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**GAFSP GRANT NUMBER TF0B5971**

***Global Agriculture and  
Food Security Program***

**Grant Agreement**

**(Second Additional Financing for the Second Agriculture Growth Project)**

**between**

**FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**(acting as trustee for the Trust Fund for the  
Global Agriculture and Food Security Program)**

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**GAFSP GRANT NUMBER TF0B5971**

**GLOBAL AGRICULTURE AND FOOD SECURITY PROGRAM  
GRANT AGREEMENT**

AGREEMENT dated as of the Signature Date between FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA (“Recipient”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”), acting as trustee for the Trust Fund for the Global Agriculture and Food Security Program for the purposes of providing additional financing for the Original Project and activities related to the Original Project. 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, through MOA and ATA, shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions and, Schedule 2 to this Agreement.

**Article III  
The Grant**

- 3.01. The Bank agrees to extend to the Recipient a grant in an amount not to exceed five million United States Dollars (\$5,000,000) (“Grant”) to assist in financing the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section III of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

**Article IV**  
**Effectiveness; Termination**

- 4.01. This Agreement shall not become effective until evidence satisfactory to the Bank has been furnished to the Bank that the ESMF and the Social Assessment have been updated in a manner satisfactory to the Bank.
- 4.02. Except as the Recipient and the Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
- 4.03. *Termination for Failure to Become Effective.* This 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 Agreement, unless the Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The Bank shall promptly notify the Recipient of such later date.

**Article V**  
**Recipient’s Representative; Addresses**

- 5.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its minister in charge of finance.
- 5.02. For purposes of Section 7.01 of the Standard Conditions:
- (a) the Recipient’s address is:

Ministry of Finance  
P. O. Box 1905  
Addis Ababa  
Federal Democratic Republic of Ethiopia

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

(b) the Recipient's Electronic Address is:

Facsimile:

(251-111) 551355

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

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Telex:

Facsimile:

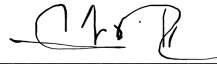
248423 (MCI) or  
64145 (MCI)

1-202-477-6391

AGREED as of the Signature Date.

**FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA**

By:



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

Name: Ousmane Dione

Title: Country Director

Date: 26-Jun-2021

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT  
(acting as trustee for the Trust Fund for the Global  
Agriculture and Food Security Program)**

By:



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

Name: H.E. Yasmin wohabrebbi

Title: State Minister of Finance

Date: 03-Jul-2021

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to increase agricultural productivity and commercialization of smallholder farmers targeted by the Project.

The Project consists of the following parts:

#### **Part 1: Agricultural Public Support Services**

- (a) Identifying local priorities for agricultural public services through the establishment, operation and strengthening of ADPLACs and linkages to other planning mechanisms including community consultation and local strategic planning.
- (b) Strengthening public service delivery for agricultural extension, livestock production, animal health, crop production, plant health, natural resource management, soil fertility management, and agricultural mechanization, including, *inter alia*, the following activities:
  - (i) construction and/or rehabilitation of public facilities for local agricultural service providers at the *Kebele* and *Woreda* levels, such as farmers' Training centers and animal health posts;
  - (ii) promotion and demonstration of identified priority agricultural technologies;
  - (iii) establishing and/or strengthening national and regional-level agriculture related public facilities, such as, soil laboratories; and
  - (iv) strengthening the capacity of agriculture public service providers through the provision of Training and human resources development.
- (c) Supporting the scaling-up of agricultural technologies and best managerial practices in agricultural production and post-harvesting through identifying such technologies and management practices that are proven effective on farmer fields.

#### **Part 2: Agricultural Research**

- (a) Supporting the application of proven technologies to the agricultural extension system through:
  - (i) identifying prioritized technologies through local planning processes; and

- (ii) supporting the adaptation and generation of proven agricultural technologies through supporting pre-extension demonstration; participatory research programs, and establishing and strengthening farmers' research and extension groups.
- (b) Supporting the production of source livestock and forage technologies and multiplication of land and water resources technologies, including, *inter alia*, the production of breeder and pre-basic seeds for major crop varieties and multiplication of disease and insect free tissue culture.
- (c) Strengthening the capacity of national and regional research centers to enable them to effectively respond to emerging research needs through construction and/or rehabilitation of research facilities and the provision of technical assistance.

### **Part 3: Small-Scale Irrigation Schemes**

- (a) Carrying out a program to increase the availability of irrigated water through:
  - (i) rehabilitation, upgrading and/or improvement of existing small-scale irrigation schemes;
  - (ii) development of small-scale irrigation systems integrated with access roads where necessary; and
  - (iii) development of household irrigation systems.
- (b) Improving water management services through establishing new and/or strengthening existing irrigation water users organizations and the introduction of improved irrigational management practices.

### **Part 4: Agriculture Marketing and Value Chains**

- (a) Supporting the promotion and distribution of agricultural inputs through activities, including, *inter alia*, scaling-up of direct seed marketing and community-based seed production; and strengthening the input tracking system.
- (b) Strengthening formal and informal farmer organizations in their business plan preparation and implementation through the provision of equipment, materials and technical assistance to facilitate their business plan implementation and their access to credit.
- (c) Strengthening selected livestock and crop value chains through a range of activities, including technical assistance and strengthening linkages between value chain participants.

- (d) Supporting market infrastructure development and management, including, *inter alia*:
  - (i) construction of public market centers at the *Woreda* level and improvement of their management; and
  - (ii) construction of warehouses, storage, grading facilities, and footbridges to address critical market access bottlenecks for communities.
- (e) Developing and/or updating various regulations with regard to agricultural inputs.

**Part 5: Project Management, Capacity Building, Monitoring and Evaluation and Learning**

- (a) Strengthening the capacity of agencies at all levels involved in Project implementation in performing functions of Project management, coordination, procurement, financial management, safeguards oversight, monitoring and evaluation through the provision of Training, technical assistance and operating support.
- (b) Supporting the Project Implementing Agencies in delivering capacity building required for effectively implementing the Project at all levels.
- (c) Supporting analytical work/studies to learn from Project implementation and inform future agriculture sector support by the Recipient.



## SCHEDULE 2

### Project Execution

#### Section I. Institutional and Other Arrangements

##### A. Institutional Arrangements

1. The Recipient shall maintain at all times during the Project implementation:
  - (a) Steering Committees at the Federal, Regional and *Woreda* levels with functions, composition and resources acceptable to the Bank, to be responsible for the overall strategic oversight for Project implementation at respective levels;
  - (b) Technical Committees at the Federal, Regional and *Woreda* levels, with functions, composition and resources acceptable to the Bank, to be responsible for providing technical support for implementing Project activities at the respective levels; and
  - (c) the PCUs at the Federal, Regional and *Woreda* levels responsible for the coordination of the Project activities at the respective levels, with qualified staff and adequate resources satisfactory to the Bank.
2. Prior to expanding the Project to a Region which currently does not have adequate implementation arrangements, the Recipient shall ensure that Steering Committees, Technical Committees and PCUs are established at Regional and *Woreda* levels in said Region and thereafter maintained throughout the Project implementation.

##### B. Project Implementation Manual

1. The Recipient shall cause the Project Implementing Agencies to implement the Project in accordance with the Project Implementation Manual, setting forth rules, methods, guidelines, and procedures for the carrying out of the Project, including, *inter alia*:
  - (a) detailed description of Project, financing and institutional arrangements for implementing the Project;
  - (b) the Environmental and Social Management Framework, Resettlement Policy Framework, and Enhanced Social Assessment and Consultation;
  - (c) monitoring, evaluation, reporting, and governance procedures for the Project; and

- (d) disbursement, financial management, auditing and procurement procedures for the Project.
2. In the event that any provision of the Project Implementation Manual shall conflict with any provision of this Agreement, the provisions of this Agreement shall prevail. The Recipient shall not amend the Project Implementation Manual without the Bank's prior written approval.

**C. Safeguards**

1. The Recipient shall cause the Project Implementing Agencies to carry out the Project in accordance with the ESMF, RPF, and Enhanced Social Assessment and Consultation, and any other Safeguards Document prepared or to be prepared by the Recipient in accordance with sub-paragraph 2 below, in a manner satisfactory to the Bank.
2. Whenever an ESMP and/or RAP shall be required for any proposed Project activities in accordance with the provisions of the ESMF and/or the RPF, the Recipient shall:
- (a) prior to the commencement of such activities, proceed to have an ESMP satisfactory to the Bank: (i) prepared in accordance with the provisions of the ESMF; (ii) furnished to the Bank for review and approval; and (iii) thereafter adopted and disclosed, in a manner acceptable to the Bank;
  - (b) prior to the commencement of such activities, proceed to have a RAP: (i) prepared in accordance with the provisions of the RPF; (ii) furnished to the Bank for review and approval; and (iii) thereafter adopted and disclosed as approved by the Bank, in a manner acceptable to the Bank;
  - (c) take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such ESMP and/or RAP;
  - (d) in the case of any resettlement activity under such activities involving Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before necessary resettlement measures consistent with the relevant RAP have been executed, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, prior to displacement; and
  - (e) the Recipient shall ensure that any voluntary land donations are undertaken in compliance with the RAP and the potential donor or donors: (i) shall be appropriately informed and consulted about the project and that the outcome of these consultation is documented; (ii) are aware that refusal

is an option and have confirmed in writing their willingness to proceed with the donations; and (iii) no household relocation is involved.

3. The Recipient shall, prior to expanding Project activities to any new *Woreda*: (a) update, as deemed necessary by the Bank based on social screenings for said *Woreda*, the Enhanced Social Assessment and Consultation for vulnerable and underserved groups as defined in said Enhanced Social Assessment and Consultation; and (b) thereafter ensure that activities in said *Woreda* are carried out in accordance with the provisions of the updated Enhanced Social Assessment and Consultation.
4. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the Enhanced Social Assessment and Consultation (including its updates, if any), ESMF, and RPF and any Safeguards Document adopted in accordance with the provisions of paragraph 2 of this Part C, unless the Bank has provided its prior approval thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

**D. Annual Work Plan and Budget**

By not later than August 15 of each year until the completion of the Project, the Recipient, through MOA, shall prepare and furnish to the Bank for its approval, annual work plans and budgets setting forth Project activities to be undertaken in the following year, together with their implementation schedules and financing plans, and thereafter implement said annual work plans and budgets taking into account the Bank's comments and views thereon.

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

**A. Project Reports**

The Recipient shall ensure that each Project Report is furnished to the Bank not later than (60 days) after the end of each calendar semester, covering the calendar semester.

**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; to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<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, consultants' services, Training and Operating Costs under Parts 3, 4 and 5 of the Project	5,000,000	Such percentage as determined by the Bank and communicated via letter on a quarterly basis.
<b>TOTAL AMOUNT</b>	5,000,000	

**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 Signature Date.
2. The Closing Date is June 15, 2023

**Section IV. Other Undertakings**

The Recipient shall ensure that withdrawals shall only be made for expenditures not financed by other sources of financings, including the IDA financings and co-financings provided under the Agriculture Growth Project (Credit No. 4783-ET, Grant No. H600-ET, Trust Fund No. TF099729 and Trust Fund No. TF011306), under the Original Project (Credit No. 5605-ET, Trust Fund No. TF0A4876) and under the First Additional Financing (Grant No. D722-ET).

## **APPENDIX**

### **Definitions**

1. “ADPLACs” means Agriculture Development Partners Linkage Advisory Councils.
2. “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.
3. “Anti-Corruption Guidelines” means, for purposes of paragraph 2 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.
4. “ATA” means the Agricultural Transformation Agency established by the Recipient’s Council of Ministers under Regulation No 198/2010.
5. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
6. “Enhanced Social Assessment and Consultation” means the document disclosed in the Recipient’s country and in the Bank’s *Infoshop* on August 4, 2020, 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 Bank, and such term includes any schedules to such document.
7. “ESMF” means Environmental and Social Management Framework to be updated and disclosed by the Recipient and approved by the Bank, setting forth: (i) integrated pest management procedures; (ii) small dam management procedures; and (iii) an environmental and social screening process that will enable the Recipient to identify and assess potential adverse environmental and social impacts, and offset and reduce them to acceptable levels, or enhance positive impacts, and in accordance with which ESMPs will be prepared and submitted to the Bank for its approval, as the same may be amended from time to time with the prior written approval of the Bank.

8. “ESMP” means an environmental and social management plan to be prepared by the Recipient in accordance with the principles and guidance set out in the ESMF and RPF, and acceptable to the Bank, setting forth a set of mitigation, monitoring, and institutional measures to be taken during the implementation and operation of the Project to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, and including the actions needed to implement these measures; and the term “ESMPs” means the plural thereof.
9. “First Additional Financing” means the additional financing extended under the financing agreement with respect to the Original Project, between the Recipient and the Association, dated October 7, 2020 (Grant No. D722-ET), as amended.
10. “Kebele” means the lowest tier of government in the Recipient’s administrative system, as established according to the relevant Regional legislation.
11. “MOA” means the Recipient’s Ministry of Agriculture, or any successor thereto.
12. “Operating Costs” means incremental costs incurred by the Project Implementing Agencies on account of the Project coordination, implementation and monitoring, including expenditures for vehicles operation and maintenance, office supplies and consumables, utilities, communication, translation and interpretation, bank charges, Project related travel, including *per diem* and accommodation, but excluding salaries of the Recipient’s civil servants, and other miscellaneous costs directly associated with the Project implementation, all based on periodic budgets acceptable to the Bank.
13. “Original Financing Agreement” means the financing agreement for a Second Agricultural Growth Project, between the Recipient and the Association, dated May 7, 2015 (Credit No. 5605-ET), as amended.
14. “Original Project” means the Project described in Schedule 1 to the Original Financing Agreement.
15. “PCU” means the Project Coordination Units referred to in paragraphs 1(c) and 2 of Section I.A 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.
17. “Project Implementation Manual” means the manual, satisfactory to the Bank and adopted by the Recipient for the purposes of the Project, as such manual may be revised from time to time with prior written agreement of the Bank.
18. “Project Implementing Agencies” means, collectively, MOA, and ATA, and its counterparts at the lower levels, each of which shall implement their respective

Project implementation activities pursuant to the requirements under this Agreement and the Project Implementation Manual.

19. “RAP” means a resettlement action plan, acceptable to the Bank and to be prepared by the Recipient pursuant to the requirements of the RPF for compensation, resettlement and rehabilitation of Affected Persons as a result of implementation of the Project, as such plan may be amended from time to time with the prior written approval of the Bank, and such term includes any schedules to such plan; and the term “RAPs” means the plural thereof.
20. “Region” means one of the national regional states of the Recipient established under the Recipient’s Federal Constitution of 1995; and the term “Regions” means the plural thereof.
21. “RPF” means the resettlement policy framework, disclosed in the Recipient’s territory and in the Bank’s *Infoshop* on August 4, 2020, 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 Affected Persons, as the said framework may be amended and/or supplemented from time to time with the prior written approval of the Bank, and such term includes any schedules to such document.
22. “Safeguards Document” means an ESMP or RAP, and the term “Safeguards Documents” means, collectively, all such documents.
23. “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 Grant Agreement” in the Standard Conditions.
24. “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.
25. “Steering Committee” means the committee referred to in paragraphs 1(a) and 2 of Section I.A of Schedule 2 to this Agreement.
26. “Technical Committees” means the committees referred to in paragraphs 1(b) and 2 of Section I.A of Schedule 2 to this Agreement.
27. “Training” means Project related study tours, training courses, seminars, workshops 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.

28. “Woreda” means one of the tiers of government in the Recipient’s administrative system, as established pursuant to the relevant Regional legislation.