Financing Agreement

Irrigation and Drainage Project

between

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 13, 2007
FINANCING AGREEMENT

AGREEMENT dated July 13, 2007, entered into between FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in 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 sixty five million, six hundred thousand Special Drawing Rights (SDR 65,600,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 June 15 and December 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out 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 — EFFECTIVENESS; TERMINATION

4.01. The Additional Conditions of Effectiveness consist of the following:

The Recipient has:

(a) adopted a Project Implementation Manual in form and substance satisfactory to the Association;

(b) appointed a Regional Project Coordinator with experience, qualifications and terms of reference satisfactory to the Association;

(c) recruited for the MoWR and BoARD, each, a procurement specialist with experience, qualifications and terms of reference satisfactory to the Association; and

(d) recruited for the MoWR, BoWRD and BoARD each an additional accountant with experience, qualifications and terms of reference satisfactory to the Association.

4.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.

4.03. 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 V— REPRESENTATIVE; ADDRESSES

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

5.02. The Recipient’s Address is:

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

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

5.03. The Association’s Address is:

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

Cable: INDEVAS  Telex: 248423 (MCI)  Facsimile: 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 /s/ Sufian Ahmed

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Ishac Diwan

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to sustainably increase agricultural output and productivity in the Project Area.

The Project consists of the following parts:

Part 1: Irrigation Development

(a) Developing ground and surface water infrastructure and ascertaining future irrigation potential in the Project Area through: (i) conducting technical feasibility and detailed design studies on 30,000 hectares and developing of about 20,000 hectares of irrigation and appurtenant infrastructure, carrying out works and construction supervision; and (ii) promoting existing low-cost individual irrigation technologies and piloting groundwater development around Lake Tana.

(b) Providing for technical assistance through: (i) conducting feasibility and design studies for up to 80,000 hectares of new irrigation development in selected sites in the Project Area as well as in Anger, Upper Beles and Negesso; and (ii) conducting additional studies including studies necessary for: (A) the review of existing irrigation legislation; (B) the preparation of an irrigation strategy and establishment of a national irrigation maintenance fund; (C) improvement of the efficient use of irrigation water; and (D) the preparation of an institutional framework for large and medium scale irrigation development and management.

(c) Providing support for (i) conducting, and implementing the recommendations of, environmental and social impact assessments, and resettlement action plans, relating to Project investments in hydraulic infrastructure in the Project Area, and for the Ribb Dam; and (ii) implementing environmental and social impact assessments, and resettlement action plans, for the 80,000 ha of new irrigation development referred to in Part 1(b) above, and for other proposed hydraulic infrastructures in the Lake Tana sub-basin.

(d) Providing support for the implementation of the Recipient’s detailed land survey program in the Project Area.
Part 2: Agricultural and Market Development

Promoting sustainable intensification and commercialization of agricultural inputs and outputs on the irrigation schemes developed under the Project through:

(a) capacity building for farmers in irrigated production including: (i) support for the provision of applied/adaptive research into production technology for the farmers; (ii) dissemination and systematic replication of results from the research; (iii) purchase of motorcycles and equipment for the regional extension services staff; and (iv) provision of Farmers’ Advisory Service Fund grants to participating farmers training centers in the Project Area;

(b) capacity building for public providers of applied research and extension services such as the Advisory Service Development Fund and Farmers Research Extension Groups (FREGs); and

(c) market and value chain development including the establishment of a matching grant mechanism for commercial entities such as SME, SMI and farmer owned entities.

Part 3: Irrigation Management

Enhancing the efficiency and the financial sustainability of irrigation infrastructure through:

(a) establishing legally recognized Water Users Groups (WUGs) and developing and strengthening their capacity including; (i) implementation of an intensive program of stakeholder consultations and dissemination of information on Project implementation and progress to farmers; (ii) implementation of demand-based approaches to system planning and design for the Project Area; and, (iii) strengthening the capacities of farmers, WUGs and regional and national irrigation extension staff on issues related to irrigated agriculture;

(b) strengthening the capacity of the staffs of the Recipient’s Ministry of Water Resources and of the Amhara BoWRD in participatory approaches to irrigation, including establishment and mobilization of WUGs, stakeholder involvement in identification, planning and design of irrigation schemes, and sustainable operations and maintenance of irrigation; and
(c) providing technical assistance to promote the role of public-private partnerships in irrigation infrastructure planning, management and operation as well as providing financing to meet the shortfall in operation and maintenance cost recovery from water users.

Part 4: Project Management

Strengthening the management capacity for implementation of the Project including:

(a) providing support for project management including: (i) provision of technical assistance, training, office equipment and vehicles, auditing and evaluation studies, and incremental operating costs; (ii) provision of technical support for project planning, auditing and financial and technical evaluations; and (iii) strengthening procurement and financial management capacity at all levels; and

(b) supporting the development and implementation of a monitoring and evaluation framework and a management information system for the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional and Other Arrangements

1. The Recipient shall:

   (a) delegate the responsibility for the overall project management and oversight to the Ministry of Water Resources;

   (b) establish and maintain a committee (the National Project Steering Committee (NPSC)), to be chaired by the State Minister of Water Resources and comprising of, at the Federal level, representatives from MoARD, EPA, MoFED, EIAR, the private sector, and at the Regional level, representatives from the Amhara BoWRD, BoARD, BoCPs and EPLAUA, to meet at least twice a year for the purpose of: (i) carrying out the annual programming of Project activities and approval of work plans and budgets; (ii) ensuring that government water sector policies and Project objectives are adhered to; and (iii) monitoring and evaluating progress in the implementation of the Project; and

   (c) establish and maintain a committee (the Regional Project Steering Committee (RPSC)), to be chaired by the Amhara Regional President and comprising of the Heads of the Amhara BoARD and BoWRD, and representatives from ARARI, and Amhara BoCP, BoFED, BoTI, EPLAUA, Food Security Office, two apex WUAs, representatives from local universities, civil society and private sector organizations. The RPSC shall meet at least once quarterly and will be responsible for overseeing implementation of the Project, at the regional level, including (i) carrying out the annual programming of Project activities and approval of work plans and budgets; and (ii) monitoring and evaluating the progress of the Project.

2. The Recipient shall:

   (a) carry out the Project in accordance with the Project Implementation Manual (PIM) in form and substance satisfactory to the Association, and the said PIM shall provide details of all the operational guidelines and
procedures as shall have been agreed with the Association for the implementation, monitoring and supervision of the Project and shall include a Project Monitoring Manual and a Project Administrative, Financial and Accounting Manual; and

(b) not amend or waive any provision of the PIM without prior approval of the Association if such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

3. The Recipient shall, at all times during the Project implementation, maintain:

(a) At the Federal level:

(i) a project coordinator (the National Project Coordinator) assigned by MoWR from its Irrigation and Drainage Development Studies Department, to be in charge of overall project coordination, assisted as needed by consultants and contractual staff in areas of finance, procurement, monitoring and evaluation, and public-private partnership development. The NPC will be guided and advised by the NPSC and will serve as its secretary; and

(b) At the Regional level:

(i) a regional project coordinator (the Regional Project Coordinator) appointed by the Amhara Regional President from within the Amhara BoFED, to coordinate Project activities among the various participating regional agencies and to provide support to the participating Woredas and Kebeles;

(ii) permanent staff in areas of planning and other contractual staff in areas of monitoring and evaluation and database management to work closely with the RPC;

(ii) the Amhara BoWRD, with the responsibility for implementing Parts 1 and 3 of the Project;

(iii) the Amhara BoARD with the responsibility of implementing Part 2 of the Project; and
(iv) EPLAUA and EPA with the responsibility for implementing Part 1 (d) of the Project.

(c) At the Woreda level:

a Woreda Project Implementation Team (WPIT), to be chaired by the Head, Office of Agriculture and Rural Development (including Extension, Inputs and Credit, Cooperative Promotion and Environmental Protection teams); and comprising of Office Heads of Water Resources and Finance; and, representatives from the Kebele Associations and WUGs. The WPIT will be assisted by Kebele Associations and DAs.

4. The Recipient shall for the duration of the Project implementation ensure that funds transferred to the Regions for activities under this Project will be computed as additional funding over and above Federal contributions to the Regions and shall therefore not be offset in the Government’s formula for allocation Regional funds.

5. The Recipient shall no later than December 31, 2008, or any other date to be agreed with the Association, have completed survey work under Part 1(d) of the Project, (associated with land certification in the Project Area), in form and substance satisfactory to the Association and have issued land certificates to all affected persons in the Project Area.

B. Procedures and Eligibility Criteria for Grants

1. Except as the Association shall otherwise agree, the Recipient shall: (a) apply the criteria, policies, procedures and guidelines set forth in the Project Implementation Manual; and (b) not amend, abrogate, or waive, or permit to be amended, abrogated or waived, the Project Implementation Manual, or any provision thereof, in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of the Project.

2. Without limitation to the provisions of paragraph 1 of this Part B, no Grant referred to under Part 2 of the Project shall be awarded to a private investment unless it satisfies the eligibility criteria specified in the Project Implementation Manual, and provided also that an award for a Grant shall be made under the following conditions:

(a) that Grant facilities would be managed by an independent entity recruited for that purpose and supervised by an approval committee made of
representatives of regional BoARDs, farmer organizations and private sector operators; and

(b) that the Grants shall be made in accordance with an approved model of contractual, administrative or other arrangements (Sub-Project Agreement), including of terms and conditions satisfactory to the Association, requiring the Beneficiary to, inter alia: (i) carry out the Sub-Project activities with due diligence and efficiency and in accordance with sound technical, economic, financial, and administrative standards; (ii) maintain separate adequate accounting and financial records, including all expenditures under the Sub-Project; (iii) procure the goods and services to be financed out of the proceeds of the Grant in accordance with the provisions of Section III of Schedule 2 to this Agreement; (iv) use such goods and services exclusively for the purposes of the Sub-Project; (v) allow the representatives of the Recipient, exclusively or jointly with representatives of the Association, if the Association shall so request, to inspect such goods and the sites, works, and construction included in the Sub-project, the operations thereof, and any relevant records and documents; (vi) prepare and promptly furnish to the Recipient, for forwarding to the Association if so requested by the Association, all such information as the Recipient or the Association shall responsibly request relating to the administration, operations and financial conditions of the Beneficiary and to the benefits to be derived from the Sub-project.

C. Safeguards

1. The Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Management Framework, Resettlement Policy Framework, and the relevant national legal and policy requirements.

2. The Recipient shall: (i) prior to the completion of feasibility and design studies under Part 1 (a) of the Project, carry out an environmental and social impact assessment (ESIA), including an environmental management plan (EMP), of the pertinent works, that is acceptable to the Association; (ii) immediately after the approval of the pertinent EMP mentioned hereinabove, implement and/or cause to be implemented (as the case may be) said plan in accordance with its terms.

3. Prior to the completion of the detailed design and the commencement of any works relating to the construction of the Ribb Dam, the Recipient shall: (i) carry out an integrated ESIA of the pertinent works, including an environmental management plan, that is acceptable to the Association; and (ii) prepare and furnish to the Association an Operation and Maintenance Plan in respect of said works.
Ribb Dam, acceptable to the Association (which plan shall include, *inter alia*, the agency and/or legal entity (as the case may be) responsible for the operation and maintenance of said Ribb Dam and an appropriate budget); (iii) immediately after the approval of the pertinent environmental management plan mentioned hereinabove, implement and/or cause to be implemented (as the case may be) said plan in accordance with its terms; and (iv) immediately after the pertinent works under said Ribb Dam have been satisfactorily completed, implement and/or cause to be implemented the Operation and Maintenance Plan in accordance with its terms.

4. If as result of the feasibility and detailed design studies carried out in accordance with Part 1 (a) of the Project, it is determined by the Association that resettlement will be involved, the Recipient shall: (i) prior to the carrying out of any civil works under the Project and/or under the Ribb Dam, prepare and furnish to the Association, a resettlement action plan acceptable to the Association (the Resettlement Action Plan), which plan shall be consistent with the provisions of the Resettlement Policy Framework); and (ii) immediately thereafter and before commencement of the civil works implement and/or cause to be implemented said Resettlement Action Plan in accordance with its terms, and in a manner acceptable to the Association.

5. For overseeing of implementation of dam safety measures of the Ribb Dam, the Recipient shall; (i) no later than June 30, 2007, or any other date to be agreed with the Association, establish and maintain an Independent Panel of Experts (Panel) with composition and terms of reference acceptable to the Association and shall promptly provide to the Association a copy of each report prepared by the Panel; and (b) no later than June 30, 2008, prepare an Emergency Preparedness Plan satisfactory to the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the performance indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of six months, and shall be furnished to the Association not later than one month after the end of the period covered by such report.
(b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

(i) Hectareage covered by completed irrigation infrastructure in Megech (Seraba) and Ribb schemes.

(ii) Number of sites drilled and improved pumping technology adopted in and outside Megech and Ribb command areas.

(iii) Hectareage covered by feasibility studies completed in Anger, Megech, Upper Beles, and Negesso.

(iv) The livelihoods and standards of living of persons resettled into and within the irrigation command areas.

(v) The hectareage of important river and wetland habitats within and adjacent to the command areas.

(vi) Number of households adopting irrigated agriculture in the Ribb & Megech command areas.

(vii) Percentage increase in cropping intensity.

(viii) Percentage O&M funds collected.

(ix) User satisfaction with irrigation O&M services.

2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than three (3) months after the Closing Date.

3. The Recipient shall:

(a) review with the Association, by June 30, 2010, or such later date as the Association shall request, and prepare a report on the progress on Project implementation and thereafter, take all measures required to ensure the efficient implementation of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the report;
(b) no later than June 30, 2012 carry out jointly with the Association, a Mid-Term Review of the progress made in carrying out the Project;

(c) no later than thirty days after the completion of the Mid-Term Review, commence the implementation of the recommendations of the Mid-Term Review as agreed with the Association;

(d) the Mid-Term Review shall assess, *inter alia*: (i) the overall progress made during the implementation of the Project; and (ii) the results of the monitoring and evaluation activities; and

(e) disclose on an annual basis, all financial allocations provided in the Recipient’s Government Budget for the construction of the Ribb Dam.

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 to the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association, not later than forty-five days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements, which shall include all sources of funds for the Project including the Government of the Recipient, 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, commencing with the Fiscal Year in which the first withdrawal under the Project Preparation Advance was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. **Procurement**

A. **General**

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance
with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

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

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding</td>
</tr>
<tr>
<td>(b) Direct Contracting</td>
</tr>
<tr>
<td>(c) Shopping</td>
</tr>
<tr>
<td>(d) Procurement from the UN Inter-Agency Procurement</td>
</tr>
<tr>
<td>Services Office (IAPSO)</td>
</tr>
</tbody>
</table>

3. **National Competitive Bidding (NCB).** NCB shall follow the Recipient’s procurement procedures, subject to the following additional procedures: (i) standard bid documents for procurement of goods and works shall be used; (ii) if pre-qualification is used, the Bank’s standard bidding document shall be used; (iii) margin of preference shall not be applicable; (iv) bidders shall be given a minimum of 30 days to submit bids from the date of availability of the bidding documents; (v) foreign bidders shall not be excluded from participation;
(vi) results of evaluation and award of contract shall be made public; and (vii) the use of merit points for evaluation of bids for goods and works is not applicable.

C. Particular Methods of Procurement of Consultants’ Services

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

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

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Selection Based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(b) Least Cost Selection</td>
</tr>
<tr>
<td>(c) Single Source Selection</td>
</tr>
<tr>
<td>(d) Individual Consultants</td>
</tr>
</tbody>
</table>

3. Prequalification of contractors would be used for the construction of the Megech pump irrigation scheme, and the Ribb irrigation scheme. The Association’s standard prequalification document issued in August 2006 will be used for the purpose of pre-qualifying potential bidders.

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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods and Equipment</td>
<td>1,180,000</td>
<td>100% of foreign expenditures and 90% of local expenditures</td>
</tr>
<tr>
<td>(2) Civil Works</td>
<td>29,300,000</td>
<td>100% of foreign expenditures and 90% of local expenditures</td>
</tr>
<tr>
<td>(3) Consultants’ Services and Audits</td>
<td>19,410,000</td>
<td>90%</td>
</tr>
<tr>
<td>(4) Training and Workshops</td>
<td>2,360,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Grants</td>
<td>1,320,000</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Operating Costs</td>
<td>1,770,000</td>
<td>90% of expenditures incurred before October 31, 2009, 70% for expenditures incurred before October 31, 2011, 50% for expenditures incurred before October 31, 2013 and 40% thereafter.</td>
</tr>
</tbody>
</table>
### Category | Amount of the Financing Allocated (expressed in SDR) | Percentage of Expenditures to be Financed
--- | --- | ---
(7) Refund of Project Preparation Advance | 460,000 | Amount payable pursuant to Section 2.07 of the General Conditions
(8) Unallocated | 9,800,000 | 
**TOTAL AMOUNT** | **65,600,000** | 

3. For the purposes of this Schedule, the term:

   (i) “Operating Costs” means the costs incurred for the purpose of maintaining equipment, vehicles operation, maintenance and insurance, office supplies, utilities, consumables, travel per diems and allowances, accommodation and staff allowances (excluding the salaries of government civil servants).

   (ii) “Grants” means grants made or proposed to be made out of the proceeds of the Financing by the Recipient for the purposes of Grants approved in accordance with the selection procedures provided in the Project Implementation Manual.

   (iii) “Foreign expenditures” means expenditures in the currency of any country other than that of the Recipient for goods or services supplied from the territory of any country other than that of the Recipient.

   (iv) “Local expenditures” means expenditures in the currency of the Recipient or for goods or services supplied from the territory of the Recipient.

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made:
(a) prior to the date of this Agreement; and

(b) under Category 2 unless an ESIA and RAP have been prepared in form and substance satisfactory to the Association and signed entitlement delivery certificates issued to people to be resettled under the Project in accordance with the RAP.

2. The Closing Date is October 31, 2015.
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 June 15 and December 15:</td>
<td></td>
</tr>
<tr>
<td>commencing December 15, 2017 to and including June 15, 2027</td>
<td>1%</td>
</tr>
<tr>
<td>commencing December 15, 2027 to and including June 15, 2047</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. “Advisory Service Development Fund” or “ASDF” means the fund established by the Recipient to support demand-based technical assistance, other consultancy services, and training of DA (as hereinafter defined) and other non-public sector agricultural advisors.

2. “ARARI” means the Amhara Region Agricultural Research Institute.

3. “Beneficiary” means either value chain partnerships, farmers or farmer groups or small and medium enterprises within the Project Area (as hereinafter defined), to whom a Matching Grant (as hereinafter defined) is made, or proposed to be made, under the Project.

4. “BoCP” means a Bureau of Cooperative Promotion of the Region which is participating in the Project.

5. “BoARD” means a Bureau of Agriculture and Rural Development of the Region which is participating in the Project.

6. “BoFED” means the Bureau of Finance and Economic Development of the Region which is participating in the Project.

7. “BoH” means the Bureau of Health of the Region which is participating in the Project.

8. “BoTI” means the Bureau of Trade and Industry of the Region which is participating in the Project.

9. “BoWRD” means the Bureau of Water Resources Development of the Region which is participating in the Project.

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

12. “DA” means a Development Agent employed by the BoARD.

13. “EIAR” means the Ethiopian Institute of Agricultural Research.

14. “Emergency Preparedness Plan” means the plan to be prepared by the Recipient and referred to in paragraph C.5 of Section I of Schedule 2 to this Agreement that specifies the roles of responsible parties when the Ribb Dam failure is considered imminent, and includes the following items: (i) clear statements on the responsibility for dam operations decision making and for the related emergency communications; (ii) maps outlining inundation levels for various emergency conditions; (iii) flood warning system characteristics; and (iv) procedures for evacuating threatened areas and mobilizing emergency forces and equipment.

15. “Environmental and Social Impact Assessment” means a study, acceptable to the Association, referred to in paragraphs C.2 and C.3 of Section I of Schedule 2 to this Agreement, to be prepared by the Recipient, and consisting of inter alia: (i) a description of the site where Project activities are to be carried out under Part 1 of the Project and the justification of said activities, including alternatives considered during the Project design phase; (ii) the potential and actual adverse environmental impacts of the activities referred to under sub-paragraph (i) above; and (iii) an environmental management plan (EMP) setting forth measures to be taken during the planning, design, implementation and operation of the Project activities to mitigate, eliminate or otherwise offset adverse environmental impacts, or to reduce them to acceptable levels and to ensure compliance of the project activities with such measures.

16. “Environmental and Social Management Framework” and “ESMF” mean the environmental and social management framework prepared by the Recipient for the purpose of implementing the Project, issued on February 21, 2007, and as may be amended from time to time, referred to in paragraph C.1 of Section I of Schedule 2 to this Agreement, setting forth, inter alia, guidelines, procedures, timetable and other specifications designed to offset adverse environmental and social impacts related to Project activities, or to reduce them to acceptable levels, or to enhance positive impacts.

17. “EPA” means the Recipient’s Environmental Protection Authority.

18. “EPLAUA” means the Environmental Protection, Land Administration and Use Authority of the Region which is participating in the Project.

19. “Farmers’ Advisory Service Fund” or “FASF” means the fund established by the Recipient to provide grants to farmer groups at the level of Farmer Training.
Centers to enable them to contract the services of selected advisory service providers.

20. “Farmers-Research Extension Groups” or “FREGs” means farmer groups established to support the expansion and evolution of the existing EIAR developed program.

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


23. “Grants” means ASDF, FASFs, FREGs and/or Matching Grants (as hereinafter defined).

24. “Independent Panel of Experts” means a group established by the Recipient with composition and under terms of reference acceptable to the Association consisting of national and international experts to review the design of, and oversee implementation of safety measures for, the Ribb Dam.

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

26. “Matching Grant” means a grant made, or proposed to be made, by the Recipient to an Eligible Beneficiary for purposes of leveraging private investment under the Project.

27. “MoARD” means the Recipient’s Ministry of Agriculture and Rural Development.


30. “National Project Coordinator” or “NPC” means the person to be appointed by the Recipient pursuant to the provisions of Schedule 2, Section I.A.3(a)(i) of this Agreement.
31. “National Project Steering Committee” or “NPSC” means the Committee referred to in paragraph A.1(b) of Section I of Schedule 2 to this Agreement.

32. “O&M” means operation and maintenance.

33. “OIDA” means Oroma Irrigation Development Authority.

34. “Operations and Maintenance Plan” means the plan to be prepared by the Recipient and referred to in paragraph C.3 of Section I of Schedule 2 to this Agreement covering the organizational structure, staffing, technical expertise, and training required; equipment and facilities needed to operate and maintain the Ribb Dam; O&M procedures; and arrangements for funding O&M, including long-term maintenance and safety inspections.


36. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 3, 2007 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

37. “Project Area” means the Megech and Ribb watershed areas in the Amhara Region of the Recipient’s territory.

38. “Project Implementation Manual” or “PIM” means the manual referred to in section 1.A.1 of Schedule 2 to this Agreement and adopted by the Recipient pursuant to the provisions of Section 4.01 of this Agreement setting forth, all procedures and arrangements governing the implementation of the Project, such as procurement and disbursement procedures, as the same may be amended from time to time, and such terms shall include any schedules, tables and annexes to the PIM.

39. “Project Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on November 17, 2005 and on behalf of the Recipient on November 30, 2005.

40. “Region, Woreda, and Kebele” mean either an administrative area within the Recipient’s territory as defined in the Recipient’s Constitution, or different local
government levels within the Recipient’s territory established and operating pursuant to the relevant Regional Constitutions.

41. “Regional Project Coordinator” means the person to be appointed by the Recipient pursuant to the provisions of Schedule 2, Section I.A.3(b)(i) of this Agreement.

42. “Regional Project Steering Committee” or “RPSC” means the Committee referred to in paragraph A.1(c) of Section I of Schedule 2 to this Agreement.

43. “Resettlement Action Plan” means the action plan to be prepared by the Recipient for the compensation, resettlement and rehabilitation of displaced persons, acceptable to the Association, to be prepared and implemented pursuant to the Resettlement Policy Framework and paragraph C.4 of Section I of Schedule 2 to this Agreement, as such plan may be amended from time to time with the prior approval of the Association.

44. “Resettlement Policy Framework” or “RPF” means the Recipient’s resettlement framework adopted by the Recipient on February 21, 2007, as may be amended from time to time, that outlines the principles and procedures to be followed in the event that activities under the Project lead to land acquisition and/or the loss of livelihoods within the Project Area.

45. “Ribb Dam” means the dam and associated infrastructure located in south Gondar Zone, Amhara National Regional State in the Ribb river, approximately 391408m N latitude and 1,330, 421m E longitude.

46. “SME/SMI” means small and medium enterprise or small and medium industry.

47. “Sub-Project” means an agreed set of specific activities carried out by communities and for which Grants are awarded in accordance with Section I.B of Schedule 2 to this Agreement.

48. “Water Users Group” or “WUG” means any local community organization of farmers operating for the specific purpose of water management, including: (i) water user associations established pursuant to Articles 404-482 of the Civil Code of the Recipient; (ii) water users cooperatives established pursuant to Part Two of the Cooperative Societies Proclamation No. 147/1998 of the Recipient; and (iii) any other such local community organizations legally established pursuant to the applicable irrigation laws of the Recipient.
49. “Woreda” means the third tier of government in the Recipient’s administrative system as established under relevant regional legislation.

50. “Woreda Project Implementation Team” means the teams that include the Heads of Woreda Offices, including Water Resources Development (WoWRD), Agriculture and Rural Development (WoARD) and that are responsible for Project implementation at Woreda level.