Financing Agreement

(Economic Opportunities Program)

between

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing financing in support of the Operation (below defined). The Association has decided to provide this financing on the basis, among other things, of the existence of an adequate refugee protection framework. The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient grant and a credit, both deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement (collectively, "Financing"), in the following amounts:

(a) an amount equivalent to eighty-two million six hundred thousand Special Drawing Rights (SDR 82,600,000) ("Grant"); and

(b) an amount equivalent to fifty-eight million Special Drawing Rights (SDR 58,000,000) ("Credit"),

all to assist in financing:

(a) the program as described in Part 1 ("Program") of Schedule 1 to this Agreement; and

(b) the project as described in Part 2 ("Project") of Schedule 1 to this Agreement,

(the Program and the Project hereinafter jointly referred to as the "Operation").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Financing Account to which the amount of the Credit allocated to the Program is credited
shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.

2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.

2.04. The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.

2.05. The Payment Dates are April 15 and October 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 — OPERATION

3.01. The Recipient declares its commitment to the objective of the Operation. To this end, the Recipient shall carry out, through EIC, the Operation in accordance with the provisions of Article V of the Program General Conditions, Article V of the Project General Conditions, and Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely, a situation has arisen by which the Recipient no longer has an adequate refugee protection framework.


4.03. The Additional Event of Acceleration consists of the following, namely, the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

(a) The Association is satisfied that the Recipient has an adequate refugee protection framework.
(b) The Recipient’s Refugees Proclamation has been passed by the House of Representatives, signed by the President and published in the Recipient’s Federal Negarit Gazette.

(c) A Project Coordinating Unit has been established within EIC, with the following staff in place: a PIU Coordinator, Financial Management Specialist, and Procurement Specialist, all with qualifications, experience and terms of reference acceptable to the Association.

5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

5.03. For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its Minister of Finance and Economic Cooperation.

6.02. For purposes of Section 10.01 of the General Conditions,

(a) the Recipient’s address is:

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

(b) the Recipient’s Electronic Address is:

Facsimile:

(251-11) 1551355

6.03. For purposes of Section 11.01 of the General Conditions:

(a) The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and
(b) the Association's Electronic Address is:

Telex: 248423 (MCI)
Facsimile: 1-202-477-6391

AGREED as of the Signature Date.

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By

[Signature]

Authorized Representative

Name: ADMASU NEBEBE
Title: State Minister
Date: June 29, 2018

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Carelya Turk
Title: Country Director for Ethiopia, Sudan and South Sudan
Date: June 29, 2018
SCHEDULE 1

Operation Description

The objective of the Operation is to provide economic opportunities for Ethiopians and Refugees in an environmentally and socially sustainable way.

The Operation consists of the Program and the Project as follows:

Part 1: The Program

The Program consists of the following:

(a) **Refugee-related employment and protection:** Providing Refugees with access to Economic Opportunities and ensuring integration of refugees in the formal labor market, as well as taking measures to provide related services to refugees, including ensuring Refugees are able to relocate to areas where economic opportunities will be provided.

(b) **Improving the broader investment climate:** Promoting the country's investment opportunities and conditions to foreign and domestic investors, including carrying out targeted investment facilitation to ensure a pipeline of investors in industrial parks, which includes technical assistance to the government on policy measures needed to create an attractive investment climate and promoting buyer-supplier relationships in industrial parks.

(c) **Improving labor productivity and quality of jobs:** Improving and supervising work environment (e.g. conducting labor inspections and wage bargaining) and increasing compliance with international labor protection standards and local labor laws, including establishing labor units in the Bole Lemi I, Hawassa, Mekelle, and Kombolcha Industrial Parks to assist in monitoring compliance with local labor regulations and to provide labor dispute resolution mechanisms on behalf of MoLSA.

(d) **Enhancing sustainability of Bole Lemi I, Hawassa, Mekelle, Kombolcha Industrial Parks:** Providing a systematic approach to environmental, social and financial sustainability in industrial parks, including mainstreaming the eco-industrial park approach, ensuring working conditions and treatment of workers in industrial parks conform to acceptable standards and reducing dependence on government subsides.

(e) **Fiduciary systems strengthening:** Managing procurement and financial management risks of the Program through issuance, and use, by IPDC and ARRA of procurement directives and manuals based on a legal framework issued by the Federal Government and achievement of unqualified/clean entity financial audit
reports by IPDC based on timely submission of IFRS-compliant financial statements.

(f) *Safeguards systems strengthening:* Establishing an environmental and social risk management system, which mitigates refugee vulnerability, manages refugee-host community relations, provides funds for small-scale community interventions proportional to the influx of refugees, and establishes institution-specific management systems that ensures compliance with social and environmental standards.

Part 2: The Project

The Project consists of the following:

(a) Provision of Program implementation support to EIC for the carrying out of preparation, policy and program activities.

(b) Provision of operations management capacity support to ARRA for the implementation of the Nine Pledges.

(c) (i) Development and piloting of an Employment Promotion and Protection ("EPP") program, consisting of a comprehensive package of services and financial assistance to help connect refugees to economic opportunities in waged employment, in new entrepreneurial business start-ups, and in self-employment opportunities; and (ii) provision of technical assistance to selected BOLSAs to develop capacity, manage and provide employment intermediation services benefitting Ethiopian jobseekers.
SCHEDULE 2

Operation Execution

Section I. Implementation Arrangements

A. Operation Institutions

1. The Recipient designates EIC as the Recipient’s lead agency responsible for implementation of the Program and Project.

2. The Recipient shall maintain, during the period of implementation of the Operation, the following:

   (a) Steering Committee, which is responsible for providing strategic guidance regarding Operation implementation and is chaired by a MoFEC representative and includes representatives from EIC, ARRA, IPDC, MOLSA and heads of contributing development partner agencies.

   (b) The Technical Committee, which is responsible for providing guidance on Operation implementation as well as reports to the Steering Committee and is chaired by a MoFEC representative and includes representatives from EIC, IPDC, MOLSA, ARRA, United Nations High Commissioner for Refugees (“UNHCR”), International Labor Organization (“ILO”), and contributing development partner agencies.

3. The Recipient shall maintain the PCU within EIC, which is established pursuant to Section 5.01(c) of this Agreement, during the period of implementation of the Operation, with staffing and resources satisfactory to the Bank (including having in place a Communications Officer and an Employment Promotion and Protection Officer within two (2) months from the Effective Date) and responsible for coordinating with other responsible and implementing agencies, including ARRA, IPDC, and MOLSA for the implementation of activities to achieve the DLIs.

B. Additional Program Implementation Arrangements

1. The Recipient shall:

   (a) Carry out the Program Action Plan, or cause the Program Action Plan to be carried out, in accordance with the schedule set out in the said Program Action Plan and in a manner satisfactory to the Association.
(b) One year from effective date, develop and commence implementation of a gender and protection action plan for vulnerable people (such as children and women), in accordance with terms of reference acceptable to the Association, including focus on discrimination, gender-based violence, related site-specific standard operating procedures, and establishment of a women friendly environment (such as, child care center, and a safe transportation plan for women working in industrial parks).

2. 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 Association ("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 IV.A.1. of this Schedule 2 and recommend corresponding payments to be made, as applicable.

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

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

C. Operations Manual

1. The Recipient shall:

(a) prepare and furnish to the Association for its review, an Operations Manual setting out detailed institutional, administrative, financial, technical and operational guidelines and procedures for the implementation of the Program, the Project, Program Action Plan, and including: (i) detailed safeguards, financial management (including funds flow and budgeting) and procurement arrangements; and (ii) a monitoring and verification system for the Program; and

(b) within three (3) months after the Effective Date, through EIC, adopt such Operations Manual as shall have been approved by the Association and thereafter, implement the Program and Project in accordance with the Operations Manual.
2. The Recipient shall not amend, abrogate or suspend, or permit to be amended, abrogated or suspended any provision of the Operations Manual without the prior written agreement of the Association.

3. Notwithstanding the foregoing, if any provision of the Operations Manual is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall prevail.

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 Association, such terms of reference to ensure that the technical assistance takes into account, and calls for application of the Association’s environmental and social safeguards policies and the Recipient’s own laws relating to the environment and social aspects.

E. Annual Work Plans and Budget for the Project

For purposes of implementation of the Project, the Recipient shall:

(a) prepare a draft annual work plan and budget (“AWPB”) for each EFY, setting forth, inter alia: (i) a detailed description of the planned activities under the Project for the following EFY; (ii) the sources and proposed use of funds therefor; (iii) procurement arrangements therefor; and (iv) responsibility for the execution of said Project activities, budgets, start and completion dates, outputs and monitoring indicators to track progress of each activity;

(b) not later than April 30th of each EFY, and after considering comments provided by the Steering Committee (referred to in Section I.A.2(a) above), furnish the draft AWPB to the Association for its review, and promptly thereafter finalize the AWPB, taking into account the Association’s comments thereon; and

(c) by June 15th of each EFY, adopt and implement the final AWPB after obtaining the Association’s approval thereon.
Section II. Excluded Activities

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

(a) in the opinion of the Association, 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: (1) works, estimated to cost $50,000,000 equivalent or more per contract; (2) goods, estimated to cost $30,000,000 equivalent or more per contract; (3) non-consulting services, estimated to cost $20,000,000 equivalent or more per contract; or (4) consultants' services, estimated to cost $15,000,000 equivalent or more per contract.

Section III. Operation Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Program Report and Project Report not later than forty-five (45) days after the end of each 6-month period, July 8 through January 7 period and January 8 through July 7 period, covering the immediate past six (6) month period.

Section IV. Withdrawal of Financing Proceeds

A. General

1. Without limitation upon the provisions of Article II of the Program General Conditions, and Article II of the Project General Conditions, and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance:

(a) with respect to the Program, the results ("Disbursement Linked Results" or "DLRs") achieved by the Recipient, as measured against specific indicators ("Disbursement Linked Indicators" or "DLIs") in the amount allocated against Categories (1) through (6) of the below table; and

(b) with respect to the Project, (i) repayment of the Preparation Advance; and (ii) Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against Category (8) of the below table.
<table>
<thead>
<tr>
<th>Category (including Disbursement Linked Indicator, as applicable)</th>
<th>Disbursement linked Result</th>
<th>Amount of Grant (expressed in SDR)</th>
<th>Amount of Credit (expressed in SDR)</th>
<th>DLR allocation and Disbursement Formula (expressed in SDR)</th>
<th>Percentage of Eligible Expenditures to be financed (inclusive of taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) DLI 1: Number of Refugees with access to Economic Opportunities</td>
<td>DLR 1.1: Refugees Proclamation promulgated</td>
<td>36,070,000</td>
<td>25,569,000</td>
<td>DLR 1.1: SDR 9,311,000 from Grant and SDR 6,639,000 from Credit</td>
<td>Not applicable</td>
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<td></td>
<td>DLR 1.2: EFY ending July 7, 2020, a minimum of 2,500 refugees and a maximum 6,000 Refugees received Economic Opportunities. (Baseline: 0)</td>
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<td>DLR1.2: SDR 5,352,000 from Grant and thereafter, SDR 3,786,000 from Credit</td>
<td>Unit value: SDR 1,523 per Economic Opportunity received</td>
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<td></td>
<td>DLR1.3: Starting July 8, 2020 new Refugees received Economic Opportunities up to a total maximum of 24,000 Economic Opportunities</td>
<td></td>
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<td>DLR1.3: SDR 21,407,000 from Grant and thereafter SDR 15,144,000 from Credit</td>
<td>Unit value: SDR 1,523 per Economic Opportunity received</td>
</tr>
<tr>
<td>(2) DLI 2: Number of targeted investment</td>
<td>DLR 2.1: NBE Directives amended to permit establishment of foreign exchange accounts and</td>
<td>16,313,000</td>
<td>11,541,000</td>
<td>DLR 2.1: SDR 3,884,000 from Grant and</td>
<td>Not applicable</td>
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<tr>
<td>Category (including Disbursement Linked Indicator, as applicable)</td>
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<td>facilitations (&quot;TIF&quot;) by EIC increased.</td>
<td>to permit higher debt-equity ratio for foreign investors (<em>Prior result</em>)</td>
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<td>SDR 2,748,000 from Credit.</td>
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<td><strong>DLR 2.2:</strong> 1750 TIFs (Baseline: 250 TIFs)</td>
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<td><strong>DLR 2.2:</strong> SDR 12,429,000 from Grant and thereafter, SDR 8,793,000 from credit. Unit cost: SDR 14,148 per TIF</td>
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<tr>
<td><strong>(3) DLI 3:</strong> Disclosure of Better Work Compliance Synthesis Reports and MoLSA Synthesis Inspection Reports</td>
<td><strong>DLR 3.1:</strong> One labor unit established in each of Bole Lemi 1, Hawassa, Mekelle, Kombolcha Industrial Parks (<em>Prior result</em>) (Baseline: 0)</td>
<td>7,769,000</td>
<td>5,497,000</td>
<td><strong>DLR 3.1:</strong> SDR 4,661,000 from grant and, thereafter, SDR 3,298,000 from credit. Unit cost: SDR 1,989,750 per labor unit established</td>
<td>Not applicable</td>
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<tr>
<td><strong>DLR3.2:</strong> Annual disclosure of the Better Work Compliance Synthesis Reports (Baseline: 0)</td>
<td></td>
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<td><strong>DLR3.2:</strong> SDR 2,331,000 from Grant and thereafter, SDR 1,649,000 from Credit.</td>
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<td>Category (including Disbursement Linked Indicator, as applicable)</td>
<td>Disbursement linked Result</td>
<td>Amount of Grant (expressed in SDR)</td>
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<td>DLR 3.3: Completion of MoLSA Synthesis Inspection Report for EFY ending July 7, 2022, to be submitted by December 31, 2022, and for EFY ending July 7, 2023, to be submitted by December 31, 2023 (Baseline: 0)</td>
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<td>DLR 4.1: Five (5) EIB Decisions made with at least one decision per industrial park (Baseline: 0)</td>
<td>9,322,000</td>
<td>6,595,000</td>
<td></td>
<td></td>
<td>Not applicable</td>
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</table>

- DLR 3.3: SDR 777,000 from Grant and thereafter, SDR 550,000 from Credit. Unit cost: annually SDR 796,000 per disclosure of Better Work Compliance Synthesis Report.

- DLR 4.1: SDR 9,322,000 from Grant and thereafter, SDR 6,595,000 from Credit. Unit cost: SDR 3,183,400 per EIB Decision made.
<table>
<thead>
<tr>
<th>Category (including Disbursement Linked Indicator, as applicable)</th>
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<tr>
<td>(5) DLI 5.1: Procurement Directives and Manuals issued and used by IPDC and ARRA based on a legal framework issued by the Federal Government</td>
<td>DLR 5.1: Procurement Directives and Manuals issued, made public and used by IPDC and ARRA based on a legal framework issued by the Federal Government for EFY ending July 7, 2019, and July 7, 2020 (Baseline: 0)</td>
<td>3,108,000</td>
<td>2,199,000</td>
<td>DLR 5.1: SDR 933,000 from Grant and thereafter SDR 660,000 from Credit. Unit cost: annually SDR 796,500 per Procurement Directive and Manual issued, made public and used based on legal framework issued by the Federal Government</td>
<td>Not applicable</td>
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<td>DLI 5.2: IPDC unqualified/clean entity financial audit report issued, based on IFRS-compliant financial statements, and submitted on time (&quot;IPDC Audit Report&quot;)</td>
<td>DLR 5.2: IPDC audit report for EFY ending July 7, 2020, July 7, 2021, July 7, 2022, July 7, 2023, are submitted respectively by January 7, 2021, January 7, 2022, January 7, 2023, and January 7, 2024. (Baseline: 0)</td>
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<td>DLR 5.2: SDR 2,175,000 from Grant and thereafter, SDR 1,539,000 from Credit. Unit cost: annually SDR 928,500 per audit report submitted</td>
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<td>Category (including Disbursement Linked Indicator, as applicable)</td>
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<td>(6) DLI 6: An established environmental and social risk management system that addresses respective risks (&quot;E&amp;S System&quot;)</td>
<td>DLR 6.1: ARRA, EIC, IPDC and MoLSA, each have sufficient and qualified staff to develop and implement the E&amp;S System by July 7, 2019. (Baseline: 0)</td>
<td>9,328,000</td>
<td>6,599,000</td>
<td>DLR 6.1: SDR 280,000 from Grant and SDR 198,000 from Credit.</td>
<td>Not Applicable</td>
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<td></td>
<td>DLR 6.2: Functional Refugee tracking system established by July 7, 2019. (Baseline: 0)</td>
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<td>DLR 6.2: SDR 280,000 from Grant and SDR 198,000 from Credit.</td>
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<td>DLR 6.3: E&amp;S System developed by ARRA, EIC, IPDC and MoLSA, by July 7, 2019. (Baseline: 0)</td>
<td></td>
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<td>DLR 6.3: SDR 373,000 from Grant and SDR 264,000 from Credit</td>
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<td>DLR 6.4: ARRA local facilitation and support branches are established and functional for five years for EFY ending July 7, 2020, July 7, 2021, July 7, 2022, July 7, 2023, and July 7, 2024, for all Refugee Hosting Communities. (Baseline: 0)</td>
<td></td>
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<td>DLR 6.4: SDR 2,890,000 from Grant and thereafter, SDR 2,045,000 from Credit. Unit cost: annually SDR 987,000 per ARRA local facilitation and support branches</td>
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<td><strong>DLR 6.5:</strong> NRCs established for all Refugee Hosting Communities for EFYs ending July 7, 2020, July 7, 2021, July 7, 2022, July 7, 2023 and July 7, 2024. (Baseline: 0)</td>
<td></td>
<td></td>
<td></td>
<td>DLR 6.5: SDR 933,000 from Grant and thereafter, SDR 660,000 from Credit. Unit cost: annually SDR 318,600 per NRCs established for all Refugee Hosting Communities</td>
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<td><strong>DLR 6.6:</strong> Proof of community consultations led by ARRA in Refugee Hosting Communities by July 7, 2020. (Baseline: 0)</td>
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<td>DLR 6.6: SDR 522,000 from Grant and SDR 370,000 from Credit</td>
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<td><strong>DLR 6.7:</strong> Community intervention implemented annually for EFY ending July 7, 2021, July 7, 2022, July 7, 2023, July 7, 2024 (Baseline: 0)</td>
<td></td>
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<td></td>
<td>DLR 6.7: SDR 2,088,000 from Grant and thereafter, SDR 1,478,000 from Credit. Unit cost: annually</td>
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<td><strong>DLR 6.8:</strong> Training of IPDC on management of E&amp;S System in Operation activities by July 7, 2020 (Baseline: 0)</td>
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<td>SDR 891,500 per community intervention implemented in Refugee Hosting Communities</td>
<td><strong>DLR 6.8:</strong> SDR 467,000 from Grant and SDR 330,000 from Credit</td>
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<td><strong>DLR 6.9:</strong> Environmental and social audit on project activities conducted (including involved industrial parks) with a specific corrective action plan by July 7, 2021 (Baseline: 0)</td>
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<td><strong>DLR 6.9:</strong> SDR 467,000 from Grant and SDR 330,000 from Credit</td>
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<td><strong>DLR 6.10:</strong> Adaptation and adoption of pilot lessons learned document by ARRA and the EIC, including a respective action plan by July 7, 2022 (Baseline: 0)</td>
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<td><strong>DLR 6.10:</strong> SDR 467,000 from Grant and SDR 330,000 from Credit</td>
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<td>Category (including Disbursement Linked Indicator, as applicable)</td>
<td>Disbursement linked Result</td>
<td>Amount of Grant (expressed in SDR)</td>
<td>Amount of Credit (expressed in SDR)</td>
<td>DLR allocation and Disbursement Formula (expressed in SDR)</td>
<td>Percentage of Eligible Expenditures to be financed (inclusive of taxes)</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>DLR 6.11:</strong> Audit of the E&amp;S System and implementation of corrective actions addressing audit results by July 7, 2023 (Baseline: 0)</td>
<td></td>
<td></td>
<td></td>
<td>SDR 467,000 from Grant and SDR 330,000 from Credit</td>
<td></td>
</tr>
<tr>
<td><strong>DLR 6.12:</strong> Refresher IPDC on management of E&amp;S System in Operation activities by July 7, 2024 (Baseline: 0)</td>
<td></td>
<td></td>
<td></td>
<td>SDR 94,000 from Grant and SDR 66,000 from Credit</td>
<td></td>
</tr>
<tr>
<td>(7) Goods, small-scale works, non-consulting, consulting services, Training and Operating Costs</td>
<td>Not applicable</td>
<td></td>
<td>Not applicable</td>
<td>Not applicable</td>
<td></td>
</tr>
<tr>
<td>(8) Refund of Preparation Advance</td>
<td>Not applicable</td>
<td>690,000</td>
<td>0</td>
<td>Not applicable</td>
<td>Amount payable pursuant to Section 2.07 (a) of the Project General Conditions</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td></td>
<td><strong>82,600,000</strong></td>
<td><strong>58,000,000</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions for the Program

1. Notwithstanding the provisions of Part A of this Section, with respect to Categories (1) through (6), no withdrawal shall be made:

   (a) for purposes of Section 2.03 of the Program General Conditions, for DLRs achieved prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed SDR 17,900,000 from the Grant and SDR 12,700,000 from the Credit may be made for such DLRs achieved prior to this date but on or after July 19, 2017; or/and

   (b) for any DLR until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved, including verification reports from the Verification Agent, based on reports prepared by the Recipient certifying the achievement of the DLRs in accordance with the Verification Protocol.

2. Notwithstanding the provisions of Part B.1(b) of this Section, with respect to the Program, the Recipient may withdraw an amount not to exceed SDR 6,200,000 from the Grant and SDR 4,400,000 from the Credit as an advance; provided, however, that if the DLRs in the opinion of the Association, are not achieved (or only partially achieved) by the Closing Date, the Recipient shall refund such advance (or portion of such advance as determined with reference to the Verification Protocol) to the Association promptly upon notice thereof by the Association. Except as otherwise agreed with the Recipient, the Association shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Association shall specify by notice to the Recipient.

3. Notwithstanding the provisions of Part B.1(b) of this Section, with respect to the Program, if any of the DLR has not been achieved by the date by which the said DLR is set to be achieved, the Association may, by notice to the Recipient:

   (a) 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 Association, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the Disbursement Formula;

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

   (c) cancel all or a portion of the proceeds of the Financing then allocated to said DLR.
C. Withdrawal Conditions for the Project

Notwithstanding the provisions of Section V.A of this Schedule, with respect to Category (7), no withdrawal shall be made for payments made in respect of the Project prior to the Signature Date.

D. Operation Withdrawal Period

The Closing Date is December 31, 2024.
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 April 15 and October 15, commencing October 15, 2024, to and including April 15, 2056.</td>
<td>1.5625%</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 3.05 (b) of the General Conditions.
APPENDIX

Definitions

1. “AWPB” means the annual work plan and budget for the Project to be prepared, approved and implemented in accordance with Section I.E.1 of Schedule 2 to this Agreement.


3. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the Project General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January 2011 and as of July 1, 2016.

4. “ARRA” means the Recipient’s Administration for Refugee and Returnee Affairs, and any successor thereto.


6. “Better Work Program” means the joint International Labor Organization and International Finance Corporation program that collaborates with governments to improve labor laws and provides assessment, advisory, and training services to participating factories to improve working conditions and increase compliance with international labor protection standards and local labor laws.

7. “BoLSA” means the Recipient’s Bureau of Labor and Social Affairs (regional), and any successor thereto.

8. “Category” means a category set forth in the table in Section IV.A.1 of Schedule 2 to this Agreement.

9. “Community Intervention” means a small-scale program of activities coordinated by the Neighborhood Relations Committee as part of management of refugee-host community relations.

10. “Disbursement Formula” means the formula set forth in the table in Section IV.A.1 of Schedule 2 to this Agreement.
11. “Disbursement Linked Indicator” or “DLI” means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.1 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 Section IV.A.2 of 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 said Section IV.

13. “Economic Opportunities” means the right to work in wage earning employment or right to engage in self-employment and commercial activities provided in accordance with the Refugees Proclamation and other applicable legislation and/or regulations.

14. “EFY” means the Ethiopian Fiscal Year, the fiscal year of the Recipient which commences on July 8 and ends on July 7.

15. “EIB Decision” means a decision by the Ethiopia Investment Board on any detailed feasibility study of private sector-led participation in Bole Lemi I, Hawassa, Mekelle, or Kombolcha Industrial Park, which study includes legal, social, environment, financial, and market due diligence, identifies any urban masterplan and gaps and recommendations on urban planning.

16. “Ethiopia Investment Board” and “EIB” means the investment board established pursuant to the "Ethiopian Investment Board and the Ethiopian Investment Commission Establishment Council of Ministers Regulation No. 313/2014" with the responsibility, inter alia, to oversee the administration and supervision of industrial parks, and any successor thereto.

17. “Ethiopian Investment Commission” or “EIC” means the autonomous federal government office established pursuant to the "Ethiopian Investment Board and the Ethiopian Investment Commission Establishment Council of Ministers Regulation No. 313/2014" with the objective of implementing a transparent and efficient investment administration system, and any successor thereto.

18. “General Conditions” means the Program General Conditions and/or the Project General Conditions, as applicable.

19. “IPDC” means the Industrial Parks Development Corporation, a federal government public enterprise established pursuant to "Industrial Parks Development Corporation Establishment Council of Ministers Regulation No. 326/2014" for the purpose of, inter alia, developing and operating industrial parks, preparing national industrial park master plans, and attracting investors to the industrial parks, and any successor thereto.
20. "IFRS" means International Financial Reporting Standards, which is a set of accounting standards developed by an independent, not-for-profit organization called the International Accounting Standards Board.


22. "MoLSA" means Ministry of Labor and Social Affairs, and any successor thereto.

23. "MoLSA Synthesis Inspection Reports" means reports produced by MoLSA synthesizing its factory inspection findings, summarizing the findings across industries/regions and recommending follow-up actions.


25. "Nine Pledges" means the announcement by the Recipient's Prime Minister in September 2016, at the United Nations Summit on Refugees in New York of the commitment of the Recipient to nine pledges to improve refugee rights and services in the country (pledges covering out-of-camp policy; education; work and livelihood; documentation; social and basic services; and local integration), becoming one of the first countries to initiate the implementation of the United Nations-backed Comprehensive Refugee Response Framework, which CRRF objectives are to: (a) ease pressure on host countries; (b) enhance refugee self-reliance; (c) expand of third-country solutions; and (d) support conditions in countries of origin for return in safety and dignity.

26. "NRC" means a Neighborhood Relations Committee established pursuant to founding documents with defined representative requirements (including refugees, host community local government, and ARRA representatives) responsible for the management of refugee-host community relations and providing funds for small-scale community interventions.

27. "Operating Costs" means the reasonable incremental expenses incurred by EIC to implement the Project, including: (i) allowances of staff; (ii) travel expenditures and other travel-related allowances of staff; (iii) vehicle rental, operation, maintenance, repair and insurance; (iv) media information campaigns and communication expenses (including without limitation, internet and telephone services); (v) translation services, photocopies and publications, materials and office supplies; (vi) utilities; and (vii) bank charges.

28. "Operation" means, collectively, all activities described under the Program and the Project in Schedule to this Agreement.
29. "Preparation Advance" means the advance referred to in Section 2.07 (a) of the Project General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on May 14 and on behalf of the Recipient on May 17.

30. "Program" means the activities described in Part 1 of the Operation.


32. "Project" means the activities described in Part 2 of the Operation.


34. "Procurement Regulations" means, for purposes of paragraph 87 of the Appendix to the Project General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated July 2016.

35. "Program Action Plan" means the Recipient's plan dated May 2018 and referred to in Section I.B.1(a) of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the Association.

36. "Refugees" means the class of persons declared/recognized as refugees in accordance with the provisions of the Refugees Proclamation.

37. "Refugees Proclamation" means the proclamation passed by the House of Representatives, signed by the President and published in the Recipient's Federal Negarit Gazette and referred to in Section 5.01(b) of this Agreement.

38. "Refugee Hosting Community" means community hosting more than three hundred (300) Refugees.

39. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.

40. "Training" means reasonable costs of training under the Project, based on annual work plans approved by the Association pursuant to Section I.E.1 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. "TIFs" or "Targeted Investment Facilitations" means investment facilitations made by EIC, including: (i) site visits arranged for investors; (ii) processed visas; (iii) matches made between buyers and suppliers (defined through a contractual relationship between a buyer and supplier); (iii) documents prepared on behalf of investors; (iv) licenses issued; and (v) after-investment services provided resulting in successful resolution.

41. "Verification Agents" means independent entities to be engaged by the Recipient for the purposes of certifying the achievement of the DLRs as referred to in Section I.B.2 of Schedule 2 to this Agreement.

42. "Verification Protocol" means the Recipient's protocol, acceptable to the Association, 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 Association.