

Public Disclosure Authorized

# OFFICIAL DOCUMENTS

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GRANT NUMBER TF0A4442  
GRANT NUMBER TF0A4467

## **Bio Carbon Fund *Plus* Grant Agreement**

(Oromia National Regional State Forested Landscape Project)

between

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
AND INTERNATIONAL DEVELOPMENT ASSOCIATION  
(acting as administrator of the Bio Carbon Fund *Plus* Trust Fund)

Dated March 23, 2017

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GRANT NUMBER TF0A4442  
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## GRANT AGREEMENT

AGREEMENT dated March 23, 2017, entered into between: FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA (“Recipient”); and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting as administrator of Bio Carbon Fund *Plus* Trust Fund (“Bio Carbon Fund *Plus* Trust Fund) for grant funds provided by various donors (“Donors”) to finance Bio Carbon Fund *Plus* Trust Fund activities.

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”), constitute an integral part of this Grant Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Grant Agreement have the meanings ascribed to them in the Standard Conditions or in this Grant Agreement.

### **Article II The Project**

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Grant Agreement (“Project”). To this end, the Recipient, through MEFCC shall carry out the Respective Parts of the Project through the Implementing Entities in accordance with the provisions of Article II of the Standard Conditions.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Grant Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Grant 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 Grant Agreement, a grant in an amount equal to eighteen million United States Dollars (\$18,000,000) (“Grant”) to assist in financing the Project. The total Grant amount will be provided as follows:
- (a) Eight million five hundred fifty thousand United States Dollars (US\$8,550,000) will be financed by the United States Department of State (USDOS Grant TF0A4442); and
  - (b) Nine million four hundred fifty thousand United States Dollars (US\$9,450,000) will be financed by Norway Ministry of Climate and Environment (MoCE Grant TF0A4467).
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Grant Agreement.
- 3.03. The Grant is funded out of the abovementioned Bio Carbon Fund *Plus* Trust Fund for which the World Bank receives periodic contributions from the Donors to the Bio Carbon Fund *Plus* Trust Fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Grant Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned Bio Carbon Fund *Plus* Trust Fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

**Article IV  
Additional Remedies**

- 4.01. The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following, namely that Regulation No. 122/2009, dated July 23, 2009, establishing OFWE has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of OFWE to perform any of its obligations under the Implementation Agreement and this Grant Agreement.

**Article V**  
**Effectiveness; Termination**

- 5.01. This Grant Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied in a manner and in form and substance satisfactory to the World Bank:
- (a) The execution and delivery of this Grant Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.
  - (b) The Recipient has prepared and adopted the Project Implementation Manual in accordance with the provisions of Section I.A of Schedule 2 to this Grant Agreement.
  - (c) The MOU has been signed by all Implementing Entities in accordance with the provisions in Section I.F of Schedule 2 to this Grant Agreement.
- 5.02. As part of the evidence to be furnished pursuant to Section 5.01(a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing on behalf of the Recipient, that this Grant Agreement has been duly authorized or ratified by, and executed and delivered on its behalf, and is legally binding upon it in accordance with its terms.
- 5.03. Except as the Recipient and the World Bank shall otherwise agree, this Grant Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Grant Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
- 5.04. This Grant Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Grant 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 VI**  
**Recipient's Representative; Addresses**

6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the minister at the time responsible for finance.

6.02. 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  
Ethiopia

Telex: 21147                      Facsimile: (251-111)551355

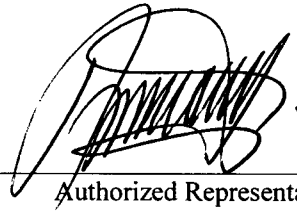
6.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Telex: 248423 (MCI) or 64145 (MCI)                      Facsimile: 1-202-477-6391

AGREED at Addis Ababa, Federal Democratic Republic of Ethiopia, as of the day and year first above written.

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

A handwritten signature in black ink, appearing to read "Admasu Nibebes".

Authorized Representative

Name: ADMASU NEBEBE

Title: State Minister

INTERNATIONAL BANK FOR RECONSTRUCTION AND  
DEVELOPMENT AND INTERNATIONAL DEVELOPMENT  
ASSOCIATION  
(acting as administrator of the Bio Carbon *Plus* Trust Fund)

By

A handwritten signature in black ink, appearing to read "Carolyn Turk".

Authorized Representative

Name: Carolyn Turk

Title: Country Director for Ethiopia,  
Sudan & South Sudan

## SCHEDULE 1

### Project Description

The objective of the Project is to improve the enabling environment for sustainable forest management and investment in Oromia.

The Project consists of the following parts in Oromia:

#### Part 1. Enabling Investments

Supporting investments in participatory forest management and reforestation in sites to be selected within the 49 woredas with deforestation hotspots, as well as extension services and land-use planning state-wide at state and local levels. Such activities include:

- 1.1. Sub Basin Land-use Planning Support: Provision of technical assistance to complete ongoing sub-basin level integrated land use planning in remaining zones and woredas of Oromia.
- 1.2. Investment and Extension Services: Provision of financing to support the ORCU technical team to carry out day-to-day implementation, management, safeguards management and coordination of investment and extension services activities at state and local levels.
- 1.3. Forest Management Investment in Deforestation Hotspots: Support for on-the-ground work in sites to be selected within the 49 woredas with deforestation hotspots, through: (i) participatory forest management (PFM) of natural forests including livelihoods support; and (ii) carrying out afforestation and reforestation activities on degraded lands.

#### Part 2. Enabling Environment

Supporting a program of activities to improve the effectiveness and impact of institutions, incentives, information, and safeguards management at state and local levels, including enhancing the enabling environment to help scale up and leverage action and investment on-the-ground to reduce deforestation and forest degradation. Such activities include:

- 2.1. Institutional Capacity Building: Provision of support for the establishment and implementation of a coordinating mechanism, through, *inter alia*: (i) enhancement of the technical and institutional capacity of ORCU; (ii) development of a monitoring and evaluation system for the Project; and (iii) development of extension guidelines and manuals.

- 2.2. Enabling Environment Enhancements: Provision of support for: (i) resource mobilization and leveraging; (ii) technical assistance and analytics on economics, markets, and policy; and (iii) preparation and supervision of benefit sharing mechanisms.
- 2.3. Information: Provide support to: (i) Develop a forest management information system; (ii) establish the Monitoring, Reporting and Verification (MRV) system, (iii) facilitate information communication technology access for forest management authorities; and (iv) prepare and implement a communication strategy for the Project.
- 2.4. Safeguards Management: Provision of support for Project safeguard management and coordination through carrying out of capacity building activities for the participating stakeholders on implementation procedures, monitoring, reporting and documentation as well as due diligence for nested REDD-related initiatives.
- 2.5. Project Management: Provide consultancy services to deliver annual financial audit services, annual procurement audit services, a mid-term evaluation report, and the Project implementation and results completion report.



## SCHEDULE 2

### Project Execution

#### **Section I. Institutional and Implementation Arrangements**

##### **A. Project Implementation Manual**

1. The Recipient, through MEFCC, shall develop a Project Implementation Manual, in accordance with terms of reference acceptable to the Bank, and upon approval of such manual by the World Bank, carry out the Project in accordance with the Project Implementation Manual throughout the period of implementation of the Project. The Recipient shall ensure that any amendments and revisions to the Project Implementation Manual that may be required during the implementation period in order to strengthen the effectiveness and efficiency of implementation arrangements are agreed in advance in writing with the World Bank.
2. In case of conflict between the provisions of the Project Implementation Manual and those under this Grant Agreement, the latter shall prevail.

##### **B. MEFCC, OEFCCA, OFWE, BoANR, BoRLAU and BoWME**

1. The Recipient shall ensure that National REDD+Secretariat (acting as Federal PMU) is maintained at the MEFCC, at all times during the implementation of the Project and that MEFCC has the mandate, staffing and resources satisfactory to the World Bank for the purpose of ensuring the prompt and efficient overall coordination, monitoring and evaluation of Project activities.
2. The Recipient shall ensure or cause to ensure that OEFCCA (including the ORCU acting as the Regional State PMU), OFWE, BoANR, BoRLAU, and BoWME, are maintained at all times during the implementation of the Project to enable them to carry out their Respective Parts of the Project.

##### **C. Oromia REDD+ Steering Committee**

The Recipient shall maintain, at all times during the implementation of the Project, an Oromia REDD+ Steering Committee (“Oromia REDD+ Steering Committee”) with a mandate, composition, and resources satisfactory to the World Bank. The Oromia REDD+ Steering Committee shall oversee and provide strategic guidance and leadership support to the Project, including by mobilizing sectors to coordinate and collaborate under the Project on REDD+ relevant interventions that affect the Project.

**D. Oromia REDD+ Technical Working Group**

The Recipient shall maintain, at all times during the implementation of the Project, an Oromia REDD+ Technical Working Group (“Oromia REDD+ Technical Working Group”) with a mandate, composition, and resources satisfactory to the World Bank. The Oromia REDD+ Technical Working Group shall provide strategic oversight and technical guidance and support in design, implementation and monitoring, and ensure that Project and REDD-relevant interventions under the Project meet REDD+ technical requirements through a transparent review and outreach process.

**E. Annual Work Program and Budgets**

1. The Recipient shall prepare and furnish to World Bank for its approval, not later than May of each year, starting 2017, during the implementation of the Project, or such later date as the World Bank may agree, the Annual Work Plans and Budgets containing all proposed activities to be carried out in the following fiscal year and required financing plan.
2. The Recipient shall ensure that each of the Implementing Entities implement, monitor and evaluate its Respective Parts of the Project in accordance with the provisions set forth in this Grant Agreement and in more detail in the Project Implementation Manual, the MOU as well as the Implementing Agreement (see Parts F and G below), and shall not make or allow to be made any material change to any activities included in the approved Annual Work Plans and Budgets without consultation with the World Bank.

**F. Memorandum of Understanding (MOU) among all Implementing Entities**

1. For purposes of defining the roles and responsibilities of the Implementing Entities, the Recipient, through MEFCC, shall ensure that:
  - (a) all Project Implementing Entities enter into a Memorandum of Understanding, on terms and conditions, satisfactory to the World Bank, including those set out in the Project Implementation Manual; and
  - (b) said MOU or any provision thereof shall not be assigned, amended, abrogated or waived without the prior approval of the World Bank.

**G. Implementation Agreement among MEFCC, OEFCCA and OFWE**

1. To facilitate the carrying out of OFWE’s Respective Parts of the Project, the Recipient shall make part of proceeds of the Grant available to OFWE under an Implementation Agreement between the Recipient (through MEFCC and

OEFCCA) and OFWE, under terms and conditions approved by the World Bank, which shall include the following:

- (a) The obligation of MEFCC and OEFCCA to on-grant the proceeds of the Grant to the OFWE.
- (b) OFWE's obligation to carry out its Respective Parts of the Project with due diligence and efficiency, in conformity with appropriate administrative, financial, technical, environmental and social practices, under the supervision of qualified and experienced management assisted by competent staff in adequate numbers, and in accordance with the provisions of this Grant Agreement and the Project Implementation Manual.
- (c) OFWE's obligation to procure goods and services required for carrying out its Respective Parts of the Project and to be financed out of the proceeds of the Grant, in accordance with the provisions of Section III of Schedule 2 to this Grant Agreement, as said provisions may be further elaborated in the Procurement Plan and the Project Implementation Manual.
- (d) OFWE's obligation to implement its Respective Parts of the Project in accordance with the provisions of the ESMF and Supplemental Social and Environmental Safeguard Instruments.
- (e) OFWE's obligation to implement the terms of the Anti-Corruption Guidelines.
- (f) OFWE's obligation to: (i) maintain a separate financial management system for implementing its Respective Parts of the Project; (ii) prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, adequate to reflect its operations and financial condition; and (iii) register separately the operations, resources and expenditures related to its Respective Parts of the Project.
- (g) OFWE's obligation to promptly inform MEFCC and OEFCCA and the World Bank of any condition which interferes or threatens to interfere with the progress of its Respective Parts of the Project and the performance of its obligations under the Implementation Agreement.
- (h) OFWE's obligation to neither take nor concur in any action which would have the effect of amending, abrogating, assigning or waiving the Implementation Agreement.

2. The Recipient, through MEFCC and OEFCCA, shall:
  - (a) prior to making any part of the proceeds of the Grant available to OFWE:
    - (i) enter into the Implementation Agreement set out in paragraph 1 above, and
    - (ii) furnish to the World Bank, an opinion or opinions of counsel acceptable to the World Bank confirming that the Implementation Agreement is legally binding upon the MEFCC, OEFCCA and OFWE; and
  - (b) ensure that the Implementation Agreement includes a provision stipulating that in the case of conflict between the Implementation Agreement, on the one hand, and this Grant Agreement, on the other, the provisions of this Grant Agreement shall apply.
3. The Recipient shall exercise its rights under the Implementation Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Implementation Agreement or any of its provisions.

**H. Environmental and Social Safeguards**

1. The Recipient shall cause OEFCCA, OFWE, BoANR, BoRLAU and BoWME to implement their Respective Parts of the Project in accordance with the relevant Safeguards Instruments, and shall, to that end:
  - (a) if any activity under the Project would require the adoption of any Supplemental Social and Environmental Safeguard Instrument:
    - (i) prepare: (A) such Supplemental Social and Environmental Safeguard Instrument in accordance with the applicable ESMF, SESA, PF, and RPF and carry out consultations as required; (B) furnish such Supplemental Social and Environmental Safeguard Instrument to the World Bank for review and approval; and (C) thereafter, publicly disclose and adopt such Supplemental Social and Environmental Safeguard Instrument prior to implementation of the activity; and
    - (ii) thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such Supplemental Social and Environmental Safeguard Instrument.

- (b) if any activity under the Project would involve Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before resettlement measures under a Supplemental Social and Environmental Safeguard Instrument prepared in accordance with the RPF, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, have been taken.
- 2. Without limitation upon its other reporting obligations under this Grant Agreement, the Recipient shall for the Safeguards Instruments, including each Supplemental Social and Environmental Safeguard Instrument, regularly collect, compile and furnish to the World Bank reports in form and substance satisfactory to the World Bank, on the status of compliance with such Instruments including each Supplemental Social and Environmental Safeguard Instrument, as part of the Project Reports, giving details of:
  - (a) measures taken in furtherance of the Safeguards Instruments including each Supplemental Social and Environmental Safeguard Instrument;
  - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments including each Supplemental Social and Environmental Safeguard Instrument; and
  - (c) remedial measures taken or required to be taken to address such conditions.
- 3. In the event that any provision of the Safeguards Instruments shall conflict with any provision under this Grant Agreement, the provisions of this Grant Agreement shall prevail.
- 4. The Recipient shall regularly review the effective use of the Safeguards Instruments as part of the monitoring and evaluation system for the Project.
- 5. Within six (6) months from the Effective Date, the Recipient shall complete and furnish to the World Bank, a retrospective due diligence/analysis of the environmental and social safeguards requirements for the Bale Mountains Eco-regional REDD+ and the REDD+ Joint Forest Management in the five districts of Illu-Ababora Zone South-West Ethiopia Phase II Projects, to be carried out on the basis of terms of reference acceptable to the World Bank.
- 6. With respect to any activity that would involve or result in Affected Persons in Bale Mountains National Park, the Recipient shall ensure that no displacement (including restriction of access to legally designated parks and protected areas) of Affected Persons occurs until resettlement or other measures (including, in the case of displacement, full payment to Affected Persons of compensation and of other

assistance required for relocation) have been taken in accordance with the RPF and/or PF, as the case may be.

**H. Anti-Corruption**

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

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports; Completion Report**

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 the indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than two (2) months 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 (6) months after the Closing Date.

**B. Financial Management; Financial Reports; 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. The Recipient shall ensure that interim unaudited financial reports for USDOS Grant TF 0A4442 and MoCE Grant TF 0A4467 are prepared under the Project, and are furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
3. The Recipient shall, have its Financial Statements for USDOS Grant TF 0A4442 and MoCE Grant TF 0A4467 audited under the Project 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 (1) fiscal year of the Recipient. The audited Financial Statements for USDOS Grant TF 0A4442 and MoCE Grant TF 0A4467 under the Project for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Procurement and Consultant Guidelines.** All goods, works, non-consulting-services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:
  - (a) Section I of the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014) ("Procurement Guidelines"), and Sections I and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014) ("Consultant Guidelines") in the case of consultants' services; and
  - (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines ("Procurement Plan").
2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

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

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works, and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works, and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works, and non-consulting services for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding (subject to the additional provisions in paragraph 3 below); (c) Shopping; (d) Direct Contracting; Practices which have been found acceptable to the World Bank; and (e) Community Participation procedures which have been found acceptable to the World Bank.

3. The following additional procedures shall apply to National Competitive Bidding:
- (a) The Recipient's standard bidding documents for procurement of goods and works acceptable to the World Bank shall be used. At the request of the Recipient, the introduction of requirements for bidders to sign an Anti-Bribery pledge and/or statement of undertaking to observe Ethiopian Law against fraud and corruption and other forms that ought to be completed and signed by him/her may be included in bidding documents if the arrangements governing such undertakings are acceptable to the World Bank.
  - (b) If pre-qualification is used, the World Bank's standard prequalification document shall be used.
  - (c) No margin of preference shall be granted in bid evaluation on the basis of bidder's nationality, origin of goods or services, and/or preferential programs such as but not limited to small and medium enterprises.
  - (d) Mandatory registration in a supplier list shall not be used to assess bidders' qualifications. A foreign bidder shall not be required to register as a condition for submitting its bid and if recommended for contract award shall be given a reasonable opportunity to register with the reasonable cooperation of the Recipient, prior to contract signing. Invitations to bids shall be advertised in at least one newspaper of national circulation or the official gazette or on a widely used website or electronic portal with free national and international access.
  - (e) Bidders shall be given a minimum of thirty (30) days to submit bids from the date of availability of the bidding documents.
  - (f) All bidding for goods shall be carried out through a one-envelope procedure.
  - (g) Evaluation of bids shall be made in strict adherence to the evaluation criteria specified in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation.
  - (h) The results of evaluation and award of contract shall be made public. All bids shall not be rejected and the procurement process shall not be cancelled, a failure of bidding declared, or new bids shall not be solicited, without the World Bank's prior written concurrence. No bids shall be rejected on the basis of comparison with the cost estimates without the World Bank's prior written concurrence.



- (i) In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (1) the bidders, suppliers, contractors and subcontractors, agents, personnel, consultants, service providers, or suppliers shall permit the World Bank, at its request, to inspect all accounts, records and documents relating to the bid submission and performance of the contract, and to have them audited by auditors appointed by the World Bank; and (2) Acts intended to materially impede the exercise of the World Bank's audit and inspection rights constitutes an obstructive practice as defined in paragraph 1.16(v) of the Procurement Guidelines.

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Least-Cost Selection; (c) Selection based on Consultants' Qualifications; (d) Single-source Selection of consulting firms; (f) Selection of Individual Consultants; and (e) Single-source procedures for the Selection of Individual Consultants.

**D. Review of Procurement Decisions by the World Bank**

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

**Section IV. Withdrawal of Grant Proceeds**

**A. General**

1. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD) USDOS Grant TF0A4442</b>	<b>Amount of the Grant Allocated (expressed in USD) MoCE Grant TF0A4467</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
Goods, works, non-consulting services, and consultants' services, Operating Costs, and Training	8,550,000	9,450,000	47.5% for USDOS Grant TF0A4442 and 52.5% for MoCE Grant TF0A4467
<b>TOTAL AMOUNT</b>	<b>8,550,000</b>	<b>9,450,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Grant Agreement.
2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2022.

## **APPENDIX**

### **Definitions**

1. “Affected Person” means a person who as a result of: (i) the involuntary taking of land under the Project is affected in any of the following ways: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas suffers adverse impacts on his or her livelihood.
2. “Annual Work Plan and Budget” means the work plan and budget approved by the World Bank and adopted by the Recipient in accordance with the provisions of Section I.E of Schedule 2 to this Grant Agreement, as said work plan and budget may be modified from time to time with the written agreement of the World Bank.
3. “Bale Mountains Eco-regional REDD+ and the REDD+ Joint Forest Management in the five districts of Illu-Ababora Zone South-West Ethiopia Phase II Projects” means, collectively, the ongoing: (a) Bale Mountains Eco-regional REDD+ project being implemented by OEFCCA, Oromia Forest and Wildlife Enterprise, Farm Africa and SOS Sahel Ethiopia; and (b) the REDD+ Joint Forest Management in the five districts of Illu-Ababora Zone South-West Ethiopia Phase II Projects being implemented by the Oromia Forest and Wildlife Enterprise and Ethio Wetlands and Natural Resources Association.
4. “BoANR” means the Oromia Bureau of Agriculture and Natural Resources.
5. “BoRLAU” means the Oromia Bureau of Rural Land Administration and Use.
6. “BoWME” means the Oromia Bureau of Water, Minerals, and Energy.
7. “Environmental and Social Management Framework” or “ESMF” means the framework prepared by the Recipient and disclosed in country and in the World Bank’s InfoShop on February 14, 2017, which document includes: a guideline for preparation of environmental and social management plans and pest management plans; and principles, and guidelines for mitigation, enhancement, monitoring, and institutional measures, to be taken during implementation of the Project, to eliminate any adverse environmental and social impacts (including impacts on natural habitat, forests and physical cultural resources, as well as impacts from use of pesticide), offset them, reduce them to acceptable levels, or to enhance positive impacts, as well as requirements when constructing small dam (less than 4.5 m) as such framework may be amended from time to time with the prior agreement of the World Bank.

8. “Environmental and Social Management Plan” and “ESMP” means the plan to be prepared and adopted by the Recipient under the Project activities, pursuant to the requirements of the ESMF providing appropriate mitigation, monitoring and institutional measures designed to mitigate potential adverse environmental impacts through the Project activities, offset them, reduce them to acceptable levels or enhance positive impacts, as the same may be amended from time to time with the agreement of the World Bank.
9. “Implementation Agreement” means the implementation agreement to be signed between the Recipient (through MEFCC and OEFCCA) and OFWE pursuant to Section I.F of Schedule 2 to this Grant Agreement, as such agreement may be amended from time to time with the prior agreement of the World Bank.
10. “Implementing Entities” means OEFCCA, OFWE, BoRLAU, BoWME and BoANR.
11. “Kebele” means the lowest tier of government in the Recipient’s administrative system as established under the relevant Regional legislation.
12. “MEFCC” means the Recipient’s Ministry of Environment, Forest and Climate Change.
13. “MoFEC” means the Recipient’s Ministry of Finance and Economic Cooperation.
14. “Memorandum of Understanding” or “MOU” means the memorandum of understanding to be signed among all the Implementing Entities and referred to in Section I.F of Schedule 2 to this Grant Agreement, as such MOU may be amended from time to time with the prior agreement of the World Bank.
15. “OEFCCA” means the Oromia Environment, Forest and Climate Change Authority established by Proclamation 199/2016 on July 20, 2016, and officially mandated to oversee the forest sector in Oromia.
16. “OFWE” means the Oromia Forest and Wildlife Enterprise, an autonomous public enterprise established with the Registration No. 122/2009, dated July 23, 2009, issued by the Oromia National Regional State Council, with the mandate to manage forest plantations, and large forest concessions where carbon-rich high forest and deforestation hotspots are located.
17. “Operating Costs” means the incremental costs incurred by ORCU and the Participating Implementation Agencies based on annual budgets approved by the World Bank, on account of Project implementation, management and monitoring, including fuel and operation and maintenance costs for vehicles; stationary and sundries; Project support staff, other than individual consulting positions identified in the Procurement Plan, who are selected by the Recipient according to its

personnel hiring procedures for such activities, as reviewed and found acceptable by the World Bank; advertising and office running costs, including services of office machines and equipment; purchase of materials for workshops; office supplies; communication charges; and venues for Training and Workshops (defined below).

18. "Oromia" means Oromia National Regional State.
19. "Oromia REDD+ Coordination Unit" and "ORCU" means the unit established for the coordination and implementation of activities to be carried out under the Project, and referred to in Section I.B. of Schedule 2 to this Grant Agreement or any successor thereto.
18. "Oromia REDD+ Steering Committee" means the committee referred to in Section I.C of Schedule 2 to this Grant Agreement or any successor thereto.
19. "Oromia REDD+ Technical Working Group" means the group referred to in Section I.D of Schedule 2 to this Grant Agreement or any successor thereto.
20. "Participating Implementation Agencies" means selected agencies at state, Woredas and Kebele levels in the Regional State of Oromia participating in the Project.
21. "Pest Management Plan" or "PMP" means the plan to be prepared and adopted by the Recipient pursuant to the requirements of the ESMF for pest management, as the same may be amended from time to time with the agreement of the World Bank.
22. "Process Framework" means the Recipient's process framework disclosed in country and in the World Bank's InfoShop on February 14, 2017, which establishes the modalities and procedures to address restrictions of access to legally designated parks and protected areas resulting from the implementation of the Project investments and demonstration activities, as such framework may be amended from time to time with the prior agreement of the World Bank.
23. "Procurement Plan" means the Recipient's procurement plan for the Project, dated February 16, 2017, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
24. "Project Implementation Manual" means the manual referred to in Section I.A of Schedule 2 to this Grant Agreement developed in accordance with terms of reference acceptable to the World Bank, including different modules setting out respectively, *inter alia*, the administrative, financial and accounting procedures; the procurement and disbursement procedures; including procurement

and accounting procedures; performance indicators to be used for the Project, procedures for the implementation of the Safeguards Instruments, and other activities, as the same may be amended from time to time with the prior agreement of the World Bank.

25. "Project Management Unit" means the Coordination Unit or ORCU.
26. "REDD+" means reducing emissions from deforestation and forest degradation, conservation of forests, sustainable forest management and enhancement of forest carbon stocks.
27. "Resettlement Action Plan" and "RAP" means the plan to be prepared by the Recipient on the basis of the RPF (as hereinafter defined) as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the World Bank.
28. "Resettlement Policy Framework" and "RPF" means the framework prepared by the Recipient and disclosed in country and in the World Bank's InfoShop on February 14, 2017, prepared by the Recipient and outlining the policies and procedures to be implemented in the event that specific activities implemented under the Project have potentially negative impacts on the livelihoods, assets and land of the Affected Persons, as the said framework may be amended and/or supplemented from time to time with the prior written consent of the World Bank, and such term includes any schedules to such document.
29. "Respective Parts of the Project" means with respect to:
  - (a) BOANR, responsible, among other things, for providing human resource support for implementation of the Project on the ground through development agents that will engage with communities for planning, implementation, and reporting.
  - (b) BORLAU, Part 1.1.
  - (c) BoWME, Part 2.2.
  - (d) OEFCCA and ORCU, Parts 1.2, 1.3(i) in areas outside of OFWE's concession areas and (ii), 2.1, 2.2, 2.3, 2.4 and 2.5.
  - (e) OFWE, Part 1.3 (i) in OFWE's concession areas.
30. "Safeguards Instruments" means the ESMF, SESA, RPF, PF, and any Supplemental Social and Environmental Safeguard Instruments.

31. “Social Development Plan” means the plan, as a part of the SESA, prepared and adopted by the Recipient providing appropriate mitigation, monitoring and institutional measures designed to mitigate potential adverse social impacts of the Project activities, as the same may be amended from time to time with the agreement of the World Bank.
32. “Strategic Environmental and Social Assessment” and “SESA” mean the document prepared by the Recipient and disclosed in country and in the World Bank’s InfoShop on February 14, 2017, which includes therein, a Social Development Plan, prepared by the Recipient and identifying and assessing the potential social impacts of the Project, evaluating alternatives, and proposing appropriate mitigation, management, and monitoring measures, defining specific measures to be implemented for vulnerable and underserved groups, through free prior informed consultations and broad community support, in order to protect them and to ensure that they be granted equal legal, financial and organizational opportunities under the Project, as the said plan may be amended and/or supplemented from time to time with the prior written consent of the World Bank, and such term includes any schedules to such document.
33. “Supplemental Social and Environmental Safeguard Instruments” means any ESMP, Social Development Plan, PMP, and/or RAP as required under the terms of any of the ESMF, SESA, RPF, and PF.
34. “Training and Workshops” includes: (a) services for the organization of the national and international workshops, training materials and rental of training facilities and equipment; (b) national and international travel and *per diem* for participants, tuition fees, travel accommodation, *per diem* of trainers and trainees; and (c) printing of documents, communications, and various supplies needed for said workshops.
35. “Woreda” means the fourth tier of government in the Recipient’s administrative system as established under the relevant Regional legislation.