United Nations Development Programme

Country: Ethiopia

Project Document

Enhancing National Capacity for Agricultural Growth

Enhanced Economic Growth UNDAF Outcome by the end of the program cycle: By 2011, people’s income increased through agriculture-based and private sector driven industry development in selected potential areas and commodities.

Higher agricultural productivity and improved agricultural markets

1. A Policy and Investment Framework for Agriculture Development
2. A comprehensive Agriculture Growth Programme (AGP) document
3. Capacity of MOARD and its decentralized structures to prepare and implement AGP and Policy Investment Framework strengthened
4. Innovative Interventions with high potential for agricultural growth implemented and opportunities for up-scaling identified.

Implementing Partners: Ministry of Agriculture and Rural Development
Responsible Parties: Ministry of Agriculture and Rural Development/ Bureau of Agriculture and Rural development (BoARD)
Coordinating Body: Ministry of Finance and Economic Development (MoFED)
Development Partner: UNDP
Brief Description

Ethiopia has experienced a steady economic growth in the last four years that have also coincided with five years of consecutive good Meher (main season) harvest, with a real GDP growth rate of 11.9% in 2003/04, 10.5% in 2004/05, 9.6% in 2005/06, 11.5% in 2006/07 and 11.6% in 2007/08. Similarly, agriculture experienced steady growth since 2004. Based on official data, average increases in production can be attributed to both increased area under cultivation and productivity improvements in staple crops in pockets of the country. Though the overall trend is encouraging both in terms of overall agricultural production and productivity, the sector suffers from major structural problems. Despite an average investment close to 13% of the total expenditure in the past five years, Ethiopian agriculture remains low input, low-value and subsistence oriented, and is vulnerable to frequent climatic shocks. The supply in the agricultural sector has not responded to increased demand leading to high levels of overall inflation.

As a result, the Government of Ethiopia aims to develop a framework to mobilise additional investment including a large-scale five-year Agricultural Growth Programme that will significantly increase agricultural production and productivity in high potential areas. Having drawn a roadmap for preparation of the large-scale AGP, the Government/donor Sector Working Group recognized that there is a funding gap to support the key interim activities that would ensure an evidence-based and well-designed national programme. Of critical importance to this process are: the need for a National Policy Investment Framework for Rural Development and Food Security on which the AGP would be anchored; analytical studies and innovative/demonstration initiatives to inform design of specific agricultural investment strategies within the programme; preparation of the AGP document itself and strengthening capacities at various levels to create the basis for effective implementation of the programme. The preparation of the PIF and the strengthening of capacity to plan and implement will enable Ethiopia to mobilise and utilise the additional resources effectively to increase production and productivity in agriculture. This interim project will seek to address these critical needs through support from UNDP and other development partners.

Programme Period: 2009-2011

Key Result Area (Strategic Plan): Poverty Reduction and Achievement of MDGs

Start date: October 2009,
End Date: December 31, 2011
Management Arrangements: NEX/PIM

Agreed by (Coordinating Body):

Agreed by (Implementing Partner):

Agreed by (Development Partner):

2009 AWP budget:

Total resources required: $10,284,840
Total allocated resources: $2,200,000.00
- Regular
  - UNDP $2,100,000.00
  - WFP $100,000.00
- Other
  - Donor
  - Government
Unfunded budget: $8,084,840
I. Situation Analysis

Agriculture is the key sector of Ethiopia's economy as the overall economic growth of the country largely mirrors that of the agricultural sector. It provides employment to 85% of the population (total 73.9 million of which women constitute 49.5% based on CSA 2007 census data)\(^1\), contributes 44% to the country's GDP and 85% of its export earnings (APR 2007/08)\(^2\). Improving agricultural growth will thus benefit both the rural and urban poor by providing more food and raw materials at lower prices; generating foreign exchange for importation of strategic industrial and capital goods; providing a growing amount of labor and capital needed for industrialization; and providing market for industrial goods. Notwithstanding the erratic pattern of economic growth for the last many decades, recently however, encouraging progress has been registered that has contributed to reducing poverty, enhancing growth and expanding social services. Ethiopia has experienced a steady economic growth in the last four years that has also coincided with four years of consecutive good Meher (main season) harvest, with a real GDP growth rate of 11.9% in 2003/04, 10.5% in 2004/05, 9.6% in 2005/06, 11.5% in 2006/07 and 11.6% in 2007/08. Similarly, agriculture experienced steady growth since 2004. Based on official data, average increases in production can be attributed to both increased area under cultivation and productivity improvements in staple crops in pockets of the country (APR 2007/08).

The success in terms of achieving overall economic growth is largely attributed to the implementation of the five year poverty reduction strategy, namely, Plan for Accelerated and Sustained Development to End Poverty (PASDEP, 2005/06 - 2009/10). PASDEP and the various government strategies including the Agricultural Development Led Industrialisation (ADLI) and the Rural Development Policy and Strategies (RDPS) further elaborates on innovative approaches by emphasizing economic growth mainly through greater commercialization of agriculture. With the private sector posed to play a leading role, PASDEP set in motion a massive push by the GOE to accelerate agricultural growth though enhancing productivity by large-scale agricultural commercialization, with a strong export focus, exploration of high value niche markets in high potential areas such as floriculture, spice production, and horticulture, and scaling out best practices in rural extension, crop production, among other innovations, across the country. PASDEP recognizes the need for an agro-ecologically differentiated approach, including the recognition of the particular challenges of pastoral areas.

Though the overall trend is encouraging both in terms of overall agricultural production and productivity, the sector suffers from major structural problems. Despite a decade of reasonable support close to 13% the total expenditure, Ethiopian agriculture remains low input, low-value and subsistence oriented, and vulnerable to frequent climatic shocks (APR 2007/08). For example, although cereal productivity as measured by yield per hectare showed increase from 13.1 in 2004/05 to 16.2 in 2007/08, it is quite low if compared with any other country and the potential (APR 2007/08)\(^2\). The supply in the agricultural sector has not responded to increased demand which was further evidenced in the recent food crisis where, the country witnessed the highest general increase in inflation in recent years, mainly fuelled by food inflation.

In June 2009, the national food inflation rate stood at 44.2 percent while the Non-food inflation rate stood at 23.7 percent. According to the monthly Central Statistics Agency (CSA) report the higher increase in the food inflation rate was due to the increase in price indices of the key food components like Cereals, Pulses, Meat, Milk, eggs Vegetable and fruits, Potatoes, other Tubers and Stems and other food items. This is a clear demonstration of how agriculture is contributing to the overall macroeconomic situation of the country. Furthermore, agricultural production is highly vulnerable at its best due to its dependence on rainfall. Only about 10% of the total cereal crop lands are irrigated, and yield variability at the regional level is one of the highest in the developing world: drought can shrink farm production by 90% from normal output resulting in increased food

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1 Summary and statistical report of the 2007 population and housing census. December 2008. CSA.

3 Annual Progress Report (APR), 2007 for PASDEP Implementation.
insecurity and poverty. In 2009, for example, 6.5 million people needed food assistance, while 9 million were covered through the Productive Safety net Programme (PSNP).

In spite of the fact that various interventions as outlined in the PASDEP and RDPS have been implemented by the Government of Ethiopia with the support of development partners aimed at improving the situation and further increase the level of production and productivity so as to ensure food self-sufficiency and thereby help small holder farmers transform from subsistence form to market oriented production system, increasing sustained agricultural productivity has proved to be a challenge. The major challenges faced include: shortage of resources to scale up innovative approaches (both ongoing and new) to enable farmers produce market-oriented commodities and cover the majority of Ethiopian small holder farmers in rendering them more entrepreneurial; insufficient supply of inputs particularly improved seeds which has not kept pace with demand; fragmented marketing system for both inputs and outputs which needs to be further streamlined; weak implementation capacity especially in the provision of extension services and farmers; the need for more effort to empower women in the economic, social and political domain (e.g., despite the ambitious target in the PASDEP to reach all female headed households and 30% of married women in agricultural extension Program, only 0.3% and close to 16% female headed households, obtained short term training in minimum package and household package of the extension services, respectively); and the need to broaden and diversify the agro-processing export base (APR 2007/08).

It is in this context, that the government stresses the need to strengthen the efforts to promote agricultural growth as outlined in the Plan for Accelerated and Sustained Development to End Poverty (PASDEP). The Government has requested donors' support through additional resources to address the above renewed challenges. To date, donors' support in the area of "rural economic development and food security" has largely focused on food security and to certain extent on sustainable land management. Donor support in the area of agricultural growth is comparatively small and fragmented, diluting their potential impact on growth resulting in high administrative costs of donor-supported activities in the area of agricultural/rural growth and limited results. While over the last few months many efforts have also gone into quick-response interventions to address the current food crisis, there is a common understanding that the focus needs to shift towards longer-term development measures.

The Rural Economic Development & Food Security (RED&FS) Sector Working Group (Government and development partners) is responding to this challenge by strengthening both, the level of donor support for agricultural/rural growth and its coordination and harmonization. To this end, the sector working group is formulating the agriculture growth programme which will be implemented by the Government of Ethiopia. The formulation process began in November 2008, through which consensus has been build among key government actors, donors and UN agencies on the rationale, objectives and components of the longer-term and large scale Agricultural Growth

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* A number of measures have been taken in the agriculture sector to increase production and productivity. These measures include: the supply of agricultural inputs such as fertilizers, land certification programmes were introduced in big regions, expansion of the resettlement and Productive safety net programme, supply of improved seeds and pesticides; the coverage of the agriculture extension programs have expanded through the provision of trainings for the diffusion of technology among the smallholder farmers and the area under irrigation has expanded. Besides the above specific measures, a huge effort has been exerted to accelerate progress as rapidly as possible including a big push on education to create human capacity, promoting basic health care, expanding infrastructure, opening the economy, building institutions; expanding micro-finance institutions that focus on the needs of the rural and urban poor; providing market support, promotion, and availability of serviced premises for small and micro enterprises; and, ensuring the availability of serviced land for all sizes of enterprises. Furthermore, in order to address the needs of women, MoARD has been engaged in different development activities with the support of the Ministry of women affairs, to help to redress gender specific issues properly in the implementation of agriculture programs. Gender mainstreaming guideline has been developed in order to mainstream women needs in different development programs and projects, which have been taking place in agricultural sector. Efforts have also been made to incorporate gender in the curriculum of Agricultural Colleges and Training Centres (APR 2007/08).
Programme. The AGP will be a flagship programme that will strengthen government-harmonized donor engagement in accelerating agricultural growth.

Consequently, the government and development partners are developing a programme document that will address the above listed challenges through additional investment. The programme will have three major components namely, 1) Agricultural Production and Commercialization, 2) Rural Infrastructure for Value-Chain Development, and 3) AGP Management, Monitoring & Evaluation. The major objective of the programme is to "increase productivity in a sustainable manner, strengthen marketing and facilitate value addition of selected livestock and crop products in targeted areas with due attention to women and youth". The programme document once finalised will be approved by the World Bank Board for effective implementation by the Government of Ethiopia. The timeline for the implementation is foreseen to be July 2010.

In order to guide the Programme formulation process, a technical committee on agricultural growth within the RED&FS SWG has been established to work with Government AGP Task Force comprising of 11 professionals and a team leader. Having drawn a roadmap for preparation of the large-scale AGP, the SWG recognized that there is a funding gap to support the key interim activities in the preparation and implementation phase. Of critical importance to this process are: the need for a National Policy Investment Framework for Rural Development and Food Security on which additional investment to the sector including the AGP would be anchored; analytical studies and innovative/demonstration initiatives to inform design of specific agricultural investment strategies within the programme; preparation of the AGP document itself and strengthening capacities at various levels to create the basis for effective implementation of the programme. This interim project will seek to address these critical needs (policy, implementation capacity and knowledge gaps). Furthermore, this project enables all development partners active in the sector to pull resources in a coordinated manner to support the interim activities reducing significantly fragmentation and transaction costs.

II. Strategy

The overall objective of this project is to contribute to increased agricultural productivity in a sustainable manner through creating a favourable policy environment and facilitating additional knowledge and investment to the sector. Overall, this is an interim project, which aims to create a basis for increased investment in the agriculture sector including the effective design and implementation of the large-scale five-year National Agricultural Growth Programme, which will contribute to achievement of PASDEP outcomes. The project strategy is three-pronged:

- Creating an enabling policy environment that will facilitate the flow of additional resources to the agriculture sector thorough development of investment framework.
- Developing a comprehensive and evidence-based AGP document.
- Creating the basis for effective implementation of the AGP, through sharing knowledge on innovative and scalable initiatives and capacity building for national and local authorities.

In this respect, the Government among other things will facilitate, close coordination across federal line agencies thorough the MoFED; the active engagement and close coordination of regions and their preparation work; the undertaking or commissioning of core preparation activities such as analytical studies, financial management, and procurement; the development of the program implementation manual; and mobilization of resources to fill the resources gap etc. These activities will be financed jointly by UNDP and other development partners within the RED&FS group. This means that it will serve as an instrument to pool resources together for the interim period complementing the existing modalities under the RED&FS. This instrument complements the RED&FS Donor Trust Fund established in April 2009 which is administered and executed by the WB and whose objectives include: (i) donor coordination and (ii) analytical and knowledge-sharing
activities for the three pillars of the RED&FS SWG i.e. food security; sustainable land management; and agricultural growth.

More specifically, the project will undertake the following:

Output 1- Development of the Policy and Investment Framework for Agricultural Development: This framework will better align Ethiopia's agricultural policies with investment needs and will feed into the next National Development Strategy (PASDEP) and Comprehensive Africa Agriculture Development Programme (CAADP) Target5. Broad-based and economically efficient rural growth can significantly help to reduce rural poverty by bringing about sustainable increases in productivity and reducing risks and vulnerability for the poorest population through increased investment in utilisation of modern technology including improved seed, fertiliser; improvement rural infrastructure, and value chain development etc. In the context of the next phase of national development programme preparation, the Ministry of Agriculture and Rural Development (MoARD) is leading the preparation of a Policy and Investment Framework (PIF) for Agricultural Development. The PIF will outline a national level strategic planning framework used to guide the prioritization, planning and implementation of current and future public and development assistance investments that contribute to sustainable agricultural growth and rural development, food security, and poverty reduction. The preparation of the PIF will pay due attention to the role of women and youth that form the majority of the rural population. The PIF will reaffirm, and modify as needed for inclusion in the next version the five year plan, the vision of the GOE for agricultural development based on successes and challenges to date.

Under the leadership of the MoARD, comprehensive terms of reference that outline the key policy issues and the need for investment will be prepared paying due attention to the issues of men, women and the youth. The task will be sub contracted out to a team of consultants. A technical committee that will overlook the preparation of the PIF will be established comprising of MoARD and other development partners. Consultation with regional bureaus and woredas; civil society organisations and research institutions will be made. Following the consultation process the PIF will be finalised.

Output 2- Preparation of the AGP Programme Document: the AGP task force established within the MoARD will take the lead in the formulation of the programme document and accompanying programme management manuals which will be field-tested. In order to design the programme document the team with the support of the development partners have identified key analytical studies that will inform the formulation process6. This project will support the analytical studies agreed by the MoARD. Detail terms of references that outline the key issues in the selected topic (paying due attention to women and youth) will guide the analytical studies. An independent team of consultants will be identified to undertake the analytical work. The AGP technical committee will ensure the quality of the analytical works. In the course of the designing of the programme document MoARD will undertake a number of consultative workshop with the regional and woreda focal persons. This project will support the consultation process with regions, woreda and the private sector. These analytical studies will feed to the formulation of the AGP programme document that will later be approved by the government of Ethiopia, the world bank board and development partners. In addition this project will support MoARD to develop and field test the accompanying manuals including, community planning manual, and financial management manual.

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5 CAADP as an African Owned Agenda and Shared Development Framework: since the Maputo declaration by AU Heads of States and Governments in 2003, the Comprehensive Africa Agriculture Development Programme (CAADP) has become the central focus of efforts by African governments under the AU/NEPAD initiative to accelerate growth and alleviate poverty and hunger among African countries. Ethiopia has signed the 'CAADP compact' in September 2009. The next logical step for the CAADP process is to cost the various investment needs and policy gaps.

6 Refer to the number of AGP preparation aid memoirs that documents the progress for the preparation process of the AGP and the selection criterion for the AGP woredas.
Output 3 - enhancing capacity of government bodies (MoARD, BoARDs and WoARDs) to implement AGP: This component aims to strengthen the capacity of the government to prepare and implement a large-scale programme of close to US$300 million. A capacity assessment will therefore be undertaken to identify gaps and develop an appropriate response. To this effect, detailed terms of reference that will help to assess the capacity of the various government bodies at national and local levels to implement the AGP will be developed. With the support of the RED&FS SWG the assessment will be completed to identify the capacity gaps. Following this MoARD will implement capacity development interventions supporting all actors. In implementing this intervention due emphasise for women will be accorded.

Output 4 - identification and implementation of innovative interventions with high potential for Agricultural Growth: This component aims to support small holder farmers or farmer producer associations to identify high potential interventions for agricultural growth that may be up-scaled within the larger AGP based on lessons and good practices. This project will support the documentation and dissemination of best practices to increase agriculture productivity using exiting ICT facilities within and outside AGP woredas. A detail strategy to guide the identification and implementation of best practices will be developed by the MoARD in close consultation with the regional bureaus with significant emphasises on value addition. Based on the strategy developed by MoARD, participating regions will identify high impact interventions for enhancing agricultural growth in selected AGP woredas that will inform and/or complement the AGP interventions. The number of interventions to be supported through this project will be determined by the availability of resources from other development partners and the viability of the intervention. Possible synergy with other programmes implemented by UNDP (e.g., Local economic development project) and other development partners will be sought to maximize impact. The implementation of this activity entails collaboration with other development partners such as FAO and others in the field. The identification of best practice intervention should pay attention to the needs of women and youth. These interventions will be supported by this project to inform the wider AGP interventions through their demonstration effect. Furthermore, the documented knowledge will feed to the ongoing RED&FS policy dialogue process to further improve future support in the sector. The achievement of this output is largely dependent on availability of resources from development partners and the viability of the identified interventions.
I. RESULTS AND RESOURCES FRAMEWORK

Intended Outcome as stated in the Country Programme Results and Resource Framework:

By 2011, people income increased through agriculture based and private sector driven value addition development in selected high potential areas and commodities.

Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets:

1.1. Level of improvement in capacities at all level to implement the AGP programme
1.2. % increase in technology adoption though improved knowledge and incentives.
1.3. % increase in the level of investment.

Applicable Key Result Area (from 2008-11 Strategic Plan): Poverty Reduction and Achievement of the Millennium Development Goals

Partnership Strategy: the project is implemented in partnership with Government; donors which are actively engaged in Agriculture and Food Security; research institutions; Civil Society Organizations

Project title and ID (ATLAS Award ID):

<table>
<thead>
<tr>
<th>INTENDED OUTPUTS</th>
<th>OUTPUT TARGETS FOR (YEARS)</th>
<th>INDICATIVE ACTIVITIES</th>
<th>RESPONSIBLE PARTIES</th>
<th>INPUTS</th>
</tr>
</thead>
</table>
| Output 1. A Policy and Investment Framework for Agricultural Growth in place. | Targets (year 1): PIF completed and endorsed by government. | • Development of the Terms of Reference (ToR)  
• Hiring of team of consultants to prepare the PIF  
• Provide guidance in the preparation process  
• Undertake consensus building workshop with all stakeholders.  
• Finalise the PIF | MoARD | Technical experts (consultants)—individual as well as firms: |
|                  |                           |                       |                   | $120,000.00 |
| Output 2. Preparation of the AGP programme document | Targets (year 1): | • Preparing an Environmental and Social Safeguards Study (including a focus on Gender) including an Environmental and Social Management Framework  
| Number of analytical reports produced. | Programme document approved | • Preparing M&E manual and set up a system that will allow alignment with the central Statistics Agency (CSA) data collection and management.  
| Baseline: No Agricultural growth programme. |  | • Preparing the project Implementation and Management Manual  
| Indicators: Sound AG Programme formulated and approved by Govt and WB Board. |  | • Preparing procurement plans and procurement manual  
| |  | • Assessing financial management and preparing relevant guidelines and manuals.  
| | | • Conducting capacity assessment to strengthen implementation capacity of regions and woredas. |
| | MoARD | Technical experts (consultants)—individual as well as firms: |
| | | US$ 50,000 |
| | | Operational expenditure  
| | | US$ 430,000 |
| | | Subtotal $ 480,000 |

| Output 3 Capacity of MOARD, regional bureaux and woreda offices to prepare and implement AGP strengthened. | Target: Year 1 | Capacity strengthening to prepare and implement AGP and AGPIF  
| Baseline: no coordinated team exists | Capacity assessment undertaken. | • Funding the position of RED&FS Secretariat after current EC funding is phased and its operational expenses.  
| | Two additional staff recruited at federal level to provide technical assistance. | • Recruit additional staff to be placed in relevant directorates of MoARD and regional bureaux who would form within MoARD/BoARDs a Task  
| Orientation workshops | MOARD | Personnel: $50,000.00 |
| | BoARDS | Personnel: $100,000.00 (indicative) |
**Indicator:** AGP Taskforce is put in place and actively taking over the responsibility of coordinating the implementation of AGP/AGPIF.

Adequately trained Regional focal persons fully owned the AGP programme disaggregated by gender.

Woreda AGP plans consistent with the woreda development plan produced.

<table>
<thead>
<tr>
<th>Output 4: Innovative projects with high potential for agricultural growth identified and implemented.</th>
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<tbody>
<tr>
<td><strong>Baseline:</strong> No such mechanism exists.</td>
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<tr>
<td><strong>Indicators:</strong> knowledge sharing</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Targets Year 2</th>
<th>Support innovative projects until the AGP is operational</th>
</tr>
</thead>
<tbody>
<tr>
<td>75% of participating woredas implemented at least one innovative intervention.</td>
<td>Provide resources to the participating woredas to identify and implement high impact intervention through which multi-stakeholders are encouraged to identify, promote, and implement innovative projects with high potential for agricultural growth, for example to test out new</td>
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</tbody>
</table>

**Force responsible for the preparation of the AGP and PIF.**
- Train staff from the relevant directorates of MoARD on management and technical areas to be identified (courses, on the job training)
- Train staff from the relevant regions in planning and project implementation and M&E (idem, courses, on the job training)
- Institutional strengthening of the planning directorate in planning and project implementation and M&E (tools, rules, incentive mechanisms)
- Procurement of vehicles and office equipment.
- Create a knowledge sharing platform among the participating regions and woredas to share knowledge and experience.

**MOARD/other relevant partners.**

**Training:** $200,000.00

**Vehicles $342,000**

**6 vehicles**

**MOARD**

**80 Motorbikes $320,000**

**Equipment $150,000**

**Operational expenditure:** $100,000.00

**Subtotal** $2,112,000.00

**$8,000,000.00**

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7 This is based on the UNDP Ethiopia CO Cost Recovery Guide 2009, the GMS fee should be negotiated and set at a minimum rate of 7% for Trust Funds and Third Party Cost Sharing contributions. This project is going to serve like the trust fund for RED&FS.
platform developed to share knowledge within and out of AGP woredas

No of interventions that are endorsed by MOARD as best practices.

% increase in use of new technologies.

<table>
<thead>
<tr>
<th>PLANNED ACTIVITIES</th>
<th>TIMEFRAME</th>
<th>RESPONSIBLE PARTY</th>
<th>PLANNE D BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>List activity results and associated actions</td>
<td>Q3</td>
<td>Q4</td>
<td>Funding source</td>
</tr>
<tr>
<td>• Development of the Terms of Reference (ToR)</td>
<td>Xxx</td>
<td>MoARD</td>
<td>UNDP/RE D&amp;FS</td>
</tr>
<tr>
<td>• Hiring of team of consultants to prepare the PIF</td>
<td>xxx</td>
<td>National Consultant</td>
<td>Workshop expenditure</td>
</tr>
<tr>
<td>• Provide guidance in the preparation process</td>
<td>Xxx</td>
<td>Workshop expenditure</td>
<td></td>
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<tr>
<td>• Undertake consensus building workshop with all</td>
<td>Xxx</td>
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Sub total $ 8, 000,000
Grand total 10,112,000.00
$560,000

Total: $10,672,000.00

II. ANNUAL WORK PLAN

Year: 2009

Output 1 Policy and Investment Framework (PIF) for RED&FS prepared

8 See foot note 7.

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<table>
<thead>
<tr>
<th>Expected Outputs</th>
<th>Planned Activities</th>
<th>Timeframe</th>
<th>Responsible Party</th>
<th>Planned Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>And baseline, associated indicators and annual targets</td>
<td>List activity results and associated actions</td>
<td>Q3 Q4</td>
<td>Funding source</td>
<td>Budget description</td>
</tr>
<tr>
<td>stakeholder.</td>
<td></td>
<td></td>
<td>Travel</td>
<td>Travel</td>
</tr>
<tr>
<td>- Finalise the PIF</td>
<td></td>
<td>xxx</td>
<td>Sub total</td>
<td>Sub total</td>
</tr>
<tr>
<td>Output 2 AGP Programme Document Prepared.</td>
<td>Preparing an Environmental and Social Safeguards Study (including a focus on Gender) including an Environmental and Social Management Framework</td>
<td>xxx xxx</td>
<td>MOARD</td>
<td>UNDP</td>
</tr>
<tr>
<td>Baseline: There are no analytical report to enable AGP/AGPIF preparation; NO AGP/AGPIF</td>
<td></td>
<td></td>
<td>International consultant; National Consultant;</td>
<td>Total</td>
</tr>
<tr>
<td>Indicators: Number of analytical reports produced.</td>
<td>Conducting baseline studies</td>
<td>xxx xxx</td>
<td>MoARD/</td>
<td>UNDP</td>
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<tr>
<td>Targets: three analytical reports produced;</td>
<td>Preparing the AGP Implementation and Management Manual</td>
<td>xxx xxx</td>
<td>MoARD</td>
<td>UNDP</td>
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<tr>
<td>Indicator: AGP programme and accompanying manuals preparation completed</td>
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<td>Sub Total</td>
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Target AGP document endorsed by GoE, WB board and wider RED&FS donors.
<table>
<thead>
<tr>
<th>EXPECTED OUTPUTS</th>
<th>PLANNED ACTIVITIES</th>
<th>TIMEFRAME</th>
<th>RESPONSIBLE PARTY</th>
<th>PLANNED BUDGET</th>
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<tbody>
<tr>
<td>And baseline, associated indicators and annual targets</td>
<td>Funding the position of Coordinator for REDFS/CAADP after current EC funding would be phased out (Nov 2009 to Oct 2010) plus operational expenses.</td>
<td>Q3</td>
<td>xxx</td>
<td>UNDP</td>
</tr>
<tr>
<td>Baseline:</td>
<td>Recruit additional staff to be placed in relevant directorates of MoARD who would form within MoARD a Task Force responsible for the preparation of the AGP.</td>
<td>Q4</td>
<td>xxx</td>
<td>UNDP</td>
</tr>
<tr>
<td>Indicator: no coordinated team exists.</td>
<td>Train staff from the relevant regions in planning and project implementation and M&amp;E (perdien, courses, on the job training)</td>
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<tr>
<td>Indicators: AGP Taskforce is put in place and actively taking over the responsibility of coordinating the implementation of AGP/AGPIF</td>
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<tr>
<td>Indicator: No of Additional staff recruited to support the AGP task force.</td>
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<td>Target: 2 additional technical assistants provided to support the</td>
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<td>And baseline, associated indicators and annual targets</td>
<td>List activity results and associated actions</td>
<td>Q3</td>
<td>Q4</td>
<td>Funding source</td>
</tr>
<tr>
<td>AGP task force. Indicator: No of Staff trained. Target: 80 woreda and 4 regional focal persons.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNDP Management Fee (7%) Management/ administration costs UNDP</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
III. IMPLEMENTATION AND MANAGEMENT ARRANGEMENTS

National Implementation Modality (NIM) will be used for the implementation of the above activities. The Ministry of Finance and Economic Development (MoFED) will be the coordinating body for the project. Whilst the Ministry of Agriculture and Rural Development (MoARD) is the primary implementing partner in this project and it is responsible for the achievements of the results. At regional and woreda level, the respective bureaus and offices will be the direct implementing partners.

The implementation arrangements will include:

1. **Steering Committee**, which will provide overall guidance in project implementation. This committee will be the Rural Economic Development and Food Security Sector Working Group (RED&FS). The RED&FS SWG is housed in the MoARD under the co-chairmanship of the minister of MoARD and the donor representative. The Ministry of Finance and Economic Development (MoFED) will be invited to be a member of this board. The SWG will discuss the project status biannually and provide guidance on its implementation.

2. **Technical Committee** composed of MOARD, representatives of the development partners who are otherwise named as Technical Committee for Agricultural Growth (Agricultural Growth Sub-group of RED FS SWG) and MoFED. This committee is housed in MoARD under the co-chairmanship of the Director of the Extension Directorate of the MoARD and the Donor Representative. The technical committee will review progress of the project every quarter. This committee have the following responsibilities:

   - Ensure the project is implemented as per the work plan;
   - Addressing project issues as raised by the AGP task force;
   - Providing guidance and agree on possible countermeasures/management actions to address specific risks;
   - Reviewing the Project Progress Report and provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans.
   - Review Combined Delivery Reports (CDR) prior to certification by the Implementing Partner;
   - Appraise the Project Annual Review Report, make recommendations for the next AWP, and inform the Outcome Board about the results of the review.
   - Provide ad-hoc direction and advice for exception situations when project manager’s tolerances are exceeded;
   - Assess and decide on project changes through revisions;

3. **The Project Management Team**, consist of 11 professional staff of the MoARD assigned by the government as AGP task force led by AGP team leader. The project management team would be responsible for day-to-day implementation of the project. Specifically:

   - Plan and monitor the activities of the project and against the target;
   - Mobilize goods and services to initiate activities, including drafting TORs and work specifications;
   - Manage requests for the provision of financial resources by UNDP, using advance of funds, direct payments, or reimbursement using the FACE (Fund Authorization and Certificate of Expenditures);
   - Monitor financial resources and accounting to ensure accuracy and reliability of financial reports;
   - Responsible for preparing financial and substantive reports to MoFED and UNDP on a quarterly basis;
   - Manage and monitor the project risks initially identified, submit new risks to the technical committee for agricultural growth for consideration and decision on possible
actions if required; update the status of these risks by maintaining the Project Risks Log;
- Be responsible for managing issues and requests for change by maintaining an Issues Log;
- Prepare the Project Progress Report (progress against planned activities, update on Risks and Issues, expenditures) and submit the report to the Technical Committee for Agricultural Growth and respective UNDP programme analyst assigned to this project;
- Prepare the Annual review Report, and submit the report to the Technical Committee for Agricultural Growth and RED & FS SWG; Prepare the AWP for the following year (2010), as well as Quarterly Plans if required;

The project management team will be assisted by a national consultant under the Ministry of Agriculture and Rural Development (MoARD). The taskforce will be an integral part of the MoARD organizational structure. The taskforce ensures all the activities are implemented as planned.

4. A UNDP Programme Analyst, focal point for this project will be responsible for the following:

- Ensure that funds are made available to the project;
- Ensure that risks and issues are properly managed, and that the logs in Atlas are regularly updated;
- Ensure that critical project information is monitored and updated in Atlas, using the Activity Quality Assessment page in particular;
- Ensure that Project Progress Reports are prepared and submitted on time, and according to standards in terms of format and content quality;
- Ensure that financial reports are submitted to UNDP on time, and that CDRs are prepared and submitted to the Project Board;
- Perform oversight activities, such as periodic monitoring visits and “spot checks”.
- Ensure that the Project Data Quality Dashboard remains “green”

Fig: Project Management Structure
IV. Monitoring Framework And Evaluation

The monitoring of the project will be based on monitoring plan to be developed by the project management team based on the Programme Implementation Manual (PIM) and approved by the technical committee. The project will be monitored through the following:

Within the Quarterly cycle

➢ On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.

➢ An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.

➢ Based on the initial risk analysis submitted (see annex 1), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.

➢ Based on the above information recorded in Atlas, a Project Progress Reports (PPR) shall be submitted by the AGP task force to the technical committee through MoFED to UNDP.

➢ a project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project

➢ a Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

➢ The TC for AG would review the performance of the project and submit the status of implementation to RED &FS SWG.

➢ RED & FS SWG will review the project implementation status quarterly.

➢ Quarterly review meeting in the presence of the MoFED to be undertaken.

Annually

➢ Annual Review Report. An Annual Review Report shall be prepared by the management team and shared with the Technical committee and RED &FS SWG to be submitted to MoFED and UNDP. As minimum requirement, the Annual Review Report shall consist of the standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.

➢ Annual Project Review. Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year under the leadership of MOFED. In the last year, this review will be a final assessment. This review is driven by the technical committee and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.
V. FINANCIAL PROCEDURES/ FUNDS FLOW

In line with the HACT procedures, this project implementation follows the funds flow mechanism, as follows:

- In line with the signed Annual Work Plan (AWP) and funds allocation, IPs, by copying to MoFED, requests UNDP for the required funds as advance for the implementation of their respective activities on a quarterly basis. The requests should be submitted by using FACE formats that have to be duly filled in, signed and sealed by the requesting organization.
- IPs could request funds to UNDP as an advance or direct payment or re-imbursement of expenses, incurred by the IPs, in line with the approved AWP. All the financial requests and reporting must be done by using FACE formats.
- Based on the request, UNDP reviews the submitted request and supporting document (FACE format). Once the request is in order, UNDP transfers the funds to the IPs bank account, and sends a Funds Transfer Notification letter to IPs.
## OUTPUT 1:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Result</th>
<th>Date</th>
<th>Start Date: October 2009</th>
<th>End Date: December 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AGP IF preparation</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Purpose
To formulate a strategy for agricultural growth

### Description
Prepare the PIDIF; undertake peer review of the reports; validate them through stakeholder workshops

### Quality Criteria
How/with what indicators the quality of the activity result will be measured?

### Quality Method
Means of verification. What method will be used to determine if quality criteria has been met?

### Date of Assessment
When will the assessment of quality be performed?

| Key sector polices are reviewed | AGP/AGPIF prepared as planned | September 2010 |

Please add (if any)

## OUTPUT 2:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Result</th>
<th>Date</th>
<th>Start Date: October 2009</th>
<th>End Date: December 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AGP Programme document prepared</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Purpose
To formulate a programme document for AGP

### Description
Prepare the prodoc; undertake peer review of the reports; validate them through stakeholder workshops

### Quality Criteria
How/with what indicators the quality of the activity result will be measured?

### Quality Method
Means of verification. What method will be used to determine if quality criteria has been met?

### Date of Assessment
When will the assessment of quality be performed?

| Seven analytical works and manual prepared. | The project document is approved by the Government of Ethiopia, RED&FS group, and the world bank board. | September 2010 |

Please add (if any)
### OUTPUT 2:

| Activity Result 1 (Atlas ID) | Capacity Strengthening to prepare and implement AGP and AGPIF | Start Date: January 2010  
End Date: December 2011 |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>To enable MoARD to manage and implement Agricultural Growth Programme and other programmes/projects</td>
<td></td>
</tr>
<tr>
<td>Description</td>
<td>Recruitment of additional staff, recruitment AGP TF TA; establishment of taskforce; training of staff from relevant sections and regions, institutional strengthening of Planning and Programming Department, procurement of vehicles and equipment</td>
<td></td>
</tr>
<tr>
<td>Quality Criteria &lt;br&gt;how/with what indicators the quality of the activity result will be measured?</td>
<td>Quality Method &lt;br&gt;Means of verification. What method will be used to determine if quality criteria has been met?</td>
<td>Date of Assessment &lt;br&gt;When will the assessment of quality be performed?</td>
</tr>
<tr>
<td>Efficient and effective taskforce established under MoARD</td>
<td>Formulation of AGP and AGPIF as planned</td>
<td>Sept 2010</td>
</tr>
<tr>
<td>Managerial and technical capacity of MoARD staff</td>
<td>Quality of reports which are produced on time and are up to standard.</td>
<td>Quarterly after the completion of AGP</td>
</tr>
<tr>
<td>MoARD projects (at national as well as regional level) are implemented as planned</td>
<td>Over 90% implementation of planned activities (substantive as well as financial).</td>
<td>End of year review by RED &amp; FS SWG</td>
</tr>
<tr>
<td>Planning and Programming Department is coordinating AGP as well as other programmes</td>
<td>Quality of reports which are produced on time and are up to standard</td>
<td>Quarterly after the completion of AGP</td>
</tr>
<tr>
<td>Please add (if any)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### OUTPUT 4:

| Activity Result 1 (Atlas ID) | Provide support for innovative AG interventions | Start Date: January 2010  
End Date: December 2011 |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>To identify and promote innovative projects with high potential for agricultural growth and to test new approaches towards agricultural development.</td>
<td></td>
</tr>
<tr>
<td>Description</td>
<td>Establish knowledge sharing platform among the various woredas on agriculture production and productivity. A strategy to be developed to guide the identification and implementation of the best practices. The strategy for operationalization of this output will; identify area eligible for the support; identify potential beneficiaries; solicit proposals; establish review team; review the proposals;</td>
<td></td>
</tr>
<tr>
<td>Quality Criteria</td>
<td>Quality Method</td>
<td>Date of Assessment</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>how/with what indicators the quality of the activity result will be measured?</td>
<td>Means of verification. What method will be used to determine if quality criteria has been met?</td>
<td>When will the assessment of quality be performed?</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Number of innovative projects funded and grant amount</td>
<td>Report by the Project Manager and review by RED &amp; FS SWG.</td>
<td>Quarterly after the operationalization the grant mechanism</td>
</tr>
<tr>
<td>Projects funded are innovative and have high potential for agricultural growth.</td>
<td>Undertake review to check if grants are provided on competitive bases.</td>
<td>Monthly review by the project board</td>
</tr>
<tr>
<td></td>
<td>Clear guideline is prepared for application of support.</td>
<td>Before the beginning of the grant mechanism.</td>
</tr>
<tr>
<td></td>
<td>Effectively functioning knowledge sharing platform</td>
<td></td>
</tr>
</tbody>
</table>
VI. LEGAL CONTEXT

This document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together a Project Document as referred to in the SBAA [or other appropriate governing agreement] and all CPAP provisions apply to this document.

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP’s property in the implementing partner’s custody, rests with the implementing partner.

The implementing partner shall:

a) Put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;

b) Assume all risks and liabilities related to the implementing partner’s security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The implementing partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

22
## ANNEXES 1
Risk Analysis (Support to the formulation of AGP)

<table>
<thead>
<tr>
<th>#</th>
<th>Description</th>
<th>Date Identified</th>
<th>Type</th>
<th>Impact &amp; Probability</th>
<th>Countermeasures / Management response</th>
<th>Owner Who has been appointed to keep an eye on this risk</th>
<th>Submitted, updated by (Who submitted the risk)</th>
<th>Last Update</th>
<th>Status</th>
</tr>
</thead>
</table>
| 1  | Delay in completion of analytical studies        | Beginning of project | Operational                | The delay may be due to absence of competent researchers and delay in recruitment process. 

\[ P = \text{Low} \\
I = \text{High} \]

| 2  | Low disbursement of resources                    | Beginning of project | Operational                | There might be low disbursement of resources because of the absence of quality project reports. 

\[ P = \text{High} \\
I = \text{High} \]

| 3  | Low level of implementation capacity at a grass root level | Operational and organizational | Delay in implementation and lack of efficiency | Augmenting implementation capacities of implementing partners. | Project developer | During project formulation | N/A       |         |