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**PROGREEN GRANT NUMBER TF0B5341**

# **Grant Agreement**

**(Second Ethiopia Resilient Landscapes and Livelihoods Project)**

**between**

**FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION**

**(acting as administrator of Global Partnership for Sustainable and Resilient  
Landscapes (PROGREEN) Multi-Donor Trust Fund)**

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**PROGREEN GRANT NUMBER TF0B5341**

**GLOBAL PARTNERSHIP FOR SUSTAINABLE  
AND RESILIENT LANDSCAPES (PROGREEN)  
GRANT AGREEMENT**

AGREEMENT dated as of the Signature Date between the FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA (“Recipient”) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Bank”), acting as administrator of the Global Partnership for Sustainable and Resilient Landscapes (PROGREEN) Multi-Donor Trust Fund.

**WHEREAS:**

(A) the Recipient, having satisfied itself as to the feasibility and priority of the Project in Schedule 1 to this Agreement (“Project”) has requested financing from the PROGREEN Multi-Donor Trust Fund and also from the Green Climate Fund (“GCF”) to assist in the financing of the Project; and

(B) the Recipient will be entering into an agreement with the Bank, acting as an Accredited Entity of GCF for the GCF financing (“GCF Financing”).

The Recipient and the Bank hereby agree as follows:

**Article I  
Standard Conditions; Definitions**

- 1.01. The Standard Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in the Appendix this Agreement.

**Article II  
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions and Schedule 2 to this Agreement.



5.03. For purposes of Section 7.01 of the Standard Conditions:

- (a) the Bank's address is:

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

- (b) the Bank's Electronic Address is:

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

AGREED as of the Signature Date.

**FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA**

By:



\_\_\_\_\_  
Authorized Representative

Name: H.E. Yasmin wohabrebbi

Title: State Minister of Finance

Date: 24-Apr-2021

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT AND INTERNATIONAL  
DEVELOPMENT ASSOCIATION  
(acting as administrator of Global Partnership for  
Sustainable and Resilient Landscapes (PROGREEN)  
Multi-Donor Trust Fund)**

By:



\_\_\_\_\_  
Authorized Representative

Name: Ousmane Dione

Title: Country Director

Date: 31-Mar-2021

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to improve climate resilience, land productivity and carbon storage, and increase access to diversified livelihood activities in selected rural watersheds.

The Project consists of the following parts to be carried out in select Regions in the territory of the Recipient:

#### **Part 1. Green Infrastructure and Resilient Livelihoods**

Provide support for the restoration of degraded landscapes in selected watersheds and help build resilient livelihoods through the following:

##### **1. Land Restoration and Watershed Management**

Implement a program of activities, including sustainable soil and water conservation practices in line with Multi-Year Development Plans ("MYDPs") in the selected watersheds, including sustainable land management and rehabilitation measures and establishment of green infrastructure through, *inter alia*: soil and water conservation measures, gully rehabilitation, establishment of green corridors, area closure management and use, establishment of plantation blocks, afforestation-reforestation, and enrichment of degraded pasture and rangeland.

##### **2. Climate Smart Agriculture**

Implement a program of activities, including enhancement of the livelihood resilience of beneficiary households in restored micro watersheds by implementing context-specific Climate Smart Agriculture ("CSA") activity packages comprising one or more of the following practices as well as relevant training and awareness raising activities for such practices: farm water and soil moisture management, integrated soil fertility and soil health management, crop development and management, and environmentally-friendly livestock production through feed development and management.

##### **3. Livelihood Diversification and Connections to Value Chains**

Implement a program of activities, including further increase in livelihood resilience by diversifying livelihoods, and helping ensure livelihood sustainability by better connecting products with value chains in selected watersheds, *inter alia*, through provision of technical assistance and in-kind support to eligible Common Interest Groups ("CIGs") and financing of activities that facilitate private sector engagement in the Project- supported value chains directly or through primary

cooperatives and/or cooperatives unions. Such program of activities may also include processing equipment and training, community storage receipts programs.

## **Part 2. Investing in Institutions and Information for Resilience**

Enhance institutional capacity and improve information for better decision making in supporting resilient landscapes and diversified rural livelihoods in the Project area through capacity building, information modernization and policy development which includes the following:

- (a) provision of technical assistance, at the local government level to carry out:
  - (i) implementation of the Project and build capacity to sustain land and water management practices in watersheds, including financing of selected staff positions and associated financing of training;
  - (ii) development of data management plan, piloting of new technologies for information modernization (such as the use of electronic tablets for gathering geospatial information and the use of unmanned aerial vehicles for land certification mapping), and
  - (iii) implementation of the Community Watershed Users' Cooperative Societies proclamation ("CWUCSs") and development and implementation of the community bylaws guiding land-use practices, and strengthening the land administration system;
- (b) capacity building at the regional level for Project implementation; and
- (c) provision of technical assistance at the national level for Project implementation.

## **Part 3. Project Management and Reporting**

Provision of support for Project management and reporting including:

- (a) financing of Operating Costs and costs of implementing Project's fiduciary and environmental and social safeguard aspects, financial management, procurement, training and awareness creation, gender mainstreaming, and monitoring and evaluation and reporting; and
- (b) financing the costs of engaging forest and biodiversity specialists.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I.      Implementation Arrangements**

##### **A.      Institutional Arrangements**

1. The Recipient shall carry out the Project, with the Ministry of Agriculture (“MoA”) as the agency overall responsible for Project coordination and implementation.
2. The Recipient shall maintain the following committees with composition and resources to fulfill their respective functions, at all times during the period of Project implementation:
  - (a) The National SLM Steering Committee, chaired by the State Minister for Natural Resource Management within the MoA, responsible for:  
(i) providing policy guidance, oversight and overall supervision for implementation of the Project; (ii) reviewing and approving the consolidated annual work plan, budget and Procurement Plan; and  
(iii) reviewing and approving the annual implementation performance report and overseeing the execution of any corrective actions that may be designed.
  - (b) The National SLM Technical Committee, chaired by the State Minister for Natural Resource Management within the MoA, and including such task forces as may be constituted by said Committee, responsible for providing technical advice on the quality of Project implementation performance reports and special studies, such as policy and legislative drafts, financial and audit reports, documentation of best practices and monitoring and evaluation reports.
3. The Recipient shall maintain, at all times during the period of Project implementation, a Project Coordination Unit (“PCU”), with staffing, resources and terms of reference satisfactory to the Bank, within the MoA, responsible for managing and facilitating the day-to-day implementation of the Project.
4. The Recipient shall ensure that adequate implementation arrangements, satisfactory to the Bank, have been established and thereafter maintained at all times during Project implementation at the regional, Zone, Woreda, Kebele and community levels, as such implementation arrangements are further detailed in the Project Implementation Manual.



**B. Implementation Arrangements**

1. **Project Implementation Manual.** The Recipient shall implement the Project in accordance with the Project Implementation Manual, which shall be updated within one (1) month after the Effective Date in form and substance satisfactory to the Bank, setting forth the rules, methods, guidelines and procedures for the carrying out of the Project, including, *inter alia*:
  - (a) detailed description of the Project;
  - (b) exclusion of: (i) activities that are likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented use; (ii) procurement of pesticides, herbicides, genetically modified organisms, patented hybrid seeds, and biocides; and (iii) use of GCF Financing for procurement of energy efficient cookstoves;
  - (c) detailed arrangements for social and environmental safeguards, including the ESCP;
  - (d) monitoring, evaluation and reporting procedures for the Project;
  - (e) disbursement, financial management, auditing and procurement procedures for the Project; and
  - (f) (i) the methodology for selection of vulnerable watersheds; (ii) eligibility criteria for selection of activities to be implemented under Parts 1.1, 1.2 and 1.3 of the Project, as well as the SHGs, CIGs, and cooperatives to be supported under Part 1.3 of the Project, (iii) financing and institutional arrangements for implementing the Project at the national, regional, Zone, Woreda, Kebele, and community level; and (iv) the monitoring and verification mechanism and process for the cash payments to participants that provide labor for Project implementation under Parts 1.1 and 1.2 of the Project.
2. In the event that any provision of the Project Implementation Manual conflicts with any provision of this Agreement, the provisions of this Agreement shall prevail.
3. The Recipient shall not amend the Project Implementation Manual without the Bank's prior written approval.
4. **Sub-projects.** The Recipient shall select, and cause to be selected, activities to be carried out under Parts 1 and 2 of the Project ("Sub-project"), in accordance with the eligibility criteria and procedures set out in the Project Implementation Manual, including, *inter alia*, that:
  - (a) the proposed Sub-project promotes sustainable land and water management practices, including contribution to increase in land

productivity or water use efficiency, improvement of livelihoods and improvement of ecosystems;

- (b) the proposed Sub-projects are located in watersheds approved by the Bank; and
- (c) the proposed Sub-project has fulfilled the requirements of any applicable Safeguards Instrument.

5. **Annual Work Plan and Budget and Procurement Plan.** The Recipient shall: (a) prepare and furnish to the Bank for its approval, not later than March 31 of each EFY during the implementation of the Project, or such later date as the Bank may agree, a draft Annual Work Plan and Budget (“AWPB”), together with an updated Procurement Plan, setting forth, *inter alia*, proposed Sub-projects and other Project activities to be carried out in the following EFY; and (b) implement, and cause to be implemented, the Sub-projects and activities in accordance with the AWPB and updated Procurement Plan approved by the Bank.

**C. Environmental and Social Standards**

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Recipient shall ensure that:
  - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;
  - (b) sufficient funds are available to cover the costs of implementing the ESCP;
  - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
  - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

4. The Recipient shall ensure that:
  - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
  - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
6. The Recipient shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, and subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

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

### **Project Reports**

The Recipient shall ensure that each Project Report is furnished to the Bank not later than forty-five (45) days after the end of each six-month periods July 8 through January 7 and January 8, through July 7, covering the immediate past six-month period.

**Section III. Withdrawal of Grant Proceeds**

**A. General**

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; and (b) this Section; and (c) such additional instructions as the Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing, dated February 2017, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions) to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amount 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)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
Goods, works, non-consulting services, and consulting services, Operating Costs and Training under Part 1, Part 2 (a)(i), and Part 3 (b) of the Project		
(a) at the Woreda level	9,691,887	Such percentage as agreed to by the financiers and communicated by notification on a quarterly basis
(b) above the Woreda level	3,308,113	Such percentage as agreed to by the financiers and communicated by notification on a quarterly basis
<b>TOTAL AMOUNT</b>	13,000,000	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:
  - (a) for payments made prior to the Signature Date.
  - (b) under Category (1(a)), unless and until financial management readiness is assured in all PROGREEN-supported woredas implementing the project, which as a minimum, will include: (i) the assignment or recruitment of accountant; (ii) opening separate project bank accounts; (iii) installing accounting systems and setting up accounts (ledgers); and (iv) understanding key financial management capacity of the woreda with actions to address gaps.
2. The Closing Date is April 30, 2026.

## **APPENDIX**

### **Definitions**

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the Standard Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
2. “AWPB” means the Annual Work Plan and Budget to be prepared, approved and implemented in accordance with Section I.B.5 of Schedule 2 to this Agreement.
3. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. “CIG” means a common interest group with the following objectives: to promote group enterprise as a means of income generation; to empower women and youth by improving their access to resources and assets; and to promote the introduction of new technologies.
5. “CWUCS” means Community Watershed Users’ Cooperative Society established pursuant to the Development, Management and Utilization of Community Watersheds Proclamation No. 1223/2020 and published in the Federal Negarit Gazeta dated August 25, 2020.
6. “EFY” means the Ethiopian Fiscal Year, the fiscal year of the Recipient which commences on July 8 and ends on July 7.
7. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated February 19, 2021, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
8. “Environmental and Social Standards” or “ESSs” means, collectively:  
(i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land

Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.

9. “GCF Financing” means the financing described in paragraph (B) of the Preamble to this Agreement.
10. “Kebele” means the lowest tier of government in the Recipient’s administrative system as established under the relevant Regional legislation.
11. “MoA” means the Recipient’s Ministry of Agriculture, and any successor thereto.
12. “National SLM Steering Committee” means the steering committee described in Section I.A.2(a) of Schedule 2 to this Agreement.
13. National SLM Technical Committee: means the technical committee described in Section I.A.2(b) of Schedule 2 to this Agreement.
14. “Operating Costs” means the incremental costs incurred by the PCU or other Project implementing entities in accordance with an Annual Work Plan and Budget approved by the Bank in accordance with Part 3(a) of Schedule 1 to this Agreement, including, *inter alia*, for fuel, operation and maintenance of vehicles, office supplies and sundries, advertising and office running costs, including services of office machines and equipment, utilities, consumables, bank charges, communication expenses, travel *per diems*, accommodation and daily subsistence allowances for authorized local and international travel, but excluding salaries of the Recipient’s civil servants.
15. “PCU” means the Project Coordination Unit referred to in Section I.A.3 of Schedule 2 to this Agreement.
16. “Procurement Regulations” means, for purposes of paragraph 20 of the Appendix to the Standard Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020,” as amended from time to time.
17. “Project Implementation Manual” means the manual referred to in Section I.B.1 of Schedule 2 to this Agreement.
18. “Region” means one or more of the following seven Regional States: Amhara, Oromia, Tigray, Southern Nations, Nationalities and Peoples, Benshangul Gumuz,

Gambela, and Sidama within the Recipient's territory as defined under the Recipient's Constitution and "regional" means relating to such Regional States.

19. "SHGs" means self-help groups that are established to foster social empowerment and provide scope for mutual, economic assistance.
20. "Signature Date" means the later of the two dates on which the Recipient and the Bank signed this Agreement and such definition applies to all references to "the date of the GCF Financing Agreement" in the Standard Conditions.
21. "SLM" means sustainable land management.
22. "Standard Conditions" means the "International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank Out of Trust Funds dated February 25, 2019.
23. "Sub-project" means a program of activities under Parts 1 and/or 2 of the Project, which are selected in accordance with the eligibility criteria and procedures in the Project Implementation Manual and referred to in Section I.B.4 of Schedule 2 to this Agreement and proposed to be financed with the proceeds of the GCF Financing.
24. "Training" means Project related study or experience sharing tours, training courses, seminars, workshops, awareness raising, orientation, sensitization events, and other training activities, not included under service providers' contracts, including costs of training materials, space and equipment rental, travel, accommodation and *per diem* costs of trainees and trainers, trainers' fees, and other training related miscellaneous costs.
25. "Woreda" means one of the tiers of government in the Recipient's administrative system, as established pursuant to the relevant Regional legislation, and "Woredas" means, collectively, more than one such Woreda.
26. "Zone" means a second-level subdivision of Ethiopia, below Regions and above Woredas.