



**THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA  
MINISTRY OF FINANCE AND ECONOMIC COOPERATION  
IN COLLABORATION WITH  
MINISTRY OF AGRICULTURE AND NATURAL RESOURCES**

**GLOBAL AGRICULTURE AND FOOD SECURITY PROGRAMME  
REQUEST FOR FUNDING  
PUBLIC SECTOR WINDOW**

**SECOND AGRICULTURAL GROWTH PROGRAM (AGP-II GAP FINANCING)  
IN THE AMOUNT OF US\$ 55.3 MILLION**

**PART I: SUMMARY OF AGRICULTURE AND FOOD SECURITY STRATEGY AND  
ASSOCIATED INVESTMENT PLAN**

**PART II: ETHIOPIA PROPOSAL FOR GAFSP CO-FINANCING**

**30 December 2016**

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CURRENCY EQUIVALENTS  
(Exchange Rate as of December 2016)

CURRENCY UNIT = ETHIOPIAN BIRR (ETB)

ETB 22.349 = US\$1

**ABBREVIATIONS AND ACRONYMS**

ADLI	Agricultural Development- Led Industrialization
ADPLAC	Agriculture Development Partners Linkage Advisory Council
AGP	Agricultural Growth Program
AGP-I	First Agricultural Growth Program/Project
AGP-II	Second Agricultural Growth Program/Project
AGP CU	Agriculture Growth Program/Project Coordination Unit
AGP TC	Agriculture Growth Program/Project Technical Committee
BoANR	Bureau of Agriculture and Natural Resources
CAADP	Comprehensive Africa Agriculture Development Programme
CASCAPE	Capacity Building for Scaling up of Evidence Based best practices in agricultural production in Ethiopia
CBOs	Community-Based Organizations
CBSPs	Community Based Seed Multiplication and Forage Production Groups
CCIs	Cross-Cutting Issues like gender, CSA and nutrition
CDSF	Capacity Development Support Facility
CIGs	Common Interest Groups
CLPP	Community Level Participatory Planning
CPS	Country Partnership Strategy
CRGE	Climate-Resilient Green Economy
CSA	Climate- Smart Agriculture
CSR	Civil Service Reform
CU	Coordination Unit
Das	Development Agents
DFATD	Department of Foreign Affairs, Trade and Development of Canada
DPs	Development Partners
DRDIP	Development Response to Displaced Impacts Project
DRSLP	Drought Resilience and Sustainable Livelihood Programme
EIAR	Ethiopian Institute of Agricultural Research
ESMF	Environmental and Social Management Framework
EU	European Union
ExCOM	Executive Committee
FAO	Food and Agriculture Organization of the United Nations
FAO HQ	Food and Agriculture Organization of the United Nations Head Quarter
FCUs	Farmers' Cooperative Unions
FDRE	Federal Democratic Republic of Ethiopia
FHH	Female Headed Household
FPCs	Farmers Primary Cooperatives

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FREGs	Farmer-Research Extension Groups
FTCs	Farmer Training Centres
FY3, FY5	Fiscal Year 3 and 5
FYGTP	The First Five Year Growth and Transformation Plan
GAFSP	Global Agriculture and Food Security Program
GDP	Gross Domestic Product
GHG	Green House Gases
GoE	Government of Ethiopia
GTP	Growth and Transformation Plan
GTP-I	The First Growth and Transformation Plan
GTP-II	The Second Growth and Transformation Plan
Ha	hectare
HHs	Households
HHI	Household Irrigation
HQ	Head Quarter
IAs	Implementation Agencies
IDA	International Development Association
IPM	Integrated Pest Management
IPM-FFS	Farmer-Field School for Integrated Pest Management promotion
IT	Information Technology
IWUAs	Irrigation Water Users' Associations
JRIS	Joint Review and Implementation Support
KDC	Kebele Development Committee
Kg	Kilo gram
Km	Kilo metre
LFSDP	Livestock and Fishery Sector Development Programme
MDGs	Millennium Development Goals
M&E	Monitoring and Evaluation
MFI	Micro-Finance Institutions
MHIS	Micro and Household Irrigation Systems
MoANR	Ministry of Agriculture and Natural Resource
MoFEC	Ministry of Finance and Economic Cooperation
MoH	Ministry of Health
MoLF	Ministry of Livestock and Fishery
MTR	Mid-Term Review
NAIC	National Artificial Insemination Centre
NAIF	National Agriculture Investment Framework
NGOs	Non-Governmental Organizations
NNP	National Nutrition Program
NSA	Nutrition-Sensitive Agriculture
PAD	Project Appraisal Document
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
PCU	Project Coordination Unit
PDO	Project Development Objective
PIF	Ethiopia's Agriculture Sector Policy and Investment Framework
PIM	Program Implementation Manual
PMIS	Performance Management Information System

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PMU	Project Management Unit
PPD	Planning and Programming Directorate
PSNP	Productive-Safety Net Programme
RAF	FAO Regional Office for Africa
RDPS	Rural Development Policy and Strategy
REDD+	Reduction of Emission from Deforestation and forest Degradation
RED & FS SWG	Rural Economic Development and Food Security Sector Working Group
RPLRP	Regional Pastoral Livelihoods Resilience Project
RUSACCOs	Rural Savings and Credit Cooperatives
SC	Steering Committee
SCs	Steering Committees
SDGs	Sustainable Development Goals
SDPRP	Sustainable Development and Poverty Reduction Programme
SE	Supervising Entity
SLMP	Sustainable Land Management Programmed/Project
SMS	Subject Matter Specialists
SNNPR	Southern Nations Nationalities and People's Regions
SOs	Strategic Objectives
SO <sub>1</sub> , SO <sub>2</sub> , SO <sub>3</sub> , SO <sub>4</sub>	Strategic Objectives 1, 2, 3 and 4 of PIF
SSI	Small Scale Irrigation
SWC	Soil and Water Conservation
SWG	Sector Working Group
TA	Technical Assistance
TCs	Technical Committees
TCIA	FAO Investment Centre
THH	Total Household
ToTs	Training of Trainers
UN	United Nation
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
US\$	United States Dollar
VCs	Value Chains
WB	World Bank
WCU	Woreda Coordination Unit
WDC	Woreda Development Committee
WSC	Woreda Steering Committee
WoANR	Woreda Office of Agriculture and Natural Resource
ZoANR	Zonal Office of Agriculture and Natural Resource

## PART I: SUMMARY OF OVERALL AGRICULTURE AND FOOD SECURITY STRATEGY AND ASSOCIATED INVESTMENT PLAN

### 1.1 OVERALL SECTOR STRATEGY AND INVESTMENT PLAN AND PAST PERFORMANCE

#### 1.1.1 Overall sector strategy objectives and alignment with the Sustainable Development Goals

The agriculture and food security focused programs/interventions in Ethiopia are guided by the Rural Development Policies and Strategies (RDPS). Since agriculture is the main stay for the large majority of the population and still remains a dominant sector in the national economic development of the country, the Agriculture Development- Led Industrialization (ADLI) has been adopted as the main strategy to boost agricultural production and productivity and sustain its growth towards contributing to the overall economic development of the country. ADLI is designed to be rural and people centred in giving more focus to agriculture and engaging the 85% of the rural population largely dependent on smallholder subsistence agriculture for their livelihoods and characterized by low input- output production systems and largely dependent on exploiting the natural resource bases. Therefore, enhancing agricultural production and productivity and linking it effectively with markets will consistently benefit the vast majority of smallholder farmers in particular and the country at large. Cognizant of this, the Government of Ethiopia (GoE) in close collaboration with donors and other Development Partners (DPs) has developed the Agriculture Sector Policy and Investment Framework (PIF) for prioritization and planning of investments that could drive Ethiopia's agricultural growth and sustainable development to achieve Comprehensive Africa Agriculture Development Program (CAADP) targets to contribute to the achievement of the Sustainable Development Goals (SDGs) and meet the challenge of food insecurity and poverty. The PIF therefore, builds the broader principles of the RDPS and PASDEP and is a 10-year (2010-2020) roadmap designed to operationalize the CAADP Compact signed by the Government and its DPs in September 2009. The PIF sets out a clear roadmap for ongoing development efforts in the agriculture sector and clearly spelt out Government's and DPs' responsibilities in meeting the challenges of development in a coordinated and harmonized manner. The goal of the PIF is to *"contribute to Ethiopia's achievement of middle income status by 2025"*. The development objective of the PIF is therefore, to *"sustainably increase rural incomes and national food security"* by integrating with sustainable natural resources management. The concepts of producing and selling more, nurturing the environment, eliminating hunger and protecting vulnerable communities against shocks, which are embodied in various national policy instruments, are the focus of the objective of enhancing agricultural production and productivity and increase income. The four strategic objectives of the PIF correspond to the four CAADP pillars and SDGs. The Strategic objectives of PIF provide a framework for the investments needed from domestic budget and international sources over the planning period. The PIF strategic objectives, the thematic areas of focus and their country policy alignment, including the alignment with CAADP and SDGs are shown in Table 1 below.

Table 1. PIF strategic objectives, the thematic areas of focus and country policy alignment

PIF Strategic Objectives (SOs)	Thematic priority Areas	Indicative cost (US\$ billion)	Country Policy Alignment including with Sustainable Development Goals
SO <sub>1</sub> : To achieve a sustainable increase in agricultural productivity and production	Production and Productivity enhancement	4.71	Sustainable Increase agricultural sector productivity and production. (GTPs, RDPS/ADLI, CAADP Pillar IV, SDG2, SDG8, SDG13, SDG15 and SDG17)
SO <sub>2</sub> : To accelerate agricultural commercialization and agro-industrial development	Rural commercialization	0.69	Increase farmers' incomes from agriculture and rural enterprises. GTPs, ADLI, CAADP Pillar II, SDG2, SDG8, SDG9 and SDG17)

SO <sub>3</sub> : To reduce degradation and improve productivity of natural resources	Sustainable Natural Resource Management	2.34	Manage, conserve and utilize natural resources sustainably (GTP-II, CAADP Pillar I, SDG1, SDG2, SDG6, SDG7, SDG12, SDG13, SDG14, SDG15 and SDG17)
SO <sub>4</sub> : To achieve universal food security and protect vulnerable households from natural disasters	Disaster Risk Management and Food Security	1.19	Disaster Risk Management and Food Security (CAADP Pillar III, SDG1, SDG2, SDG6, SDG8, SDG11 and SDG13)

### 1.1.2 Implementation performance and achievements

Overall GDP growth rate during the last five-year Growth and Transformation Plan (GTP-I) period that coincided with the first half of the PIF period, averaged 10.1% per annum against an ambitious target of 11.2%. The contributions of agriculture, industry and services to this growth were 6, 20.2 and 10.8 percent, respectively. This rapid and broad based growth in agriculture was more than double of the average growth rate of Sub-Saharan African countries during same period. This growth rate was accompanied with further investment expansion and employment generation. The living standard of citizens improved with an increase in per capita income from US\$ 377 in 2009/10 to US\$691 by the end of 2014/15. Provision of essential public services has also expanded. While absolute poverty has declined from 26.9% in 2010/11 to an estimated 23.4% by 2014/15. A large segment of the population still lives below the poverty line. This calls for continued and coordinated efforts of all stakeholders to support agriculture to sustainably increase agricultural production and productivity and enhance transformation of smallholders to commercialization.

Ethiopia's agriculture sector is growing by around 8% per annum over the past 15 years and 6.6% during the GTP-I period. This rate of growth is considered to be high by any measure and enabled the sector to remain a key driver of the national economic growth given the relative weight of agriculture in the overall economy. The achieved level of growth was however; lower than the 8% annual average growth target in GTP-I, due to mainly low institutional implementation capacity and limited financial resources.

A Poverty Assessment study (2014) found that the key driver of the impressive rate of poverty reduction over the past decade has been agricultural growth and concludes, "Growth in agriculture was particularly inclusive and contributed significantly to poverty reduction. Poverty fell fastest when and where agricultural growth was strongest. For every 1% of growth in agriculture, poverty was reduced by 0.9% which implies that agricultural growth caused reductions in poverty of 4.0% per year on average post 2005." Despite the high overall growth rate of the sector and improvements of both production and productivity, its share in the economy has been declining. This decline in overall GDP share from about 42% at the beginning of the GTP-I period (2009/10) to nearly 39% by the end of 2014/15 is an indication of the structural shift from agriculture to industry and service sectors.

Overall, the implementation of GTP-I that coincided with the first half of the PIF registered remarkable achievements in real GDP growth rate, infrastructure development, social development and capacity building at all levels. For this Ethiopia was recognized and awarded by FAO in the 39th session as one of the countries that have successfully fought hunger and recorded commendable achievements in meeting most of the set targets of the Millennium Development Goals (MDGs). This will serve as the basis to encourage the country to maintain its high commitment and allocate the required financial resources both from its own budget and encourage DPs contribution by putting and improving the policy environment.

### 1.1.3 Share of investment plan and the estimated financing gap

**Indicative Costs:** The strong government commitment to financing agriculture and rural development is expected to continue. The strong economic growth of at least 10% per annum is also expected to continue resulting in an increasing share of expenditure going to the agriculture sector budget from around US\$ 0.81 billion in 2010-11 to as high as US\$ 2.9 billion per annum by the end of the PIF period. On this basis the total agricultural sector budget over the ten-year PIF would be about US\$ 18.04 billion.

**Financing Gap:** About US\$ 2.54 billion (of the total US\$18.04 billion) is already committed under existing program and projects leaving a financing gap of around US\$ 15.5 billion. Most of this will be required during the second half of the PIF period.

**Funding Sources:** The government will cover 60% of investment costs and 100% of recurrent costs (US\$ 9.3 billion) while 40% of investment costs (US\$6.2 billion) are expected to be covered by donors. These amounts represent the upper limit of the range of possible financing requirements.

## 1.2 KEY ELEMENTS OF THE POLICY ENVIRONMENT

### 1.2.1 Key policies and strategies

**General:** The GoE sees agriculture as the engine of growth to transform the country's economy. It has undertaken a far reaching program of economic reforms by designing various policies and strategies to accelerate and sustain growth in order to fairly benefit the majority of the rural population- smallholder farmers and pastoral communities. The ADLI has been adopted as a main strategy as one of the national policies and strategies since 1991 and implemented through the successive five years plans of PASDEP and its successors the first Five Year GTP and continued in the Second Five Year GTP, which aimed at boosting agricultural production and productivity and thereby increase income and improve the well-being of smallholder farmers and pastoral communities. The ADLI's main thrust has been to: (i) improve agricultural extension services; (ii) promote better use of land and water resources; (iii) enhance access to financial services; (iv) improve access to domestic and export markets; and (v) develop rural infrastructure.

Different programs were designed and put in place to translate the ADLI strategy into action and realize the set targets for enhanced agricultural production and productivity. The following are the main ones:

#### 1.2.1.1 Rural Development Policy and Strategy (RDPS)

Ethiopia has a consistent set of policies that reflect the importance of the sector in the nation's development aspirations (RDPS, 2003). Key elements of the RDPS include: rural and agriculture centred development as a means of: (i) ensuring rapid economic growth; (ii) enhancing benefits to the people; (iii) eliminating food aid dependency; and (iv) promoting the development of a market economy. The framework envisages an economically transformed society within which agriculture will grow rapidly, but see its relative importance decline in favour of an even more dynamic industrial and manufacturing sector. The RDPS considers that development in rural areas cannot be limited to agriculture. There is a need for rural infrastructure and social development programs and for trade and industry to build on and support developments in agriculture. The rural non-farm sector, which provides goods and services for the rural population, also has an important role to play. It currently accounts for around a third of GDP.

#### 1.2.1.2 The Plan for Accelerated and Sustained Development to End Poverty (PASDEP)

The first program for the realization of ADLI was the PASDEP that was implemented from 2006 to 2010. The six fundamental agricultural development strategies of PASDEP aimed to: (i) improve implementation capacity; (ii) promote accelerated and sustained economic growth; (iii) manage population growth; (iv) empower women; (v) strengthen infrastructure development; (vi) develop human resources; (vii) manage risk and volatility; and (viii) create employment opportunities. PASDEP was succeeded by the two consecutive five-year Growth and Transformation Plans (GTP-I and II) through which Ethiopia is committed to increasing the average per capita income of its citizens to reaching middle income country by 2025.

#### 1.2.1.3 The Comprehensive Africa Agriculture Development Program (CAADP)

The Ethiopia CAADP Study provides further insights into Ethiopia's agricultural policy framework. Ethiopia institutionalized the CAADP as its agricultural sector policy, strategy and program formulating framework, of which the PIF forms a part. CAADP embraces the principle of agriculture-led development, and sets principles and targets to guide national sector strategies. The study, and the CAADP Compact signed in September 2009 by the Government and key development partners, describes a strategy, consistent with the RDPS and Plan for Accelerated and Sustained Development to End Poverty (PASDEP), which guided



planning frameworks including the GTPs. The endorsement of the CAADP compact shows the real commitment of the GoE to fulfil the targets and requirements set in various policies and strategy frameworks and is in line with the goals, objectives, principles and modalities laid down in the national policies and strategies that lead to the sustainable increase of agricultural production and productivity. The four pillars of the CAADP strategy, which are embodied in the CAADP compact, are:

- (i) improve natural resources management and utilization,
- (ii) improve rural infrastructure, market access and trade capacity,
- (iii) enhance food security and disaster risk management and
- (iv) improve the agricultural research and extension system.

#### 1.2.1.4 The first Growth and Transformation Plan (GTP-I)

GTP-I was implemented during the period 2011-2015. GTP-I, was planned to continue annual economic growth at a minimum of 10%, and an ambitious best-case scenario of doubling the GDP over the plan period. Overall, the GTP-I was aimed at achieving all the MDGs with agriculture as the key driver of economic development that emphasized to scaling-up of best agricultural practices to support expansion of the industrial sector by supplying adequate quantity and quality of agricultural raw materials.

#### 1.2.1.5 The second Growth and Transformation Plan (GTP-II)

The country's long and medium term visions reflected in the RDPS, the achievements and lessons drawn from GTP-I implementation, Post 2015 SDGs and aligned strategies, including the Malabo Declaration were taken as bases for the recently launched GTP-II (2016-2020). The following are highlights of GTP-II:

- The overall policy and strategy thrust is encouraging both large scale agriculture in commercial investment and supporting to smallholder agriculture including smallholder farmers and pastoral communities. The main focus is to bring agricultural transformation by increasing private sector investment and value addition within the country to increase exports. Under this framework, the GoE intends to improve the business environment for agriculture by gradually shifting from subsistence to market oriented commercial agriculture and focusing its efforts on: i) increasing stability and transparency in trade policy; ii) improving incentives for private sector investment; iii) developing and implementing a transparent land tenure policy; and iv) developing and implementing domestic seed policies that encourage increased private sector involvement to improve access to high quality seeds.
- The GoE has been making strong and sustained effort to enhance public agricultural services. There are still capacity gaps, which continue to inhibit the identification and dissemination of technologies to support increases in agricultural productivity. Strengthening research and extension linkages, further expansion of the capacity of the extension service and enhancing farmer access to agricultural inputs are also areas of emphasis to be addressed during the GTP-II period.
- The national policy, strategy and government programs intend both to mainstream and include targeted interventions to address the following cross-cutting issues:
  - ✓ **Narrowing the gender productivity gap:** Female farmers in Ethiopia produce an average of 23% less (in terms of gross value of output) per ha than their male counterparts. This gap is intended to be filled through inclusive agricultural growth and increased participation of women in: (i) the promotion of labor-saving technologies for women; (ii) the provision of relevant information to female farmers, customized to their needs; (iii) supporting female farmers to be involved in decision making positions of farmer organizations such as IWUA and (iv) the easing of the time burden of household responsibilities, by providing services to reduce their time to perform household duties and enable them devote more time to productive farm activities.
  - ✓ **The National Nutrition Program (NNP):** The NNP recognizes the role of the agriculture sector in achieving nutritional goals and realise the benefits of agricultural growth especially under a scenario where 40% of children under the age of five suffer from stunting growth because of chronic and cyclical malnutrition problem. The NNP includes initiatives that take the multi-sectoral and multidimensional nature of nutrition and the linkages among key implementing sectors including the Ministry of Agriculture and Natural Resources (MoANR), the Ministry of Livestock and Fishery (MoLF), the Ministry of Health (MoH) and other line ministries, include a strategic objective

to strengthen implementation of nutrition sensitive interventions in the agriculture sector. Support to this program is part and parcel of sustainable development programs. The NNP focuses mainly on supporting the diversified consumption of more nutrient-rich foods, actions to develop, promote and create awareness on nutrition-sensitive interventions through promotion of appropriate technologies for food production, processing and handling, post-harvest preservation and food preparation for supporting nutritious food utilization.

- ✓ **Promotion of climate-smart agriculture (CSA):** The GoE, under its Climate Resilient Green Economy (CRGE) Strategy, aims for a carbon neutral growth trajectory. The agriculture sector will play an important role in the achievement of this goal. Programs and projects are expected to take this into account and it is with this context that mainstreaming of cross-cutting issues (CCIs) are considered to be mainstreamed in all the Agricultural Growth Program (AGP-II) components. As an entry point the CSA guideline being developed by the MoANR in close collaboration with key stakeholders will be used and further refined in due course of implementation.

#### **1.2.1.6 Alignment of the Malabo Declaration**

The Malabo Declaration was adopted by African Heads of States and Government at the African Union Summit in Malabo in June 2014 and set concrete agriculture goals to be attained by 2025. The Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods is a set of new concrete goals showing a more targeted approach to achieve the agricultural vision for the continent, which is shared prosperity and improved livelihoods.

The GoE has adopted the Malabo Declaration and is working towards customizing and aligning to the new National Agriculture Investment Framework (NAIF) for which a roadmap is developed and some of the targets incorporated in the recently prepared and launched GTP-II (2015-2020). The goal of GTP-II of the agriculture sector is to increase agricultural production and productivity and thereby contribute to the national vision of achieving a middle-income economy by 2025 by bringing about a broad-based, rapid and sustainable sectoral development and ensure all citizens benefit from the growth with particular emphasis to equally benefit women and youth who are highly vulnerable and with limited resources.

Agriculture still remains high on the development agenda of Ethiopia as stipulated in the Malabo Declaration and is taken forward to be a crucial policy initiative for the national economic growth and poverty reduction. The GoE has shown its renewed commitment to the key principles and values of the CAADP process and reconfirmed that agriculture-led growth will serve as a main strategy to achieve the set targets on food and nutrition security. Enhanced agricultural development will serve as a basis to ensure supply of adequate quantity and quality of agricultural raw materials to satisfy the demand of local industries and factories. In order to realize the set targets of the Malabo Declaration, renewed committed to enhancing investment finance both public and private and upholding the earlier commitment to allocate at least 10% of public expenditure to agriculture, and enhance implementation capacity to ensure its efficiency and effectiveness to accelerate agricultural growth by at least doubling the current agricultural productivity levels and to sustain annual agricultural GDP growth by at least 8% to contribute towards reaching the middle income country status by 2025 and contribute towards ending hunger in Ethiopia by 2025. Reducing post-harvest losses by half of the current levels was foreseen as an integral part of GTP-II. To this end, due emphasis will be given to putting sound policy instrument and enhanced institutional capacity in place to effectively and efficiently deliver agricultural extension services, encourage greater private sector involvement to support timely supply and distribution of agricultural inputs and linking with output markets, strengthen agricultural mechanization and strengthen small-scale irrigation development to increase availability and access to irrigation water, improved on-farm water and crop management practices to sustainably enhance agricultural production and productivity. These activities are incorporated in GTP-II and aligned to AGP-II. Considering the limited availability of improved technologies, the agricultural research system is given emphasis and incorporated in AGP-II to enhance technology generation, knowledge and information dissemination and support capacity building initiatives to develop practical skills of smallholder farmers to accelerate agricultural growth and transformation. Furthermore, Ethiopia has

given emphasis to strengthen intra-regional trade in agricultural commodities and services and committed to create and enhance policies and institutional support systems to increase and facilitate investment in markets and trade infrastructure. This will strengthen and streamline coordination mechanisms that will facilitate the promotion of intra-regional common position on agriculture-related international trade negotiations and partnership agreements.

To reduce the negative impacts of climate change and sustainably increase agricultural production and productivity Ethiopia has developed and implementing Climate Resilient Green Economy (CRGE) strategy since 2011 and committed itself to enhancing resilience of livelihoods and production systems to climate variability and other related risks. To integrate measures for increased agricultural productivity with social protection initiatives focusing on vulnerable social groups by allocating substantial budget and strengthening of early warning system to facilitate proactive responses to disasters and emergencies with food and nutrition security to improve access and nutritional status to protect children from under-nutrition and bringing down stunting to 10% and underweight to 5% by 2025.

The established coordination platform for the Rural Economic Development and Food Security Sector Working Group (RED&FS SWG) will be instrumental to facilitate and ensure alignment of the Malabo Declaration with the strategic objectives and prioritized investment initiatives of the agriculture sector. The RED&FS SWG will also play a role in monitoring and reviewing of the NAIF in order to review progress against the milestone indicators involving key stakeholders. This will provide a forum for sector review as well as revisiting prioritized investment areas as necessary. The RED&FS SWG also implements a set of monitoring indicators to monitor performance of both development partners and Government with respect to aid harmonization, alignment and tracking of the progress and increase effectiveness.

### **1.3 GOVERNMENT COMMITMENT TO AGRICULTURE, FOOD AND NUTRITION SECURITY**

#### **1.3.1 Public Spending on Agriculture and Food Security**

The GoE has demonstrated a very strong commitment to continued agricultural growth. This is manifested by an average public expenditure of 15 percent of its annual budget channelled towards the development of the agriculture sector. This is equivalent to over five per cent of the GDP and far higher than the average for Sub-Saharan African countries. It is also well in excess of the CAADP minimum of 10 percent. Recent data show that about 60 per cent of agricultural investments are funded from the Government budget while 30 percent and 10 percent respectively coming from grants and concessional loans.

The government is complementing its efforts in food insecure areas with an increased commitment to raise food production by investing in areas with high agricultural potential, increasing efforts to attract private agricultural investments directed towards expanding the extension system, irrigation development, and rural commercialization and agro-processing. This does not, however, mean that poverty and hunger are tackled to the level of expectations. The Government is still committed to allocate more resources to tackle poverty.

Under the PIF, there have been concerted efforts to collaborate and partner on investments, including the first and second Agricultural Growth Programs. The AGP-II is well aligned with GTP-II, recently launched plan and will support implementation of prioritized areas to contributing to the achievement of the set targets for agriculture sector growth. The sector is critical for the GoE's development strategy in the current GTP, and in particular to maintaining at least an 11 percent average real growth in the gross domestic product. While the country is pursuing a strategy that foresees a significant expansion of light industry and manufacturing, in the medium term many of the raw materials for this will come from the agricultural sector, including textiles, leather, and food stuffs.

## 14. STRATEGY AND INVESTMENT PLAN DEVELOPMENT PROCESS AND UPDATE

A series of step-wise and broad based consultation and collaborative processes involving key stakeholders at national, regional, woreda (district) and community levels were conducted during the PIF formulation process to enrich its content and forge national ownership. The PIF Steering Committee comprising of key representatives of the RED&FS SWG, chaired by the Planning and Programming Directorate (PPD) of the MoANR provided a direction and overall guidance for the formulation process. A background study for development of the PIF was initiated and implemented by the former MoA following the signing of the CAADP Compact. The actual PIF formulation process involved the following key activities: (i) a review of key policy and strategy documents including the CAADP study and various policy and strategy documents of Ethiopia; (ii) the compilation of statistical information on sectoral trends; (iii) consultations with a broad cross sectoral stakeholders from Government, NGOs, CBOs and DPs; (iv) consultations in the major regional states of Oromia, Amhara, SNNP and Tigray including male and female farmers, producer organizations; and (v) a national stakeholder consultation workshop, including representatives of the private sector and farming communities to review the draft report. The FAO Investment Centre from FAO HQ and UNDP provided assistance in finalizing the PIF. The draft PIF was then approved by the PIF Steering Committee and submitted to the CAADP Secretariat for peer review and comments received from the peer review incorporated prior to a CAADP Investment Pledging Conference. Following the signed Ethiopia CAADP Compact, implemented the first five year of the PIF prioritized investment interventions to drive agricultural growth and transformation using the investment programs of Federal Democratic Republic of Ethiopia (FDRE) Government- and donor-supported projects between 2010 and 2020. Since the start, implementation of activities under PIF has reflected shared commitment by the GoE and its DPs to ADLI as a guiding economy-wide strategy to promote investment in several dimensions of the value chains and makes it possible to increase productivity in a sustainable way. The first five years of PIF implementation has coincided with GTP-I succeeded from the last two five-year plans, namely the SDPRP and PASDEP.

A mid-term review (MTR) of the PIF (2010 to 2020), was undertaken at the end of the first five years of its implementation (October 2015); this coincided with the completion period of GTP-I. The independent evaluation team provided key recommendations to further clearly define the roles and responsibilities of key implementing institutions, highlighted the needs to strengthen implementation capacities of the respective implementing institutions, improve coordination, communication, harmonization and alignment to ensure synergy and maximize outputs to contribute towards achieving accelerated agricultural growth to ensure food and nutrition security. In the recommendations of the MTR of PIF it was suggested that most immediate attention go to developing guidelines and procedures to be used in the implementation of NAIF. It was indicated that this will be the right to adapt in the anticipated NAIF the key Malabo Declaration action points to be reflected in its guidelines, procedures, and criteria for prioritization of investments. It was further suggested to take forward the action points identified in the recommendation of the MTR of PIF that strong support be given to strengthening of the PPD with the MoANR and the RED&FS Secretariat to enforce the overall guidance and coordination and monitoring of implementation of the prioritized investment initiatives.

Based on the MTR recommendations on the PIF revision (renamed NAIF) and the need of ensuring the alignment of the key Malabo Declaration action points, the GoE is proactively undertaking the necessary actions to incorporating into the national investment plan and created awareness to wider stakeholders on it. A roadmap has been developed for the next NAIF preparation/formulation (for details see annex VI).

### 1.5 IMPLEMENTATION ARRANGEMENTS AND CAPACITY TO IMPLEMENT

#### 1.5.1 Institutional arrangements

The implementation and overall coordination responsibility of the PIF fall under the MoANR and of course, in close collaboration with the recently established MoLF and its counterparts from federal down to woreda levels. The major focus is the creation of an enabling environment for agricultural development and economic growth technical and budgetary coordination of the PIF. The RED&FS SWG with its Executive Committee (Ex-COM), five Technical Committees and other Subordinate taskforces/working groups,

Platform and Secretariat is the principal mechanism for dealing with issues related to: (i) coordination, harmonization and alignment of investments with the PIF; (ii) executing elements of the Roadmap; (iii) resolving technical, policy and operational constraints; and (iv) mapping and identifying financial resources to advice for investment to support implementation of prioritized investment areas. The RED&FS TC and taskforce members are expanded to include private sector representatives and other relevant non-state actors being actively engaged in the process. The Ministry of Finance and Economic cooperation (MoFEC) play a central role in the overall coordination of national budgets and donor assistance.

The PIF involves a program based approach with sub-programs, projects and the organizational structures that support them arranged under a number of programs is adopted. Programs are being owned by the MoANR and partly by the MoLF that comprise externally funded projects that have project management units answerable to the Director of the host Directorate/responsible sector. Each program will be the responsibility of a Directorate, Authority, Institute or Agency of the MoANR and MoLF. The Planning and Programming Directorate (PPD) of the MoANR is taking the lead responsibility for the overall coordination. Programs and projects are further consolidated under the four SOs identified in the PIF.

### **1.5.2 Capacity to implement the PIF**

The institutional capacity in implementing the PIF, programs and projects has substantially developed through the years. Nevertheless, capacity constraints are still a problem. The different projects and programs implemented in the sector, are capturing provisions for capacity building. The capacity issue has been always there and will continue to exist, visa-a-vis complexity of program and technological dynamism.

### **1.5.3 Financing Modalities**

The PIF provides the framework for increased capacity for effective management of aid, including the strengthening of the donor coordination capacity to facilitate improved management of resources and aid flows. The preferred government modality for the smooth flow of resources from the donor partners to fill the financing gaps of the PIF is a programmatic/sector approach with pooled funding system. While this is the preferred approach, financing modalities are sufficiently flexible to maximize resource mobilization and effective utilization. It is stipulated in the GoE working modalities that the annual national budget defines the areas where external resources are required. The GoE compiles timely information on DPs' aid commitments and disbursement schedules so as to ensure the required predictability of external support and its effective integration into the national planning system.

### **1.5.4 The Flagship Programs**

The PIF identified priority investments areas under each of the Strategic Objectives, to be jointly financed by the Government and its development partners. This includes a set of integrated and flagship programs to support the implementation of the successive five year plans, namely: (i) Agricultural Growth Program (AGP), which is supporting the first two PIF strategic objectives (SO<sub>1</sub> and SO<sub>2</sub>) to achieving a sustainable increase in agricultural productivity and production and accelerate agricultural commercialization and agro-industrial development; (ii) Sustainable Land Management Program (SLMP), which is working towards reducing degradation and improving productivity of natural resources (SO<sub>3</sub>) and (iii) Food Security Program, which is supporting achievement of universal food security and protecting vulnerable households from natural disasters and includes the Productive Safety Net Program (PSNP), the previous Household Asset Building (HAB) Program, which is recently modified to include livelihood component of rural employment, Resettlement and Complimentary Community Investment and several other initiatives being supported by the government's own budget and DP assistance.

There are of course, regional initiatives supporting implementation of priority investment areas identified under the PIF such as Pastoral Community Development Project (PCDP), Regional Pastoral Livelihood Resilience Program (RPLRP), Development Response to Displaced People Impacts Project (DRDIP), the recently appraised Livestock and Fishery Sector Development Programme (LFSDP), which is in pipeline and multi-donor funded Drought Resilience and Sustainable Livelihood Program (DRSLP).

### **1.5.5 Monitoring and Evaluation (M&E)**

The PPD of the MoANR has the primary responsibility for M&E based on the results framework milestone indicators. M&E will be undertaken at different levels to support effective implementation of the PIF, maintain its focus and direction, and provide information for addressing constraints and problems. The PIF has a results-based M&E system. While not ignoring the lower level indicators (input and output), MoANR's M&E system focuses on higher level indicators (outcomes and impacts) which are critical in tracking the intended change and benefits accruing to the primary beneficiaries.

The RED&FS SWG will also play a monitoring role by conducting an annual review of the PIF in order to review progress against the milestone indicators involving key stakeholders. This will provide a forum for sector review as well as revisiting prioritized investment areas as necessary. The RED&FS also implements a set of monitoring indicators to monitor performance of both development partners and Government with respect to Aid Harmonization, to track: ownership; alignment; and harmonization. The purpose of this effort is to ensure that development partner support to the PIF increases its effectiveness over time. Implementation of the PIF is subject to independent external evaluation on at least two occasions over its ten year life. This will be done by an expert review panel selected and supervised by the PIF SC.

The planning, monitoring and evaluation systems require to be strengthened. Capacity gaps occur at all levels and corrective measures have to be taken to improve implementation. The weaknesses are greatest at district level. The GoE has embarked on the task of rectifying these problems through a Civil Service Reform (CSR) program that is currently under implementation.

## **1.6 EVIDENCES OF PERFORMANCE OF PAST GAFSP CO-FINANCED PROJECT (AGP-I)**

Ethiopia was one of the countries successfully applied and received GAFSP financing during implementation of AGP-I for a total of US\$51.5 million, of which US\$50.0 million was administered as trustee for which the World Bank was designated by the GoE and administered the funds as the Supervising Entity (SE). The remaining US\$1.5 million was managed by the Food and Agriculture Organization of the United Nations (FAO) for the technical assistance (TA) provided in the areas of forage development and IPM promotion aligned to AGP-I and implemented in 10 and 14 pilots- AGP woredas respectively. The GAFSP supported all the three AGP-I components, namely: (i) agricultural production and commercialization, (ii) Small-scale infrastructure development and management and (iii) Project coordination and management, capacity development and M&E.

Currently, conducting of the final household survey and qualitative assessment exercise by an independent evaluation firm recruited for this purpose is being organized. A project completion report is expected in a short while. However, based on the Mid-Term Review (MTR) and observations made during the series of biannual Joint Review and Implementation Support (JRIS) missions and results of routine monitoring of project performance, the major impacts of GAFSP supported activities are summarized hereunder.

Overall AGP-I activities including the GAFSP supported FAO TA were considered successful and achieved in most cases the set targets. In particular, during AGP-I intensive capacity building activities were conducted to all implementing institutions at all levels including beneficiary farmers, which enhanced both institutional and technical capacities. The enhanced capacities built in during AGP-I implementation improved overall project coordination and management and served as a basis for the formulation and timely kick-start of AGP-II implementation. Details of the impacts recorded are presented by components below.

### **1.6.1 Agricultural production and commercialization**

Under the agricultural production and commercialization component, the project supported the establishment of the Agriculture Development Partners Linkage Advisory Council (ADPLACs) that involved key stakeholders at all levels to support project implementation. The ADPLACs provided overall guidance for project implementation down to woreda level and took timely corrective measures. Three federal, 20 regional, 139 zonal and 393 Woreda level ADPLAC meetings were conducted to support achieving the set

objectives. A total of 3,431 Farmers Training Centres (FTCs) received support and effectively demonstrated 86 different types of improved technologies and practices in 4911 FTCs. a total of 92,991 demonstrations (of which 35,890 were on female farmers' plots) also conducted on individual farmers' fields. The demonstration enhanced adoption and implementation of improved technologies and practices. This contributed to increased production and productivity as demonstrated that the average crop yield index (crop area weighted yields per hectare) for AGP supported regions has increased from 12.3 to 28.4 taking 2004/05 as base year and 2014/15 the main production season. Enhanced adoption and implementation of improved practices by beneficiary and neighbouring farmers was attained as a result of a total of 28,253 farmers' field days organized and reached a total of 434,118 smallholder farmers (of which 27% were women). Furthermore, a total of 170,552 experts, development agents and smallholder farmers received training in various disciplines focused on crop, livestock and sustainable natural resources management as a result of intensive capacity building efforts supported during AGP-I.

Fourteen soil laboratories (13 regional and 1 federal) were equipped with different laboratory equipment and supplies. Training on soil fertility management related skills was offered to 8,202 Subject Matter Specialists (SMS) of which 1,387 were women, 1,292 Development Agents (DAs) of which 350 were women and 5,198 extension team leaders (1,604 women). Fertilizer blending factories were also constructed in strategic locations. These blending factories are currently providing local level support based on area specific soil test results. In order to effectively promote the use of blended fertilizers, guidelines and 7000 leaflets were produced and distributed to users. Five livestock laboratories, 198 Animal Health Clinics and 572 Animal Health Posts were strengthened with facilities and field equipment's and 3,880 (15 percent women) DAs responsible for animal husbandry services and 11,495 (21% women) smallholder farmers were trained on livestock production and animal health extension. Parallel training of 4,324 community animal health workers (832 were women) was conducted to strengthen animal health services delivery at local level and better animal health services were delivered as a result.

Informal and formal farmers' organizations were supported and/o established to encourage farmers' participation in agribusiness development and agricultural marketing activities. A total of 1285 cooperative employees (187 women) were trained on cooperative guidelines, agribusiness plan development, saving and credit schemes. Training was also provided to 149 (8 female) woreda level experts on CIG Guidelines. As a result, development agents were able to effectively and efficiently support organized farmers. Training was also provided to 2,247 (of which 237 were Females) cooperative employees on commodity value chains, marketing, financial management, price setting, quality of product, pre and post- harvest handling and store management. As a result improved quality of agricultural products and enhanced marketing capacity of farmers' cooperatives and better linked up with local and national market outlets.

Gender mainstreaming trainings were provided to 15,974 people and this facilitated implementation of innovative approaches for promoting women friendly technologies. A total of 22,361 stakeholders were also familiarized with the AGP gender-mainstreaming guideline. The project supported Community Level Participatory Planning (CLPP) and provided refresher training to 27,190 participants. The capacity built during AGP-I helped in better facilitated and timely implemented the CLPP activities during AGP-II.

The project developed criteria for identification of best agricultural practices and validated the criteria through screening the identified best practices in different areas and properly packaging them for further promotion and scaling up during AGP-II implementation. In this connection, a total of 298 agricultural practices were identified and 215 of these were selected as best practices. The selected best practices were demonstrated and experience sharing events in which a total of 12137 beneficiaries participated were organized. This exercise is serving as the basis for the technology scaling up during AGP-II implementation.

Through the FAO TA components of forage development and IPM promotion provided intensive capacity building activities in the form of ToTs and trained a total of 1001 SMS including DAs in the areas of forage development compared to the set targets of 166 SMS/DAs and a total of 1007 SMS on IPM promotion compared to 174 SMS. These training activities were cascaded down to DAs through woreda level experts

and trained 220 hands-on training provided to beneficiary farmers were provided and trained a total of 6256 and 2385 farmers on forage development and IPM promotion following the FFS approach against the set targets of farmers of 1100 and 920 respectively. Enhanced institutional and technical capacities of implementing institutions made possible to effectively and efficiently deliver the required support services to beneficiary farmers. The increased know-how and practical skills developed helped beneficiaries to easily pick up recommendations and improved practices in forage development and IPM approach and integrated them with their farming practices and contributed towards improved forage availability and effectively piloted IPM approach integrated with the overall improved crop management practices. As a result of increased know-how of smallholder farmers integrated pest management techniques and practices including safe use of pesticides reduced pesticide use and associated hazards on the people and the environment.

As an integral part of the capacity building efforts of the FAO TA developed, the “*National IPM guidelines in Smallholder Agriculture in Ethiopia*” and two training manuals focusing on “*Ration Formulation and Feeding Guidelines*” and “*Forage Production*” to support the extension service as training support materials and to be used as references. Development of policies and strategies were also supported through development of “*Forage Production Strategy*”, “*Livestock Extension System for Ethiopia*” and “*Pest Management Support Services Strategy for Ethiopia*”. Best practices identified during AGP-I implementation were incorporated in these technical guidelines and training manuals, which will serve and be used for implementation in AGP-II.

### **1.6.2 Small-scale irrigation infrastructure development and management**

Overall, through the project support increased availability and access to irrigation water as a result of construction of 6,179 SSI schemes with irrigating capacity of 36,261.46ha were completed and transferred to 146,165 households and operational where demonstrated enhanced efficient water management as compared to the total construction work initiated for 6,218 SSI schemes with irrigating capacity of 41,555.46ha. However, the construction of 39 SSI with irrigating capacity of 5,364ha is still on-going and these are expected to be completed during the project extended period up until end of April 2017. In addition, a total of 2,841 mobile irrigation pumps (1,077 motor pumps, 853 rope and washer pumps and 911 money maker treadle pumps) were distributed for the introduction and promotion of new and improved group and household technologies for irrigation water abstraction, conveyance, storage, lifting and application. The use of pumps was demonstrated and increased adoption and use of these technologies.

Training was offered to a total of 37,947 subject matter specialists, Supervisors, DAs and beneficiary farmers on various disciplines of irrigated agriculture and enhanced capacity of professionals at all levels that significantly improved the extension service delivery in irrigated agriculture. Consequently, this has increased know-how and practical skills of beneficiary farmers in irrigated agriculture, which increased area coverage and contributed to enhanced production and productivity of small-scale farmers. To date, 559 micro watersheds covering 217,599 ha were treated with biophysical structures to conserve soil and water and 231 community nurseries were established to support the biological conservation activities. A total of 26 million seedlings of different multi-purpose tree species and fruit seedlings were raised and planted on 9,881ha in selected and protected watersheds. Refresher trainings were offered to a total of 10,093 professionals and smallholder farmers on integrated watershed management related activities.

Construction of 95 feeder roads covering 638.96km were planned and construction completed for 91 subprojects covering 567.4km and construction of 162 foot bridges were also completed during the project period. Training on rural road maintenance and management was offered to a total of 1,302 beneficiaries including 255 women committee members. The rural feeder roads and foot bridges effectively linked up farmers with market outlets and easily transport agricultural produce. Eighty seven primary market centres were constructed to support rural marketing activities. Training was also provided to a total of 637-Market Centres Management Committee members of which 125 women. The enhanced capacity through training and supported market infrastructure have significantly improved and facilitated marketing activities.



### 1.6.3 Project Coordination and management, capacity development and M&E

In relation to project coordination and management, 9 federal, 61 regional and 1862 woreda level Project Steering Committees meetings were facilitated and effectively supported project implementation. In order to strengthen implementation support, 15, 26 and 160 review and planning workshops were facilitated at regional, zonal and woreda levels respectively. Skill upgrading training was provided to 4646 AGP support staff working at various levels. Training provided to a total of 3,400 participants (of which 598 females) drawn from regions, zones and woredas that focused on Environmental and Social Management Framework including climate change adaptation technologies. This was mainstreamed into follow up AGP-I training sessions. These training activities improved screening of projects against Social and Environmental Management Frameworks and effectively implemented the recommended mitigation measures to reduce the negative impacts on the people and the environment.

## 1.7 LESSONS LEARNED AND REFLECTED IN THE PROJECT DESIGN OF AGP-II

The design of AGP-II reflects the current priorities of the GoE to increase agricultural growth. It builds upon the experience gained from the design, implementation of AGP-I and the series of evaluations and assessments conducted at different levels of AGP-I implementation. Therefore, valuable lessons were incorporated to improve design and implementation and maximize the overall impact of AGP-II. The experience and key lessons drawn from AGP-I implementation, are outlined below:

- Under AGP-I, there was good structure of Steering Committees (SCs) and Technical Committees (TCs) established at all levels to provide overall guidance and effectively support project implementation, monitor and evaluate project progress. However, commitment of IAs had been uneven and inadequate coordination among IAs was occasionally observed. The institutional structure for AGP-II is thus, strengthened, including an enhanced role of public institutions at zonal level. In addition, AGP-II activities will be integrated into institutional annual work plans from federal ministries down to DA level to ensure better ownership and accountability for improved project efficiency and effectiveness.
- SSI and HHI schemes can have a transformational impact on households' income and improving food habits through dietary diversification. Initial results showed that these irrigation systems in AGP-I had considerable impact in terms of enhancing crop productivity and adoption of high value horticultural crops. The effectiveness of micro- and household level schemes are related to inexpensive nature and technically straightforward to implement, had been particularly high, and increased allocation of funding for these schemes under the AGP-II is strongly justifiable. In addition, without effective institutions for operation and maintenance, the sustainability of irrigation schemes is threatened. To this end, there is a need for the establishment and strengthening of IWUAs and build their capacity to improve SSI scheme administration and management to ensure equitable water distribution and management among users.
- Capacity development is most effective when it includes rigorous training needs assessments, investing in effective trainers and media for dissemination of knowledge, strong training materials, and ensuring close follow up and a continuation of support. Under AGP-I, capacity development that was restricted to general, one-off, short-term trainings was found to have shortcomings. However, a holistic approach to capacity building can lead to addressing capacity gaps in a more efficient and effective manner.
- Community engagement and participation in planning supports local ownership and the effective allocation of resources. The CLPP approach used under AGP-I had increased sense of ownership among stakeholders, although the experience has been mixed partly because of the lack of expertise (knowledge, skills and information) of facilitators conducting the planning. Under AGP-II, greater attention will be given to how community preferences are combined with other planning mechanisms, such as consistency with woreda level plans and agricultural priorities determined by the ADPLACs.
- A key mechanism for increasing access to services and markets is through support to farmer groups (formal and informal). Supporting CIGs initiatives is complex and requires long-term commitments by group members and support services to maximize the likelihood of sustainability. CIGs are most successful when initiatives are well matched with socio-economic status of members, sound business plans developed, strong market linkages and receiving of strong and consistent management and TA.

- Availability of improved technologies and information are critical to enhance agricultural production and productivity. Limited availability of agricultural technologies, inadequate capacity in multiplying source technologies and limited on-farm pre-extension demonstration of technologies are key problems hindering the availability of technologies to smallholder farmers. Support to the research system was a missing link during AGP-I. The need for concurrent support to technology generation was recognized in due course and incorporated in the design of AGP-II to contribute for increased agricultural productivity.
- Access to and application of agricultural inputs is a decisive factor to improve agricultural productivity and production. In addition to improved seeds, animal breeds and fertilizers, promotion of agricultural machinery for pre and post-harvest activities is required. Strengthening of agricultural input-output markets in Ethiopia is largely dependent on cooperative unions and the agro-input dealer market is small and underdeveloped. There is a potential for strengthening cooperative unions while also enabling greater private engagement in both input and output markets. This is also taken into consideration in the design of AGP II.
- Cross-cutting issues require specific interventions and clear targets to gauge progress as general mainstreaming may result in the neglect of these issues. Cross cutting issues of women and youth development, nutrition, CSA and capacity development need close attention, resource allocation (including staffing) and rigorous monitoring. Mainstreaming needs to be accompanied with specific activities such as women and youth CIGs, deliberate selection of nutrition, gender and climate sensitive technologies as well as capacity development and awareness around these issues. To this end mainstreaming of CCIs into all AGP-II components would be very important to enhance capacity of smallholder farmers to adopt and implement with particular emphasis to the following:
  - ✓ **Gender:** The project shall specifically target women farmers with tailor-made innovations, activities and it is highly relevant to provide technical assistance on creation of gender awareness and capacity building for women and targeting women farmers for specific technologies.
  - ✓ **Nutrition:** Taking the importance of nutrition, it is high time to give, due emphasis to support nutrition interventions in line with the NNP, through diet diversification, i.e.; crop and livestock products using nutrition dense crop and livestock technologies and promoting improved storage and processing of foods and assess nutritional status of households.
  - ✓ **CSA:** Implementation CSA in line with the CRGE strategy through inclusion of climate advisory service into the existing extension system, dissemination of proven CSA technologies and practices, identification of CSA best practices and dissemination, training of actors engaging in CSA and promotion of controlled grazing is also taken into account in the design of AGP-II.

## PART II: SPECIFIC PROPOSAL FOR GAFSP CO-FINANCING

### 2.1. SPECIFIC OBJECTIVES, EXPECTED RESULTS AND TARGET BENEFICIARIES

#### 2.1.1 Project Development Objective

The development objective (PDO) of the second phase of Agricultural Growth Program/Project (AGP-II) to which the GAFSP support contributes is to increase agricultural productivity and commercialization of smallholder farmers targeted by the project. This GAFSP proposal is intended to fill the financing gap required for the implementation of AGP-II and thereby help attain the PDO.

#### 2.1.2 Specific objectives

The AGP-II and thus, the proposed GAFSP co-financing to fill the financing gap will contribute towards the fulfillment of the following specific objectives: (i) sustainably increase agricultural production and productivity of selected agricultural commodities of both crop and livestock, including post-harvest management; (ii) accelerate agricultural commercialization in targeted areas of clusters with the highest potential for production of selected commodities for which Ethiopia has comparative advantages and can stimulate agro-processing, value addition and link up with integrated agro-industrial parks and main market outlets; domestic, regional and international; (iii) increase access and build capacity of smallholder farmers for efficient on-farm water and crop management integrated with sustainable natural resources management; (iv) improve food and nutrition security through dietary diversification, i.e.; crop and animal products and thereby improve the nutritional status of households for an active and healthy life and (v) promote and strengthen adaptive capacity of smallholder farmers to adopt and implement climate change mitigation and adaptation measures through CSA supported activities to sustain agricultural production and productivity with the changing climate to produce enough to feed the people accordingly.

To date, the GoE has secured financing for 89% of the required budget of supporting a total of 157 targeted *woredas* (districts) under the AGP-II. The proposed GAFSP co-financing would fill the financing gap of AGP-II to ensure the achievement of the set objectives. Overall, the GAFSP support to AGP-II will contribute to the achievement of the sustainable development goals (SDGs), addressing hunger, malnutrition, and poverty reduction through increased agricultural production and productivity of smallholder farmers by integrating with sustainable natural resources management. The support will also contribute to strengthen partnerships and the implementation of the Paris Declaration on Aid Effectiveness. To this end, the Government led coordination platform of the RED&FS SWG, which is put in place as a framework to effectively communicate, harmonize and align development efforts to support country-led long-term development plans, of which the AGP is one of the main pillars aligned to and supporting the first two PIF strategic objectives (SO<sub>1</sub> and SO<sub>2</sub>) to achieving a sustainable increase in agricultural productivity and production and accelerate agricultural commercialization and agro-industrial development contributing towards achieving GTP-II targets to realize the middle income status of the country by 2025.

#### 2.1.3 Target beneficiaries and areas

The project will target smallholder farmers who own one hectare of land on average and are actively engaged in agricultural activities in 157 selected *woredas* in Amhara, Oromia, SNNPR, Tigray and the newly added regions (Benshangul-Gumuz, Gambella, Harari, and Dire Dawa City Administration). The AGP-II *woredas* include all the 96 *woredas* targeted under AGP-I and 61 new ones. The total target number of direct project beneficiaries is 1.6 million smallholder farmers targeted by the overall AGP-II. These will include: farmers hosting on-farm demonstrations, farmers in Common Interest Groups (CIGs) and primary cooperatives supported by the project, farmers benefiting from SSI and HHI including Irrigation Water User Associations (IWUAs), and farmers in Farmer Research Extension Groups (FREGs) and farmers to be involved in Farmer- Field School (FFS) for promotion of IPM approach and same could be applied for other interventions. In addition, the project will reach a significant number of indirect beneficiaries, including household members and farmers benefitting from improved access and quality of public agricultural services (including agricultural extension and animal health services), farmers adopting new technologies

as a result of the project, and farmers benefiting from improved input and output markets. The project will also specifically target women farmers with tailor made innovations, activities and technical assistance (TA). The target proportion of female direct beneficiaries will be 40 percent (which is equivalent to 640,000 both female headed households and married females).

The project will be implemented in selected *woredas* with relatively high potential with better rainfall and good soil fertility status. These *woredas* given the required support through AGP-II will have considerable contribution to agricultural growth. Overall, the AGP-II will cover a total of 157 *woredas* including all the 96 *woredas* covered during AGP-I and 61 newly added ones. The *woredas* are distributed across the seven National Regional States and one City Administration, namely; Amahara, Oromia, SNNPR, Tigray and the newly added regions of Benishangul-Gumuz, Gambella, Harari and Dire Dawa City Administration. The actual project implementation will be managed by the local level administrations of the 157 target *woredas* and 4052 kebeles (list and location map of AGP-II supported *woredas* attached in annex III).

**Targeted Priority value chain commodities:** Key agricultural commodities both for crop and livestock were identified using a value-chain approach for each of the proposed AGP clusters and regions, based on the following criteria: (a) importance of potential marketable production; (b) number of low income farmers involved in producing the given commodity; (c) potential or capacity of the commodity under consideration to increase household profitability; (d) potential to increase productivity/production in a sustainable manner and reduce production risk; (e) large difference between farm-gate and regional market prices; (f) potential for labor absorption in the value chain; (g) potential for foreign currency earning or import substitution; and (h) spillover effects into neighboring *woredas*. However, participating producers will be free to select key products in their respective areas other than those key commodities of focus. Accordingly, the selected major crops for interventions are teff, barley, wheat, maize, sorghum, faba beans, sesame, chickpeas, coffee, fruits and vegetables (onion, tomatoes, and potatoes). The key livestock products selected are poultry (meat), honey, cattle milk, cattle and shoats (meat). An index will be developed based on the selected commodities and the current list of products both for crop and livestock will be further defined.

**Links with the overall sector strategy and investment plan:** Overall, the PDO of AGP-II fits into the country's CAADP Compact and the PIF goal of increasing food and nutrition security. It directly meets three of the four key objectives of the national food security strategy, i.e.; increased agricultural productivity and production, sustainable conservation and utilization of natural resources (food availability) and increased smallholder farmers' income to have a better access to food. In addition to the mainstreaming of nutrition interventions in AGP-II, the remaining element of food security- food utilization and stability are also expected to be met by parallel programs in the AGP *woredas* such as through the NNP, PSNP, SLMP and Protection of Basic Services Programme (PBSP) and these will ensure synergy and maximize impacts.

The project is also intimately linked to the country-wide strategy to guide development efforts of the ADLI, which is a central pillar of economic policy and the consecutive five year plans. The ADLI focuses on increasing production and productivity as the top priority, recognizing the importance of the smallholder farming, the high prevalence of rural poverty and the large productivity gap, due to limited capacity of smallholder farmers' to adopt and implement improved agricultural technologies integrated with other agricultural inputs. It is in line with this that the first and second generations of AGP are designed to be strongly aligned with the first and second GTPs aimed at enhancing agricultural production and productivity of smallholder farmers to contribute achieving the middle income status by 2025. The project is also focused on promotion and use of proven CSA technologies/practices, nutrition and gender sensitive interventions in line with CRGE strategy, the National Nutrition Strategy and the strategy of integration of gender as an essential component in development endeavours of the GoE respectively.

The project is also consistent with the Five Principles of the Rome 2009 World Summit on Food Security including: country led, fully integrated into a national strategy, following a twin-track approach of food security and sustainable agricultural production, based on strong Government led donor partnerships

arrangements and taking the Agricultural Growth Program (filling the financing gap) a long-term and sustainable approach, underpinned by high and rising public expenditure for agriculture.

**PDO Level Results Indicators:** The following indicators will be used to measure progress towards achieving the PDO: (i) Percentage increase in yield for selected crops including forage crops in targeted households (disaggregated by total households (THH) and female headed households (FHH)); (ii) Percentage increase in yield for selected animal products in targeted households (disaggregated by THH and FHH); (iii) Proportion of production sold by targeted households for selected crops (disaggregated by THH and FHH); (iv) Proportion of animal products sold by targeted beneficiaries for selected products (disaggregated by THH, FHH and married females); (v) Number of direct project beneficiaries.

However, it is also important to note that in addition to the main indicators to measure progress towards achieving the PDO, it also includes tailored indicators to capture progress and results in terms of the effectiveness and efficiency in linking up production of selected commodities with markets and the capacity built across the value chains, quality of capacity development supported and strengthened capacity in M&E, as well as attitudinal changes towards effectively mainstreamed gender, nutrition and CSA interventions and tracking of the progress through a consistent disaggregation across relevant indicators. A detail of the Result Framework is attached in annex I.

## 2.2 JUSTIFICATION AND RATIONALE FOR GAFSP CO-FINANCING

The growth rate of the agriculture sector in effectively reducing poverty as compared to the growth of the other sectors like industry and social sectors is two to four folds. It is therefore, imperative that agriculture and food security sectors are supported in order to help boost agricultural productivity and production to ensure food and nutrition security and increase income of smallholder farmers that form the basis of Ethiopian Agriculture and the PIF. To this end, aggressive promotion of improved crop and livestock production technologies and practices are crucial elements not only for improving food and nutrition security and increasing farmers' income but also for reducing GHG emissions by integrating cross-cutting issues like gender, use of proven climate- smart agriculture technologies/practices and nutrition sensitive interventions through the green growth development path of Ethiopia manifested in the CRGE strategy.

The AGP-II is a major pillar supporting GTP-II implementation. It aims to increase agricultural productivity and commercialization smallholder farmers targeted by the project through supporting agricultural investment and scale up best practices in areas with high agricultural potential. The AGP-II like its successor focused on scaling up of best practices and technologies with a proven track record in the country to reach a vast majority of smallholder farmers in wider geographic areas. Taking into consideration the importance of generating and demonstrating appropriate agricultural technologies, agricultural research has been given, due emphasis and incorporated in the design and implementation of AGP-II to contribute towards increasing agricultural production and productivity. The programme will also identify market opportunities and stimulate linkages of agro-enterprises and cooperative unions with domestic, regional and international market outlets. The AGP-II is designed to expand small-scale irrigation infrastructure to increase availability and access to and improve efficient on-farm water and crop management, which will significantly reduce the variability in agricultural production and will enable smallholder farmers to take advantage of new and more profitable opportunities in irrigated agriculture. The AGP-II will also promote well- coordinated donor support for agriculture; implementing performance based monitoring and evaluation system and greater effectiveness in the policy dialogue. Furthermore, in integration with AGP-II, due emphasis will be given to strengthen technical assistance in capacity building in more specialized areas and cross-cutting issues such as climate-smart agriculture, nutrition and gender-sensitive interventions.

The GoE has decided and developed this proposal to fill the financing gap, instead of a standalone project. The justification for contributions into a concerted effort to implement a more comprehensive and holistic project with mutually supporting components has been proven from earlier experience to be more cost effective and efficient. The agriculture and food security sector is more complex and is the mainstay for the

majority of the rural population of Ethiopia. In recognizing the importance of smallholder subsistence agriculture, the GoE has given top priority in its development agenda to increasing productivity of smallholder agriculture and gradually transforming the sector into commercialization where farming is practiced as a business, adopting more sustainable natural resource management practices to arrest and reverse environmental degradation, sustain ecosystem services. This is in line with the main focus of GAFSP, which is designed to fund strategic and innovative country-led long-term agriculture and food security investment plans to increase income, food and nutrition security in low-income countries like Ethiopia by boosting agricultural production and productivity. The GAFSP co-financed AGP-I with US\$51.5 million as a gap financing including the FAO TA of US\$1.5 million. This GAFSP fund was efficiently and effectively utilized for the intended purpose with significant and synergistic performance and attained the set targets. In particular, the capacity building activities supported through the TA component surpassed the set targets in most cases. The achievements of AGP-I implementation served as a basis to kick-start AGP-II timely implementation. This would enable the GoE to capitalize on the experience and lessons learnt from AGP-I to smoothly continue AGP-II implementation. AGP-II can as a result reach more smallholder farmers in a wider geographic area and enhance agricultural production and productivity, establish effective linkage with market and accelerate agricultural transformation. This will maximize the cumulative impacts of AGP-II in contributing to the overall agricultural growth in a more effective way and strongly aligned with GTP-II.

The agricultural development strategy of Ethiopia focuses primarily on encouraging smallholder agriculture, which is responsible for more than 90 percent of total production. Large scale investment in commercial agriculture is also encouraged. To increase agricultural productivity of smallholder farmers and their transformation to commercial agriculture requires strengthening agricultural support services and infrastructure development and private investment to support input and output value chains (VCs) is also highly encouraged. To drive this transformation, the government is focusing to provide strategic support to key commercialization clusters targeting areas with the highest potential for agricultural production of selected commodities for which Ethiopia has a comparative advantage and can stimulate agro-processing and value addition for increased income and improving the living standard of smallholder farmers.

Despite the large investment into public agricultural services, especially extension, which has seen a rapid rise in the number of extension workers and beneficiaries served, there are capacity weaknesses which continue to inhibit the identification and dissemination of technologies to support increased agricultural production and productivity. Strengthening research and extension linkages, further expansion and capacity of the extension service and enhancing farmers' access to agricultural inputs and link up with markets required concerted efforts and support to strengthen the extension system delivery and support investments for agricultural input-output market infrastructure development.

Limited availability of technologies, inadequate capacity for source technology multiplication and limited on-farm pre-extension demonstration of technologies are key constraints hindering the availability of technologies to farmers. It is thus, imperative to accelerate the release of technologies (crop, livestock, NRM, agricultural mechanization, post-harvest management, etc.), adopt appropriate technologies from elsewhere, demonstrate released technologies from the research system, and develop demand-driven agricultural technologies tailored to specific agro-ecologies and socio-economic conditions of the farming community to enhance agricultural production and productivity.

Agricultural water development and management is crucial to improve smallholders' livelihoods, since irrigation can help farmers increase their crop diversity with high value crops and enable multiple cropping seasons. To this end, Household Irrigation (HHI) as well as medium- and large-scale schemes will be an important strategy to achieve the set targets in the current GTP-II, in combination with exploring and developing groundwater potential to sustainably increase production and productivity of irrigated agriculture.

Furthermore, mainstreaming of cross-cutting issues in AGP-II such as gender, CSA and nutrition need to be given due emphasis to benefit women and improved female friendly technologies and innovative practices,

integrate nutrition dense products into daily diet of rural communities and sustainably increase productivity with the changing climate.

The rationale for the GAFSP Financing would, therefore, be to finance activities to scale up best practices using the coordination mechanisms established during AGP-I and through parallel initiatives to maximize synergy, increase impacts and enhance project effectiveness. The GAFSP Grant Financing would support all the five AGP-II components and activities by filling the financing gap. These include: (i) Agriculture Public Support Services including scaling up of best practices of the FAO TA to AGP-I, integrated pest management (IPM) and livestock production/forage development, (ii) Agricultural Research, (iii) Small-scale Irrigation; (iv) Agricultural Marketing and Value Chains Development, and (v) Project Management, Capacity Building and M&E including the FAO technical assistance to be integrated to the AGP-II. All the five components of the AGP-II proposed to be co-financing by GAFSP are interlinked and complement each other to realize the set PDO and are in line with the objectives and priority intervention areas of GAFSP.

Therefore, the proposed GAFSP co-financing to fill the financing gap of AGP-II will have significant importance to support AGP-II, which is one of the key pillars to contribute to achieving of the set targets of GTP-II where reflected and incorporated prioritized investment plans of Ethiopia.

## 2.3 PROJECT DESCRIPTION – ACTIVITIES TO BE FINANCED

The proposed GAFSP fund is expected to fill the financing gap of AGP-II addressing all the five inter-related components of AGP-II described above. The AGP-II has a financing gap of US\$ 55.3 million, of which US\$ 52.3 million is required to support activities that are to be performed using the pool fund including the investment costs covered by IDA resources and parallel funding arrangements and the remaining US\$3.0 million is required for the FAO TA to be aligned to AGP-II to scale up of best practices identified in the areas of IPM and livestock/forage development activities gained in the smallholder agriculture based on the experience and lessons learnt during implementation of TA to AGP-I and focus will be given to promote CSA, nutrition and gender-sensitive interventions to be mainstreamed with all the AGP-II components.

### 2.3.1 Project Components

#### **Component 1: Agricultural Public Support Services (US\$129 million, of which US\$98.26 million IDA):**

This component aims to increase access to public support services to smallholder farmers. The project including an additional GAFSP funding of US\$10.5 million to this component will support institutional strengthening focusing on ADPLACs, public support services delivery and scaling up of best practices.

#### **Sub-component 1.1: Institutional Strengthening and development**

This sub-component will give emphasis on provision of improved agricultural public support services to make more effective, efficient and demand-driven. These include the following:

(i) **Strengthening of Agriculture Development Partners' Linkage Advisory Councils (ADPLACs):** Due emphasis will be given to support identification of local priorities for public services through the establishment, operation and strengthening of ADPLACs, and linkages to other planning mechanisms including community consultation and local level strategic planning. A total of 70 (4 regional, 5 zonal and 61 woreda level) ADPLACs will be established/strengthened to effectively coordinate and facilitate dissemination of technologies and innovative practices across the value chains including post-harvest management to reduce post-harvest losses. In this regard, a total of 1940 (10 federal, 76 regional, 345 zonal and 1,509 woreda level) planning and review meetings will be conducted and the guideline for ADPLAC will be reviewed and updated in order to properly guide the facilitation process to effectively support project implementation, M&E activities.

(ii) **Strengthening/Supporting public advisory service delivery:** This emphasis on strengthening/supporting public advisory service delivery including agricultural extension, crop production and plant health including promotion of IPM techniques integrated with crop management and promoting

post-harvest management to reduce post-harvest losses., animal production and health services, including forage development integrated with strategically selected livestock production systems such as dairy farming, fattening and enhancing crop-livestock integration (through improved crop residue management for livestock feeding and enhancing soil fertility, integration of fish-poultry-vegetable crops production), soil fertility management, agricultural mechanization, improved on-farm water and crop management for high value irrigated crops and post-harvest management of crops including supporting value addition. This would include supporting the construction, rehabilitation as well as equipping of public facilities for local agricultural service providers at kebele and woreda levels, including 2815 Farmer Training Centers (FTCs), 800 Animal Health Clinics/Posts, procurement of 3591 motorcycles and 8098 pedal cycles for effective mobility of woreda and FTC levels service providers and promotion and demonstration of appropriate technologies and practices in all 2815 FTCs and model farmers fields, including for agricultural mechanization in selected FTCs; establishing/strengthening national and regional agriculture public support facilities (Soil Laboratories, Plant Health Clinics, etc) and strengthening capacity of agriculture public service providers through training and human resources development (DAs, Animal Health Workers).

In order to build the capacity of agricultural extension staff for effective and efficient extension service delivery, training will be provided to a total 450 federal and regional level SMS, 20 SMS per woreda, 4 DAs per FTC and 100 farmers per FTC will be trained twice a year during project period. By the end of the project period, a total of 1,530,000 targeted smallholder farmers (40% female) will have adopted improved technologies and practices promoted by the project for enhanced production and productivity and reduced post-harvest losses. Furthermore, to enhance communication and timely information exchange a total of 201 offices will be connected to IT services (1 federal, 8 regional, 35 zonal and 157 woreda level offices).

Support will be provided for 4 modern queen rearing demonstration and training centres, one fish hatchery unit, 4 dairy herd performance recordings and 5 electronic data management system will be established. In the area of animal health services 16 national and regional laboratories, 61 animal health clinics and 753 animal health posts and 157 Woredas animal disease information systems will be strengthened. In addition, 7 bull semen collection kits on reproductive health management will be purchased for NAIC.

In order to enhance crop production system and plant health support services a total of 96 fruit nurseries will be strengthened, 35 new fruit nurseries will be established, a total of 870 SMS and 4,710 DAs will be trained on improved crop management packages, 9 plant health clinics and 15 plant quarantine stations will be strengthened, 1 international standard pesticide laboratory will established and equipped, 1 plant protection laboratory will be equipped and 12 seed analysis laboratories will be equipped.

In the area of natural resources management local level land use plan will be prepared in selected kebeles/community watersheds in all 157 program woredas. These watersheds will be equipped with hand tools to support seasonal SWC works. In addition, support will be provided to strengthen 19 soil testing laboratories to enhance soil mapping activities to support soil fertility management practices.

For promotion and strengthening of agricultural mechanization services the following interventions will be supported: (i) development of standards to mechanization technologies, (ii) conducting 30 training sessions on manual pump manufacturing, (iii) oorganization of 50 operators & maintenance service providers, (iv) technical support to 30 producers and distributors of agricultural tools and machinery, (v) training 50 private sectors on agricultural machinery and (vi) demonstration of different agricultural mechanizations technologies on selected FTCs.

### **Sub-component 1.2: Scaling up of best practices**

Support will be provided in the scaling up of “best” practices of agricultural technologies and management practices in agricultural production and post-harvest activities and including identification, validation and verification of local practices. The GAFSP support will align and maintain integration with parallel initiatives



to increase synergy and maximize impacts in capacity building for scaling-up of evidence-based best practices in agricultural production. Screening of technologies will include systematic assessment of nutrition, gender-impact and contribution to climate-smart agriculture. In addition, best practices identified and documented during the implementation of GAFSP supported FAO TA aligned to AGP-I in the areas of IPM practices and forage production will be scaled up to a wider geographic areas to be adopted and implemented in all AGP-II supported woredas using the established capacity during AGP-I and with special attention to needs-based capacity building support to the newly added woredas and regions. In order to reduce the negative impacts of livestock on watersheds, emphasis will also be given to further promote the good practices initiated and successfully implemented during AGP-I under the livestock/forage development component in the pilot woredas in integrating multipurpose tree species including forage tree species into selected watersheds. Multipurpose tree species will have an important role to play as biological soil and water conservation measures to conserve soil, enrich soil organic matter and increase water infiltration into the soil and enhance soil fertility, improve forage availability for livestock feeding through cut and carry system for increased agricultural production and productivity.

The FAO TA will also focus on capacity building to implementing institutions at all levels including project beneficiaries' to adopt and implement proven CSA, nutrition and gender sensitive interventions that will be mainstreamed into all the AGP-II component activities.

Overall, to effectively and efficiently scale up of best practices the following capacity building activities will be supported: (i) 2,010 SMS and 16,196 DAs will be trained on methods of identification and compilation of best practices, (ii) 8,040 SMS and 64,784 DAs will be trained on implementation of best practices, (iii) identification and documentation of 40 federal, 320 regional and 6,280 Woreda level best practices to be scaled up during the project period, (iv) organizing 1,012,250 best practice demonstrations, (v) organizing field-oriented knowledge sharing events for 15,075 SMS and officials, 80,980 DAs and 1,000,000 smallholder farmers and (vi) providing audio visual aid facilities to regions and new AGP Woredas.

**Component 2: Agricultural Research (US\$51.4 million, of which US\$49.92 million IDA).** The agricultural research component was a missing link in AGP-I. This is incorporated in the design of AGP-II to contribute to increasing agricultural production and productivity. The objective of this component is to generate and avail demand-driven agricultural technologies, which directly link with other components. To this end, the project including the US\$1.48 million GAFSP fund will support technology adaptation and generation, pre-extension demonstration, support to source technology production and capacity building to professionals in the research system to enable them to effectively respond to emerging research needs and training of extension staff on pre-extension demonstration of improved technologies and practices.

#### **Sub-component 2.1: Technology adaptation and generation**

This sub-component will focus on identification of prioritized technologies and the release of technologies to the agricultural extension system through: i) the release of selected technologies in-pipeline, including crop varieties and management practices, poultry breeds, forage crops, irrigated crop management, acid soil and vertisol management, integrated nutrition crop management, and soil and water conservation technologies; and ii) delivery of a research program based on criteria including farmer demand, technology readiness, VC priorities and relevance to cross cutting issues (nutrition, gender and CSA). By the end of the project, a target of 280 new technologies would be promoted.

#### **Sub-component 2.2: Support to pre-extension demonstration and Participatory Research Schemes**

This sub-component will support the adaptation and generation of proven agricultural technologies through assisting in pre-extension demonstration; participatory research programs, and establishing and strengthening 700 FREGs and training 224 experts on pre-extension demonstration activities.

### Sub-component 2.3: Support to source technology production

This sub-component will support the production of source technologies, including the production and multiplication of 185.9 tons breeder and pre-basic seeds for major crop varieties, 550,000 cuttings, 150,000 seedlings, 3,250,000 disease and insect free tissue culture, production of source livestock and forage technologies (8.3 tons forage seeds, 4,650,000 forage cuttings and 5000 chickens, 240 dairy heifers, 2,000,000 fingerlings and 2000 improved small ruminants multiplied and distributed) and multiplication of land and water resources management technologies. A target of 6,290 quintals of breeder and pre-basic seed would be produced. A total of 400kg of biofertilizers and 400,000 multipurpose tree species seedlings multiplied and distributed including 2500 agricultural implements (mechanization technologies).

Development of agricultural research capacity development will be given, due emphasis to enable both national and regional research centers to effectively respond to emerging critical research needs, including for increased focus on high value crops and training of extension staff on pre-extension demonstration improved technologies and practices.

**Component 3: Small-scale irrigation (US\$218.6 million, of which US\$158.36 million IDA):** This component aims to increase area and productivity of smallholder irrigated agriculture through increased access to irrigation water and technically supported for efficient on-farm water management and improved agronomic practices. The GAFSP funding will co-finance US\$20.0 million to support this component. The key interventions/activities to be financed under this component including the GAFSP funding are categorized under two sub-components: (i) SSI infrastructure development and improvement and (ii) improved on-farm water and crop management.

#### Sub-component 3.1: SSI infrastructure development and improvement

This sub-component emphasis on increasing availability of and access to water for irrigation through: (i) rehabilitation, upgrading and/or improving existing SSI schemes to enhance irrigation efficiency and performance; (ii) development of new SSI schemes and access roads as appropriate to improve accessibility to services and markets; (iii) establish and promote micro and household irrigation systems (MHIS) including through providing water harvesting and water saving technologies. The intervention envisages bringing a total of 55,000 ha under irrigation through constructing and/or rehabilitating household irrigation systems and improving availability of irrigation water for 226,206 farmers (87,553 women farmers). A total of 1,100 MHIS demonstration will be established and field days on improved on-farm water and crop management practices will be organized. It is also envisaged to train a total of 464 irrigation engineers on SSI study and design. A total of 4,207 MHIS will be established.

#### Sub-component 3.2: Integrated crop and water management

Support will be provided in establishment and/or strengthening of 400 IWUAs and training of 3,500 members of IWUAs on leadership, irrigation water and crop management practices at least for 7 days to promote efficient scheme administration and management and thereby improve water management services. This includes demonstrations on on-farm water and crop management to increase production and productivity of irrigated agriculture. In this regard 500 on-farm demonstrations on improved agronomic and water management established and conducted; 500 field days and 50 farm exchange visits/ tours shall be organized on demonstrations and 25,000 (7,500 female) farmers participated on the field days.

Training will be provided to a total of 3,000 professionals to improve their theoretical knowledge and practical skills and thereby bring about attitudinal changes to enable them provide effective irrigation extension service. Similarly, building of adaptive and resilience capacity of smallholders to climate change will be addressed by improving soil health (reducing salinization) improving soil fertility management, promoting crop rotation, diversifying crop varieties to improve nutrition and at the same time to reduce the likely damages by crop pests. Intensive capacity building on CSA and nutrition sensitive interventions will

be provided to implementing institutions at all levels including project beneficiaries to effectively and efficiently mainstream under this component. In this connection, a total of 10,000 smallholder farmers will be trained on irrigated agriculture in order to enhance their know-how and practical skills.

**Component 4: Agricultural marketing and value chains (US\$120 million, of which US\$ 15.45 million IDA):** This component aims to commercialize smallholder farmers through increased access to agricultural inputs and output markets by supporting selected crop-livestock value chains and market infrastructure development and management. The project with an additional US\$16.02 million of GAFSP funding will support: (i) Support Agricultural Input Supply System, (ii) Farmers Organization/Cooperatives, (iii) Support Agribusiness Development and (iv) Market Infrastructure Development.

#### **Sub-component 4.1: Support Agricultural Input Supply System**

The promotion and distribution of agricultural inputs, specifically seed through support to Community Based Seeds Multiplication and Forage Production Groups (CBSPs) and the scale up of direct seed marketing; and strengthening the input tracking system; strengthening the input and output marketing regulation and certification will be supported under this sub-component.

Under this sub-component the following key interventions will be supported: (i) 341 Community-based crop and forage seed production groups will be established, (ii) 1,194 Community-based crop and forage seed production groups will be strengthened, (iii) 25 woredas supported in establishing direct input supply system, (iv) in 75 woredas IT based input tracking system will be established, (v) 30,000 new poultry parental stocks purchased and distributed, (vi) 4 new liquid nitrogen production plants will be established, (vii) 17 liquid nitrogen production plants will be strengthened and (viii) 5 refrigerated truck for semen distribution will be purchased and distributed to semen multiplication centers.

#### **Sub-component 4.2: Support to farmers organizations**

Under this sub-component support to farmers organizations will be given, including formal farmer organizations (Unions, Primary Cooperatives) and informal, commercially oriented farmer groups (informal groups establishment would be focused on women and youth groups- 3,236 CIGs established and 11,408 CIGs strengthened). The project would support business plan preparation and implementation, including through the provision of equipment and inputs to qualifying groups. Service providers, including the cooperative agencies, would receive capacity support and experience sharing for a total of 586 FCUs Boards of Directors, managers and employees. A total of 50 RUSACCOs will be established and strengthened. Improved access to credit for a total of 4,916 cooperatives (both rural savings and credit cooperatives (RUSACCOs) and Micro-finance Institutions (MFIs) would be facilitated. A total of 3,236 women and youth farmer groups would be supported under the project.

#### **Sub-component 4.3: Support Agribusiness Development**

The strengthening of selected livestock and crop VCs, to be identified through a market analysis process, including a range of activities including TA to cooperatives and market buyers (including processors and exporters), linkages between VC participants, including from importing markets (such as participation in trade shows); competitive matching grants and innovation grants. This sub-component will be financed through a parallel financing mechanism funded by USAID.

The key interventions under this sub-component are: (i) support to the coordination of V.C actors through establishment of MSP at Federal and regional level, (ii) technical support to strengthen competitive agribusiness actors provided, (iii) innovative and competitive grant to Agri-business actors provided and (iv) domestic & International trade fair and exhibition organized.

#### Sub-component 4.4: Support Market Infrastructure Development and Management

Under this sub-component support will be provided to market infrastructure development and management including foot bridges. Accordingly, the key interventions include: (i) 55 primary markets, 44 Milk & Honey collection and processing centers and 32 market shades will be constructed; (ii) 100 stores for FPCs and 35 warehouses for FCUs will be constructed; (iii) 61 small bridges will be constructed; (iv) 4 regional and 1 federal market information systems will be developed and equipped;

**Component 5: Project Management, Capacity Building and M&E (US\$62.8 million, of which US\$28 million IDA).** This component aims to ensure project implementation, effective monitoring and evaluation (M&E) of results and effective capacity development. The GAFSP funding will co-finance a total of US\$7.3 million, of which US\$4.3 million earmarked for project management, capacity building, M&E activities and the remaining US\$3.0 million will be used for the FAO TA to the AGP-II to scale up of best practices of IPM promotion, forage development and supporting promotion of CCIs.

#### Sub-component 5.1: Project Management and Implementation arrangements

This sub-component is to oversee the overall project management and coordination to effectively and efficiently implement all the project components. The key interventions under this sub-component include (i) financing the staffing of federal, regional and woreda coordination units (CUs) and Steering Committees (SCs); (ii) Procurement, Financial Management (FM), safeguard functions and communication; (iii) capacity development for core functions and for cross-cutting issues; and (iv) purchase of goods and equipment to support project management and implementation. Accordingly, 10 Station Wagons and 82 Double cabin vehicles and Office equipment (such as computers, LCDs, Photocopiers, printers, etc.) will be purchased and distributed to 77 offices down to project woreda levels.

The project will be implemented under the overall guidance of a multi-disciplinary Project Management Unit (PMU) already established at federal and regional levels. Focal persons are assigned at zonal and woreda level. The project will be implemented at all levels using the existing structures put in place and effectively utilized during AGP-I. The project will also support key institution building activities through outsourcing, particularly for those activities beyond the capacity of project staff and require specialized expertise. The PMU is responsible for day to day management of the project. In particular the federal PCU is well staffed with a Project Coordinator (PC), Procurement Specialists, M&E Specialists, Project Accountants, Senior Irrigation Engineers, Crop Production Expert, Safeguard Specialist, Gender Specialist and other supporting staff recruited on competitive basis (for details staff compositions see annex V). The overall project management is highly integrated with the regular government structures for key decision making functions.

#### Sub-component 5.2: Monitoring and Evaluation

The project M&E system is already established during implementation of AGP-I to enable the Project Management Unit (PMU), Higher Management of the MoANR and MoLF and other key stakeholders to track project implementation using results-based logical framework indicators and targets. This sub-component aims to ensure project implementation, effective M&E of results and a consistent and effective approach to capacity development, the project would support: The project would support:

- (a) Project management and coordination, including (i) financing the staffing of federal, regional and woreda coordination units (CUs) and Steering Committees (SCs); (ii) procurement, Financial Management (FM), safeguard functions and communication; (iii) capacity development for core functions and for cross-cutting issues; and (iv) goods and equipment to support project management and implementation.
- (b) Monitoring, evaluation and learning, including (i) evaluation of outcomes and impact; (ii) gender impact evaluation (iii) regular monitoring of project inputs, outputs, selected outcomes and processes; (iv) safeguards monitoring; (v) internal learning and participatory M&E; and (vi) building capacity for planning and M&E.

- (c) Capacity Development Support Facility (CDSF), which will provide technical support to all human capacity development, throughout the project in order to (i) improve the quality of capacity development interventions; and (ii) strengthen the institutional capacity of Implementation Agencies (IAs). Note that this sub-component would be financed through a parallel financing provided by Department of Foreign Affairs, Trade and Development of Canada (DFATD).

Accordingly, 20 Federal, 160 regional, 700 zonal and 9,420 woreda implementation support and follow up (technical mobile team) will be conducted.

### **Sub-component 5.3: Capacity Building for cross-cutting issues**

The objective of this sub-component is to increase the theoretical knowledge base and develop practical skills of professionals at all levels including DAs and beneficiaries to facilitate effective implementation of the project as an integral part of the long-term programs and parallel initiatives to ensure synergy and maximize project outputs. Once smallholder farmers are capacitated, they would be able to adopt and apply improved technologies and practices and consequently, promoting farming as a business.

A total of 15,676 federal, regional and woreda level experts on CLPP (refresher and awareness creation) 148 regional and zonal, 996 woreda SMS and 30,000 Community leaders/representatives will be trained.

The Capacity Development Support Facility (CDSF) will provide technical support to all human capacity development, throughout the project in order to improve the quality of capacity development interventions; and strengthen the institutional capacity of Implementing Agencies (IAs). This sub-component will be financed through a parallel financing provided by Department of Foreign Affairs, Trade and Development of Canada (DFATD). The Canada Government through DFATD allocated a total of US\$12.0 million for supporting human capacity development through CDSF.

To mainstream CCIs, it would be very important to enhance capacity of smallholder farmers to adopt and implement proven CSA technologies and practices and nutrition-sensitive interventions. To this effect:

- ◆ **Gender:** The project will specifically target women farmers with tailor-made innovations, activities and provide technical assistance on creation of gender awareness and capacity building for women and targeting women farmers for specific technologies.
- ◆ **Nutrition:** The project will support nutrition interventions in line with the NNP, through the diversification of crop and livestock production- identification, validation and dissemination of nutrition dense crop and livestock technologies and promoting improved storage and processing of foods and awareness of nutritional issues.
- ◆ **CSA:** Implementation of CRGE strategy will be supported through inclusion of climate advisory service into the existing extension system, dissemination of proven CSA technologies and practices, identification of CSA best practices and dissemination, training of actors engaging in CSA, promotion of controlled grazing and establishment of plots of permanent forages for direct grazing.

As stated above, human resources development and institutional capacity building will be addressed at strategic levels through the Capacity Development Support Facility being financed by DFATD. However, specialized capacity building support focusing in the areas of IPM promotion, Livestock and forage development, CSA and nutrition-sensitive interventions will be supported by the FAO TA sub-component. The FAO technical assistance will be aligned and implemented with the overall AGP-II activities.

The FAO TA sub-component will support the following key interventions:

- ◆ Awareness creation and policy advocacy with government officials, key stakeholders at all levels on forage development and its integration with watershed management and key livestock production systems, promotion of IPM techniques and practices integrated with crop management practices,

designing of appropriate strategies for promotion of proven CSA and nutrition-sensitive agriculture and mainstreaming of gender-sensitive interventions with all the AGP-II components;

- ◆ Providing capacity building support through provision of ToTs to senior professionals at federal and regional with particular focus on forage development, promotion of IPM techniques and practices, promotion of proven CSA, nutrition-sensitive agriculture (NSA) and gender-sensitive interventions to effectively mainstream cross-cutting issues (CCIs) into all the AGP-II components;
- ◆ Providing technical support to scaling up of best practices through demonstration of improved technologies on forage development, establishing and strengthening of IPM-FFS for promotion and strengthening of IPM implementation and promote proven climate-smart agriculture technologies and practices in selected FTCs, CIGs and individual farmers' plots.
- ◆ Support capacity building in improved on-farm water and crop management and scheme administration and management to ensure equitable irrigation water distribution to its users.

### **FAO Comparative advantage for provision of technical assistance**

FAO is the lead UN agency in agriculture and food security, possesses the required technical expertise and rich experiences in the area agriculture including crop, livestock, natural resources management, forestry, climate change and nutrition. FAO has the internal capacity, long years' of experience and skilled staff to provide the required technical assistances in these areas. To date it has been providing substantial support to rural communities and the GoE in various sectors of agriculture, livestock and fishery, natural resources management, forestry, climate change, nutrition and policy advisory support.

The FAO Ethiopia Country Office is now strengthened and well represented both at country and regional levels through functional FAO field Offices in six Regional States, i.e.; Amhara, Oromia, SNNPR, Tigray, Afar and Somali to closely support regional governments in coordination and field level implementation of interventions. An example in this regard is what was demonstrated through the technical assistance provided by FAO to the AGP-I on forage development and promotion of IPM. The TA provided was very well aligned with and implemented successfully during AGP-I implementation period.

FAO enjoys several advantages compared to other potential implementers:

- ◆ FAO is a world-wide organisation for knowledge generation, development and sharing and specialized in policy advocacy and technical cooperation to its member nations. FAO has rich experiences worldwide including in Ethiopia in developing and documenting best practices in sustainable crop production IPM, livestock/forage development, implementation of CSA, agricultural water management and implementation of nutrition-sensitive agriculture. Lessons learned from different supports provided in the implementation of projects at field levels including the recent GAFSP funded technical assistance to the AGP-I in Ethiopia and experiences elsewhere are well documented and can potentially be used for scaling up. In addition, CSA and nutrition-sensitive interventions can be successfully promoted using FAO developed guidelines for promoting CSA and nutrition.
- ◆ FAO has been conducting different activities at field level to improve agricultural water use efficiency using more appropriate technologies and practices such as by promoting based on the principle of more crop per drop, small-scale cost-effective rainwater harvesting technologies; applying of low-cost irrigation technologies and irrigation modernization, advising on policy and institutional arrangements for sustainable management of natural resources- water, soil, land and biodiversity.
- ◆ FAO also has long experience in post-harvest handling, processing, agribusiness development, value chains, trade, food quality and safety and the lessons learnt in the areas mentioned would have significance importance to provide the required support for effective implementation of the project.
- ◆ FAO has a dedicated multidisciplinary workforce that can provide a wide variety of technical disciplines in support of project implementation, monitoring and evaluation to ensure technical quality of the highest standards in the areas identified above for the TA sub-components. Technical backstopping can also be obtained from the sub-regional office for Eastern Africa (SFE), Africa Regional office (RAF), the HQ in Rome and other FAO offices as required.

## Sub-component 5.4: Capacity Development Support Facility

AGP-II will adopt a more systematic approach to capacity development reflecting lessons learned from AGP1 and international best practice. An integrated approach addressing capacity issues at individual, organizational and enabling environment levels will be adopted and implemented by all IAs using an agreed four-stage<sup>1</sup> model. This involves a shift away from the traditional emphasis on training and equipment purchase to a more systematic, comprehensive and holistic approach that is also being adopted by other flagship programs within MoANR.

To support the application of this new approach across AGP-II, a designated CDSF will be established within component 5. The facility will largely focus on strengthening capacity at the individual and organizational levels. Capacity issues identified at the enabling environment level will be addressed by the entire program with support from the CDSF as required. The CDSF will have two main objectives:

- i) Improve the quality of capacity development interventions within AGP-II; and
- ii) Strengthen the institutional capacity of IAs to manage AGP-II

The first objective will focus on ensuring adequate capacity is in place within the IAs to design and deliver quality capacity development interventions planned under other components. This will involve developing the skills, knowledge and attitudes of IA staff to plan, design, deliver and follow up on capacity development interventions in their areas of specialization, as well as ensuring the systems and process are in place to enable this. Some specialized support in jointly selected key technical areas, other than capacity development, may be provided to strengthen program implementation.

The second objective will focus on strengthening the capacity of AGP-II IAs to manage and implement the program effectively. This will involve developing the skills, knowledge and attitudes of individuals on all aspects of program management, and ensuring IAs have adequate systems and processes in place to fulfil their management functions.

Facility will work in close collaboration with the AGP-II CU and all AGP-II IAs and be responsive to the capacity related needs of the program as they arise. The facility budget will cover costs such as professional capacity development and technical expertise at various levels, selected physical resources and operational costs. The AGP-II core program will cover direct costs related to capacity development interventions such as training costs.

## 2.4 IMPLEMENTATION ARRANGEMENTS

### 2.4.1 Institutional and Implementation arrangements

Institutional arrangement under AGP-II will build on those established under AGP-I. The project will rely on existing government structures at all levels. The MoANR through the federal AGP CU will have the overall responsibility for coordination and implementation of project activities. The actual project implementation will be the full responsibility of the Regional Bureaux of Agriculture and Natural Resources (BoANRs) and other relevant Implementing Agencies to be involved in the AGP-II implementation. The project coordination and implementation arrangements for AGP-II are already put in place and made functional including in the newly added three regions (Benshangul-Gumuz, Gambella, Harari) and one City Administration (Dire Dawa). Therefore, implementation of activities proposed under this additional funding project will be aligned and integrated with the overall AGP-II implementation arrangements already put in place.

The MoANR established in the new targeted national regional states; the institutional mechanisms are already established for AGP-I at federal, regional, and woreda levels and these, include: (i) SCs, (ii) TCs,

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<sup>1</sup> The four stages are i) consensus building; ii) capacity strengthening; iii) application and follow up; and iv) institutionalization.

and (iii) the Regional Project's CUs. The existing composition of these Committees is revised and includes new IAs as required. At the zonal level, there are Zonal level TCs and the Zonal Offices of Agriculture and Natural Resources (ZoANRs) are critically considered under AGP-II to provide technical support, extension services and M&E support to project woredas. The ZoANRs are coordinating with the Woreda Offices of Agriculture and Natural Resources (WoANRs) to monitor and follow up implementation of project activities. Implementation of the project will be decentralized. Federal IAs will provide guidance and support to regions, spearhead most institutional capacity building activities and undertake monitoring, evaluation and communication activities. At regional and woreda levels, the Bureaus/Offices of Agriculture will assume primary responsibility for execution of the project. Implementation of AGP-II at the regional level will also be supported by relevant service providers and institutions.

The FAO technical support to the AGP-II sub-component will also be strongly aligned to the AGP PMU at federal level in planning, project implementation and M&E. The implementation of the technical support sub-component will be the full responsibility of FAO, implementation will actively involve the FAO Representation in Ethiopia (to be the budget holder for the TA sub-component) and the project coordination team established during AGP-I will be strengthened in terms of manpower. In the five regional states, the actual project implementation at regional and lower administration levels will also be closely supported by the FAO Regional Coordination Units field staff, except Benshangul-Gumuz and Gambella regions where FAO doesn't have field offices. The supervision of project activities will be managed through regular technical backstopping visits by FAO Ethiopia team once in each quarter to selected focal project regions and woredas. This will be complemented by the Joint Review and Implementation Support (JRIS) mission (once in every six months) for the overall AGP-II implementation. Operational supervision will be the responsibility of the FAO HQ through TCIA and/or FAO Regional Office for Africa (RAF) with senior programme officers capable to handle the supervision activities to provide technical backstopping.

The annual planning will follow a two-pronged approach associating: (i) a demand-driven approach based on the CLPP approach adopted for AGP-I in which communities are assuming primary responsibility for identifying and executing community-based investment of the project, and (ii) a strategic-based approach in which investments are pre-identified through the kebele, woreda and regional development plans or through specific feasibility studies, and implemented in close collaboration with the community after a consultation process. The project implementation at woreda and kebele levels would be undertaken jointly by the WoANR through the Woreda Development Committee (WDC), the Kebele Development Committee (KDC), and communities. The WDC and the KDC will be guided by their respective SCs and TCs.

The project is part of a broader program led by the MoANR to address agricultural growth in Ethiopia. The project will, therefore, coordinate with other related projects. The platform for this programmatic coordination will take place within the Rural Economic Development and Food Security (RED&FS) Sector Working Group (SWG) and, more specifically, within the Technical Committee for Agricultural Growth of the RED&FS SWG. When needed and appropriate, the DPs financing aligned projects will be invited to participate in the SCs at all levels to ensure complementarity.

#### **2.4.2 Results Monitoring and Evaluation**

**Results framework:** The Results Framework will be used to monitor progress towards achieving the PDO. It includes tailored indicators to capture progress and results in terms of gender, quality of capacity development and M&E, as well as attitudinal changes towards the quality of implementation. In addition, gender, nutrition and CSA results will be tracked through a consistent disaggregation across relevant indicators. The results framework is one part of the overall M&E system, which will track progress using additional outcome indicators outside the results framework (identified in the M&E manual) and studies/evaluations (quantitative, qualitative, and quality of implementation and processes) targeting specific results including gender, nutrition and CSA results. The responsibility for M&E of AGP-II will take place at four levels: federal, regional, woreda, and kebele including reporting of the FAO TA and other IAs.



**Evaluation of outcomes and impacts:** Baseline values for results framework indicators have been established based on secondary data sets from AGP-I, Central Statistics Agency and other sources. A comprehensive baseline survey (household survey including qualitative surveys) will be conducted in representative of the geographic scope and expected project outcomes in the first year of the project. This will be followed by a midterm evaluation in FY3 (household survey and qualitative surveys) and a final survey and evaluation in FY5 (household survey and qualitative surveys). Additional qualitative surveys will be conducted as required, for example studies on the adoption and impact of agricultural technologies promoted, nutritional impacts in terms of household dietary consumption, profitability and rates of return on investments by CIGs, and qualitative studies on changes in service delivery (extension, animal health, plant health, soil health). Since gender is one of the key CCI to be supported by the project then an impact evaluation of gender innovations would be undertaken, with the technical support from the World Bank.

**Monitoring of inputs, outputs, selected outcomes and processes:** The project will maintain a simple and interactive monitoring system allowing regular reporting and learning at all levels. Monitoring data and qualitative information will be entered into a web-based Performance Management Information System (PMIS), which will serve as the major source of information for quarterly and annual reports submitted to SCs at each implementation level. To ensure the quality of the monitoring system, regular (biannual) reviews of data quality would be conducted. Prior to and based on these reviews, all responsible agencies will receive trainings to ensure the required capacity is in place for the system to function reliably. To date trainings are being cascaded down to project staff at all levels.

**Safeguard monitoring:** The M&E will also include safeguard monitoring to ensure that the project is following the prepared and disclosed safeguard instruments. Safeguard monitoring will include environmental and social performance reviews to assess compliance with safeguard instruments, determine lessons learnt and provide guidance for improving future performance. Reporting formats will also include indicators on safeguards.

**Internal learning and Participatory Monitoring and Evaluation:** AGP-II will promote internal learning by organizing community learning in combination with the annual CLPP exercise, during which farmers will discuss results achieved, progress on intended objectives and implementation problems and/or best practices following simple visual formats. Community learning fora would be organized annually by the kebeles manager and supported by trained community facilitators. It will include cross-farmer monitoring (farmers monitor other farmers' activities/sub-projects) so as to take advantage of opportunities to facilitate learning. During implementation, the project will introduce participatory M&E by farmers on a pilot basis.

### 2.4.3 Sustainability

The AGP-II will build the capacity of IAs at various levels on leadership, organizational, managerial, financial, and technical by following a holistic and systematic capacity building approach. The role of these agencies will be enhanced as service providers, which will in turn improve their sustainability. Similar to AGP-I, AGP-II will play a critical role in strengthening and supporting the present public M&E system. The AGP-II will address capacity gaps for M&E at various levels to foster its sustainable institutionalization.

The AGP-II will support IWUAs and marketing center management committees which are critical to the sustainability of SSI schemes and market centers. These local institutions make sure that the infrastructure projects are well maintained and managed, and hence they play an important role in their sustainability.

Activities under AGP-II would continue to be screened through Environmental and Social Management Framework (ESMF), thus ensuring that the interventions would continue to be environmentally sustainable. In addition, explicit activities such as support to water harvesting structures and support to activities which improves soil fertility would contribute positively to the environment by conserving soil and water and adaptive capacity during a changing climate.

## 2.5 AMOUNT OF FINANCING REQUESTED AND TIMEFRAME OF IMPLEMENTATION

### 2.5.1 Amount of financing requested

The overall AGP-II project cost is estimated at US\$ 581.8 million, of which the proposed GAFSP contribution would be US\$ 55.3 million. Of the total GAFSP financing US\$ 52.3 million will be direct investment costs and this will be administered by the World Bank as per the delegation made by the FDRE MoFEC and the remaining amount of US\$ 3.0 million will be allocated to the FAO TA sub-component and will be administered following the FAO policies and procedures. The GAFSP AGP-II contribution would be matched by a US\$ 1.6 million as beneficiary contribution and a US\$ 13.9 million will be contributed by the GoE (the total amount of beneficiary contribution is US\$15.5 million).

The multi-donor trust fund (MDTF) has now established and to date the following DPs have contributed to support AGP-II: DFATD approximately US\$11.9 million for parallel financing for the CDSF); USAID (approximately US\$50 million parallel financing in support of Component 4); the Netherlands (approximately US\$20 million for the MDTF); the European Commission (EC) (approximately US\$44 million for the MDTF), Spanish Agency for International Development (AECID) (approximately US\$1.5 million joint financing); and Italian Development Cooperation (joint financing, amount to be determined).

Detailed AGP-II cost breakdown is shown in Table 2 below.

Table 2. Project cost breakdown by components

No.	Component	IDA Share US\$ million	DPs Contribution US\$ million		GAFSP Funding US\$ million	GoE & Beneficiary Contribution US\$ million	Total Project Cost US\$ million
			Joint Financing	Parallel Financing			
1	Public Agricultural Services	98.26	17.24	-	10.5	-	126.0
2	Agricultural Research	49.92	-	-	1.48	-	51.4
3	Small- Scale Irrigation development	158.36	29.54	-	20.0	10.7	218.6
4	Agriculture Marketing and Value Chain	15.46	33.72	50.0	16.02	4.8	120.0
5	Project management and coordination, capacity building and monitoring and evaluation	28.0	18.5	12.0	4.3	-	62.8
6	FAO Technical Assistance to AGP-II	-	-	-	3.0	-	3.0
<b>Total Program Costs</b>		<b>350.0</b>	<b>99.0</b>	<b>62</b>	<b>55.3</b>	<b>15.5</b>	<b>581.8</b>

### 2.5.2 Timeframe of implementation

This GAFSP funded component will be implemented over a period of five years (2017 – 2022).

## 2.6 PREFERRED SUPERVISING ENTITY

The World Bank and FAO has been identified and officially delegated by the Ethiopian Government through the MoFEC to be the Supervising Entities (SEs) to support implementation of this new proposal to GAFSP co-financing to AGP-II as both served as SEs during the AGP-I implementation. The World Bank will be responsible to be the SE and administer the investment cost, which is equivalent to US\$52.3 million whereas FAO will be responsible to serve as SE for the technical assistance and administer the remaining US\$3.0 million proposed for the TA following its policies and procedures. Given its long history of engagement in agricultural services in Ethiopia, the World Bank is in a strong position to effectively support the Government with the development of smallholder farmers' advisory services and farmers' cooperatives, particularly given its parallel financing of the AGP-I and PSNP. The World Bank has proven country and

regional experience in the development of value chains for selected agricultural commodities, capacity building, and irrigation development related activities.

The World Bank is one of the key DPs closely working with the GoE and serving as one of the co-chairs with the EU at Ex-COM level for the RED&FS SWG. Therefore, the World Bank is the most preferred Supervising Entity identified and at the same time delegated to administer the investment cost to be co-financed by GAFSP to support AGP-II project implementation, which is equivalent to US\$52.3 of the total proposed amount of US\$55.3 million as it has effectively served during AGP-I implementation and the remaining US\$3.0 million will be used for the FAO Technical assistance component. At the project appraisal stage a separate project document will be prepared for the technical assistance sub-component to be signed between the MoANR and the FAO Representation in Ethiopia and the proposed US\$3.0 million will be managed following the FAO policies and procedures. The World Bank has a strong country office in Ethiopia that can provide all the support needed for implementation of the project.

The World Bank has accumulated rich experience over the years from the implementation of various projects in Ethiopia such as the AGP during implementation of both the first and the current second phases, PSNP, SLMP, REDD+, Regional Pastoral Livelihood Resilience Program (RPLRP), Development Response Displaced People Programme (DRDIP), the recently appraised Livestock and Fishery Sector Development Programme (LFSDP). Furthermore, jointly supporting multi-donor funded Drought Resilience and Sustainable Livelihood Program (DRSLP). These experiences are highly valuable to provide the required support implementation of the proposed project activities. The World Bank has developed and applies safeguard policies on environmental, social, governance and gender aspects to ensure best practices are used and attain sustainability of development projects. The World Bank has also been engaged in the preparation of this proposal as it has been led the appraisal process for the overall AGP-II.

The FAO has a long history of working experience in Ethiopia, particularly in the areas of Agricultural development, food security, livestock, fisheries, forestry, climate change and water including small-scale irrigation development, post-harvest management to reduce post-harvest losses. The FAO Ethiopia Country Office has been officially requested by the MoANR, through the Agriculture Development Sector in close consultation with key stakeholders to help draft and finalize this GAFSP proposal and serve as SE and provision of the technical assistance aligned to AGP-II as it did serve in AGP-I. For this purpose a directive was given by the Office of the State Minister, Agriculture Sector of the MoANR and established a taskforce chaired by the Director, Planning and Programming Directorate, National Project Coordinator of AGP-II PMU, the Secretariat of the RED&FS SWG in order to maintain effective alignment with the national prioritized investment plan of implementation in the agriculture sector and ensure synergies with parallel initiatives, the World Bank, Representative of the MoLF and involved three professionals from FAO Ethiopia. FAO served as the secretariat and technically supported the preparation of this project proposal.

The investment cost to be funded under the GAFSP would be channelled through the World Bank through the Multi-Trust Fund established whereas the fund to be allocated for the technical assistance would be directly transferred to FAO as was the case with the TA component of the AGP-I. FAO would provide TA support in the areas of particular interest where it has a comparative advantage. In this respect, FAO TA will focus mainly in the areas of IPM promotion, livestock/forage development for scaling up of best practices identified and documented based on the experience and lessons drawn from AGP-I for wider adoption and implementation and promotion of cross-cutting issues such as nutrition, gender and CSA by supporting capacity building activities to ensure mainstreaming of CCIs into all AGP-II components.

## **2.7 POST PROJECT SUSTAINABILITY AND EXIT STRATEGIES**

Overall, the AGP-II activities including the FAO technical support to the AGP-II sub-component will be implemented through the existing government structures at all levels. The project will strongly support building of technical and institutional capacities of IAs at various levels to have the required capacity on leadership, organizational, managerial, financial, and technical matters to successfully implement project

activities. The role and capacities of these agencies will be enhanced as service providers, which will in turn improve ownership and sustainability of project activities. AGP-II will play a critical role in strengthening and supporting the present public M&E system. The AGP-II will address capacity gaps for M&E at various levels to foster its sustainable institutionalization. Standardized and Result- Based Reporting System will be established with clear and agreed upon monitoring indicators. In addition, gender, nutrition and CSA results are tracked through a consistent disaggregation across relevant indicators. The capacity developed through the project support will then sustain after the project is completed and smoothly continue implementation of similar activities well aligned with long-term development programs.

The AGP-II will support IWUAs and marketing centre management committees which are critical to the sustainability of SSI schemes and market centres. In order to address critical issue of poor maintenance services the beneficiaries will be mobilized, organized into groups in the form of IWUAs, Management Committees and the like, trained and empowered to fully operate and maintain community-owned structures, which will be developed by the support of the project. Beneficiaries organized in different forms will be assisted in developing internal by-laws to be guided with and mechanisms to collect fees from members using the infrastructures developed for common use in order to generate revenue for use during operation and maintenance will be put in place. These local institutions will ensure that the infrastructure of SSI and market centres are well maintained and managed and play a sustainable role in their sustainability after the project is completed. Public Infrastructures like Laboratories and FTCs will be the full responsibility of the federal and regional Governments that will ensure their operation and maintenance to properly serve the intended purpose during and after the project is completed.

Skills of beneficiaries will be enhanced and clear benefits that accrue through participation in the project interventions will create the necessary driving force and basis for beneficiaries to continue with the activities to get benefits even after the project. The input and output market linkages established will also serve as additional drivers for sustainability.

Activities under AGP-II would continue to be screened through Environmental and Social Management Framework (ESMF), thus, interventions would be environmentally sustainable and socially acceptable. In addition, activities related to water harvesting, soil fertility improvement and forage development integrated with watersheds and integrated pest management would contribute positively to environmental sustainability by conserving soil and water, enhancing the capacity of smallholder farmers to adapt to climate change, securing increased amount of quality feed resources and ensuring human and environmental health as a result of reduced human and environmental hazards.

Overall, right from the very beginning joint annual planning and monitoring of implementation and evaluation is highly encouraged. To this effect, the project annual targets will be well aligned with regular plans and cascaded down through the government systems included as well in the monitoring framework. This will ensure ownership and accountability. Periodically it will be important to assess capacity gaps and support to develop the required capacity in order to sustain project supported activities after the project exit.

**2.8 RISKS AND RISK MANAGEMENT**

The project implementation arrangements foreseen provide an enabling environment that would support effective project implementation by addressing risks that may arise in the course of project implementation. The potential risks and their proposed mitigation measures are outlined in Table 3 below.

Table 3. Potential risks and mitigation measures

Risk factor	Description of risks	Rating of risks	Mitigation measures
Political and governance	Inadequate political commitment and governance in providing favourable policy environment	M	◆ Increase political commitment and government ownership to take the leading role for creating and enforcing policies and also strengthening the structural arrangement for effective project implementation

Risk factor	Description of risks	Rating of risks	Mitigation measures
Macroeconomic	Global, regional and national level resource, financial and market instabilities	M	◆ Make the macro economy at the national level shocks proof
Sectoral policies and strategies	Failure to provide favourable environment to implement strategies	M	◆ Ensure coherence and complementarity of policies & strategies to guide effective implementation and synergy including Wider awareness creation on the different sectoral strategies
Technical design of project	The project design is lacking certain essentials	L	◆ Establish common understanding on the need and make agreed upon revisions as appropriate
Institutional capacity for implementation and sustainability	Limited institutional capacity for implementation and sustainability	S	◆ Strengthening technical support to implementing institutions not only specialized professions but also build the capacity of procurement and financial management staff to capacitate and familiarize them with procurement and financial management procedures and guidelines to efficiently provide the required support to the project.
Multi-stakeholders involvement	Insufficient coordination in planning, implementation M&E	M	◆ Coordinate through joint planning, implementation and Monitoring and Evaluation, ◆ Actively participate all stakeholders in Joint Review and Implementation Support mission and regular meetings of the AGP TC to contribute towards taking timely corrective measures by the concerned body.
Environmental and social	Project related activities threaten environment and society	L	◆ Integrate environmental and social impact assessment frameworks, plan and implement mitigation measures
Fiduciary	Failure to maintain agreed upon procurement and financial management procedures	M	◆ Provide capacity building support at all levels to establish clear understanding on procurement and financial management procedures, regulations and guidelines.
Technology acceptance	Limited adoption of improved technologies and practices	M	◆ Demonstrate improved technologies appropriate and adaptable to specific localities with active participation of beneficiary farmers.

**NB:** Ratings: S-Substantial, M- Moderate and L- Low

## 2.9 CONSULTATION WITH LOCAL STAKEHOLDERS AND DEVELOPMENT PARTNERS

Development of the AGP-II project proposal was initiated in close consultation with the World Bank and it went through a very intensive consultation processes before it reached to its final stage. Initially, a project identification mission was mobilized in March 2014 and mission findings were presented to the AGP Steering Committee (SC). The SC provided overall direction on key areas of consideration. A concept note was then developed based on the identified focal areas. In September 2014 a taskforce was established for designing of the AGP-II project proposal. The taskforce conducted series of consultations through which the design document was enriched by incorporating valuable inputs captured during the consultation process.

The World Bank and FAO fielded series of project proposal formulation missions for the purpose. FAO was actively involved at all stages of consultations represented through the FAO Investment Centre (TCIA) at Head Quarters, the FAO Sub-regional office for Eastern Africa and FAO Ethiopia Country Office were closely involved in the preparation of both AGP-I and AGP-II. Experiences of implementation of AGP-1 including reactions of beneficiaries was taken into consideration during the formulation process.

The consultation processes for the AGP-II project preparation that included beneficiary communities, the private sector, DPs, NGO's, DAs is summarized and presented in Table 4.

Table 4. AGP-II Project Preparation and Consultation Processes Maintained

No.	AGP-II Project Design Process	
	Events/Milestones	Implementation Time
1	AGP-II Identification Mission	March 26-31, 2014
2	Mission findings presented to AGP-SC	March 31, 2014
3	Held Regional Level Inception Workshop	June 23-26, 2014
4	Prepared Project Concept Note	August 2014
5	Established AGP Design Taskforce	September 2014
6	Held Federal and Regional Levels Consultative Meetings	Sept 29–17 Oct 2014
7	Initiated preparation of the draft document	November 6-20, 2014
8	Pre-appraisal of the design document	Nov 24-12 Dec 2014
9	Design consultation workshop	November 25-28, 2014
10	Appraisal of the design document	January 28-6 February 2015
11	Final design document prepared and submitted to the World Bank	February 2015
12	Negotiation started between the WB and the GoE	18 February 2015
13	PAD endorsed by the WB BoDs	March 2015
14	PAD endorsed by the Cabinet of Ministers of the FDRE	July 2015
15	PAD approved by the Parliament	July 2015
16	PIM prepared and approved by the World Bank	February-August 2015
17	Program effectiveness declared	31 August 2015
18	Launching of AGP-II	14 November 2015
19	Held sensitization and awareness creation workshop including the planning process to be followed	January to February 2016
20	Initiated planning exercise using Community-Level Planning Process	January to May 2016
21	Training manuals and guidelines	...

The consultation process was maintained further during the project appraisal stage and the final design document was prepared and submitted to the World Bank in February 2015. The PAD was endorsed by the World Bank Board of Directors in March 2015 and consequently endorsed by the Cabinet of Ministers and Parliament of the FDRE in July 2015. Following the final endorsement, the PIM was prepared and programme effectiveness was declared on 31 August 2015. AGP-II was officially launched on 14 November 2015. Following the official launching sensitization and awareness creation workshops were conducted at different levels by engaging diverse stakeholders including beneficiaries. Actual project implementation commenced by launching community level participatory planning and consolidating up to the federal level.

### 3.0 PLAN FOR DETAILED PROJECT PREPARATION

The MoANR in close collaboration with the identified SE, in this case the World Bank is ready and has assigned senior professionals, project coordinators and Director of the responsible Directorate who will be actively involved in the detailed project preparation (list of fulltime government and DPs team members are presented in annex II) once notification of final acceptance of the proposal through the GAFSP Secretariat is received. This proposal for GAFSP co-financing is to fill the financing gap to AGP-II, which is already passed a long way through the appraisal process and series of consultations were made and finally approved and entered into implementation, the time required for detailed project preparation is not to be long. The expected project preparation time is therefore, estimated for a maximum of three months (from April to June 2017) and adequate emphasis will be given to finalize it within the shortest possible time to timely complement project implementation. In this respect, towards end of June 2017 and early July 2017, the detailed project design will be prepared both for the investment cost (US\$52.3 million), which is to be administered through the multi-trust fund by the World Bank and the FAO TA (US\$3.0 million) component.

If this project proposal is selected and got the final approval to be funded by GAFSP, the GoE through the MoANR in close consultation with the Second Agricultural Growth Program Project Management Unit will be ready to identify and secure financial sources either from own sources and/or alternative financing to be used for detailed project preparation under the GAFSP Public Sector Window. This is, therefore, to notify that a grant request for detailed project preparation is not included herewith.

## ANNEX I. RESULTS FRAMEWORK

A. PDO INDICATORS		
Development objective	Program Development Indicators	Use of outcome information
Increasing agricultural productivity and commercialization of small holder farmers targeted by the project	Percentage increase in yield for selected crops in targeted households benefiting directly from the project (Percentage)	This indicator enables to assess agricultural productivity by a proxy with yield for selected key crops and livestock in targeted households (MHH and FHH). Two indexes will develop based on the selected crops (i) cereals and pulses and (ii) vegetables/fruits and another one index for livestock on the selected livestock products.
	Percentage increase in yield for selected animal products in targeted households benefiting directly from the project (Percentage) (liters day/cow)	More specifically monitoring and evaluation of this indicator tests the efficiency, effectiveness, impact of the program's activities at increasing agricultural productivity. It will further capture the impact on women.
	Proportion production sold by targeted beneficiaries for selected crops (Percentage)	Assess the level of commercialization of the crop and livestock production by targeted beneficiaries for selected key crop and livestock products.
	Proportion of animal production sold by targeted beneficiaries for selected products (Percentage)	More specifically this indicator assesses the effectiveness of the AGP's activities at increasing commercialization and value-addition of agricultural and livestock products at the household level. It will further capture the impact on women by a specific analysis of women's activities.
B. INTERMEDIATE OUTCOME INDICATORS		
Intermediate outcome	Outcome indicator	Use of outcome information
<b>Component one: Strengthening Public Agricultural Service</b>		
<b>Increased access to public agricultural service</b>	Percentage increase in number of farmers using public agricultural services (male farmers and female farmers)	This is to measure the functional attractiveness of public agricultural services and assess project contribution to <ul style="list-style-type: none"> <li>➢ The expansion of service delivery, increase in number of farmers using the service (male &amp; female farmers )</li> <li>➢ No of farmers adopted different agricultural technologies promoted by the project (disaggregated by gender). change in practices compared to currently used practices or technologies</li> <li>➢ Production diversification (especially combined with increase production of nutrient-dense crops and small-scale livestock) plays an important role for nutrition. Qualitative studies will also conduct to get information on those key issues including quality of services accessed.</li> </ul>
	Number of gender sensitive technologies demonstrated in the project area (Number)	
	Percentage increase in crop diversity in targeted households benefiting directly from the project	
	Clients who have adopted an improved agricultural technology promoted by the project (Number) - (Core)	
	Clients who adopted an improved agricultural technology promoted by project – female (Number - Sub-Type: Breakdown) - (Core)	
<b>Public agricultural extension service provided with improved technologies</b>	Number of technologies promoted to public extension services (total and disaggregated by gender sensitive, nutrition and climate smart) (Number)	Information on technologies reached the stage of being promoted to public extension services and candidate technologies to be promoted in year 1 are technologies at verification trial stage; the other years it will include technologies at verification stage and based on demand (farmers, extension services)
	Number of demand-driven improved agricultural technologies	Information on the quality of the processes that led to the selection of technologies under

Program development objective



Intermediate out comes



Out put

	under research (total and disaggregated by gender sensitive, nutrition and climate smart technologies) (Number)	research. The terms demand driven and improved refers to the quality of the processes to have the technology under research
	Collaborative research sub-projects under implementation/completed (Number) - (Core)	To have information about the FREGs under implementation and growth in formal collaboration between the public research, extension services and farmers. To avoid the risk of double counting, once FREGs have been completed, they should be reflected as completed and not under implementation.
	Collaborative research sub-projects - under implementation (Number - Sub-Type: Breakdown) - (Core)	
	Collaborative research sub-projects - completed (number) (Number - Sub-Type: Breakdown) - (Core)	
	Volume of breeder seeds and pre-basic seeds for crops produced by research centres (quintals/cumulative)	Check the capacity of research centres to provide breeder seeds and pre-basic seeds. The supply of breeder seeds and pre-basic seeds is critical to ensure the production of seeds (under component 4) by farmers, cooperatives and private agents.
<b>Small holder farmers accessed and efficiently used irrigation water</b>	Water users provided with new/improved irrigation and drainage services (number) (Number) - (Core)	Assesses about the expansion in access to irrigation and drainage of farmers: farmers who are using irrigation and drainage services from the project. Quality of services" including better timing, quantity, quality, and cost-effectiveness for the water users. "From New irrigation, improved and other irrigation water sources developed by the project. The area is not necessarily newly but is newly provided with irrigation and drainage services, and may have been rain fed land before. Percent of IWUA managing effectively managing irrigation schemes
	Water users provided with irrigation and drainage services - female (number)(Number - Sub-Type: Breakdown) - (Core)	
	Percentage of functional water user associations managing effectively irrigation and drainage infrastructures(Percentage)	
	Area provided with irrigation and drainage services (ha) (Hectare(Ha)) - (Core)	Information about irrigation and drainage services (new and improved). Schemes may not be necessary new but also improved irrigation and drainage services" refers to the upgrading, rehabilitation, and/or modernization of irrigation and drainage services in an area with existing irrigation and drainage services. The data are disaggregated by gender small-scale irrigation and household irrigation, as women farmers are mostly beneficiary from household irrigation.
	Area provided with irrigation and drainage services - New (ha) (Hectare(Ha) - Sub-Type: Breakdown) - (Core)	
	Area provided with irrigation and drainage services - Improved (ha) (Hectare(Ha) - Sub-Type: Breakdown) - (Core)	
<b>Commercialization of small holder farmers supported</b>	Percentage increase in volume of seeds supplied through diversified channels (disaggregated per supplier) (Metric ton)	Information on the volume of grain seeds produced per value chains per type of channels (private agents; farmers groups; and cooperatives).
	Number of commercial partnerships or market contracts signed between producer groups or cooperatives (supported by the project) and domestic/international agribusiness actors (processors, wholesalers, retailers, exporters, etc.) for selected value chains (Number)	Information about effectiveness of program at improving market access and establishing commercial linkages between farmer groups or cooperatives and domestic, regional and international agribusiness actors such as processors, wholesalers, retailers, exporters, etc.
	Percentage of CIGs undertaking a viable business activity (disaggregated youth and female) (Percentage)	Information about the sustainability of the business for the CIGs: (i) the members of CIG's that make profit with the activity they undertake as an individual in CIG; (ii) the CIG itself makes profit; (v) Reserves of the group are increased until they are sufficient to cover costs of a full business





## Results Framework

Project Development Objective: Increase agricultural productivity and commercialization of small holder farmers targeted by the project						
PDO Statement, These results are at		Project Level				
Project Development Objective Indicators						
Indicator Name	Baseline	Cumulative Target Values				
		YR-1	YR-2	YR-3	YR-4	YR- 5
1. Percentage increase in yield for selected crops in targeted households benefiting directly from the project (Percentage)	<b>Cereals/pulses (quintals / hectare):</b> ♦ THH: 15.3 ♦ FHH: 13.7 <b>Vegetables/Fruits: (quintals / hectare)</b> ♦ THH: 67.42 ♦ FHH: 55.79	--	--	11.1% 11.9%	--	21.8% 22.9%
2. Percentage increase in yield for selected animal products in targeted households benefiting directly from the project (Percentage) (liters day/cow)	♦ THH: 0.70 ♦ FHH: 0.71	--	--	11.1% 11.9%	--	21.8% 22.9%
3. Proportion production sold by targeted beneficiaries for selected crops (Percentage)	<b>Cereals/pulses:</b> ♦ THH: 17.08 %/ ♦ FHH: 15.29 % <b>Vegetables/Fruits:</b> ♦ THH: 37.19% ♦ FHH: 30.77	--	--	22.36% 21.11% 41.29% 36.21%	--	26.55% 25.49% 44.49% 39.97%
4. Proportion of animal production sold by targeted beneficiaries for selected products (Percentage)	♦ THH: 26.97% ♦ Female: 27.36%	--	--	31.27% 31.89%	--	34.67% 35.30%
Direct project beneficiaries (Number) - (Core)	NA					1597730
Female beneficiaries (% - Sub-Type: Supplemental) - (Core)	NA					40%
Intermediate Results Indicators						
1. Percentage increase in number of farmers using public agricultural services (male farmers and female farmers)	♦ Male: 26.9% ♦ Female: 20.1%	--	--	39.45% 31.35%	--	50.56% 40.56%
2. Number of gender sensitive technologies demonstrated in the project area (per FTC ) (Number)	0	7	20	60	90	101

Program development objective



Intermediate out comes



Out put

Indicator Name	Baseline	Cumulative Target Values				
		YR-1	YR-2	YR-3	YR-4	YR-5
3. Percentage increase in crop diversity in targeted households benefiting directly from the project (%)	26.5% HH cultivating 3 crops or more	--	--	36%	--	39.75%
4. Clients who have adopted an improved agricultural technology promoted by the project (Number) - (Core)	0	--	--	700,000	1,400,000	1,530,000
Clients who adopted an improved agricultural technology promoted by project – female (No : Breakdown) - (Core)	0	--	--	300,000	500,000	608,000
5. Number of technologies promoted to public extension services (total and disaggregated by gender sensitive, nutrition and climate smart) (Number)	Total: Gender sensitive: 0 Nutrition: 0 Climate smart: 0	20 7 7 4	50 20 15 10	120 60 50 14	240 90 80 16	280 101 80 20
6. Number of demand-driven improved agricultural technologies under research (total and disaggregated by gender sensitive, nutrition and climate smart technologies) (Number)	Total: 0 Gender sensitive: 0 Nutrition: 0 Climate smart: 0	-- -- -- --	20 3 3 3	60 10 10 10	110 30 30 30	140 40 40 40
7. Collaborative research sub-projects under implementation/completed(Number) - (Core)	Total FREGs: 0 Women FREGs: 0	200 100	450 200	600 240	700 280	700 280
Collaborative research sub-projects - under implementation (Number - Sub-Type: Breakdown) - (Core)	Total FREGs: 0 Women FREGs: 0	150 75	250 100	150 40	100 40	0 0
Collaborative research sub-projects - completed (number) (Number - Sub-Type: Breakdown) - (Core)	Total FREGs: 0 Women FREGs: 0	50 25	200 100	450 200	600 240	700 280
8. Volume of breeder seeds and pre-basic seeds for crops produced by research centres (quintals/cumulative)	0	1,258	2,516	3,774	5,032	6,290
9. Water users provided with new/improved irrigation and drainage services (number) (Number) - (Core)	0	20,000	86,000	172,000	190,000	190,000
Water users provided with irrigation and drainage services - female (number) (No - Sub-Type: Breakdown) - (Core)	0	8,000	36,400	71,000	78,000	78,000
10. Percentage of functional water user associations managing effectively irrigation and drainage infrastructures (%)	NA	--	40%	50%	60%	70%
11. Area provided with irrigation and drainage services (ha) (Hectare(Ha)) - (Core)	0	5,000	21,500	43,000	55,000	55,000
Area provided with irrigation and drainage services - New (ha) (Hectare- Sub-Type: Breakdown) - (Core)	0	5,000	20,215	41,715	45,000	45,000

Program development objective



Intermediate out comes



Out put

Indicator Name	Baseline	Cumulative Target Values				
		YR-1	YR-2	YR-3	YR-4	YR-5
Area provided with irrigation and drainage services - Improved (ha) (Hectare - Sub-Type: Breakdown) - (Core)	0	3,715	4,000	8,000	10,000	10,000
12. Percentage increase in volume of seeds supplied through diversified channels (disaggregated per supplier) (Metric ton)	Total: 193212 Private agents: 107189 Farmers groups: 37661 Cooperatives: 48362	9% 9% 9% 9%	12% 12% 12% 12%	13% 13% 13% 13%	15% 15% 15% 15%	15% 15% 15% 15%
13. No of commercial partnerships or market contracts signed between producer groups or cooperatives (supported by the project) and domestic/international agribusiness actors (processors, wholesalers, retailers, exporters, etc.) for selected value chains (Number)	Number: TBD	--	TBD	TBD	TBD	TBD
14. Percentage of CIGs undertaking a viable business activity (disaggregated youth and female) (Percentage)	NA	-- --	-- --	35% 35%	45% 40%	65% 50%
15. Percentage of trainings delivered using AGP agreed capacity development approach (Percentage)	NA	--	70%	80%	85%	90%
16. Annual progress reports meets World Bank quality and timely delivery requirements (Yes/No)	NA	Yes	Yes	Yes	Yes	Yes

**NB:** The sources for the rapid baseline are from: AGP1 project data, IFPRI MTR report and CLIMATE SMART AGRICULTURE data. The missing rapid baseline data will be collected at appraisal. The rapid baseline data will be updated through household survey and other studies/evaluation (full fledge baseline) as needed after Board and indicators targets will be updated based on the new baseline value.

Indicator 1: Rapid baseline source IFPRI AGP MTR./GTP-1

Indicator 2: Rapid baseline value index only based on milk. Source IFPRI AGP MTR.

Indicator 3 and 4: Source CLIMATE SMART AGRICULTURE Agricultural sample survey 2013/2014 (2006 e.c.) (September – January 2013/2014) report on crop and livestock product utilization (private peasant holdings, meher season). Data for Amhara, Oromiya and SNNPR.

Indicator 5: Rapid baseline only based on farmers visit by extension agents. Source IFPRI AGP MTR.

Indicator 7: For the rapid baseline crop diversity is defined as farmers cropping 3 or more crop types. A more developed index looking at the different food groups will be developed for full fledge baseline data collection. Data source is IFPRI MTR AGP report.

Indicator 11: The current targets will be updated (potentially lowered) based on a rapid assessment of research capacity to support the establishment of FREGs.

Indicator 14: A review of currently established WUA will be conducted to establish the baseline.

NA: not applicable.

Annex II. Government led technical team members for project proposal preparation

<b>S/No.</b>	<b>Name</b>	<b>Job Title and Directorate/Organization</b>	<b>Current Role</b>
1	Zena Habtewold	Director, Planning and Programming Directorate, MoANR	Planning and Programming and Chair of the Technical Team
2	Dejene Abesha	Coordinator, RED&FS SWG Secretariat	Coordinating the RED&FS SWG Secretariat activities, Member
3	Keberu Belayneh	National Project Coordinator, AGP, MoANR	Coordinating the AGP-I and 2 projects, Member
4	Hassen Jibril	M&E Expert, AGP-II, MoANR	Monitoring and Evaluation Expert, Member
5	Taddesse Sori	AGP Focal Person, MoLF	Livestock Officer
6	Dr. Teklu Tesfaye	Senior Agriculture Specialist	Co-Task Team Leader
7	Dr. Alemu Yami	Livestock National Consultant for FAO TA to the AGP project/GAFSP funded, FAO Ethiopia	Livestock/forage Specialist, Extensive Agricultural Research Experience, Member
8	Dr. Bayeh Mulatu	IPM National Consultant for the FAO TA to the AGP project/GAFSP funded, FAO Ethiopia	IPM National Consultant, Extensive Agricultural Research Experience Member
9	Hussein Kebede	National Team Leader for the FAO TA to the AGP-I project /GAFSP funded, FAO Ethiopia	National Team Leader, Extensive Experience on agriculture and natural resources management (Agronomist/Irrigation Agronomist), Member and Secretariat for the Technical Team

Annex III. List and Location Map of AGP-II Supported Woredas

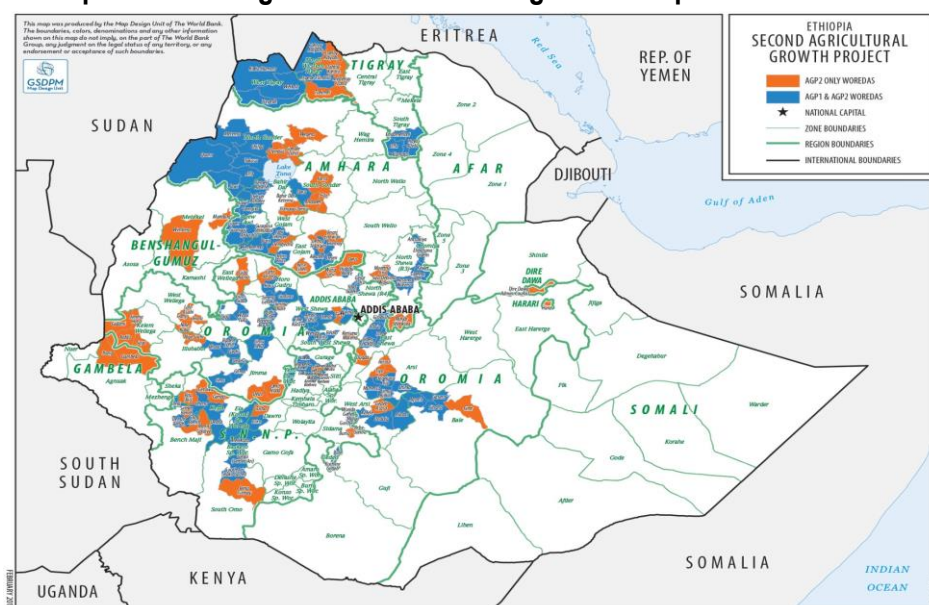
S/No	Region	Zone	Previous		New		Total	
			Woredas	Kebeles	Woredas	Kebeles	Woredas	Kebeles
1	Oromia	Arsi	Bilbilo	25	Tiyo	18		
			Munesa	32	Hitosa	23		
			Shirka	33	-	-		
			Digalu & Tijo	23	-	-		
		<b>Sub-Total</b>	<b>4</b>	<b>113</b>	<b>2</b>	<b>41</b>	<b>6</b>	<b>154</b>
		West Arsi	Adaba	22	Gedeb Asasa	25		
			Dodola	23	-	-		
			Kofele	39	-	-		
		<b>Sub-Total</b>	<b>3</b>	<b>84</b>	<b>1</b>	<b>25</b>	<b>4</b>	<b>109</b>
		Bale	Agarfa	20	Ginir	28		
			Gasera	21	-	-		
			Sinana	20	-	-		
		<b>Sub-Total</b>	<b>3</b>	<b>61</b>	<b>1</b>	<b>28</b>	<b>4</b>	<b>89</b>
		East Shoa	Ada'a	27	Dugda	36		
			Gimbichu	33	-	-		
			L.Chukala	18	-	-		
			Lume	35	-	-		
		<b>Sub-Total</b>	<b>4</b>	<b>113</b>	<b>1</b>	<b>36</b>	<b>5</b>	<b>149</b>
		North Shoa	Girar Jarso	17	Dera	33		
			Yaya Gulelie	17	Were Jarso	25		
			H. Abote	20	-	-		
		<b>Sub-Total</b>	<b>3</b>	<b>54</b>	<b>2</b>	<b>58</b>	<b>5</b>	<b>112</b>
		West Shoa	Ambo	34	Ejere	27		
			Dendi	48	-	-		
			T. Kutaye	31	-	-		
			Bako Tibie	28	-	-		
		<b>Sub-Total</b>	<b>4</b>	<b>141</b>	<b>1</b>	<b>27</b>	<b>5</b>	<b>168</b>
		South-West Shoa	Becho	19	Kersa Malima	31		
			Woliso	37	-	-		
			Wenchi	23	-	-		
		<b>Sub-Total</b>	<b>3</b>	<b>79</b>	<b>1</b>	<b>31</b>	<b>4</b>	<b>110</b>
		Finfine Sp. Zone	Welmera	24	-	-		
		<b>Sub-Total</b>	<b>1</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>24</b>
		Illu Aba Bora	Bedelle	41	Algesachi	19		
			Dedessa	26	-	-		
			Gechi	32	-	-		
			Chora	32	-	-		
		<b>Sub-Total</b>	<b>4</b>	<b>131</b>	<b>1</b>	<b>19</b>	<b>5</b>	<b>150</b>
		Jimma	Gera	29	Omo Nada	39		
			Goma	36	Dedo	53		
			L. Seka	38	-	-		
		<b>Sub-Total</b>	<b>3</b>	<b>103</b>	<b>2</b>	<b>92</b>	<b>5</b>	<b>195</b>
		Horro Guduru W.	Guduru	31	Jima Rare	18		
			Horro	22	Jerdega Jarte	21		
			J. Genete	12	-	-		
		<b>Sub-Total</b>	<b>3</b>	<b>65</b>	<b>2</b>	<b>39</b>	<b>5</b>	<b>104</b>
		East Wellega	Diga	21	Gida Ayana	22		
			G. Gida	21	-	-		
			W. Tuka	10	-	-		
			Boneya Boshe	10	-	-		
		<b>Sub-Total</b>	<b>4</b>	<b>62</b>	<b>1</b>	<b>22</b>	<b>5</b>	<b>84</b>
		Kelem Wellega	-	-	Anfilo	23		

S/No	Region	Zone	Previous		New		Total	
			Woredas	Kebeles	Woredas	Kebeles	Woredas	Kebeles
			-	-	Gidami	28		
			-	-	Jimma Horo	21		
			-	-	Seyo	26		
		<b>Sub-Total</b>	-	-	<b>4</b>	<b>98</b>	<b>4</b>	<b>98</b>
		West Wellega	-	-	Lalo Asabi	27		
			-	-	Gencji	18		
			-	-	Haru	25		
			-	-	Nole Kababa	24		
		<b>Sub-Total</b>	-	-	<b>4</b>	<b>94</b>	<b>4</b>	<b>94</b>
	<b>Oromia Region Total</b>		<b>39</b>	<b>1030</b>	<b>23</b>	<b>610</b>	<b>62</b>	<b>1640</b>
2	Amhara	North Gondar	Alefa	28	Dembia	45		
			Takusa	25	Gondar Zuria	37		
			Metema	23	Wogera	41		
			Quara	21	-	-		
			Chilga	45	-	-		
		<b>Sub-Total</b>	<b>5</b>	<b>142</b>	<b>3</b>	<b>123</b>	<b>8</b>	<b>265</b>
		South Gondar	Dera	29	Farta	36		
			-	-	Andabet	22		
			-	-	Estie	37		
		<b>Sub-Total</b>	<b>1</b>	<b>29</b>	<b>3</b>	<b>95</b>	<b>4</b>	<b>124</b>
		East Gojam	Debre Elias	20	Basoliben	23		
			Enemay	26	Debay Tiltatgin	27		
			Dejen	22	Enarj Enawga	21		
			Awabel	30	-	-		
		<b>Sub-Total</b>	<b>4</b>	<b>98</b>	<b>3</b>	<b>71</b>	<b>7</b>	<b>169</b>
		West Gojam	Wemberma	21	Dembecha	29		
			South Achefer	19	Yilmana Densa	34		
			Burie	24				
			Jabitehnan	39				
			North Achefer	27				
			Bahir Dar Zuria	11				
		<b>Sub-Total</b>	<b>6</b>	<b>141</b>	<b>2</b>	<b>63</b>	<b>8</b>	<b>204</b>
		Norh Shoa	Efratana Gidim	20	Minjar Shenkora			
			Antsokiya Gemza	17	Moretna Jiru			
			Kewet	23	Siyadebirna Wayu			
			Tarmaber	21				
			Basona Werana	33				
		<b>Sub-Total</b>	<b>5</b>	<b>114</b>	<b>3</b>	<b>59</b>	<b>8</b>	<b>173</b>
		Awi	Ankesha	34	Burie Shikudad	14		
			Guagusa					
			Zigem	15				
			Dangila	29				
			Guangua	18				
			Jawi	21				
		<b>Sub-Total</b>	<b>5</b>	<b>117</b>	<b>1</b>	<b>14</b>	<b>6</b>	<b>131</b>
	<b>Amhara Region Total</b>		<b>26</b>	<b>641</b>	<b>15</b>	<b>425</b>	<b>41</b>	<b>1066</b>
3	SNNPR	Sidama	Wondo Genet	14	Arbegona	38		
			Melega	23	Bursa	28		
			Gorchie	21	-	-		
		<b>Sub-Total</b>	<b>3</b>	<b>58</b>	<b>2</b>	<b>66</b>	<b>5</b>	<b>124</b>
		Gedio	Bule	30	-	-		
			Gedeb	16	-	-		
		<b>Sub-Total</b>	<b>2</b>	<b>46</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>46</b>
		Siltie	Mirab Azernet	19	-	-		
			Misrak Azernet	17	-	-		

S/No	Region	Zone	Previous		New		Total	
			Woredas	Kebeles	Woredas	Kebeles	Woredas	Kebeles
			Alichowuriro	na	-	-		
		<b>Sub-Total</b>	<b>3</b>	<b>36</b>			<b>3</b>	<b>36</b>
		Dawro	Esera	29	Tocha	24		
		<b>Sub-Total</b>	<b>2</b>	<b>29</b>	<b>1</b>	<b>24</b>	<b>3</b>	<b>53</b>
		South Omo	Debub Ari	49	Benetsemay	30		
			Semen Ari	33				
		<b>Sub-Total</b>	<b>2</b>	<b>82</b>	<b>1</b>	<b>30</b>	<b>3</b>	<b>112</b>
		Kefa	Decha	58	Gimbo	31		
			Chena	43	Gewata	30		
					Dita	24		
		<b>Sub-Total</b>	<b>2</b>	<b>101</b>	<b>3</b>	<b>85</b>	<b>5</b>	<b>186</b>
		Guragie	Enemorna Ener	64	Gumer	18		
			Endegagn	17	Geto	16		
			Cheha	39				
		<b>Sub-Total</b>	<b>3</b>	<b>120</b>	<b>2</b>	<b>34</b>	<b>5</b>	<b>154</b>
		Bench Maji	Debub Bench	25	Semen Bench	31		
			Shey Bench	21	Mihinit Goldia	29		
				22				
		<b>Sub-Total</b>	<b>2</b>	<b>68</b>		<b>60</b>	<b>4</b>	<b>129</b>
		Sheka	Yeki		Andaracha			
		<b>Sub-Total</b>	<b>1</b>		<b>1</b>		<b>2</b>	
		Special Woredas	Konta	43	-	-		
			Basketo	30	-	-		
			Yem	31	-	-		
		<b>Sub-Total</b>	<b>3</b>	<b>104</b>	-	-	<b>3</b>	<b>104</b>
		Gomu Gofa	-	-	Melkoza	37		
		<b>Sub-Total</b>	-	-	<b>1</b>	<b>37</b>	<b>1</b>	<b>37</b>
		<b>SNNPR Total</b>	<b>22</b>	<b>668</b>	<b>13</b>	<b>356</b>	<b>35</b>	<b>1024</b>
4	Tigray	West Tigray	Tsegede	23	-	-		
			Welqait	25	-	-		
			Kafta Humera	21	-	-		
		<b>Sub-Total</b>	<b>3</b>	<b>69</b>	-	-	<b>3</b>	<b>69</b>
		North West	Tahtay Adiabo	11	Laelay Adiabo	22		
			Asgede Tsimbla	12	Tselemti	22		
			-		Tahtay Kuraro	13		
			-		Medebay Ezana	18		
		<b>Sub-Total</b>	<b>2</b>	<b>23</b>	<b>4</b>	<b>75</b>	<b>6</b>	<b>98</b>
		South Tigray	Endamehoni	10				
			Ofa	10				
			Raya Alamata	9				
			Raya Azebo	9				
		<b>Sub-Total</b>	<b>4</b>	<b>38</b>			<b>4</b>	<b>38</b>
		<b>Tigray Region Total</b>	<b>9</b>	<b>130</b>	<b>4</b>	<b>75</b>	<b>13</b>	<b>205</b>
5	B.Gumuz		-	-	Mandura	20		
			-	-	Wemberma	33		
		<b>Benshangul-Gumuz Total</b>	-	-	<b>2</b>	<b>53</b>	<b>2</b>	<b>53</b>
6		Gambella	-	-	Etanga	23		
					Gambella	12		
		<b>Gambella Region Total</b>	-	-	<b>2</b>	<b>35</b>	<b>2</b>	<b>35</b>
7		Harari	-	-	<b>1</b>	<b>17</b>		
		<b>Harari Region Total</b>	-	-	<b>1</b>	<b>17</b>	<b>1</b>	<b>17</b>
8	Dire Dawa		-	-	<b>1</b>	<b>12</b>	<b>1</b>	<b>12</b>
		<b>Grand Total</b>	<b>96</b>	<b>2423</b>	<b>61</b>	<b>1631</b>	<b>157</b>	<b>4052</b>

### Annex III. ... Cont'd

#### Ethiopia: Second Agriculture Growth Programme Map of AGP-II Woredas



#### Annex IV. Document Checklist

S/N	Document Checklist for African Countries	File Name (files should be in Word, Excel, or PDF only)
1	Document Checklist	
2	Cover letter with endorsement signature from: a. Ministry of Finance and Economic Cooperation b. At least one relevant technical ministry	Ethiopia_Coverletter_Signature_MoFEC_MoANR.pdf
3	Endorsement letter from the in-country Sector Working Group	Ethiopia_Endorsementletter_RED&FS_GAFSP_Proposal.pdf
4	Letter of readiness from preferred Supervising Entity (or entities, if more than one)	Ethiopia_GAFSP_Statement of Readiness_SE.pdf
5	GAFSP proposal (part 1 and 2)	Ethiopia_ProjectProp_AGP2_GAFSP_Financing_30Dec2016F.doc
6	Agriculture and Food Security Strategy	Ethiopia_ARD Policy.pdf
7	Current CAADP Post-Compact Agricultural Sector Investment Plan. For those countries that have completed implementation of a CAADP NAIP and have prepared an updated plan: a comprehensive Agricultural and Food Security Investment Plan. For those countries that have completed implementation of a CAADP NAIP and have not yet prepared an updated plan: a Malabo Declaration country implementation Roadmap, based on the June 30 2016 CAADP Guidelines and following elements described in Annex 1: 1.1-1.5	Three files:  (a) Ethiopia_CAADP_Post_Compact_Investment_Plan_(PIF).pdf (b) Ethiopia_MTR_Technical Report_PIF_2015.pdf (c) Ethiopia_Roadmap_for_the_next_NAIF_Formulation
8	CAADP Post-Compact Technical Review Report of the Investment Plan. For those African countries that have completed implementation of a CAADP NAIP and have a new investment plans: an independent and thorough technical review report of the current investment plan.	Ethiopia_CAADP_Technical Review_Team_Report.pdf
9	Country response to the technical review observations	Ethiopia_Gov'tresponsetoMTR_PIF_2016.pdf
10	Signed CAADP Compact for those countries that have not completed implementation of a CAADP NAIP.	Not applicable
Notes:		



Annex V. AGP Staff Composition and number at Federal, Regional, Woreda and Research Institutions

A. Federal AGP II PCU Staff		B. Regional AGP II PCU Staff		C. Woreda AGP II PCU staffs	
	Total Quantity		Total Quantity		Total Quantity
1. Coordinator	1	1. Regional Coordinator (one for each)	8	Focal personnel	157
2. Senior Infrastructure specialist	1	2. Infrastructure specialist (one for each)	8	Finance focal personnel	157
3. Infrastructure specialist	2	3. Gender specialist (one for each)	8	Infrastructure specialist	157
4. Gender specialist	1	4. Environment and safeguard (one for each the 4 AGP1 regions)	4	<b>Total</b>	<b>471</b>
5. Nutrition specialist	1	5. Capacity building (one for each the 4 AGP1 regions)	4	<b>D. EIAR AGP II PCU staff level</b>	
6. Environment and safeguard	1	6. Agricultural production and commercialization specialist (for each the 4 AGP1 regions)	4	Coordinator	1
7. Capacity building Specialist	1	7. Nutrition specialist (for each the 4 AGP1 regions)	4	Finance Specialist	1
8. Agricultural production and commercialization specialist	1	8. Monitoring and evaluation specialist (for each the 4 AGP1 regions)	4	Accountant	1
9. Senior monitoring and evaluation specialist	1	9. Assistant Monitoring and evaluation specialist (two for Oromia, and one each for the rest 3 AGP1 regions)	5	Procurement person	1
				Monitoring and Evaluation Specialists	1
10. Monitoring and evaluation specialist	2	10. Procurement specialist (for each the 4 AGP1 regions)	4	<b>Total</b>	<b>5</b>
11. Senior Procurement specialist	1	11. Financial management specialist (for each the 4 AGP1 regions)	4	<b>E. Regional -RARI AGP II PCU Staff</b>	
12. Procurement specialist	1	12. Accountants (2/3regions and one for the rest 5 regions)	11	Coordinator	5
13. Junior procurement specialist	1	13. Secretary (for each the 4 AGP1 regions)	4	Finance Specialist	5
				Monitoring and Evaluation Specialists	5
14. Senior financial management specialist	1	14. Cashier (for each the 4 AGP1 regions)	4	<b>Total</b>	<b>15</b>
15. Financial management specialist	2	15. Drivers	20		
16. Accountant	2	16. Office assistant (for each the 4 AGP1 regions)	4		
17. Cashier	1	<b>Total</b>	<b>100</b>		
18. Secretary	1				
19. Office assistance	1				
20. Driver	5				
<b>Total</b>	<b>28</b>				

## ANNEX VI. ETHIOPIA ROADMAP FOR THE NEXT PIF (NAIF) FORMULATION/PREPARATION

The roadmap serves to outline key actions and indicative time horizon to undertake NAIF preparation. Actions presented in the Roadmap are basic steps that lead to timely completion of NAIF. The Road Map does not constitute an exhaustive list of NAIF preparation related actions. It can be reviewed based on comments and inputs from RED&FS SWG Ex COM. The Ex-Com may also need to establish NAIF task force composed of the Government and DPs representatives under the leadership of PPD. The role of the taskforce would be to organize, support and oversee the preparation of NAIF.

### NAIF formulation roadmap

S/N	Activity	Responsible	Timeline
1	Created awareness at Ex-COM level on customization of the Malabo Declaration	RED&FS Secretariat	January 2015
2	Establish NAIF task force	Ex-COM	Aug 2016
3	Develop draft ToR	RED&FS Secretariat	Sept 2016
4	Discuss and agree on how to go about enriching the draft ToR	NAIF Task Force	Dec 2016
5	Incorporate inputs from NAIF Task Force members and finalize the ToR	RED&FS Secretariat	Jan 2017
6	Provide guidance on recruitment of consultants	Ex-COM Chairs and Co-Charis	Jan 2017
7	Kick-start NAIF formulation (data collection & carry out analytical works)	Consultants	Feb 2017
8	Develop draft NAIF document	Consultants	March 2017
9	Share the draft NAIF document to NAIF Task Force members	Consultants	March 2017
10	Share the draft NAIF to stakeholders workshop	Consultants	March 2017
11	Present the draft NAIF document to Ex-Com	Consultants	March 2017
12	Endorse NAIF	Ex-COM	March 2017

Source: RED&FS Secretariat, MoANR, December 2016