced and report available online</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td></td>
<td>DLR #11.8: Microdata of 2017 PHC publicly accessible online</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(12) DLI #12: Improve nutrition services</th>
<th>DLR #12.1: Woreda level coordination platform is in place, consistent with agreed TOR, in PSNP Woredas</th>
<th>0</th>
<th>n.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DLR #12.2: In 50% of PSNP Woredas in Highland areas at least 50% of deployed frontline workers have received nutrition training</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td></td>
<td>DLR #12.3: 58% of mothers with children aged 0-23 months (PSNP households only) living in PSNP Woredas in Highland areas have had contact with a HEW during the past 3 months (from baseline 33% in January 2016)</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

**TOTAL** 2,283,238 n.a.

### B. Withdrawal Conditions for the Grant

1. Notwithstanding the provisions of Section V.A of this Schedule, with respect to the Program, no withdrawal shall be made:

   (a) for purposes of Section 3.03 of the Standard Conditions, for DLRs achieved prior to the date of this Agreement; and
(b) for any DLR until and unless the Recipient has furnished evidence satisfactory to the World Bank that said DLR has been achieved, including verification reports from the Independent Verification Agent in accordance with procedures and arrangements and verification protocols satisfactory to the World Bank.

2. Notwithstanding the provisions of Section V.B.1(b) of this Schedule, with respect to the Program, if any of the DLRs under any of the Categories has not been achieved by the date by which the said DLR is set to be achieved, the World Bank may, by notice to the Recipient:

(a) authorize withdrawal of the amount of the unwithdrawn proceeds of the Financing allocated to such DLR at a later date (prior to the Closing Date), if and when, the World Bank shall be satisfied that such DLR has been achieved; and/or

(b) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Financing then allocated to said Category which, in the opinion of the World Bank, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the Disbursement Formula; and/or

(c) reallocate all or a portion of the proceeds of the Financing then allocated to said DLR to any other DLR; and/or

(d) cancel all or a portion of the proceeds of the Financing then allocated to said DLR.

3. With respect to the Program, notwithstanding the foregoing provisions of this Section IV, if at any time after the Closing Date the Recipient has failed to provide evidence satisfactory to the World Bank that the Withdrawn Financing Balance does not exceed the total amount of Program Expenditures, the Recipient shall, promptly upon notice from the World Bank, refund to the World Bank such excess amount of the Withdrawn Financing Balance. The World Bank shall cancel the refunded amount of the Withdrawn Financing Balance.

C. Withdrawal Period

The Closing Date referred to in Section 3.06(c) of the Standard Conditions is May 31, 2023.
APPENDIX

Section I. Definitions

1. "Action Plan" means the Recipient's plan dated July 2017, and referred to in Section I.B.2 of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the World Bank.

2. "Administrative Data" means data collected by the Recipient's ministries and administrative agencies as part of the Recipient's internal reporting arrangements.

3. "BoFED" means a Bureau of Finance and Economic Development, established at the Regional level within the administration of a particular Regional Government.

4. "Bottom 20% of Woredas" means the list of Woredas ranked by their education or health outcomes, as referred to in the Verification Protocol and listed in the Technical Assessment Annex of the Program Paper (Report No. 115228-ET).

5. "Category" means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.

6. "Channel One Programs Coordination Directorate" or "COPCD" means the unit established within MoFEC to be responsible for matters related to development partners financing through treasury systems, and referred to in Section I.C.1(a) of Schedule 2 to this Agreement.

7. "Credit No. 5716-ET" means the credit provided pursuant to the Original Financing Agreement.

8. "CSA" means the Central Statistical Agency, the Recipient's national agency that is responsible for administering, conducting and supervising surveys, established and operating pursuant to the Recipient's Central Statistical Agency Establishment Proclamation No. 442/2005; or any successor thereto.

9. "Demographic and Household Survey" or "DHS" means a standardized, nationally representative household survey that provides data for monitoring and impact evaluation indicators in the areas of population, health and nutrition.

10. "Disbursement Formula" means the formula set forth in the table in Section III.A.2 of Schedule 2 to this Agreement.

11. "Disbursement Linked Indicator" or "DLI" means in respect of a given Category, the DLI related to said Category as set forth in the tables in Section III.A of Schedule 2 to this Agreement.
12. "Disbursement Linked Result" or "DLR" means in respect of a given Category, the result under said Category as set forth in the table in Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Financing allocated to said result may be withdrawn in accordance with the provisions of Section III of Schedule 2 to this Agreement.

13. "ECY" means the Calendar Year of the Recipient, which commences on September 11 and ends on September 10.


15. "EIO" means the Ethiopian Institute of Ombudsman.

16. "Ethiopian Fiscal Year" or "EFY" means the Fiscal Year of the Recipient which commences on July 8 and ends on July 7.

17. "ESAP Steering Committee" means the Ethiopia Social Accountability Steering Committee, established by MoFEC, and responsible for overseeing the implementation of the Recipient’s social accountability program; or any successor thereto.

18. "ETB" means Ethiopian Birr, the Recipient’s lawful currency.

19. "Ethiopian National Immunization Coverage Survey" means a multi-stage, stratified, cluster design, cross-sectional national survey carried out by the Recipient to determine and validate the administrative reports on immunization coverage of children.


23. "Girls Completion Rate" means the total number of female students enrolled in the last grade of primary (regardless of age), minus the number of female students repeating or are readmitted to the last grade of primary, divided by the total female population of the standard entrance age (14 years) of the last grade of primary according to population projections from the 2007 national census.
24. "Government framework for Citizen Engagement" means the document which the Recipient’s government will draft and which will set out their vision of citizen engagement in Ethiopia.

25. "Household Income Consumption and Expenditure Survey" means a standardized, nationally representative survey that provides data on individual, labor force, household and household expenditure characteristics.

26. "Independent Verification Agents" means CSA, EIO, EDRI, FEACC, FPPPAA, OFAG, and any other independent verification agents as may be specifically recruited or assigned by the Recipient for purposes of undertaking the verification of DLRs referred to in Sections I.B.3 and II.C of Schedule 2 to this Agreement; and “Independent Verification Agent” means any one such agent.

27. "Joint Action Plan" means the action plan which is worked out as a result of the social accountability intervention between service providers and service users in each facility in all social accountability Woredas.


29. “Level 4” means the Level 4 qualification for healthcare extension workers, as established and administered by the Recipient’s Ministry of Health, consisting of two years of practical experience and one year of formal training.

30. “MoEFCC” means the Recipient’s ministry responsible for the environment, forests, and climate change; or any successor thereto.


32. “Net Enrollment Rate” means the number of children ages 11 to 14 that are enrolled in grades 5-8 respectively divided by the number of children age 11 to 14 according to population projections from the 2007 national census.

33. “NPC” means the National Planning Commission, established and operating pursuant to the Recipient’s National Planning Council and National Planning Commission Establishment Regulation No. 281/2013; or any successor thereto.

34. “OFAG” means the Office of the Federal Auditor General, the constitutionally mandated auditor of the Recipient, established and operating pursuant to the amendment of Proclamation of the Federal Auditor General Proclamation No. 982/2016; or any successor thereto.

35. “ORAG” means the Office of the Regional Auditor General, established and operating in each of the Regions pursuant to respective proclamations by each Region’s Council.

36. “Operating Costs” means the reasonable incremental expenses incurred, based on the annual work plan approved by the World Bank pursuant to Section I.C.3 of Schedule 2
to this Agreement, on account of Project coordination, implementation and monitoring by Project implementing partners (MoFEC, BoFEDs, WoFEDs, CSA, FPPPAA, FEACC, OFAG, EIO, VERA, and sectoral ministries including the Ministry of Health, Ministry of Agriculture and Natural Resources, Ministry of Education, the Ministry of Water, Irrigation and Electricity, and Ministry of Environment, Forest, and Climate Change), including expenditures for vehicles operation and maintenance, office supplies and consumables, utilities, communication, translation and interpretation, bank charges, Project-related national and international travel, as well as per diem and accommodations (but excluding salaries of the Recipient's civil servants), and other miscellaneous costs directly associated with the Project implementation.

37. "Operation" means, collectively, all activities described under the Program and the Project of Schedule 1 to this Agreement.


39. "Original Program" means the Program described in Schedule 1 to the Original Financing Agreement.

40. "Penta 3 Coverage" means the number of children age 12 to 23 months that are vaccinated with all 3 rounds of Penta 3 Vaccine divided by the number of children age 12 to 23 months according to population projections from the 2007 national census.

41. "Penta 3 Vaccine" means a pentavalent vaccine that combines five different vaccines in a single vial to protect against five diseases, namely, diphtheria-pertussis-tetanus, hepatitis B, and Haemophilus influenzae type B (Hib), and which is administered in three doses.

42. "PIM" means the Project Implementation Manual referred to in Section I.C.2(a) of Schedule 2 to this Agreement.

43. "Program" means, collectively, the activities described in Part I of the Schedule 1 to this Agreement.

44. "Program Fiduciary and Environmental and Social Systems" means the Recipient's systems for the Program referred to in Section 1.A of Schedule 2 to this Agreement.

45. "Project" means, collectively, the activities described in Part II of the Schedule 1 to this Agreement.

46. "REACC" means the Recipient's Regional Ethics and Anti-Corruption Commissions, established and operating pursuant to the Recipient's respective Regions' Anti-Corruption Commission Establishment Proclamations; or any successors thereto.

48. "Regions" means the Recipient's nine states, namely Tigray; Amhara; Oromia; Southern Nations, Nationalities and Peoples; Benishangul-Gumuz; Gambella; Somalia; Afar; and Harari; and the two City Administrations of Addis Ababa and Dire Dawa; and "Region" refers to any one of said Regions, and "Regional" means in, relating to, or in respect of a Region.

49. "SAIP" means the Social Accountability Implementation Plan referred to in Section I.C.2(b) of Schedule 2 to this Agreement.

50. "SNNP" means the Recipient's Region of Southern Nations, Nationalities and Peoples.

51. "Training" means reasonable costs of training under the Project, based on annual work plans approved by the World Bank pursuant to Section I.C.3 of Schedule 2 to this Agreement, and attributable to national and international seminars, workshops, and study tours, along with national and international travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.

52. "VERA" means the Vital Event Registration Agency, a federal organ which was established by Council of Ministers Regulation No. 278/2012, responsible to direct, coordinate and support the registration of vital events at the national level and to centrally organize and keep records of vital events.

53. "Verification Protocol" means the Recipient's protocol dated July 1, 2015, and updated in July 2017, acceptable to the World Bank, setting forth the means by which the achievement of DLRs will be verified under the Program, as such Verification Protocol may be amended from time to time with the prior written agreement of the World Bank.

54. "WHO" means the World Health Organization.

55. "WoFED" means a Woreda Office of Finance and Economic Development, established at the Woreda level, within the administration of a particular Woreda government.

56. "Woreda" means the third tier of government in the Recipient's administrative system as established under the relevant Regional legislation.

57. "Woreda Budget and Finance Standing Committee" means the committee consisting of elected members of District/Woreda councils and who are also members of the committee responsible for the finance and budget issues.

58. "Woreda Council" means the elected local representative body for a Woreda.